



Performance Focused

Business Update

February 2017

Steve Ward, Interim Managing Director & CEO



Important Notice



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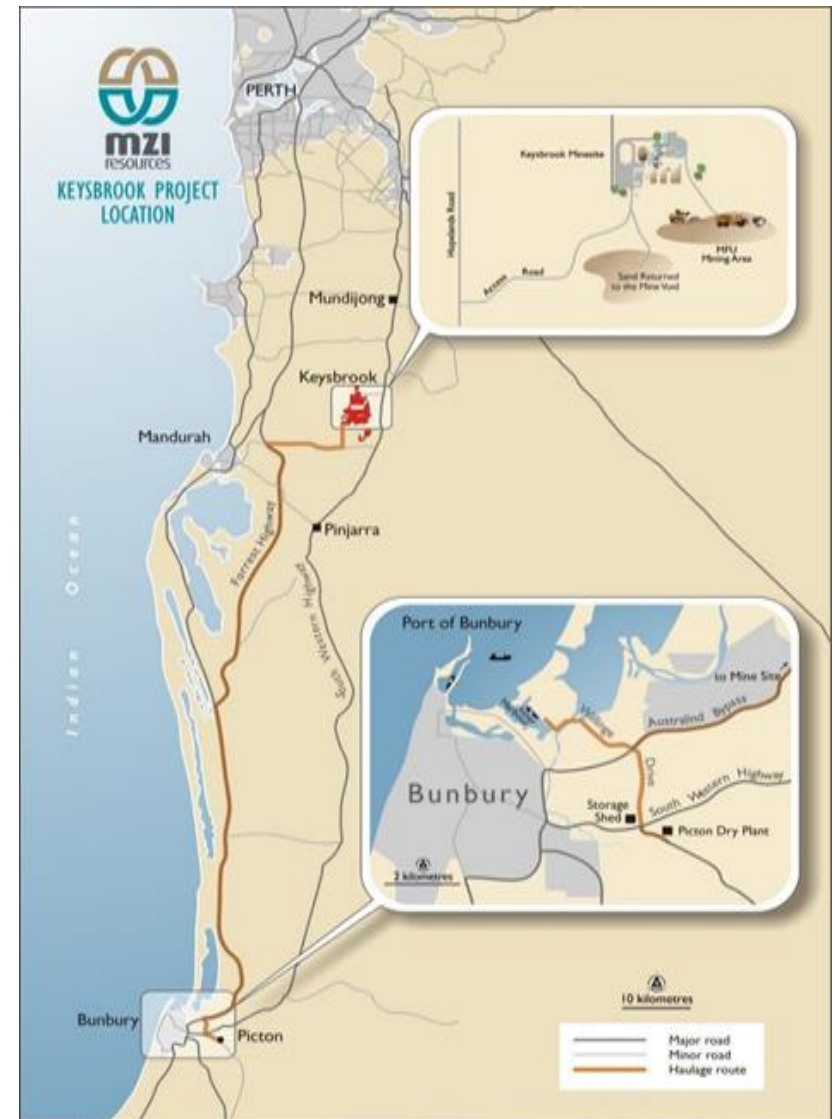
Competent Person's Statement – Exploration Results

The information in this report that relates to exploration results is based on information compiled or reviewed by Mr Stephen Harrison BSc (Hons) who is a member of the Australia Institute of Geoscientists. Stephen Harrison is a full time employee of MZI Resources Ltd. Stephen Harrison has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Stephen Harrison consents to the inclusion of this information in the form and context in which it appears in this report.

