



ASX/Media Release

(ASX: MZN)

16th August 2016

Marindi Metals Ltd
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Directors:

Ross Ashton
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Issued Capital:

1,153m fully paid ordinary shares,
236.8m listed options Ex. 2.0c Expiring
31 December 2016
64m unlisted options Ex. 2.5c Expiring
31 December 2019

MARINDI TO ACQUIRE ROX RESOURCES' INTEREST IN WORLD- CLASS REWARD ZINC JOINT VENTURE

*Acquisition will position Marindi as a premier ASX-
listed zinc company*

Key Points

- **Binding Heads of Agreement to acquire Rox Resources Ltd's (ASX: RXL) 49% interest¹ in the Reward Zinc Project, which hosts the Teena zinc deposit in the Northern Territory, under a structured arrangement comprising \$21 million in cash, shares, convertible notes and a payment upon a successful BFS .**
- **Cash component of \$8 million to be underwritten by Argonaut.**
- **Teena is a world class deposit with a resource inventory totalling 58Mt at 12.7% Zn+Pb – one of Australia's best base metal discoveries of recent times.**
- **Resource not closed off and requires further drilling to establish its full extent.**
- **Outstanding exploration potential in the world-class McArthur River Basin, where Marindi is already a significant land-holder.**
- **Transformational deal would position Marindi at the forefront of emerging ASX-listed zinc developers, with an extensive zinc inventory spanning the Reward Project in the NT and the Newman Base Metal Project in WA, plus a world-class exploration portfolio.**
- **Acquisition subject to Teck Australia Pty Ltd not exercising their pre-emptive right to match Marindi's offer.**

Marindi Metals Limited (ASX: MZN; "Marindi" or "the Company") is pleased to advise that it has entered into a Binding Heads of Agreement (HoA) with Rox Resources Ltd (ASX: RXL; "Rox") to acquire its 49% interest in the Reward Joint Venture with Teck Australia Pty Ltd ("Teck") including the world-class Teena zinc deposit in the Northern Territory.

¹ Teck Resources is earning-in to 70% of the Joint Venture by funding \$15 million (\$14 million spent), then both parties contribute on a pro-rata basis to future work programs.

The company-making acquisition – which complements both Marindi’s extensive existing land-holding in the McArthur River Basin of the NT and its advanced Newman Zinc Project in the Pilbara region of WA – will position the Company as a premier ASX-listed zinc exploration company.

The Teena deposit, widely regarded as one of Australia’s best base metal discoveries in recent times, akin to the Nova-Bollinger nickel discovery in its importance, has a JORC 2012 compliant Mineral Resource of 58 million tonnes grading 12.7% Zn+Pb. On a regional basis, the area extending from Mt Isa through McArthur River and for 500km to the north-west is probably one of the most well-endowed zinc-lead regions on Earth, containing approximately 25% of the world’s zinc reserves.

The Teena resource is not yet closed off and requires further drilling to establish its full extent.

The Reward Project also includes an extensive and highly prospective surrounding tenement package in the world-class McArthur River Basin, which hosts one of the world’s largest zinc mines – the McArthur River Mine (Glencore), with current published resources of 180 million tonnes at 14.6% Zn+Pb, located only 8km from Teena.

Marindi also holds extensive tenure in the McArthur River Basin, both at the 100%-owned Yalco Project to the north (also in joint venture with Teck, which is earning 70%) and immediately adjoining the Reward Project at the 100%-owned Caranbirini Project (see Figure 1).

As a result of the transaction, Marindi would become one of the largest land-holders in the McArthur River Basin outside of Glencore.

Marindi also remains committed to exploring and developing its 100%-owned Newman Zinc Project in WA, which includes a JORC 2012 compliant Indicated and Inferred Resource of 3Mt grading 4.94% Zn, 1.59% Pb and 15g/t Ag, including an Indicated Resource of 1.24Mt of 6.4% Zn, 1.7% Pb and 21 g/t Ag (see ASX Release 25th May 2015) as well as and a very large zone of zinc mineralization at the Wolf Prospect occurring as the zinc chlorite mineral baileychlore.

