

ASX ANNOUNCEMENT

18 April 2017



Expanded L88 offtake agreement signed with major customer

MZI Resources Ltd (ASX: MZI) is pleased to advise that it has signed a Letter of Agreement (LoA) with its major leucoxene customer to provide significant additional volumes of its premium L88 product over the next three years.

Under the expanded offtake agreement, the customer has committed to purchase an additional 50,000 tonnes of L88 spread over the next three years. This is in addition to the customer's existing annual commitment to purchase 25,000 tonnes of L88 from MZI under the Company's standing offtake agreement. The new agreement comes into effect retrospectively from the start of March 2017.

Under the LoA, the customer will purchase an additional 20,000t of L88 over the next 12 months, and an additional 15,000t in each of the following two years. Pricing will reflect prevailing market prices at the time of delivery.

A substantial amount of MZI's planned L88 production for the next three years is now fully committed. The Company remains in active discussions with other prospective leucoxene customers with regard to future uncommitted production. All of MZI's planned L70 and zircon concentrate production is already committed for the next four years under existing offtake agreements.

The new agreement comes amid rapidly improving demand and pricing for mineral sands products, including premium quality products such as Keysbrook leucoxene. It also follows steadily improved operating performance from Keysbrook, following spiral and screening upgrades to the Keysbrook Wet Concentrator Plant (WCP) in late December 2016, and the recent commissioning of a new Mine Field Unit (MFU) in March.

MZI Interim Managing Director, Dr Steve Ward commented: *"The successful conclusion of an expanded offtake agreement with our major leucoxene customer is a major step forward for MZI and represents a strong vote of confidence in our relationship with the customer and Keysbrook as a reliable long term supplier of premium quality mineral sands products in a growing market."*

"We look forward to adding to our customer base as our Keysbrook operation continues to mature, and our business grows."

For further details please contact:

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