



MOZAMBI

R E S O U R C E S

ASX ANNOUNCEMENT

21 July 2015

TANZANIAN TRENCHING PROGRAM CONFIRMS PROSPECTIVITY

Highlights:

- Trenching is underway on the Nachingwea Project in Tanzania – early results confirm analysis
- Trenches on the Chiwata and the Masasi deposits show large sections of Graphite schist
- Work continues to confirm Chiwata strike length of over 1,000m at a width of up to 180m
- Road infrastructure very favourable - one target only 300m from sealed road the other also in close proximity
- Mapping of the remaining 16 tenements is continuing

Introduction

Mozambi Resources Limited (ASX: MOZ, **Mozambi**”, “**The Company**”) is pleased to announce exploration has now started to ramp up on site, with the first trenches commencing just days after the first two tenement grants being received. Currently the trenching is progressing through the saprolite zone before the fresh mineralisation is exposed, however graphite is visible across all of the length exposed to date. The trenching is designed to test the width and grade of mineralisation near surface in order to rank drilling targets.

Based on visual estimates the graphite is generally of coarse flake size particularly on the Chiwata prospect. Figures 2b and 4b show examples of graphitic schist recovered from each site. The actual size distribution will need to be confirmed by screen size analysis. After the completion of the sampling, several metallurgical samples will be taken to test the flake size distribution from each of the targets to allow prioritisation of the first round of drilling when this information is combined with the grades and widths of mineralisation as well as the geological mapping that is currently ongoing.

After completion of this current round of exploration, Mozambi expects to be in a position to drill test several of the targets before the end of the year.

A brief description of the initial progress on each of the aforementioned targets to be tested is provided below.

Location

Both of the targets tested to date are located to the north east of the town of Masasi as shown on **Figure 1**. As per our recent announcement, the targets are located on our two newly granted licences in South Eastern Tanzania. The Chiwata target is on PL10644 while the Masasi target is located on PL10643. The region is well located with respect to transport infrastructure, with a sealed road passing through both license areas and located a mere 300m from the first trench at the Masasi prospect. The Chiwata prospect is located approximately 8km to the south of this sealed road. The sealed road goes to the deep-water port of Mtwara 158km away by road from the Masasi prospect. Mozambi is currently assessing the other infrastructure such as gas and electricity that is available or being developed in the region.

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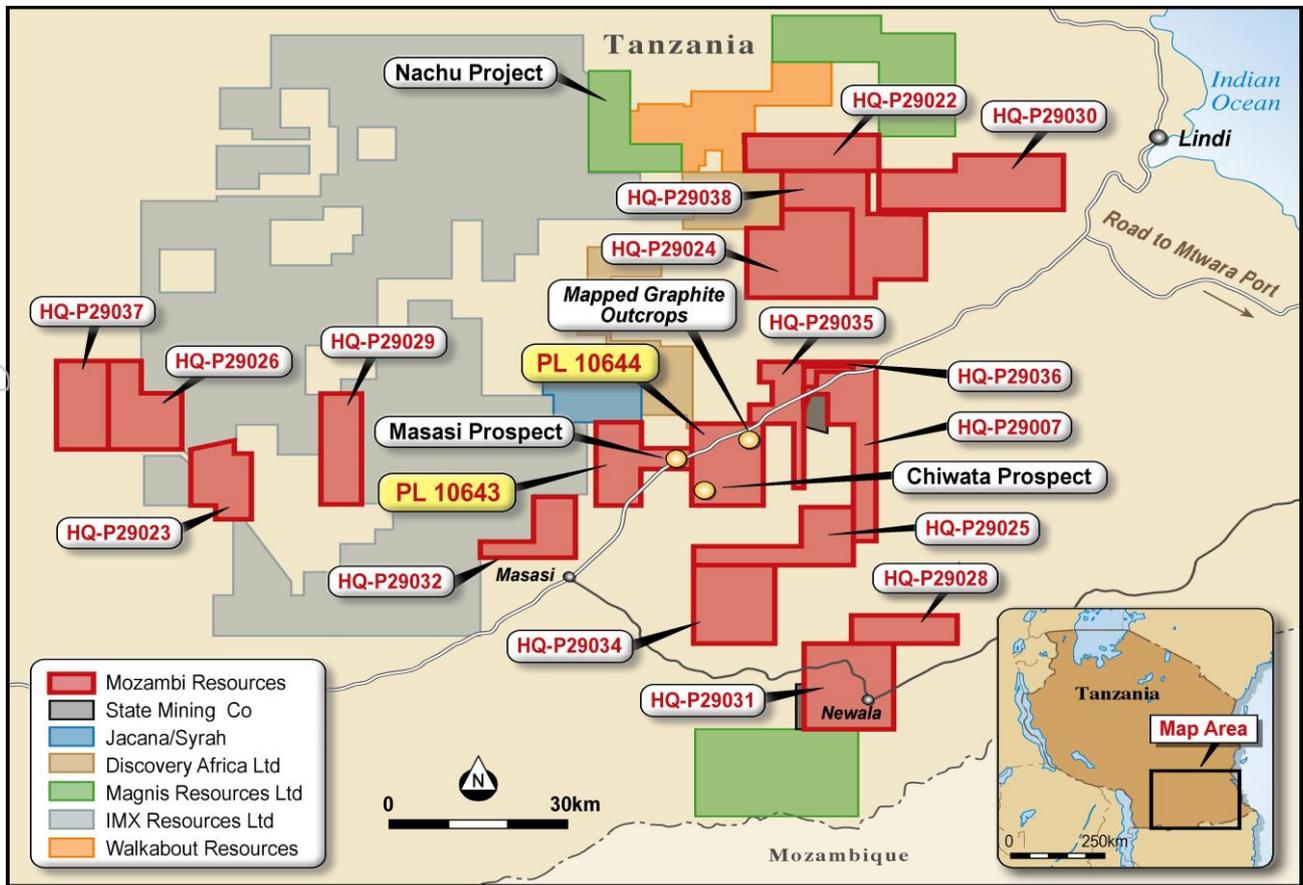


