



MOZAMBI
R E S O U R C E S

Quarterly Activities Report – Quarter Ended 31 December 2015

Mozambi Resources Limited (ASX: MOZ, **Company** or **MOZ**) provides the following update on activities undertaken for the quarter ended 31 December 2015, which includes activities up until the date of reporting:

HIGHLIGHTS

- Maiden JORC Resource estimate of 179Mt @ 5.1% graphitic carbon at 100% owned Namangale Project in Tanzania
- Initial metallurgical results show a very high proportion of Super Jumbo (+500µm) and Jumbo (+300µm) flake sizes
- Completion of drilling programs for Namangale 1, 2 and 3 prospects totalling 82 RC holes and 9 diamond holes
- Metallurgical test work has confirmed graphite is easily liberated from the host rock
- Appointment of Stephen Hunt as Non-Executive Chairman

OPERATIONS

Namangale Graphite Project, Tanzania

During the quarter, **Mozambi Resources Limited** (ASX: **MOZ**, **Mozambi**, **the Company**) made significant advances at the Namangale Graphite Project located in the south east of Tanzania. These activities included additional drilling, metallurgical testwork and culminated with the completion of the maiden Inferred JORC Resource estimate of 179Mt @ 5.1% graphite.

MOZ completed the signing of a binding Variation of Terms Sheet on 3 November 2015, whereby the Company agreed to acquire four graphite prospective tenements in the Lindi and Mtwara regions of southeast Tanzania to compliment the Company's previous existing 7 tenements. This increases Mozambi's tenement holding to a total of 12, with one currently in application with the Tanzanian Ministry of Energy and Minerals, and an approximate area of 2,105.04 km² (See Figure 1).

