



ASX ANNOUNCEMENT

17 July 2013

Argonaut underwrites \$3m SPP

MZI Resources Ltd (**MZI** or the **Company**) is pleased to advise that leading investment house Argonaut Capital Limited (**Argonaut**) has agreed to underwrite the Company's \$3 million Share Purchase Plan (**SPP**).

Argonaut which is based in Perth and Hong Kong and has an established track record in the natural resource sector, will also work with MZI in a number of areas to assist the company to maximise shareholder value.

The SPP, which is priced at 1.296c per share (*see ASX announcement dated 30 June 2013*), was offered to eligible shareholders registered on 28 June 2013. The SPP closes at 5.00pm (Perth time) on 19 July 2013. Eligible shareholders have the opportunity to acquire MZI shares at 1.296c per share to the value of:

- \$1,000 for 77,161 shares
- \$2,000 for 154,321 shares
- \$5,000 for 385,803 shares
- \$10,000 for 771,605 shares
- \$15,000 for 1,157,408 shares

MZI Chief Executive Trevor Matthews said the Company was delighted to secure Argonaut's support.

Mr Matthews said the underwriting agreement, which includes a minimum subscription by Argonaut or its nominees of \$500,000, would ensure the Company received the full \$3 million in proceeds from the SPP.

The underwriting agreement with Argonaut is subject to Resource Capital Funds (**RCF**) proceeding with a proposed funding package for the Keysbrook Project and includes standard termination provisions for an agreement of this kind.

The SPP funds will be in addition to the \$3 million MZI raised through the recent share placement, also at 1.296c a share, to Resource Capital Funds VI L.P. (**RCF Placement**).

The proceeds from the SPP and the RCF Placement will assist MZI to progress the development of its flagship Keysbrook mineral sands project in WA.

The price of the SPP and the RCF Placement represents a 14 per cent discount to the volume weighted average price (VWAP) of MZI shares in the five trading days immediately prior to the recent trading halt which preceded the announcement of the raisings.

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

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The RCF Placement was completed under the 15% share issue capacity limit available to MZI, and as such, no shareholder approval is required. The shares to be issued from the underwriting will require shareholder approval under ASX Listing Rule 7.1.

MZI remains in discussions with RCF concerning the funding package that will help underpin development of Keysbrook.

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 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.