

About Nzuri Copper Limited (formerly Regal Resources Limited)	Highlights
<p><i>Nzuri Copper Limited (formerly Regal Resources Limited) is an ASX listed minerals company focused on the identification, acquisition, development and operation of high grade copper and cobalt projects in the Katangan Copperbelt of the Democratic Republic of the Congo (DRC).</i></p>	Operations
<p>Corporate summary</p> <p>ASX code: RER#</p> <p>Shares issued: 190.6M*</p> <p>Options issued: 12.7M*</p> <p>Cash: \$6.0M</p> <p>Share price: \$0.225*</p> <p>Market capitalization: 42.9M*</p> <p># NZC as from 7/2/2016</p> <p>* Post consolidation basis as at 30/1/2017.</p>	<p>Kalongwe</p> <ul style="list-style-type: none"> • Metallurgical test work draft report received indicating positive preliminary results, additional tests commissioned, final report due first quarter of 2017 • Mine schedule/ block modelling reviewed in terms of lower cut off grades and extended pit shells in line with multiple project execution options ahead of DFS in 2017 • Financial model built to review multiple project execution options ahead of DFS in 2017
<p>Nzuri Copper Limited (formerly Regal Resources Limited)</p> <p>ACN 106 294 106</p> <p>Unit 13, 100 Railway Road</p> <p>Daglish, Western Australia 6008</p> <p>T +61 (0) 8 6424 8100</p> <p>E admin@nzuricopper.com.au</p> <p>W www.nzuricopper.com.au</p>	<p>Fold and Thrust Belt JV</p> <ul style="list-style-type: none"> • Field work identifies Kasangasi Prospect as a potential Kamo-a-type target • Exploration programmes designed and underway • Drilling commences at Kambundji East <p>Corporate</p> <ul style="list-style-type: none"> • Interest in the Kalongwe Project increases by 15% to 85% • New team on board • New Office and Telephone number • Rebranding • Completion of Scaled-back Shortfall offer • Legal claims

Operations	
Kalongwe Project (Luabala Province, DRC)	<p>Overview</p> <p>The Kalongwe Copper-Cobalt deposit (“Kalongwe” project) is the Company’s 85% owned flagship project.</p> <p>It is located in the Lualaba Province of the DRC and is situated towards the western end of the world-class Central African Copperbelt (Figure 1), less than 15 km from where Ivanhoe Mines Ltd (TSX: IVN, “Ivanhoe”) has announced a second world class copper discovery at Kakula (Figure 1; see announcement from Ivanhoe Mines Ltd TSX: IVN on 11 August 2016).</p> <p>Kalongwe hosts a near-surface JORC resource of 302,000t contained copper and 42,000t contained cobalt as predominantly oxide ore (See Appendix 1 and ASX announcement on 5 February 2015 for further details).</p>
	<p>Update</p> <p>The primary objective for the company is the commencement and completion in late 2017 of a Definitive Feasibility Study (“DFS”) for the Kalongwe Project, all efforts are now directed to facilitate this work.</p> <p>The following activities were conducted during the December 2016 quarter:</p> <ul style="list-style-type: none"> • A draft report from Metallurgical test work conducted by <i>Miller Mining Services</i> was received indicating positive preliminary results. The company has commissioned additional tests to be performed which should result in the completion of the final report in the first quarter of 2017. • Mine schedule and block models were reviewed by <i>Orelogy Mine Consultants Pty Ltd</i> with respect to staged project execution strategies, lower cut off grades, extended pit shells in line with project execution options being evaluated ahead of the DFS in 2017. • An initial financial model was built by <i>Orimico Pty Ltd</i> to evaluate multiple project execution options and pricing scenarios ahead of the planned DFS in 2017 • In Quarter 1, 2017 the following works are provisionally planned towards completion of the DFS: <ul style="list-style-type: none"> ➤ Geotechnical and further metallurgical drilling ➤ Tender and award of environment and social works ➤ Tender and award of mine scheduling & planning works ➤ Tender and award of mechanical and process design works ➤ Tender and award of tailings management and hydrological design works

