

ASX ANNOUNCEMENT

14 December 2016



Design Performance Milestone Achieved at Keysbrook WCP

MZI Resources Ltd (ASX:MZI) is pleased to announce that following commissioning of the recently completed Optimisation Project, the Keysbrook Wet Concentrator Plant (WCP) has now achieved its landmark Design Performance Milestone.

Commissioning of newly installed high performance spirals and improved screening equipment in the WCP commenced on 20 November 2016. Since that time, both Heavy Mineral Concentrate (HMC) recovery and grade have steadily increased to design levels which have now been achieved during a four-day test run at design throughput levels. Continuous improvement work will now continue in pursuit of even higher levels of performance. Notably, HMC recovery levels circa two per cent above design have already been shown to be possible.

Higher HMC grade is expected to result in significantly improved performance at the Picton Mineral Separation Plant (MSP) when MZI starts its next major processing campaign in February 2017 under its toll treating agreement with Doral. The focus of the next processing campaign will be to pursue key MSP design performance milestones.

Keysbrook's improving production performance will ensure substantial product shipments in December with a bulk shipment of L88 (circa 6243t) and a zircon concentrate shipment (1011t) already completed. Additionally, a bulk shipment of L70 (circa 6500t) and a further zircon concentrate shipment (circa 1000t) are planned before month end.

MZI Interim Managing Director, Dr Steve Ward commented *"It is extremely satisfying for the MZI team to achieve design performance at the Wet Concentrator Plant so soon after completing the Optimisation Project. Achievement of this significant milestone technically de-risks the WCP and we can now pursue continuous improvement opportunities to unlock more of the potential value at Keysbrook."*

"Importantly, our improving operating performance positions us well to benefit from strengthening global market conditions for mineral sands products, including higher-value products such as leucoxene and zircon concentrate from Keysbrook."

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