About MZI Resources



- The world's newest mineral sands producer, and the biggest primary producer of leucoxene
- 100% owner of Keysbrook Operations in WA
- Highly Experienced Board and Management
- Supportive major shareholder in RCF and supportive debt provider in RMB
- Globally competitive at steady state production
- Production close to design rates after 12 months in operation
- Entering the Mineral Sands market at the right time: sentiment and TiO_2 product prices both improving
- Long term offtake agreements in place with blue-chip international customers
- Attractive “value-in-use” proposition for customers
- Leveraged to technological advance and innovation in application; Titanium in 3D printing
- World-class orebody provides long life production opportunity and platform for expansion



2016: a year of achievements and challenges

Achievements

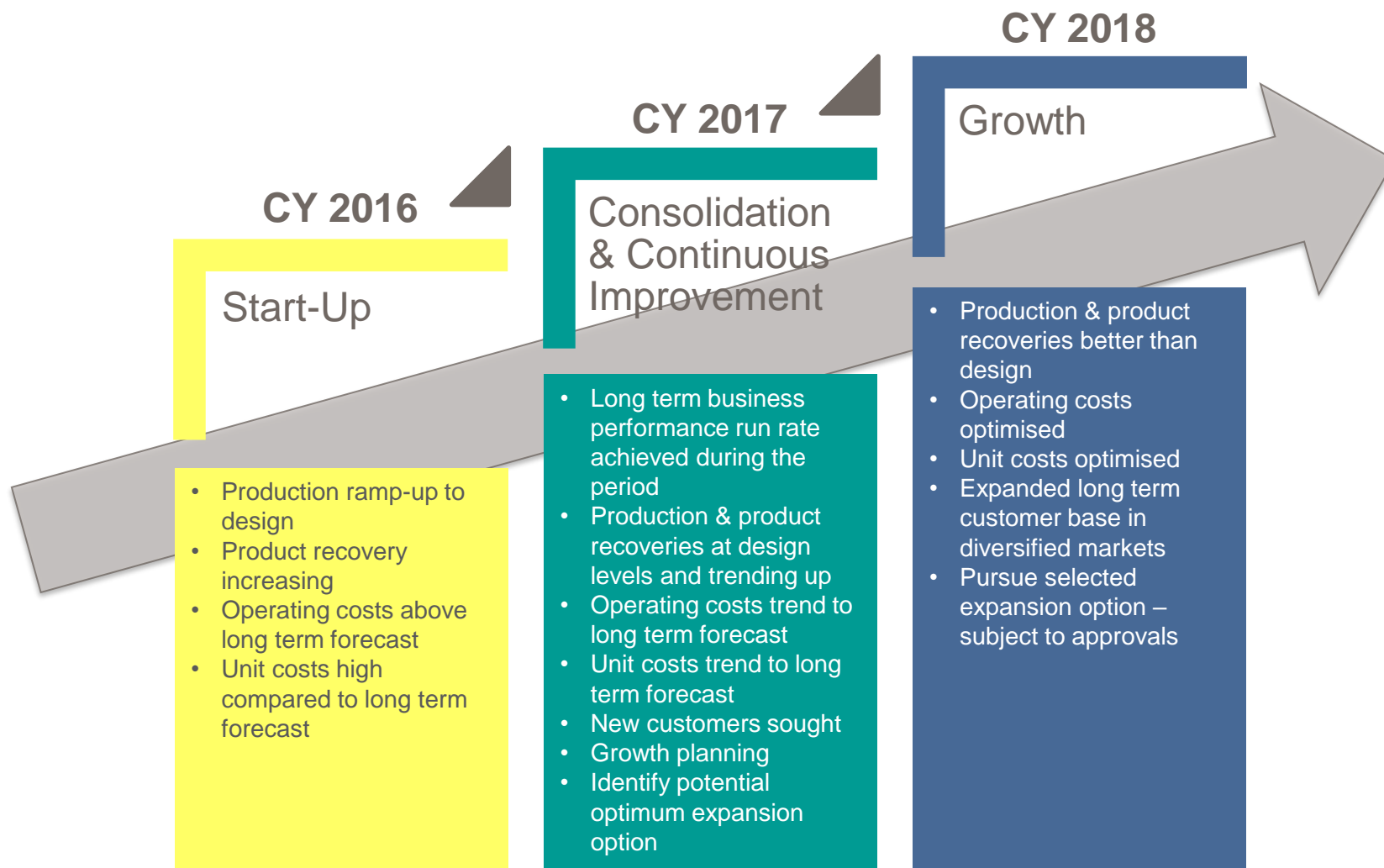
- Keysbrook Project substantially at design production rates after 12 months operation
- First sales of commercial quantities achieved for all products - L70, L88 and Zircon concentrate
- Keysbrook Ore Reserves trebled¹
- RMB senior debt facility restructured on favourable terms.
- Positive operational cash flow achieved in September Quarter and for second half CY2016.
- WCP Optimisation Program completed late November