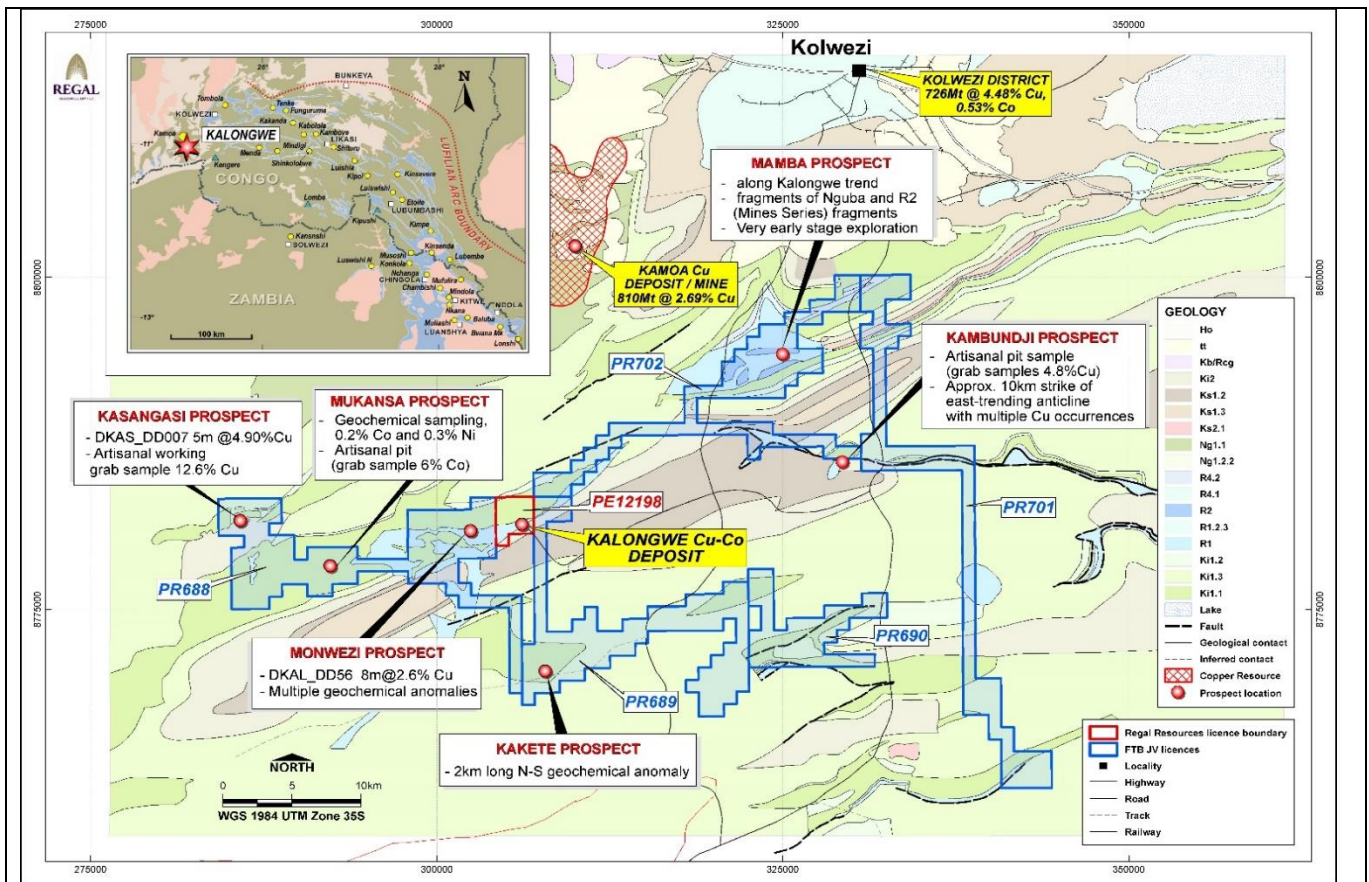


Figure 1: Location of the Fold Thrust Belt JV licences and significant exploration targets on the licence area.

