

ASX ANNOUNCEMENT

22 January 2016



Keysbrook product sales set to increase significantly

- First leucoxene shipment confirmed for early March 2016
- Second shipment of Keysbrook zircon concentrate being transported for export
- Total product sales of up to 23,000 tonnes targeted in the March Quarter

MZI Resources Ltd (ASX:MZI) is pleased to provide the following update on shipments of mineral sands products from its flagship Keysbrook Mineral Sands Project, 70 km south of Perth in Western Australia.

Following the company's maiden zircon shipment in late December 2015, MZI confirms that a second shipment, totalling 1,000 tonnes of zircon concentrate, is currently being transported to port for export to Tricoastal/Wensheng, China's largest zircon processor. A further 4,500 tonnes of zircon concentrate is planned to be shipped in February.

In addition, the Company has confirmed its first two shipments of leucoxene product with major US customer Chemours.

Shipment of the maiden cargo of leucoxene, totalling approximately 6,500 tonnes of L70, is due in the first week of March 2016 with a second shipment, totalling approximately 9,000 tonnes of L88, scheduled for end March/early April. Final shipping dates are to be determined by Chemours, which is responsible for all shipping arrangements for leucoxene delivered into its offtake agreements with the Company.

The commencement of leucoxene shipments represents another important milestone for MZI and the Keysbrook Project.

MZI Managing Director Trevor Matthews said *"It is hard to think of a better way for us to start 2016 than by commencing leucoxene sales from the Keysbrook Project. This important milestone formally establishes Keysbrook, and MZI, as the world's foremost primary producer of this high value product."*

"We now look forward to the significant cashflow that we expect to be generated as sales from Keysbrook ramp up over the coming months."

In addition to the leucoxene product sales referred to above, MZI anticipates zircon shipments totalling 7,500 tonnes to be completed in the March quarter.

Subject to final shipping dates, the Company is targeting total product sales of up to 23,000 tonnes during the March quarter representing approximately 24% of the Company's average planned annual production of approximately 96,000 tonnes of zircon and leucoxene products¹.

As indicated previously, processing of Keysbrook Heavy Mineral Concentrate at the Picton Mineral Separation Plant (MSP) occurs on a month-on, month-off arrangement under its tolling agreement with Picton owner Doral.

Consequently, product shipments are scheduled to reflect both the time required to build up sufficient inventory of final product stocks and customer delivery requirements which in turn means that shipment volumes and revenue will vary from quarter to quarter.

MZI is making arrangements for the previously announced trial shipment of L88 to major Chinese chloride pigment producer Jinzhou Titanium Industry Co Ltd² as well as smaller samples of L88 to other prospective customers in the chloride pigment and welding rod markets.

Currently, over 85% of all planned annual production from Keysbrook is committed under offtake agreements with blue-chip international customers, with approximately 13,000t of L88 not yet committed but able to be sold under spot sale arrangements.

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¹ Refer to the Independent Expert Report attached to the Notice of Meeting dated 7 October 2014 (see ASX release dated 9 October 2014) for supporting information and details of Keysbrook production forecasts. All material assumptions underpinning the production forecasts in the Independent Expert's Report continue to apply and have not changed.

² Refer ASX announcement dated 4 December 2015.