Challenges

- Market conditions hit bottom in Q1 2016
- Recurring reliability and operating problems at the MFU
- Mining costs temporarily impacted by atypical long haul distances and noise management requirements
- Flowsheet bottlenecks slowed WCP ramp-up to design
- Achievement of design production at Picton MSP delayed by inconsistent HMC grade and quality
- Project revenues and cash flow tight during ramp up period

¹ Refer ASX Announcement dated 23 March 2016 and slides at end of presentation

Business Profile in Formative Years



2017 – MZI is positioned for success

MZI's ongoing program to pursue continuous improvement has positioned it to do well in 2017:

The pathway to success:

- Consolidate first year achievements at Keysbrook
- Optimise mining and processing performance to achieve and exceed design parameters
- Deliver sustainable, consistent and reliable results
- Establish 'Brand' and demonstrate producer 'bona fides'
- Build cash flow and improve financial performance
- Aggressively pursue Continuous Improvement

The Continuous Improvement Program is working

- WCP Optimisation Project Completed and Commissioned November 2016
- Design Performance achieved for Heavy Mineral Concentrate (HMC) recovery and grade at design throughput December 2016
- Record HMC Production in December quarter
- Solution for MFU issues identified
- Significant mine improvement expected with shift to new mining area in February 2017
- Adaptive noise management program and further noise abatement measures to improve noise footprint
- Operation cash flow positive for the December half year (+\$3.4m) and December month cash flow positive.



Keysbrook Mine HMC

December Quarter records prove the point

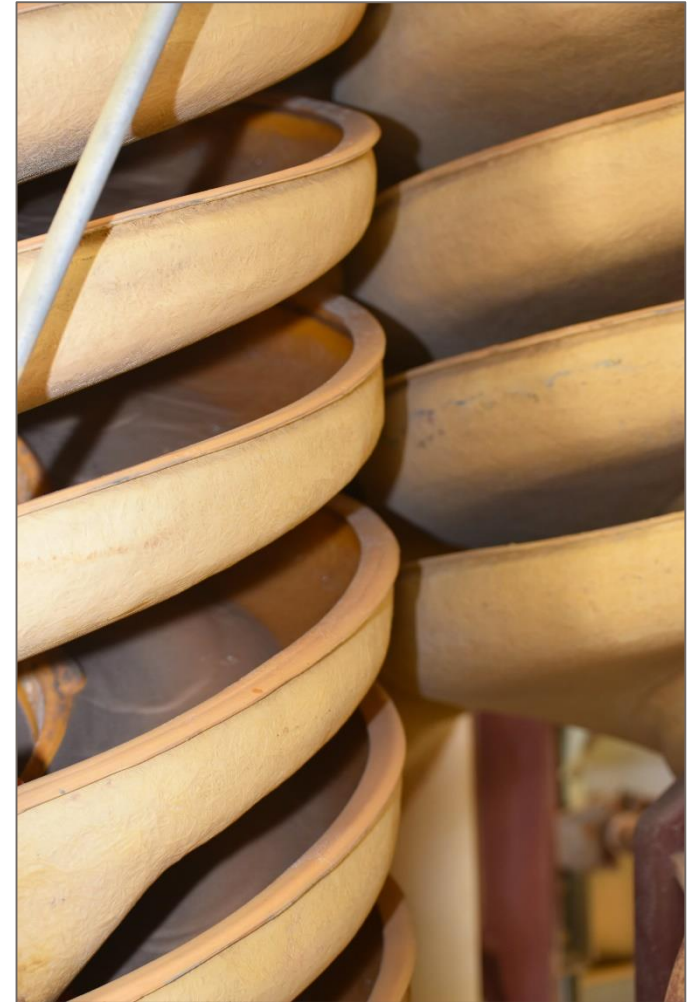
- **Record** quarterly HMC production of **24,755t**
- **Record** daily HMC production in December
- **Record** Monthly HMC production of **12,387t** in December
- Quarterly saleable production of **15,386t – up 17%**
- **Record** L88 production of **8,194t - up 21%**
- L70 production of **3,640t – up 22%**
- Zircon concentrate production of **3,802t – up 4%**
- Sales steady at **10,166t**
 - port congestion delayed 6,500t L70 shipment by a week to 2 January