Fold and Thrust Belt JV Project (Lualaba Province, DRC)

Overview

The Company signed an MOU with Ivanhoe Mines Ltd (TSX: IVN, “Ivanhoe”) to acquire up to a 98% interest in a package of five highly prospective tenements, covering an area of approximately 350 km², contiguous to the Kalongwe copper-cobalt deposit in the Central African Copperbelt, Lualaba Province, DRC (see ASX announcement on 22 April 2015 for further details).

The Fold and Thrust Belt Joint Venture (“FTBJV”), which is managed by the Company, covers an area of the western Lufilian Arc, a fold belt that contains the world largest cobalt endowment and some of the richest copper deposits in the world.

The project area is considered to offer high-quality exploration targets and exploration over most of the ground is at a greenfield stage. A summary of the key exploration targets on the JV licenses is shown in Figure 1.

Update

Following a review of previous exploration work and data, completed in the third quarter of 2016, reconnaissance field visits to all prospects were undertaken for the purpose of field data validation. An exploration programme was planned and commenced with an RC drilling programme at Kambundji East and several geochemical surveys over other prospects.

	<p>An update of the current status and the planned exploration programmes for each of the high priority targets includes:</p> <p><i>Kasangasi Prospect:</i></p> <p>Located just 20km south-west of Ivanhoe’s Kakula deposit, high-grade copper mineralisation was identified in shale within the “<i>Grand Conglomerate</i>” (Ki1.1) analogous to the stratigraphic position of Kakula and Kamoia deposits.</p> <p>The mineralisation is considered indicative for Kakula/Kamoia style mineralisation. On this basis the target has been upgraded to a high-priority exploration target for the Company.</p> <p>Artisanal mining provides access to the mineralized horizon. A rock chip sample from oxide surface mineralisation at the site returned a handheld XRF result of 7.1% Cu (laboratory assay results pending). This is considered to validate the results of grab samples collected previously, as well as a 2007 drill intercept of 5m @ 4.9% Cu from 33 to 38 m in DKAS_DD007 drilled, the latter confirming the subsurface depth extent of mineralisation.</p> <p>The planned exploration programme includes mapping and trenching along strike of the mineralisation to determine lateral continuity, followed by drill testing which is scheduled to commence at the end of the rainy season, as the area is currently inaccessible.</p> <p><i>Kambundji East Prospect:</i></p> <p>Following positive outcomes of the reconnaissance site visit, validation sampling and geological mapping, a drilling programme was initiated in early December.</p> <p>Four RC (reverse circulation) holes were drilled for 336 m and completed prior to the onset of the rainy season. The drill holes tested the depth extensions of stratiform mineralisation in a fragment of Roan (R2) rocks similar to that mined at the giant Kolwesi mining centre. Two of the four drill holes intersected visible copper mineralization at the traditional Lower Ore Body position.</p> <p>Samples have been submitted to ALS Minerals in Johannesburg for assay with results expected in early February.</p> <p><i>Monwezi West Prospects:</i> (immediately southwest of Kalongwe)</p> <p>Three significant anomalies have been identified for follow-up work at Monwezi West, these include Monwezi 2, Monwezi 3 and Monwezi 7 (Figure 2).</p>
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Extensive soil geochemical, rock chip and mapping datasets obtained from Ivanhoe are associated with these anomalies and have been confirmed. The targets are nominated for initial drill testing, with 800 m of RC and 200m of diamond drilling planned.

