

Rule 5.5

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

MZI RESOURCES LTD

ABN

52 077 221 722

Quarter ended ("current quarter")

31 December 2015

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	266
1.2	Payments for:		
	(a) exploration & evaluation	(273)	(554)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,992)	(2,936)
	(e) royalties	-	-
	(f) Project – Tiwi Islands C&M	-	(1,128)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	204	262
1.5	Interest and other costs of finance paid	(1,590)	(2,733)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
<b>Net Operating Cash Flows</b>		(3,651)	(6,823)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	(5,926)	(32,642)
	(d) development	(5,854)	(8,,512)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	1	1
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other	8	8
<b>Net investing cash flows</b>		(11,771)	(41,145)
1.13	Total operating and investing cash flows (carried forward)	(15,442)	(47,968)

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(15,422)	(47,968)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	22,004	22,004
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	3,399	16,771
1.17	Repayment of borrowings	(17,655)	(18,228)
1.18	Dividends paid		
1.19	Other – share issue costs	(1,707)	(1,707)
	Other – borrowing costs	-	-
	<b>Net financing cash flows</b>	<b>6,041</b>	<b>18,840</b>
	<b>Net increase (decrease) in cash held</b>	<b>(9,381)</b>	<b>(29,128)</b>
1.20	Cash at beginning of quarter/year to date	14,043	33,790
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>4,662</b>	<b>4,662</b>

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	43 <sup>1</sup>
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

1. Issue of 20,700,000 fully paid ordinary shares at \$0.40 per share to Resource Capital Fund for partial repayment of bridge finance facility.
2. Issue of 976,882 fully paid ordinary shares at \$0.4037 per share to Resource Capital Fund for satisfaction of interest due in respect of a bridge finance facility.
3. Issue of 4,937,923 fully paid ordinary shares at \$0.3993 per share to Resource Capital Fund for satisfaction of interest and commitment fees for the quarter ending 31 December 2015.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	133,363	112,192
3.2 Credit standby arrangements		

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	202
4.2 Development	1,775
4.3 Production/care & maintenance	7,382
4.4 Administration	1,812
4.5 Royalties and landowners	73
<b>Total</b>	<b>11,244</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,662	14,043
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,662</b>	<b>14,043</b>

**Changes in interests in mining tenements and petroleum tenements**

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	ML26471	Withdrawn	100%	-
	ML26472	Withdrawn	100%	-
	ML26475	Withdrawn	100%	-
	ML26476	Withdrawn	100%	-
	ML26477	Withdrawn	100%	-
6.2 Interests in mining tenements and petroleum tenements acquired or increased	P70/1677	Tenement application	-	100%
	P70/1678	Tenement application	-	100%
	P70/1679	Tenement application	-	100%
	P70/1680	Tenement application	-	100%
	E70/4723	Tenement application	-	100%
	E70/4725	Tenement application	-	100%

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number	Number quoted	Issue price per security (see note 3) (\$)	Amount paid up per security (see note 3) (\$)
7.1	<b>Preference + securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	162,035,785	162,035,785		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	4,937,923 8,723,203 218,315 714,546 449,184 66,985,621 976,882	4,937,923 8,723,203 218,305 714,546 449,184 66,985,621 976,882	\$0.3993 \$0.4000 \$0.4800 \$0.4100 \$0.000 \$0.4000 \$0.4037	
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	125,000 112,500 1,250,000 200,000 1,987,500 775,000 1,000,000 2,800,000	- - - - - - - -	Exercise price \$3.00 \$0.80 \$0.64 \$0.80 \$0.6592 \$0.34 \$0.50 \$0.65	Expiry date 30 Jun 2016 3 Jul 2016 5 Dec 2016 27 Jun 2017 2 Jul 2017 19 Nov 2017 30 May 2018 1 Dec 2019
7.8	Issued during quarter	1,000,000 2,800,000		\$0.50 \$0.65	30 May 2018 1 Dec 2019
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 29 January 2016

Name: John Traicos

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

---

+ See chapter 19 for defined terms.