Keysbrook Mine HMC Production

WCP Optimisation Project delivering results

- Completed and fully commissioned by late November
- \$2.3m capex, comprising 48 large-capacity spirals and new screening unit
- Critical WCP Design Performance milestone achieved mid-December¹:
 - Design HMC recovery and grade demonstrated at design throughput
 - Focus now on sustaining WCP performance at design level and pursuing further improvements beyond design levels
- Improved HMC grade will facilitate final ramp up of MSP to design rates
- Next MSP campaign commenced late January 2017



Spirals inside the WCP

¹ Refer ASX Announcement dated 14 December 2016

[^]Refer ASX Announcement dated 24 October 2012

Mining/MFU performance set to improve

- Mining costs and production rates impacted temporarily by equipment reliability issues, atypical long haul distances and noise management requirements:
 - Unexpected reliability problems encountered with Mining Field Unit (MFU) feeder and trommel.
 - Longer haul distances as mining reached extremities of current area of operations
 - Night-time mining suspended temporarily in current mining area.
 - Daytime mining increased to maintain 24 hour WCP processing, and MFU downtime managed through use of supplementary feeder equipment
- Significant improvement anticipated from shift to new eastern mining location in February:
- Alternative Mobile and proven integrated feeder/screening unit will be used and removes need to relocate current MFU
 - return to normal haulage distances
 - planned resumption of 24 hour mining
 - Grade in H1 2017 3.1% vs 2.5% in 2016.
 - Adaptive noise management program and further noise abatement measures to manage noise footprint



**Alternative Mobile MFU to be used
from February 2017**



MZI is progressively achieving its targets

Operation Scorecard at end 2016 - Performance relative to design

	Keysbrook Mining Operations	Keysbrook WCP	Picton MSP
Mining rate	✓	-	-
Reliability	✓	✓	✓
Feed Rate	-	✓	✗
HMC Recovery	-	✓	-
HMC Grade	-	✓	-
L88 Recovery	-	✓	✗
L70 Recovery	-	Within 5% of design	✓
Zircon Recovery	-	✓	✗
L70 Production rate	-	-	✓
L88 Production rate	-	-	✓
Zircon Production rate	-	-	✓

Legend:

✓ Achieved

- Not applicable

✗ Targeted to be achieved in Q1 2017

Operations tracking to our 12-month plan

Plan as stated in November 2016¹

Operations Plan	Q4 2016	Q1 2017	Q2 2017	Q3 2017+
WCP Ramp Up to design				
Keysbrook at Nameplate				
Mining Optimisation				
Keysbrook Continuous Improvement				
MSP Ramp up to design				
MSP at Nameplate				
MSP Continuous Improvement				
Evaluate Keysbrook Expansion Options				

Plan achievement to date

Operations Plan	Q4 2016	Q1 2017	Q2 2017	Q3 2017+
WCP Ramp Up to design	✓ Achieved			
Keysbrook at Nameplate		On track		
Mining Optimisation		On track		
Keysbrook Continuous Improvement		On track		
MSP Ramp up to design		On track		
MSP at Nameplate			On track	
MSP Continuous Improvement			On track	
Evaluate Keysbrook Expansion Options			On track	

