

# ASX ANNOUNCEMENT

29 June 2016



## MZI Successfully Restructures Senior Debt Facilities

- US\$37.5 million RMB Senior Debt Facility restructured on significantly improved terms delivering increased flexibility
- Facility term extended by 27 months to 31 December 2021
- Commencement of principal repayments deferred by six months to 31 March 2017
- Quarterly principal repayments significantly reduced
- Provides MZI with increased access to cashflow

MZI Resources Ltd (ASX:MZI) is pleased to advise that it has successfully restructured the US\$37.5 million Senior Debt Facility provided by RMB Australia Holdings Limited on improved terms that will provide the Company with greater flexibility, reduced fixed quarterly repayment obligations and increased access to surplus cashflow.

The term of the restructured facility has been extended by 27 months to 31 December 2021, and includes a six-month deferral of the start of the Company's principal repayment obligations to 31 March 2017.

In addition, quarterly principal repayments will be reduced to a flat US\$1 million for the first five quarters, US\$2 million for the following ten quarters, and US\$2.5 million thereafter, significantly increasing the Company's financial flexibility and boosting free cashflow. Previously, quarterly principal repayments averaged US\$2.9 million.

The revised facility also significantly reduces cash sweep provisions applying to surplus cashflow generated by the Keysbrook Mineral Sands Project after all quarterly costs and scheduled debt repayments have been met. MZI will now have access to 50% of surplus cashflow generated per quarter, with the remainder reserved for early debt retirement. Previously 70% of any quarterly surplus cashflow generated was applied to senior debt repayment. The Debt Service Reserve Amount will also be reduced to US\$3 million from US\$4.5 million and has been delayed for funding by six months to 31 December 2016.

Interest will accrue at a margin of 5.85% per annum above the US LIBOR rate, pre-project completion and 5.35% per annum post project completion, an increase of 1.10%. Other key terms remain unchanged, as detailed in the Company's ASX announcement dated 3 September 2014. The revised agreement is effective as of 29 June 2016.

MZI Managing Director Trevor Matthews said *"The successful restructuring of the RMB Project Debt Facility represents a significant value enhancement initiative for the Company and all MZI shareholders. It provides us with greatly improved financial flexibility, particularly during the early*



*stages of Keysbrook's operational life, it significantly reduces our quarterly financing repayments and further strengthens the commercial footing of our business.*

*"MZI greatly appreciates RMB's continuing strong support for the Keysbrook Project in concluding this mutually beneficial agreement and further consolidating Keysbrook's emergence as a globally significant new supplier of premium mineral sands products."*

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