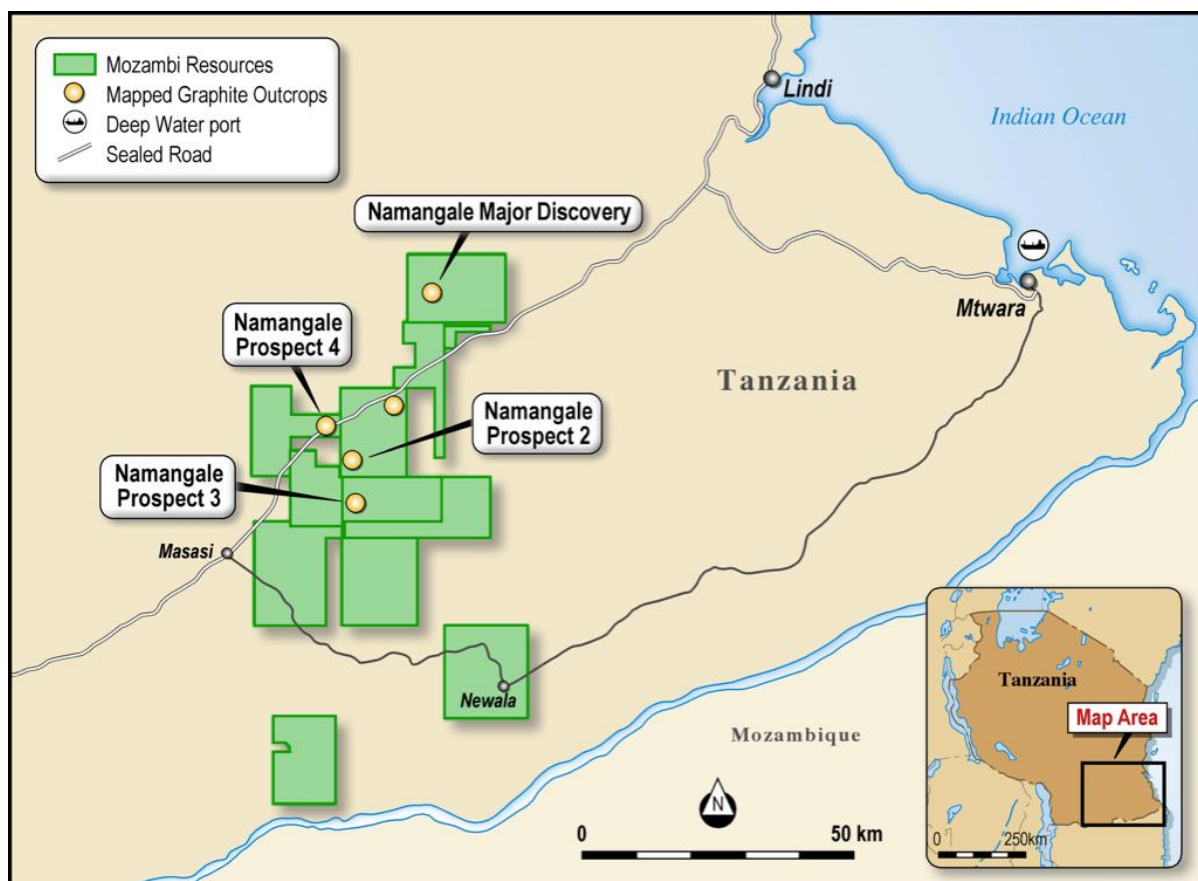


Figure 1 Location of the Namangale Project tenements

Namangale Maiden JORC Resource Estimate

The Company announced its maiden JORC Resource estimate for the Namangale Project on 15 January 2016.

The Mineral Resource estimate comprises 179 million tonnes at an average grade of 5.1% TGC classified in the Inferred Resource category in compliance with the 2012 JORC code. The Resource has been calculated from 82 RC holes and 9 Diamond Holes with a maximum depth of 100m and with the mineralisation starting at or near surface.

The resource estimate covers all three prospects that have been tested with drilling and the breakdown is summarised in Table 1

Table 1 Inferred Mineral Resource Estimate - Namangale Project, Tanzania

Deposit	Bulk Density (t/m ³)	TGC Cut Off (% TGC)	Grade (% TGC)	Gross Tonnage (MT)
Namangale 1	2.64	3.2	5.1	161.6
Namangale 2	2.65	3.0	5.4	16.8
Namangale 3	2.65	3.0	5.3	1.6
Total	2.64	3.0 – 3.2%	5.1	179.0

The Namangale 1 deposit represents the largest portion of the mineral resource and occurs as a flat lying graphite schist unit striking in a north south orientation, see Figure 2.