¹ Refer ASX Announcement dated 22 November 2016

Strong market outlook adds lustre

Titanium Dioxide

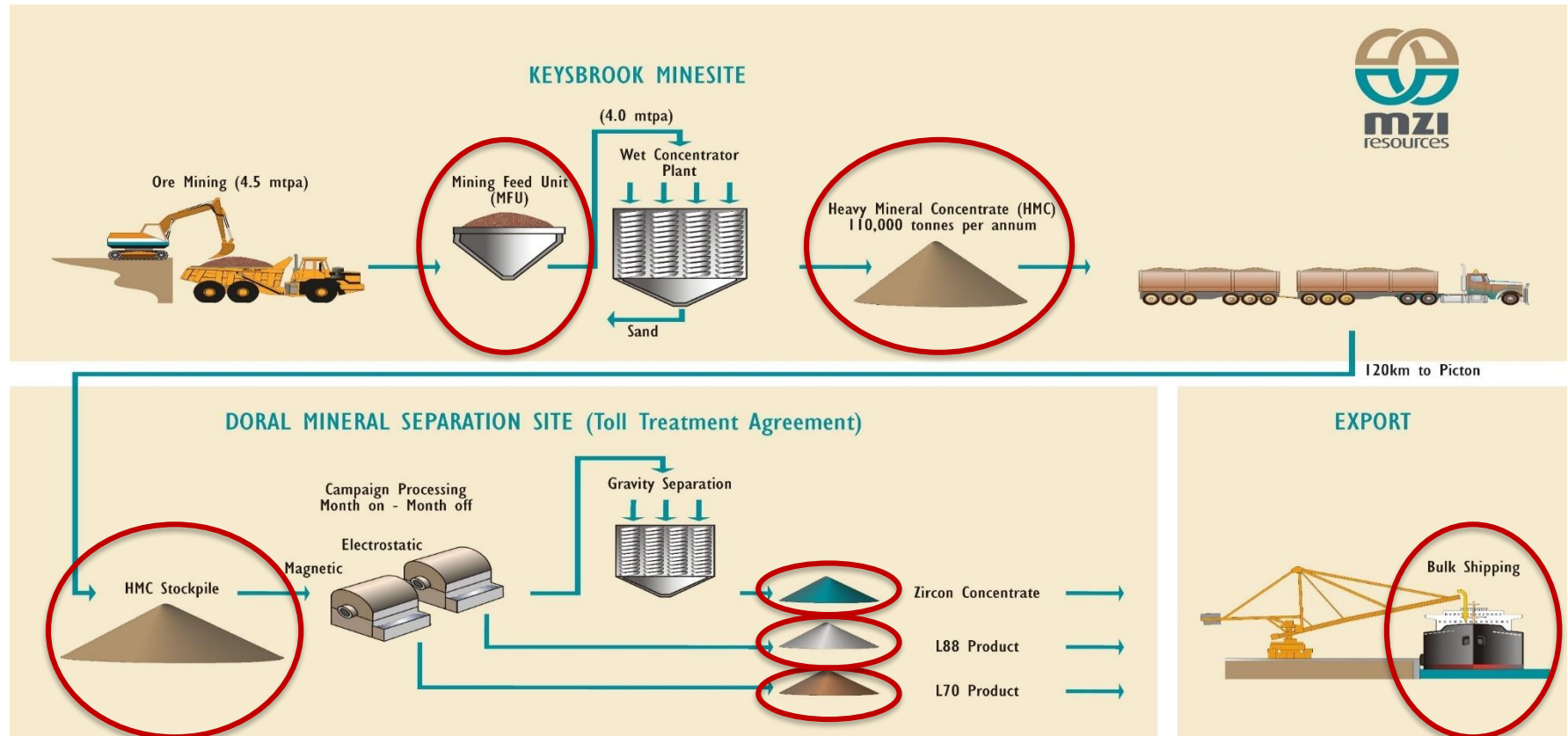
- Outlook for high TiO_2 feedstock demand (i.e. rutile & leucosene) very positive due to potential supply shortages.
- Several price increases announced by Western & Chinese pigment producers in 2016.
- Pigment consumption is strongly correlated to GDP growth, which is now looking positive for 2017.
- Excess chloride pigment inventory has been largely depleted.
- Another strong northern hemispherical painting season would further tighten the market.
- Upward price momentum for high TiO_2 feedstocks has begun