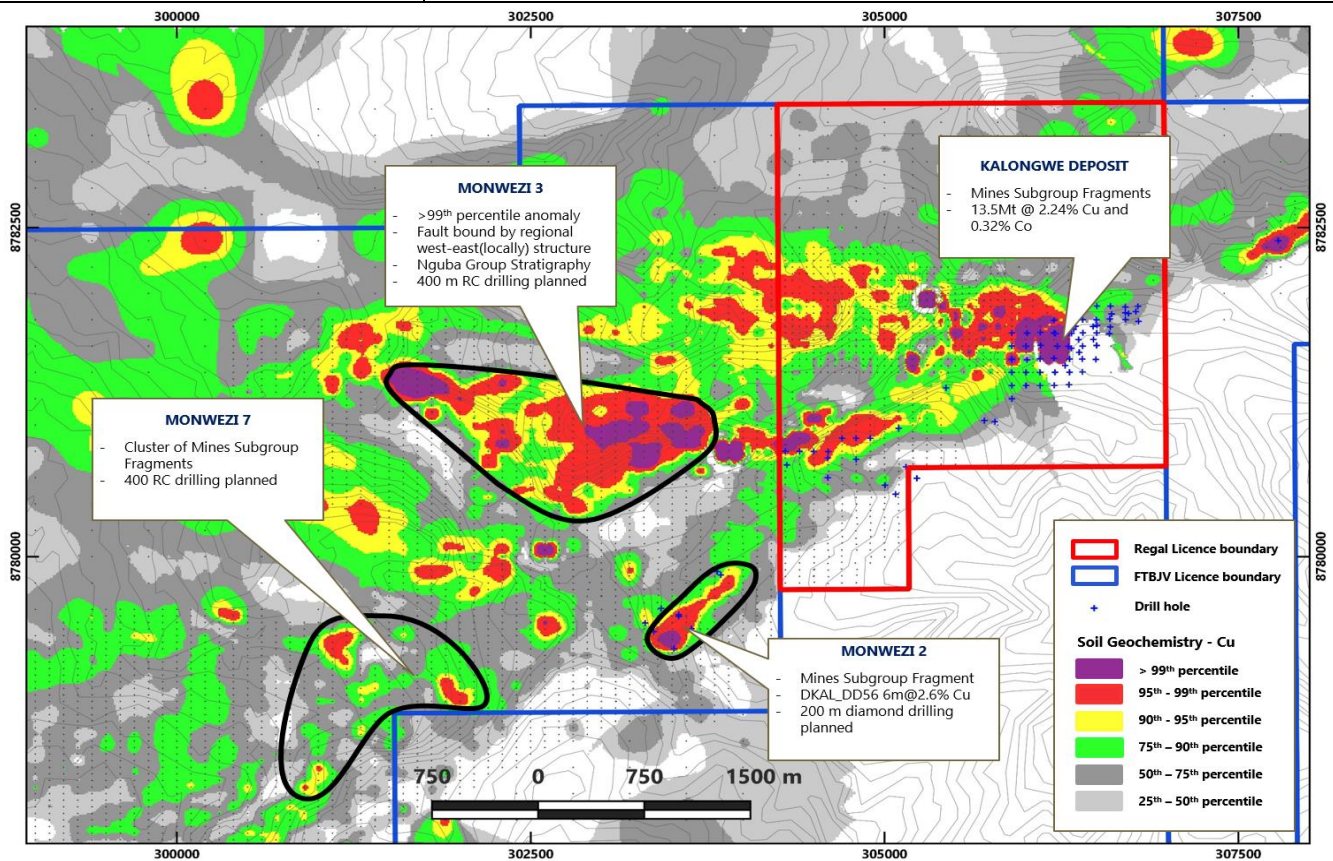


Figure 2 Location of significant anomalies west of Kalongwe identified for drill testing

Katete Prospect:

A 2 km north-south trending geochemical anomaly is defined based on assays from soil, rock chip and pitting by Ivanhoe. The target coincides with north-south trending lineaments based on magnetic interpretation as well as a north-east oriented anticlinal lineament parallel to known deposits in the region. The target is considered prospective for structurally controlled supergene copper-cobalt mineralisation (Figure 3). Recent geological mapping and sampling validated the interpretation and the target is to be followed up by trenching in Q1, 2017.

Field investigation of the north-easterly oriented geochemical anomaly north-east of the main Katete anomaly revealed previously unknown Mines Subgroup rocks associated with the anomaly (Figure 3). Mines Subgroup rocks are the host rocks to the vast majority of Congolese Copperbelt deposits. Rock chip samples were collected and are currently undergoing analysis.