Transaction Structure

The total consideration payable to acquire Rox’s interest is \$21 million², comprising:

- A cash payment of A\$8.0 million, including a \$150,000 non-refundable deposit;
- The issue of Marindi shares (to be escrowed for a minimum of 12 months) to the value of \$4 million at the same issue price as shares are issued under the fundraising;
- The issue of 210 million convertible redeemable notes to the value of \$5.25 million on the following terms:
 - o 3-year term;
 - o Up to half of all notes issued to Rox to be convertible at Rox’s election after 18 months from issue and prior to expiry of term;
 - o Up to half of all notes issued to Rox to be redeemable at Marindi’s election at any time prior to the expiry of term by paying Rox 2.5c per note plus accrued interest at 10% annum;
 - o Otherwise redeemable automatically at the expiry of term by paying Rox 2.5c per note plus accrued interest at 10% per annum; and

² All figures are Australian dollars unless quoted otherwise.

- Upon the earlier of six years or the finalisation of a positive Bankable Feasibility Study to the Company's satisfaction and suitable to be submitted to a financial institution as the basis for lending funds and capable of supporting a decision to mine in relation to the JV Interest, the Company shall pay Rox an amount of \$3.75 million, and
- Rox are entitled to one representative on the Marindi Board.

Completion is due once a number of standard conditions precedent are met but also includes Teck not exercising their pre-emptive right within 60 days. Following Teck not exercising its right, Rox and Marindi have 90 days to complete the transaction. A break fee of \$300,000 is payable to Marindi if Teck exercises its pre-emptive right.

Argonaut has been appointed as Marindi's corporate advisor and underwriter to cover the cash purchase price, plus fund Marindi's initial commitment to the project.

No capital is required to be raised until completion has occurred.

Management Comment

Marindi's Managing Director, Mr Joe Treacy, said the acquisition represented an outstanding opportunity to acquire a significant interest in one of the world's premier undeveloped and underexplored zinc projects and to fast-track the Company's strategy to become the premier ASX-listed zinc development company.

"This is a company-making opportunity for Marindi which would immediately put us on the global stage as one of the most significant ASX-listed players in the zinc industry," he said.

"For our shareholders, this is a tremendous opportunity to gain a significant strategic position in one of the best Australian base metal discoveries of recent years outside of the Nova-Bollinger nickel deposit and to become a leading participant in the global zinc industry ahead of what most analysts expect is looming as a significant supply crunch."

"The zinc price is already up around 50 per cent this year, and most analysts believe the spate of recent mine closures is only now just beginning to bite. Zinc has one of the most favourable outlooks of any commodity and Marindi is extremely well placed to be a key player in this market – both through the Teena deposit and through our Newman Project in the Pilbara region."

"We are delighted to have secured the support of Argonaut in securing funding for this transformational deal, which has the potential to re-rate Marindi as a premier ASX-listed base metals company."

About the Reward Project

The Reward Project includes:

- the **Teena deposit**, which contains a JORC (2012) **Inferred Resource of 58Mt grading 12.7% Zn+Pb (11.1% Zn and 1.6% Pb) for 7.4 million tonnes of contained zinc and lead** (6.5 million tonnes of contained zinc and 0.9 million tonnes of contained lead) at a 6% cut-off (see RXL ASX Release 1st June 2016); and
- the **Myrtle deposit**, with **Indicated Resources of 5.8Mt grading 3.56% Zn and 0.9% Pb and Inferred Resources of 37.8Mt grading 4.17% Zn and 0.95% Pb** (see RXL ASX Release 15th March 2010 and reported under JORC 2004.)

The Teena deposit is located in the Batten Trough of the McArthur Basin, which extends south to the Mt Isa basin. This a complex, multi-stage, Late Palaeoproterozoic to Early Mesoproterozoic rift-sag basin system that hosts several large SHMS deposits including the huge McArthur River deposit, located 8km to the east of Teena (Ore Resources of 180 Mt at 9.9% Zn, 4.7% Pb and 48g/t Ag inclusive of ore reserves totalling 102 Mt at 10% Zn, 4.8% Pb and 49 g/t Ag at end 2015).

The Teena deposit occurs within the same stratigraphy as the McArthur River Deposit, interpreted to be deposited in a separate fault-controlled sub-basin. The key stratigraphic units were deposited in the sag phase of basin evolution and comprise the Teena Dolomite in the footwall, the Barney Creek Formation that hosts mineralisation, and the Reward Dolomite in the hangingwall.

