

Increased 2016 sale volumes to major leucoxene customer

- **Major leucoxene customer requests a significant increase in offtake for the remainder of 2016**
- **Request substantially offsets the volume reduction notice received earlier this year**
- **L70 product now fully committed with limited L88 available for other parties**
- **All 2016 leucoxene production expected to be committed**

MZI Resources Ltd (ASX: MZI) advises that its leucoxene offtake customer has requested a significant increase to its contracted sales volumes for both L70 and L88 in the December Half 2016.

The request comes amid growing signs in recent months of improving market conditions for titanium dioxide feedstocks, including material price increases for titanium dioxide pigments by major producers, and increases in titanium dioxide feedstock prices.

The customer's interest in increasing leucoxene purchases substantially offsets the previously announced volume reduction notice¹ and will result in the sale of all 2016 L70 product.

MZI has worked with the customer to accommodate its request whilst still maintaining capacity to supply prospective third party customers for L88, based on product availability as production ramps up toward targeted levels. As indicated previously, MZI is in active discussions with a number of parties regarding the potential supply of leucoxene from the Keysbrook Project.

Consequently, MZI expects all leucoxene produced in the remainder of 2016 to be committed.

MZI Managing Director Trevor Matthews said: *"This is a welcome and definitive confirmation of both the improving outlook for premium titanium dioxide feedstocks such as those produced at Keysbrook, and our strong relationships with blue-chip offtake customers."*

"We will do all we can to accommodate our customer's increased requirements whilst also maintaining sufficient flexibility to cater for other potential purchasers and further build our customer base."

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¹ Refer ASX release dated 22 February 2016