

# ASX ANNOUNCEMENT

22 May 2013



## Keysbrook Funding Update

MZI Resources Ltd (MZI) advises that it has made significant progress towards completion of the debt funding arrangements for its Keysbrook mineral sands project in WA, ensuring the Company remains on track to secure credit-approved offers from its two mandated Joint Lead Arranging (JLA) banks.

In particular, MZI is progressing the negotiation of Keysbrook offtake contracts and proposed construction arrangements to meet the JLA's requests for additional information on these and other commercial arrangements. The Company remains confident that it will complete these matters to the satisfaction of the JLAs and receive binding offers of debt finance.

MZI also advises that the slow-down in construction activity in WA's resources sector over the past six months has given it an excellent opportunity to achieve more favourable terms for Keysbrook.

This includes the strong possibility of striking a fixed-price, lump-sum turn-key contract for the development of Keysbrook. Such a contract would provide greater certainty in respect to development costs and schedules and more desirable security arrangements.

The mining services industry has also experienced a slow-down in activity which provides MZI with the opportunity to seek favourable proposals from selected mining contractors for Keysbrook.

The Keysbrook Feasibility Study was based on an owner-operator mining strategy assumption. MZI now believes that the current market conditions provide an excellent opportunity to reduce forecast operating costs and it will therefore conduct a formal tender process in respect to an alternative Keysbrook contract mining strategy.

In addition, the Company continues to progress the finalisation of a Port Services Agreement with the Bunbury Port Authority and other project related commercial contracts.

For further details please contact:

**Trevor Matthews**  
*Chief Executive Officer*  
+61 8 9328 9800

Media:  
*Read Corporate*  
**Paul Armstrong**  
+61 8 9388 1474  
+61 421 619 084

### COMPANY DIRECTORS

Mal Randall  
Non-Executive Chairman  
Keith Vuleta  
Finance Director  
Peter Gazzard  
Technical Director  
Nathan Wong  
Non-Executive Director

### CHIEF EXECUTIVE OFFICER

Trevor Matthews

### CONTACT DETAILS

*Principal & Registered Office*  
Level 2, 100 Royal Street  
East Perth  
Western Australia 6004

#### *Website*

[www.mzi.com.au](http://www.mzi.com.au)

#### *Email*

[admin@mzi.com.au](mailto:admin@mzi.com.au)

#### *Phone*

+61(8) 9328 9800

#### *Fax*

+61(8) 9328 9911

ABN: 052 077 221 722

ASX CODE: MZI

## About MZI Resources

MZI Resources Ltd (ASX: MZI) is a mineral sands company focusing on the high value minerals zircon, rutile and leucoxene. It has mineral sands projects in the Northern Territory and Western Australia.

The Company mined the Lethbridge West deposit on the Tiwi Islands in 2010 and commenced mining and production at Lethbridge South in 2012.

MZI's exploration success at Kilimiraka in the South East corner of Bathurst Island in the Tiwi Islands identified a substantial Inferred resource of over 890,000 tonnes of Heavy Mineral. This large resource has the potential to provide a long life mine. The Company plans to complete further drilling and commence feasibility studies in 2013.

The Company has an advanced zircon / leucoxene rich mineral sands project at Keysbrook in the south west of Western Australia. The two shires over which the deposit is situated have given the project Development Approvals and Extractive Industry Licences. These follow the Environmental Approval previously granted by the Western Australian Minister for Environment. MZI plans to start construction at Keysbrook in early 2013 and commence operations in early 2014.

MZI's strategy is to be a specialised supplier of high grade zircon, rutile and leucoxene to the nearby Chinese and other world markets. The company has targeted zircon, rutile and leucoxene as high value mineral sands products with strong demand fundamentals. Zircon is primarily used to produce ceramic and porcelain products with demand driven by global urbanisation trends, particularly in countries such as China and India. Rutile and leucoxene are used to produce titanium pigment for paint and plastics as well as titanium metal and flux for welding electrodes.