Zircon

- Supply - demand is moving into balance with producers continuing to manage supply.
- Level of customer enquiry is increasing as demand improves in non ceramic applications (e.g. precision casting).
- Moderately positive outlook for housing and construction in China.
- Modest price increase during December quarter which reversed previous falling trend.
- Positive industry sentiment indicates potential for further price increases in 2017.
- Upward price momentum in Q1 2017

Business Model & Cash Management

- Cash management is a key area of focus within business model
- Part-time operation of MSP results in cyclical build up of HMC
- Bulk shipments, rather than continual sales results in 'lumpy' sales revenue
- Individual bulk shipments represent relatively large percentage of annual sales revenue (each bulk cargo can be 10 -15% of annual sales revenue)



A Sustainable Business

Soft environmental footprint

- Chemical free processing
- Recycle >85% of annual water requirements
- No residual waste from mining/processing
- No permanent mining voids
- Disturbed areas rehabilitated within 2 to 3 growing seasons
- Rehabilitation to better than pre-mining state
- Actively seeking to further reduce social and environmental impacts

Part of the community

- 90% of staff living within 30 mins of site
- Multiple local service providers and contractors
- Most of \$40m annual operating expenditure spent on labour, supplies and services in WA
- Active participation in funding local initiatives through Keysbrook Community Consultation Group.



Newly Rehabilitated Land



Mine Open Day

- Positive market outlook for mineral sands products, including Keysbrook leucoxene, means Keysbrook is 'hitting its straps' at the perfect time
- Good progress has been made with resolution of start-up challenges encountered in 2016
- Ramp-up to design performance and Continuous Improvement program on track with schedule.
 - Record operational performance achieved in December Quarter
 - WCP operating at design, and further gains targeted
 - Design performance targeted at Picton MSP in current quarter
- Significant improvement in mining/MFU performance (costs and reliability) anticipated from shift to new mining area and use of alternative more efficient MFU
- MZI on a clear path to success through focus on continuous improvement and optimisation

Appendix

Keysbrook Operating Statistics

Production	Unit	Dec-Qtr 2015	Mar-Qtr 2016	Jun-Qtr 2016	Sep-Qtr 2016	Dec-Qtr 2016	Total FY2016-17
Ore Mined	dt	618,480	886,357	1,017,474	1,037,237	966,406	2,004,369
Ore Processed	dt	599,369	847,995	937,957	957,581	895,435	1,853,016
Mined Grade	% HM	2.99	2.58	2.47	2.53	2.73	2.63
WCP Availability	%	82.4	83.5	82.9	82.3	74.5	78.4
MSP Availability	%	Commissioning	85.7	93.4	90.9	95.5	93.2
HMC Production (WCP)	dt	16,008	19,566	22,636	24,218	24,744	48,962
HMC Processed (MSP)	dt	9,011	24,055	20,140	21,161	22,932	44,093
L70	dt	2,316	6,349	3,475	2,985	3,640	6,625
L88	dt	1,795	4,943	3,779	6,748	8,194	14,943
Zircon concentrate	dt	1,775	4,888	3,572	3,645	3,802	7,447
Total Products	dt	5,586	16,270	10,826	13,378	15,636	29,014
Sales							
L70	dt	-	6,825	7,000	-	-	-
L88	dt	-	-	8,250	6,850	6,243	13,093
Zircon concentrate	dt	958	4,572	3,770	3,211	3,923	7,134
Total	dt	958	11,397	19,020	10,061	10,166	20,227

Table 1: Keysbrook Project –Global Mineral Resources (above a 1% THM cut-off grade and below a 20% slimes grade)

Category	Tonnes (Mt)	Total Heavy Mineral (%)	Heavy Mineral (kt)	Clay Fines (-45um)%
Measured	63.9	2.2	1,400	8.1
Indicated	29.2	2.2	655	10.5
Inferred	61.9	1.6	1,050	12.0
Total	155.0	2.0	3,105	10.1