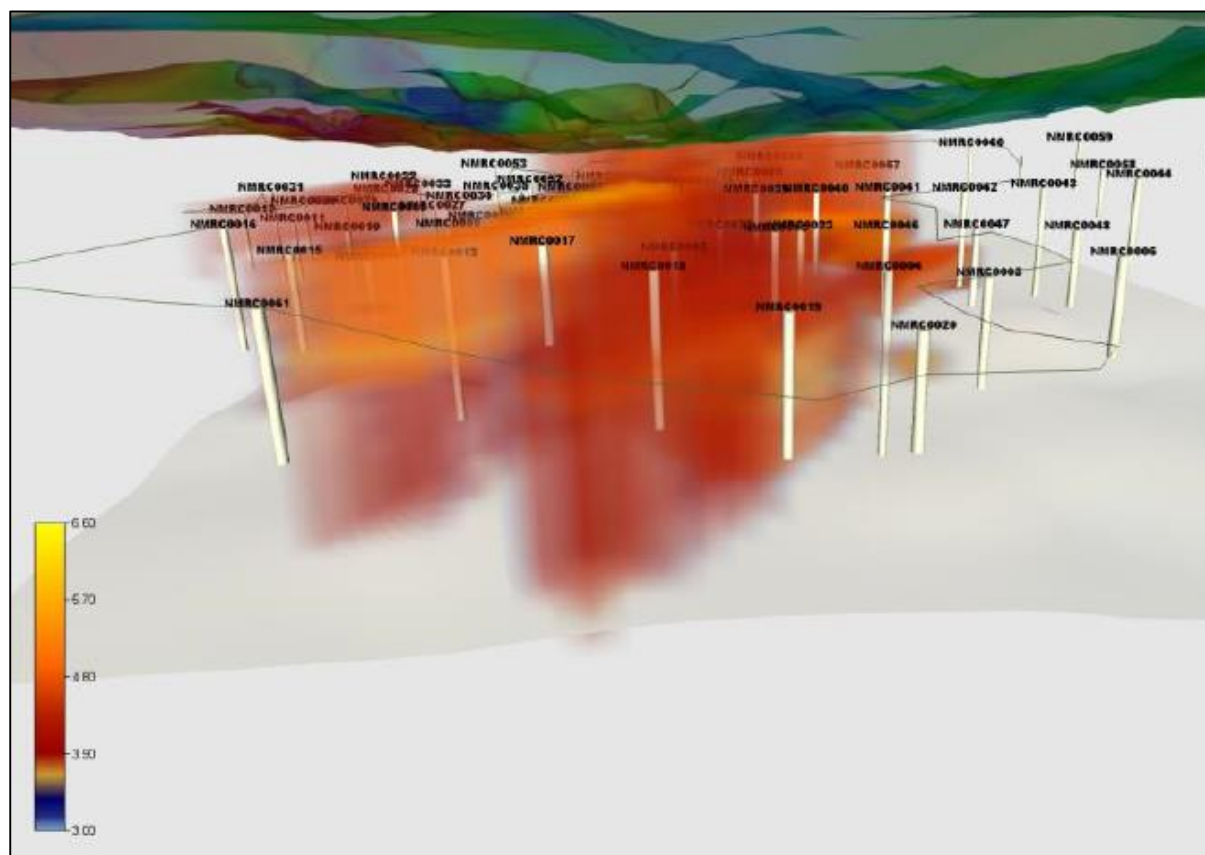


Figure 2 Resource Model of the Namangale 1 Deposit

The Mineral Resource estimate was carried out by independent consultancy firm, ROM Resources.

Assay results for the first three diamond hole core composite samples have been returned confirming excellent proportions of +300µm and +600µm size fractions. For the three composites between 76% and 85% of the graphite was in the +300µm size fraction. A summary of the three prospects is presented in Table 2.

Table 2 Flake Distributions from Diamond Core Composites

Size Fraction	Namangale 1	Namangale 2	Namangale 3
+600 µm	47%	45%	38%
+300 µm	29%	35%	47%
+180 µm	13%	13%	10%
+75 µm	4%	5%	3%
-75 µm	6%	3%	2%
Total	100%	100%	100%

ALS Metallurgy (“ALS”) based in Perth, Western Australia, has examined mineralised samples from the Namangale 2 and Namangale 3 prospects. The key findings were that graphite flakes in the larger size fraction were unliberated, whereas flakes in the 1mm to 0.5mm size fraction were mostly liberated. The graphite flakes in the sub 0.5mm fraction were well liberated and contained graphite flakes between 450µm and 800µm.

Namangale 1 Prospect

The Company has completed the first drilling program on the major Namangale 1 prospect for a total of 3,259m of RC drilling and a further 326m of diamond drilling. The mineralisation identified by the drilling was extended to 3.2km and remains open to the north and south. The location of the significant intersections is presented in Figure 3.