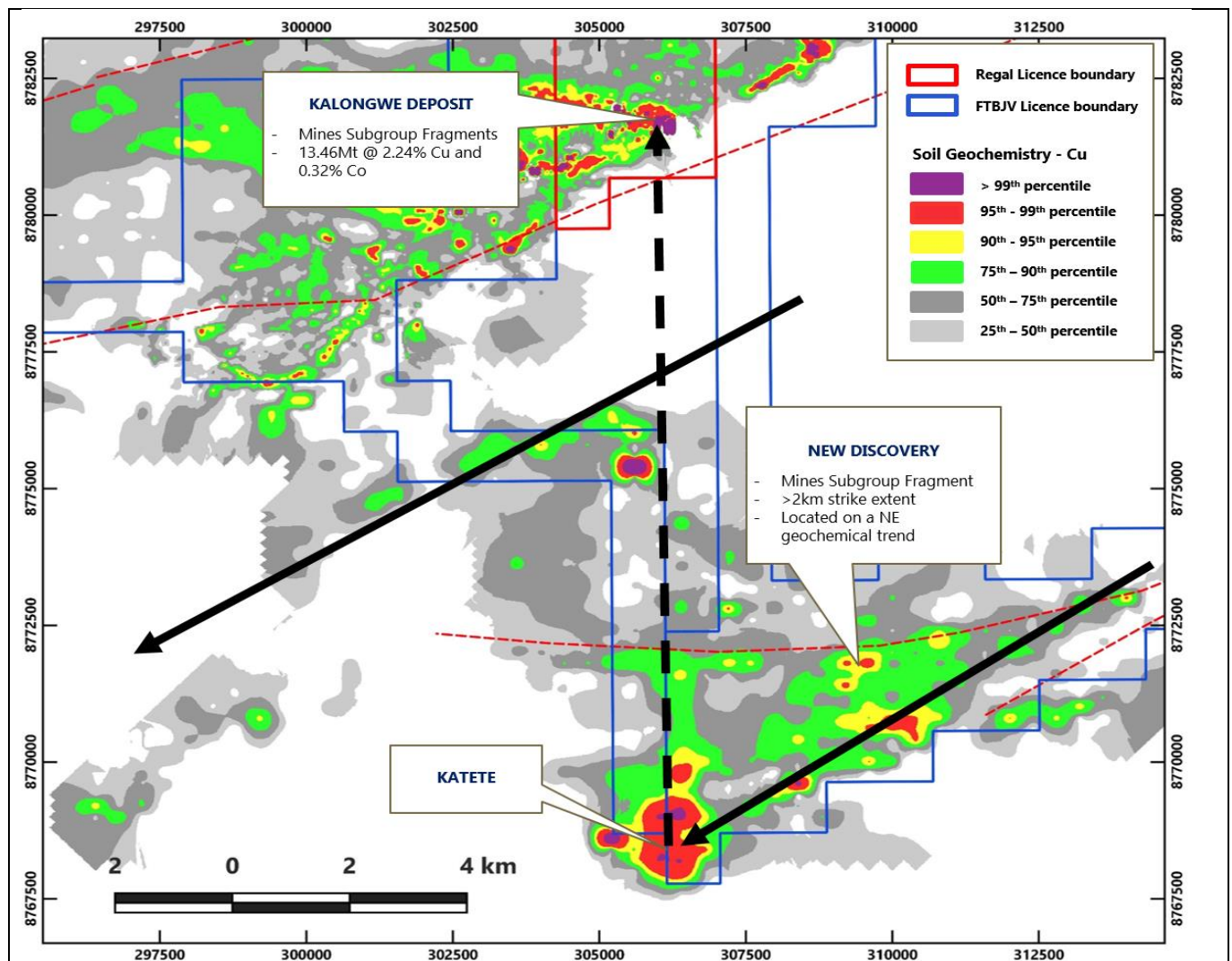


Figure 3 : Location of the Katete anomaly in relation to key mineralising structural lineaments in the area.