Table 2: Keysbrook Project Component Resource Statement

Category	Tonnes (Mt)	Total Heavy Mineral (%)	Heavy Mineral (kt)	Clay Fines (-45um) %	L70 %	L88 %	Zircon %
Keysbrook Deposit							
Measured	63.9	2.2	1,400	8.1	26.1	50.1	13.6
Indicated	15.6	2.2	350	10.2	28.0	46.1	14.7
Inferred	10.8	2.4	260	11.9	26.4	48.7	14.3
Total	90.3	2.2	2,010	8.9	26.5	49.2	13.9
Yangedi Deposit							
Inferred	51.1	1.5	790	12.1	61.2	20.0	10.8
Total	51.1	1.5	790	12.1	61.2	20.0	10.8
Railway Deposit							
Indicated	13.6	2.2	305	11.0	-	-	-
Total	13.6	2.2	305	11.0	-	-	-

Notes relevant to Tables 1 and 2:

1. Reported above a cut-off grade of 1% HM and below a cut-off of 20 % clay fines.
2. Stratigraphic units reported within the Mineral Resource are Yoganup Sand and Guildford Clay for Keysbrook, Bassendean Sand for Yangedi and Yoganup Sand for Railway.
3. Keysbrook Project resource is classified and reported in accordance with the guidelines of JORC Code 2012. Railway Deposit resource is classified and reported in accordance with the guidelines of JORC Code 2004.
4. HM is reported as a percentage of the +45um to -2mm size fraction reported as a percentage of the total material.
5. L70%, L88% and Zircon% are the proportion of the total HM.
6. The terms L70 and L88 refer to MZI products. L70 comprises minerals with an average titanium dioxide content of between 65% and 85% and L88 comprises minerals with an average titanium dioxide content between 85% and 95%.
7. Inconsistencies in totals are due to rounding.

Refer Final Slide for Competent Persons Information

Keysbrook Proved and Probable Ore Reserves as at 30 June 2016

Classification	Ore Million tonnes	In situ THM tonnes	THM grade %	L70 %	THM Assemblage L88 %	Zircon %	Other %
Proved	54.1	1.2	2.2	25.5	50.2	13.4	10.6
Probable	18.0	0.4	2.2	28.5	46.4	14.1	10.9
Total	72.1	1.6	2.2	26.3	49.3	13.6	10.7

Notes accompanying the Ore Reserve Statement:

1. Ore Reserves are based upon a cut-off grade of 1.0% THM and Mineral Resource material containing more than 20% slimes have been excluded from the Ore Reserves estimation
2. The Ore Reserves are based upon TZMI forecast pricing and offtake pricing
3. Mineral Resources have been reported as inclusive of Ore Reserves.
4. The Total Heavy Mineral (THM) assemblage is reported as a percentage of in situ THM content.
5. Tonnes and grade data have been rounded to one significant figure. Discrepancies in summations may occur due to rounding.
6. This Ore Reserve statement has been compiled in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2012 Edition).

Competent Person's Statements – Mineral Resources (Tables 1 and 2)

The information in this report which relates to Mineral Resources is based upon information compiled by Mrs Christine Standing (in relation to the Keysbrook Project) who is a Member of the Australasian Institute of Mining. Mrs Standing is an employee of Optiro Pty Ltd and has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mrs Standing consents to the inclusion in the report of a summary based upon her information in the form and context in which it appears.

The information in this report which relates to Mineral Resources is based upon information compiled Mr John Baxter (in relation to the Railway Deposit) who is a Member of the Australasian Institute of Geoscientists. Mr Baxter is a Consulting Geologist with sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Baxter consents to the inclusion in the report of a summary based upon his information in the form and context in which it appears.

For supporting information on Keysbrook Mineral Resources, refer ASX release dated 7 August 2015.

Competent Person's Statements – Ore Reserves

The information in this report has been compiled by Jean-Pierre Adams (MAusIMM) of MZI, under the direction of Andrew Law of Optiro, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Law has sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Law consents to the inclusion in the report of the matters compiled by him in the form and context in which it appears.

For supporting information on Keysbrook Ore Reserves, refer ASX release dated 23 March 2016.