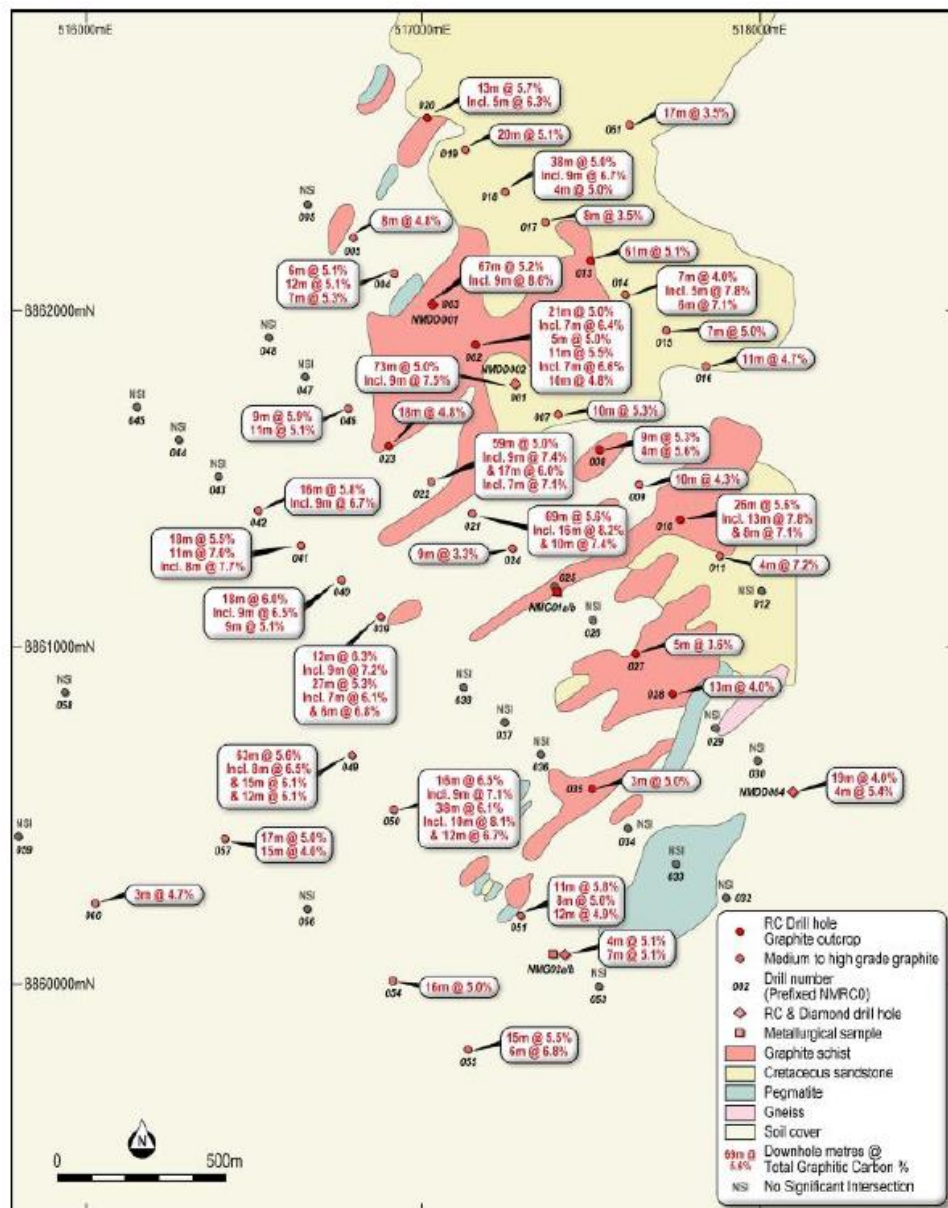


Figure 3 Location of Significant Intercepts at Namangale 1

The significant intercepts from Namangale 1 are presented in Appendix 1 of this report.

Namangale 2 Prospect

During the quarter MOZ completed an additional ground EM survey on the Namangale 2 prospect, previously referred to by the Company as the Chiwata Prospect. The ground EM surveys used 200m line spacing with a total distance of 31.6 line km and covered an area of 8km². The results of the survey indicate that graphite mineralisation continues along strike from known outcropping mineralisation and extending the exploration targets to 7km strike length.

A total of 21 RC holes for 1,213m were drilled during the quarter, with 20 holes intersecting graphite schist mineralisation. A further 2 diamond holes were drilled to collect fresh samples of graphite schist mineralisation which was subsequently tested for flake size distribution. The results from this drilling have been included in the Inferred Resource estimate.

The significant intercepts from Namangale 2 are presented in Appendix 1 of this report.

Namangale 3 Prospect

Activities at the Namangale 3 prospect were limited to 2 diamond holes during the reporting period to test flake size distribution. Following the very favourable results from this test work, Namangale 3 will be included in our follow up drill program.

CORPORATE

In December 2015, the Company announced the appointments of Stephen Hunt as the Non-Executive Chairman. Mr. Hunt brings 15 years of cumulative board experience with ASX listed companies. Most recently he was a Non-executive Director of Graphite focused, Magnis Resources Ltd (ASX: MNS) where his involvement included the securing the finance and off-take agreement for the company. His role with Mozambi Resources will include the overseeing of potential off-take contracts and investment discussions with strategic end users.

In October 2015, the Company announced the completion a capital raising of A\$1.75 million, which comprised a placement of 50 million new fully paid ordinary shares at A\$0.035 per share. Each new shares came with a 1 for 3 free attaching MOZO option.

For and on behalf of Mozambi Resources Limited



Alan Armstrong
Mozambi Resources Ltd
Managing Director

Competent Person Statement

The Resources in the report to which part of this announcement that relate to Exploration Targets and Mineral Resources or Ore Reserves is based on information compiled Mark Biggs, a competent Person who is a Member of the Australian Institute of mining and Metallurgy. Mark Biggs is employed by ROM Resources Pty. Ltd. Exploration results used to create the Resource statement where compiled by Mark Biggs and Matt Bull who is a Director of Mozambi Resources. Mr Bull is a member of the Australian Institute of geoscientist and 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 Result. 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. Mark Biggs has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mark Biggs consents to the inclusion of the matters based on his information in the form and context in which it appears.

Further details of the Resource Reporting and supporting information can be found in the following ASX Releases made by the Company;

Release Date	Announcement Title
1 Oct 2015	Ground EM survey at Chiwata extends the potential strike length to 7km
12 Oct 2015	All Fifteen holes drilled at the Chiwata Prospect intercept near surface graphite mineralisation
20 Oct 2015	Diamond drilling confirms coarse flake mineralisation at shallow depth at Chiwata
27 Oct 2015	Major new graphite discovery at Namangale
30 Oct 2015	Expanded exploration program at major new discovery fully funded
4 Nov 2015	Mozambi to acquire highly prospective graphite tenement in Tanzania
10 Nov 2015	Major discovery strike extended to 1.2km with exceptional mineralisation drilled from the surface
1 Dec 2015	Major discovery extends to 3.2km strike length and remains open to the north and south
9 Dec 2015	Super jumbo flake mineralisation confirmed at Namangale
11 Jan 2016	Exceptional super jumbo and jumbo flake graphite metallurgical results continue
15 Jan 2015	Mozambi Resources announces the largest JORC Graphite Resource in Tanzania

