Keysbrook Mineral Sands Project Fully Funded

- **Approximately US$64m in debt facilities secured from RMB**
- **12 month construction phase scheduled to start in Q2 2014**
- **Keysbrook on track for production and sales in Q2 2015**

MZI Resources Ltd (ASX:MZI) is pleased to advise that it has secured approximately US$64 million in Project Debt Facilities for its development ready Keysbrook mineral sands project in Western Australia, paving the way for construction to commence in late June 2014, with first production scheduled for mid 2015.

The debt funding offer is fully underwritten by RMB Australia Holdings Limited (RMB) and has been arranged by RMB Resources Limited (RMB Resources). RMB and RMB Resources are part of the large South African financial services group, FirstRand Group. RMB has provided an offer of finance in a deal which represents a significant vote of confidence in Keysbrook by this leading resource financier.

The MZI Board has resolved to accept the debt funding offer from RMB and proceed with the documentation of the Project Debt Facilities.

The Project Debt Facilities, combined with the previously announced US$41.5m Keysbrook funding package to be provided by Resource Capital Fund VI L.P. (RCF) (see ASX release dated 2 October 2013), mean MZI is now fully funded for the construction and development of Keysbrook.

Draw-down of the Project Debt Facilities is subject to customary conditions for these type of facilities including MZI finalising some remaining contracts for the Keysbrook development including offtake contracts and execution of the construction agreement, all of which are either close to completion or in an advanced stage of negotiation. It is expected these conditions will be satisfied in the June quarter 2014.
MZI already has offtake agreements in place covering approximately 50 per cent of the forecast annual revenue from Keysbrook and approximately 60 per cent of forecast annual production. Discussions are well advanced on offtake agreements for its high-grade L88 titanium dioxide product.

MZI Chief Executive Trevor Matthews said the project debt was the final key ingredient needed for the development of Keysbrook.

"In our view, having two highly regarded financial institutions express their confidence in Keysbrook through the provision of funding is a sign of the project's technical and economic strength," Mr Matthews said.

"Our feasibility studies show that Keysbrook will generate strong returns, even at this relatively low point in the mineral sands economic cycle."

"Based on forecasts provided by mineral sands analysts, the recovery in the feedstock demand cycle should be well underway by the time Keysbrook comes into production, leaving MZI ideally placed to benefit from the project's relatively low capital and operating costs, premium product suite and access to key markets."

Keysbrook is set to benefit from the project's location close to Perth and its access to a large labour pool, proximity to suppliers and service providers less than one hour from the Keysbrook mine and concentrator, access to major road and power infrastructure, the processing agreement with Doral Mineral Sands Pty Ltd and existing access agreement with the Bunbury Port Authority.

MZI Chairman Mal Randall said finalising the funding package for Keysbrook marked a pivotal point in the Company's growth.

"This is the culmination of much hard work by the MZI team," Mr Randall said. "I thank them for their persistence, which I have no doubt will pay handsome dividends for the Company and its shareholders as Keysbrook is developed and brought into production."

Details of Project Debt Facilities


The **Senior Debt Facility** has the following key terms:

- **US$50 million construction and amortising term loan, with final repayment on 31 December 2018;**
- **Interest at a margin of 4.75% per annum above the US$ LIBOR rate pre-project completion and a margin of 4.25% post-project completion.**

The **Working Capital Debt Facility** has the following key terms:

- **US$3 million facility, to be available from commencement of mining of ore and production of HMC from the wet plant at Keysbrook;**
- **Interest at a margin of 4.00% per annum above the US$ LIBOR rate.**

The **Bank Guarantee Facility** has the following key terms:

- **Guarantee amount of up to A$12.124 million to provide bank guarantees securing Keysbrook’s obligations under Western Australian Environmental Protection Agency approvals and landowner agreements;**
- **Facility to be available for the term of the Senior Debt Facility.**

The finalisation of the Project Debt Facilities and RCF funding package is subject to the agreement and execution of formal financing and security documentation, which is expected to be concluded in June 2014. The RCF funding package is subject to shareholder approval. The
timing for the shareholder general meeting to approve the funding is expected to be late May/early June 2014.

The Project Debt Facilities have been arranged with the assistance of BurnVoir Corporate Finance.

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**About RMB**

RMB Resources Limited ("RMB Resources") is a specialist resource finance arm of Rand Merchant Bank, a division of FirstRand Bank. The FirstRand Group is one of the largest financial services groups in South Africa. As at 30 June 2013, the FirstRand Group had total assets of R870 billion (US$87 billion) and capital and reserves of R72 billion (US$7.2 billion). The Project Debt Facilities to be arranged by RMB Resources will be underwritten by RMB Australia Holdings Ltd.

**About Resource Capital Funds**

Resource Capital Funds ("RCF" or the "Funds") are private equity funds with a mandate to make investments exclusively in the mining sector across a diversified range of hard mineral commodities and geographic regions and which are managed by RCF Management L.L.C. ("RCF Management"). RCF Management, which has its principal office in Denver and additional offices in Perth, New York and Toronto, pioneered the concept of mining-focused private equity funds and strives to produce superior returns to its investors, portfolio companies and fellow equity investors. Since inception, RCF Management, through its Funds, has supported 120 mining companies (and several mining-services companies) involving projects located in 40 countries and relating to 28 commodities.


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