Figure 1

Masasi Graphite Prospect

Located in the eastern portion of tenement PL 10643, the Masasi Prospect outcrops on a small ridge near the village of Chinkundi. Trenching is showing the deposit strikes to the south west. The visible width of the graphite schist is approximately 40 to 50 metres in this location which has now been extended to 75m (which is estimated to be 70% of the true width) and is hoped will be extended as further trenching continues. Figure 2a shows the first section of the trench that is currently being deepened and extended. A photo of mineralisation exposed by the trench is shown in Figure 2b while Figure 2c shows the sealed road approximately 300m from the trench being excavated on the Masasi Graphite target. Grades of the mineralisation are not yet known, but will be determined by assay at an accredited laboratory once representative samples are shipped off site.



Figure 2a



Figure 2b



Figure 2c

The location of the trench at the Masasi deposit is shown in **Figure 3** showing the interpreted geology.

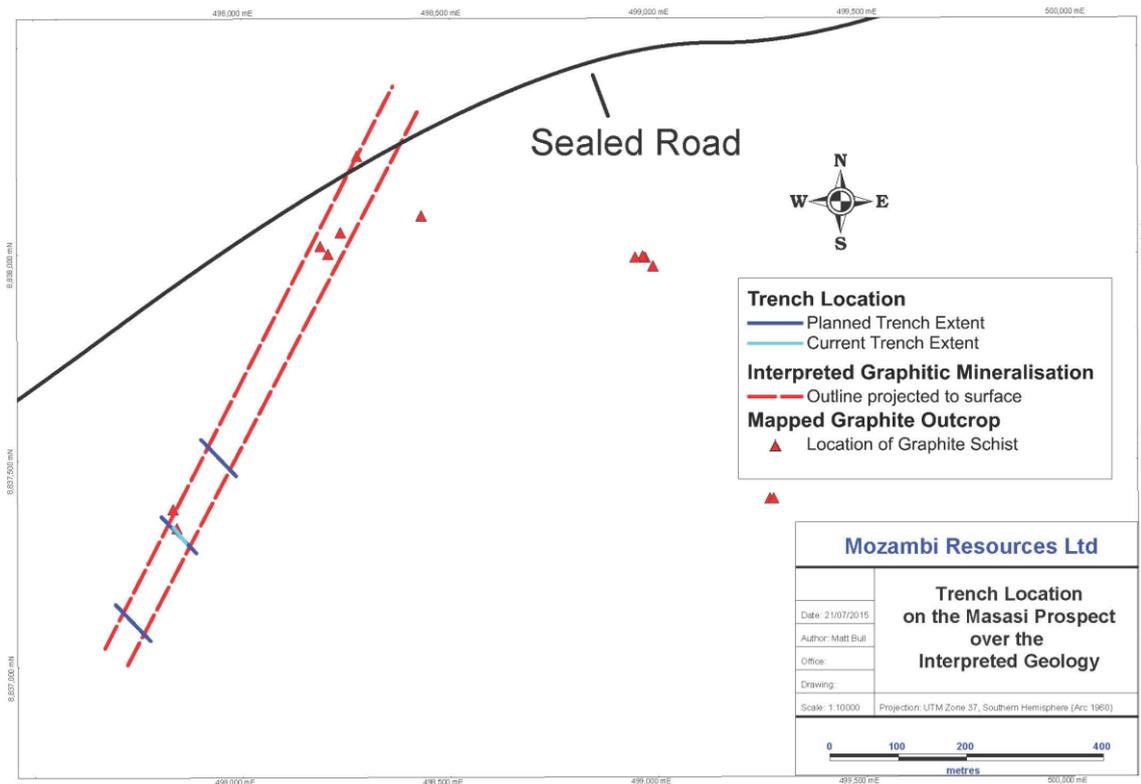


Figure 3

Chiwata Graphite Prospect

Located in the south west corner of PL10644, the Chiwata prospect outcrops extensively in an ephemeral creek bed and sub-crop continues over a shallow rise for approximately 180m. Trenching was initiated where the observed outcrop was the widest. The trenching is currently at 100m wide, which is estimated to be 50% of the true width of mineralisation at this location based on the results of the observed orientation of the mineralisation. Graphite mineralisation remains open at both ends of the trench. The local geology has some structural complexity and it has not yet been determined if the mineralisation