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Mozambi Resources Limited

ABN

28 106 353 253

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,309)	(1,916)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(259)	(543)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(1,565)	(2,454)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	(36)	(36)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other - deposits	-	(20)
	Net investing cash flows	(36)	(56)
1.13	Total operating and investing cash flows (carried forward)	(1,601)	(2,510)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,601)	(2,510)
1.14	Cash flows related to financing activities		
	Proceeds from issues of shares, options, etc. *	1,768	3,300
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(54)	(235)
	Net financing cash flows	1,714	3,065
	Net increase (decrease) in cash held	113	555
1.20	Cash at beginning of quarter/year to date	1,000	554
1.21	Exchange rate adjustments to item 1.20	(24)	(20)
1.22	Cash at end of quarter	1,089	1,089

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	125
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
	Payment of directors' fees and consulting services from related parties.	

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter, 35,000,000 Shares and 7,500,000 free attaching Options were issued under the acquisition terms of the Tanzania graphite tenements. 4,000,000 Shares and 750,000 Options were issued to settle transaction commission fees.

In addition, 15,700,000 Shares and 9,750,000 Options at a value of \$284,500 were issued to settle consulting fees and services.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	700

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	1,052	961
5.2	Deposits at call	37	39
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		1,089	1,000

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Refer to Tenement schedule attached.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	571,700,060	571,700,060		
7.4 Changes during quarter (a) Increases through issues				
	15,583,333	15,583,333	1.2	1.2
	700,000	700,000	1.5	1.5
	6,693,070	6,693,070	2.0	2.0
	1,500,000	1,500,000	4.0	4.0
	42,000,000	42,000,000	-	-
	50,000,000	50,000,000	3.5	3.5
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
	475,000	-	25.0	02/08/16
	2,200,000	-	25.0	30/11/16
	294,679,381	294,679,38	2.0	31/12/17
	13,500,000	-	2.0	31/12/17
Performance Rights	3,000,000	-	nil	22/10/18
	3,000,000	-	nil	22/10/19
7.8 Issued during quarter Options	31,541,667	31,541,667	2.0	31/12/17
Performance Rights	6,000,000	-	nil	22/10/18
	3,000,000	-	nil	22/10/19

+ See chapter 19 for defined terms.

Appendix 5B

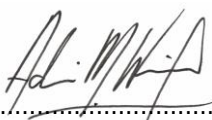
Mining exploration entity and oil and gas exploration entity quarterly report

7.9	Exercised during quarter	2,193,070	2,193,070	2.0	31/12/17
	Options	4,500,000	-	2.0	31/12/17
	Performance Rights	3,000,000	-	nil	22/10/18
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not*~~ (delete one) give a true and fair view of the matters disclosed.

Sign here:


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Company Secretary

Date: 29 January 2016

Print name: Adrien Wing

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

Mining tenements held at 29 January 2016:**Mozambique**

Project	Location	Tenement Number	Status	Beneficial interest
Mozambique graphite	Mozambique, Africa	6140L & 6142L	Exploration licence - Application	100% ¹

1. Subject to being granted, Mozambi has an option over these licences to acquire them 100%.

Tanzania

Project	Location	Tenement Number	Status	Beneficial interest
Tanzania graphite	Tanzania, Africa	PL10642, PL10643, PL10644, PL10665, PL10666, PL10667, PL10668, PL10716, PL10717, PL10718, PL10719	Exploration licence (prefix: "PL")	100%

Beneficial interests held in farm-in or farm-out agreements at the end of the quarter*Farm-in agreements*

The Company owns a 70% interest in Dugal Resources Lda, a Mozambican entity which holds a 100% interest in the following licences:

Licence	Owner	Location	Commodities	Area (ha)
3245L	Camal & Companhia Lda	Tete province	Copper, Zinc, Lead	18,240
3246L	Camal & Companhia Lda	Tete province	Base Metals	20,240

Tenements surrendered during the quarter**Australia**

Project	Location	Tenement Number	Status	Previous Beneficial interest
Bowen River	Queensland	EPC 1768	Exploration licence	100%
Carmilla	Queensland	EPC 2098	Exploration licence	100%
EPC 2702	Queensland	EPC 2702	Exploration licence	95%