The Teena Dolomite and Reward Dolomite were deposited in shallow water environments, with the Barney Creek Formation interpreted to represent a deeper water setting with reduced dolomitic mudstones and siltstones deposited in an environment of active faulting with substantial lateral thickness and facies variation.

The McArthur region benefits from excellent infrastructure including bitumen road, gas pipeline, major airport, ship-loader and port as illustrated in Figure 1.

Teena is a globally significant zinc discovery given the scale and high grade of the deposit. The deposit compares favourably to comparable projects at a similar stage of development (as illustrated in Figure 2) and to global zinc projects that are currently in production.

Figure 1 - Location of the Reward Zinc Project

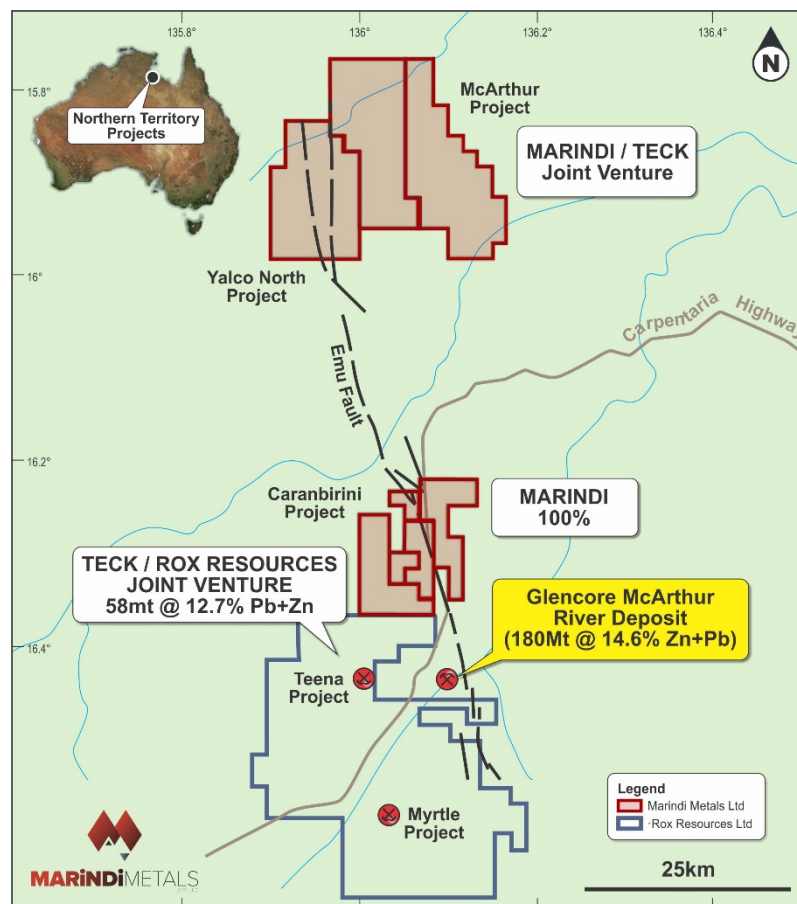
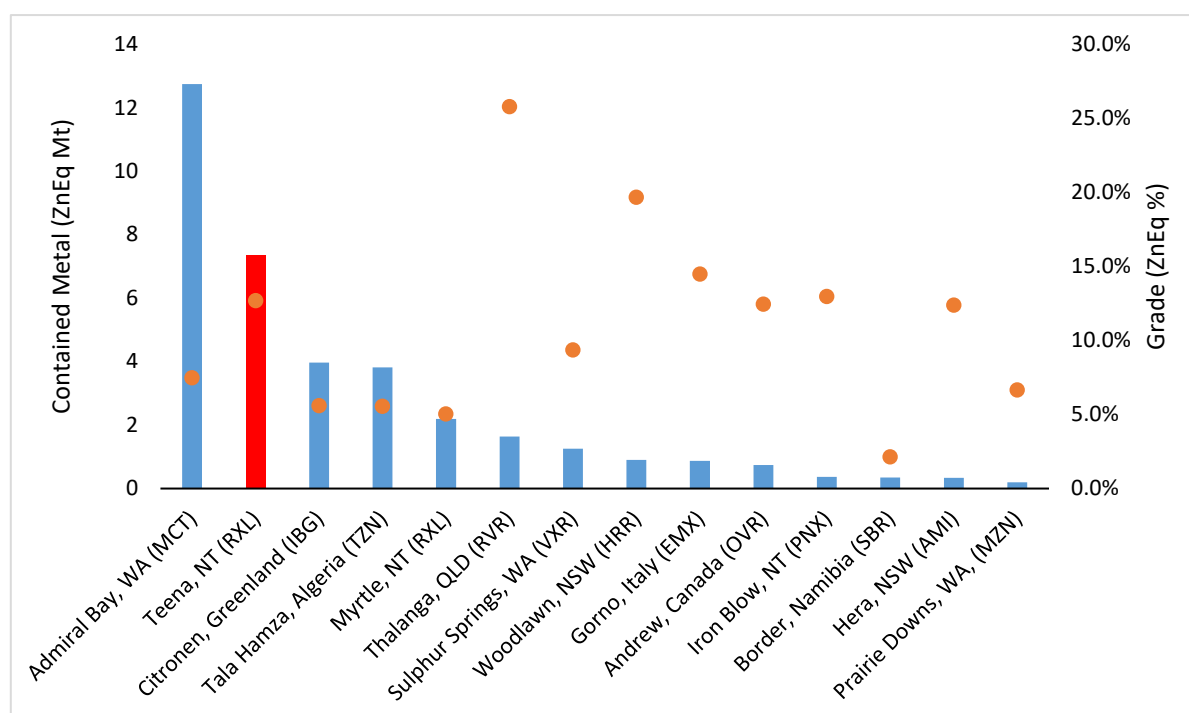