in this area may be locally thicker due to structural repetition. The visible width of graphite schist observed typically ranges between 1.5 meters – 15 meters but the proportion of outcrop is low except in a few isolated areas. Two further trenches 200m to the North West and 200m to the South East are expected to start later this week, with the goal to confirm the continuation of the mineralised unit. Outcropping mineralisation has been observed at both sites.

Previous exploration has mapped the mineralisation stretching over 1,000m of strike in this area. **Figures 4a** and **4b** show the trench at this location and a sample of the graphitic schist recovered from the base of the trench. Geological mapping of the area has started and will be used to help with planning the drill-hole locations for a drilling program later in the year. The average size of Graphite flakes appears to be larger here than at Masasi based on visual estimation from both outcrop and trench exposures. Grades of the mineralisation are not yet known and will be determined by assay at an accredited laboratory after representative samples are shipped off site.



Figure 4a



Figure 4b

The Location of the trench at the Chiwata Deposit is shown in **Figure 5** showing the interpreted geology.

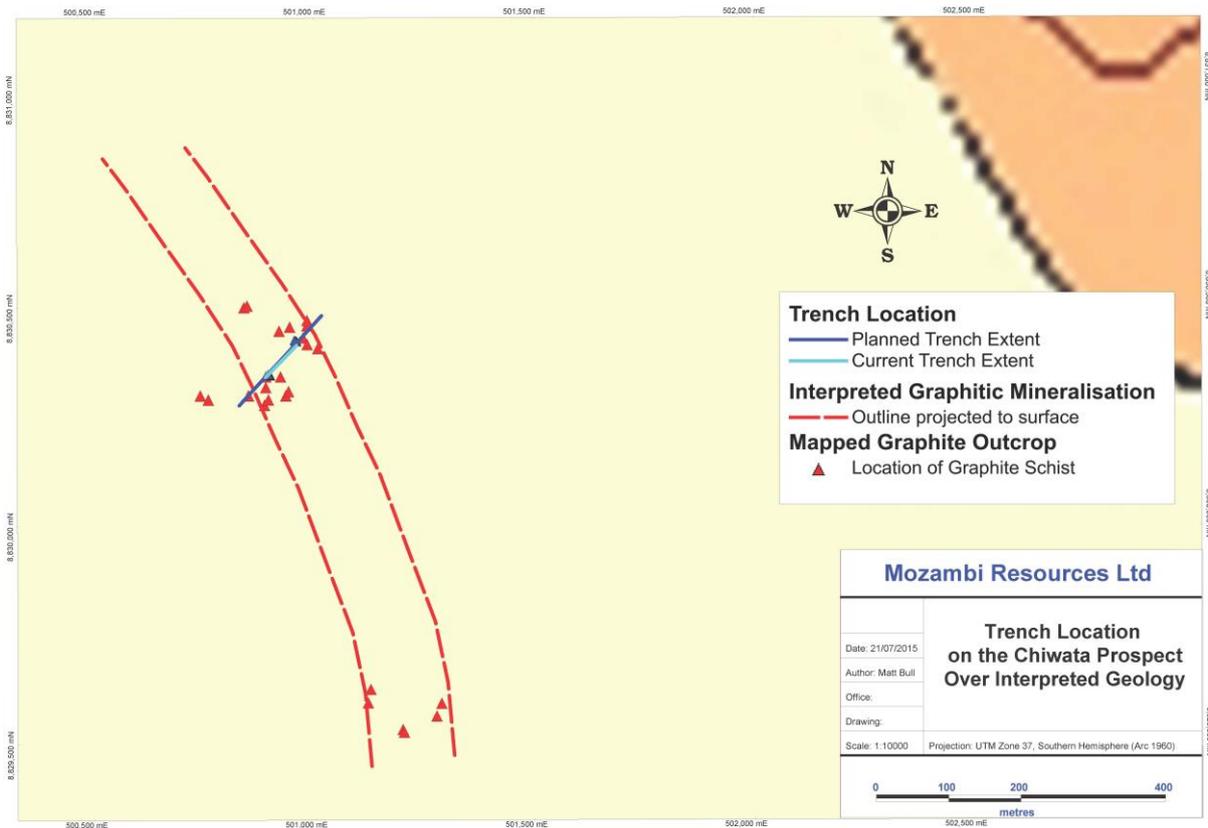


Figure 5

Continuing Exploration

While the trenching is continuing geological mapping is progressing on the Chiwata and Masasi targets and the remaining sixteen tenements. A stronger understanding of the 18 licenses that are covered by the option agreement has now been established and these licenses are continually being reviewed with geological teams now visiting a majority of the other tenements.

