

## ASX ANNOUNCEMENT

13 September 2013



# MZI settles legal dispute with Stirling Resources

MZI Resources Ltd (MZI) is pleased to advise that it has agreed to settle its legal dispute with Stirling Resources over certain tenements on the Tiwi Islands and the Northern Territory mainland and the disagreement with DCM DECOMetal.

MZI Chief Executive Trevor Matthews said the settlement represented another significant milestone for the Company as it made the transition to being a substantial WA mineral sands producer at its flagship Keysbrook Project.

“The resolution of this matter not only provides certainty over the ownership of our mineral sands assets on the Tiwi Islands and the Northern Territory, but also resolves an outstanding dispute with a major shareholder of the Company,” Mr Matthews said.

“It also allows us to be fully focused on completing the funding and construction of Keysbrook, which is set to generate strong shareholder returns.”

The deed of settlement (“Deed of Settlement”) was signed by MZI, Stirling Zircon Pty Ltd, (Stirling), Stirling Resources Limited (SRE) and DCM DECOMetal GmbH (DCM).

Under the terms of Deed of Settlement:

- MZI will issue 78,717,747 MZI shares to Stirling and pay Stirling \$1million on a deferred basis and interest of 10% on that amount payable at six monthly intervals,
- Stirling will execute transfers of the Tiwi Tenements to MZI, and MZI will continue to assume all liabilities in respect of its activities on those tenements from May 2009. This was one of the terms of the original agreement (“Original Agreement”) reached between the two companies in May 2009, as varied on 15 October 2010.
- Stirling will receive a 0.5% gross royalty from the Keysbrook project mineral sands production limited to the currently approved project area.
- An Agency Agreement between DCM DECOMetal GmbH and MZI is terminated with no amounts payable by MZI.
- Stirling will not, for a period of 12 months from the date of MZI shareholder approval, requisition a general meeting of MZI shareholders to change the composition of the MZI board or encourage any other person to do so;

### 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

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ASX CODE: MZI

- Stirling undertakes that, upon MZI obtaining secured debt funding of at least \$40 million, it will for a period of 24 months from shareholder approval, vote in favour of any resolution recommended by the directors of MZI which concerns or facilitates the funding of the Keysbrook Project or the reconstruction or reorganisation of MZI for the purpose of funding or facilitating the funding of the Keysbrook Project;
- Each party releases the other from any further obligations under the Original Agreement, except as set out above.

The settlement is subject to MZI and Stirling Resources obtaining any necessary shareholder approvals by 30 October 2013. The settlement is also subject to the registration of the transfers of the Tiwi Tenements. Further details on the settlement will be provided for the purposes of obtaining shareholder approval.

For further details please contact:

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## 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 West 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 2014.

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 2013 and commence operations in 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.