Figure 2 - Peer comparison of Teena against the ASX developer peer group



About the Teck Joint Venture

The Joint Venture between Teck Australia Pty Ltd and Rox Resources Ltd was signed in 2010 whereby Teck can earn an initial interest of 51% by spending \$5 million within 4 years.

In 2013 Teck made the significant discovery at Teena and also gave notice that it had earned its initial 51% and exercised its option to earn a total equity of 70% by spending an additional \$10 million within a further 4 years for a total of \$15 million by 31st August 2018. As at 30 June 2016, Teck had spent a total of \$14.04 million.

The Joint Venture between Teck Australia Pty Ltd and Rox Resources Ltd was originally agreed in 2010 and finalised in 2011, whereby Teck would earn an initial interest of 51% by spending \$5 million within four years.

In 2013 Teck made the significant discovery at Teena and also gave notice that it had earned its initial 51% and exercised its option to earn a total equity of 70% by spending an additional \$10 million within a further 4 years for a total of \$15 million by 31st August 2018.

As at 30 June 2016, Teck had spent a total of \$14.04 million.

About Marindi Metals Limited

Marindi Metals is an emerging ASX-listed zinc company which is executing an exploration and growth strategy designed to take advantage of what most commodity analysts predict will be a significant supply shortage of this critical industrial metal over the coming years.

The two main projects underpinning Marindi's development strategy are the Newman Base Metal Project, located 60km south-west of Newman in WA's Pilbara region, and the McArthur River

tenements in the Northern Territory, where it owns 100% of the Carinbirini project and is in an exploration joint venture with global miner Teck at Yalco (Teck earning 70%).

Joe Treacy
Managing Director and CEO

Investor Inquiries

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Competent Persons Statement

Information in this release that relates to Exploration Results is based on information prepared by Mr Joseph Treacy a Member of the Australasian Institution of Mining and Metallurgy and the Australian Institute of Geoscientists Mt Treacy is the Managing Director of Marindi Metals Ltd, a full time employee and shareholder. Mr Treacy has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities 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”. Mr Treacy consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information in this announcement relating to the Minerals Resources within the Prairie Deposit is based on information prepared by Mr Mark Drabble, who is a Member of the Australasian Institution of Mining and Metallurgy. Mr Drabble is an employee of Optiro Pty Ltd. Mr Drabble has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities 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”. Details of which were released to the ASX on the 25th May 2015

Marindi confirms that that it is not aware of any new information or data that materially affects the information relating to the Prairie Deposit Mineral Resources included in the 25th May 2015 announcement referred to above. Marindi confirms that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the 25th May 2015 announcement continue to apply and have not materially changed.