Conclusion

Mozambi continues to progress the exploration of the Nachingwea Project, with the expectation of being in a favourable position to commence drill testing this year on at least one target. Further exploration updates will be provided as the exploration results come to hand.

For and on behalf of Mozambi Resources Limited

Alan Armstrong
Mozambi Resources Ltd
 Executive Director

Competent Person

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Matt Bull, a Competent Person who is a member of Australian Institute of Geoscientists. Mr Bull is a Director of Mozambi Resources. Mr Bull has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being 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'. Matt Bull consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Sampling will take place at the completion of the trenching at this stage the trench excavating is still continuing. The trenches have been inspected by the competent person for this announcement and graphite mineralization is observed over all of the areas excavated at the time of reporting. Assaying will occur at the completion of the trench to determine grade.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> No drilling has been undertaken
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No drilling has been undertaken
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Logging will take place as the samples are taken at the completion of the excavation. As the trenches are both have graphite mineralization open in both directions logging cannot yet start.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> No samples have yet been taken

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> No samples have yet been taken from the trenching
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> No samples have yet been taken from the trenching
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> A hand-held GPS was used to identify the position of all samples (xy horizontal error of 5 metres) and reported using ARC 1960 grid and UTM datum zone 37 south.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<p>One meter samples will be used when sampling occurred this is considered adequate to support a high degree of grade and geological continuity for deposits of this type.</p>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Prior to trenching beginning nearby outcrops were measured for the dip and strike and compared to the known geology of the regional area to ensure the area trenched was as representative as possible of the geology of the mineralised area. Best attempt was made to orientate at 90 degrees to the structure but there is limited outcrop to be certain at this early stage. Initial results of trenching suggest they are close to perpendicular. It is expected that the mineralization is located in a stratigraphic layer which is parallel to the strike
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Not yet applicable
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No audits or reviews have yet been under taken

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> The prospecting license PL 10643 and PL10644 were both granted on the 9th of July 2015 for a period of four years for the exploration of Graphite. The area covered by the prospecting licenses is 168.14 154.53km² and 198.02km² respectively. PL10643 is situated in the Nachingwea, Ruangwa and Masasi, districts while the PL10644 License is situated in the Ruangwa and Masasi districts. Both PL's Straddle the boundary of the Lindi and Mtwara regions of south-east Tanzania. The PL is held by Nachi Resources Ltd. and is subject to an option agreement for Mozambi resources to acquire 100% of the issued capital of Nachi Resources. The surface area is administered by the Government as native title. The area is rural, with wilderness areas and subsistence farming occurring on the PL. The Tenements are subject to a 3% royalty on production to the previous owners of Nachi Resources if the option is exercised. There are no other known issues that may affect the tenure.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> There is no written record of previous exploration available for this area known to Mozambi Resources, The location of some graphite outcrops on the PL's was known by the previous owners.
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The exploration targets occur in the basement rocks of the Mozambique belt system which principally comprise metamorphic rocks ranging from schist to gneisses including marbles, amphibolites, graphitic schist, mica and kyanite

Criteria	JORC Code explanation	Commentary
		schist, acid gneisses, hornblende, biotite and garnet gneisses, quartzites, granulites, and pegmatite veins. Initial exploration has focused on areas where there no overlying younger sedimentary sequences remaining.
Drill hole Information	<ul style="list-style-type: none"> • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> • N/A
Data aggregation methods	<ul style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> • N/A
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> • The relationship between the between the reported width and true width is provided in the announcement.
Diagrams	<ul style="list-style-type: none"> • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> • Maps showing the locations of the trenches are provided as Figures 3 and 5.
Balanced reporting	<ul style="list-style-type: none"> • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> • N/A
Other substantive exploration data	<ul style="list-style-type: none"> • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> • N/A

Criteria	JORC Code explanation	Commentary
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Exploration is at an early stage further work planned includes completion of the current trenches, additional of more trenches along strike, electro-magnetic and possible IP ground geophysical surveys, rock chip sampling and drill testing. • Figures 3 and 5 show the main geological interpretation at considered relevant at this time.