	<p>The Company's technical advisors and its geological team are currently undertaking exploration work to advance the knowledge of the targets identified for drill testing at the end of the rainy season. The Company looks forward to providing the market with a flow of exploration updates from an area it believes has significant exploration upside.</p>
Corporate	
	<p>Interest in Kalongwe project increases by 15% to 85%</p> <p>During the quarter the Company increased its ownership of the Kalongwe project by 15% to 85% via its shareholding in Kalongwe Mining SA. The project is now owned 85% by the Company 10% by La Generale Industrielle et Commerciale au Congo ('GICC') and 5% by the DRC government.</p>

	<p>The additional 15% interest in the Kalongwe project was acquired from GICC for US\$3 million via a Convertible note provided by Tembo Capital. The Convertible note is required to be repaid within 12 months and accrues interest at 8% per annum.</p> <p>The Company will use reasonable endeavours to raise the funds required to repay the convertible note via a placement by 30 April 2017. Any shortfall from the placement is to be repaid via a rights issue by 31 July 2017 that the Company can elect to be underwritten by Tembo Capital. Refer announcement dated 31 October 2016 for further details.</p> <p><i>New team on board</i></p> <p>During the quarter Adam Smits and Anthony Begovich joined the Company as Chief Operating Officer and Executive Director and Chief Financial Officer and Company Secretary respectively and Dr Peter Ruxton was formerly appointed as Non-executive Chairman.</p> <p>The Company also reduced the size of the Board from five to three due to the resignations of Non-executive Directors, Simon Dorling and John Hodder.</p> <p><i>New Office and Telephone number</i></p> <p>In December the Company began the process of moving its registered office and principal place of business to a new office at Unit 13, 100 Railway Road Daglish, W.A. 6008 and changing its telephone number to + 61 (0)8 6424 8100.</p> <p><i>Rebranding</i></p> <p>In December the Company began the process of rebranding the Company which involved a change of name to Nzuri Copper Limited, new ASX code NZC, which will come into effect on 7/2/2017, new logo and livery which has been used for this announcement and a new website to reflect the Company's renewed focus on its Copper/Cobalt projects in the DRC.</p> <p><i>Completion of Scaled-back Shortfall offer</i></p> <p>On 6th December, the Company announced that it has received valid applications from eligible shareholders pursuant to their entitlement under the Scaled-back Shareholder Offer (Offer) for a total of 54,825,950 shares at \$0.01 each, totalling \$548,259.50 (Subscription Amount).</p> <p>In accordance with the orders of the Takeovers Panel, as announced on 17 October 2016, 54,825,950 of the shares currently held by Ndovu Capital VI B.V were bought back in consideration for the Subscription Amount.</p> <p>These shares were bought back and cancelled one business day after the shares pursuant to the Offer are issued.</p>
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	<p>Legal claims</p> <p>As previously advised, the Company is defending three claims brought against it. The Company believes it is in a strong position in its defense of all three claims.</p> <p>The Company is complying with the respective court timetables, it is legally represented and is vigorously defending each claim.</p>
Appendix 5B	
	The Appendix 5B for the Quarter is attached
Competent persons statement	
	<p>Scientific or technical information in this release that relates to Exploration Results has been prepared by Dr Peter Ruxton, the Company's Technical Director.</p> <p>Dr Peter Ruxton is a Member of the Institute of Materials, Minerals & Mining (MIMMM) and a Fellow of the Geological Society of London (FGS) and has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking 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" (the JORC Code).</p> <p>Dr Peter Ruxton consents to the inclusion in this report of the Information, in the form and context in which it appears.</p> <p>The information in this document relating to the Kalongwe Cu-Co Deposit resource estimate is extracted from the Company's ASX announcement entitled 'Upgraded JORC Resource at Kalongwe 302,000t Copper and 42,700t Cobalt' dated 5 February 2015.</p> <p>The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.</p>
Forward-looking Statements	
	<p>This release contains statements that are "forward-looking". Generally, the words "expect," "intend," "estimate," "will" and similar expressions identify forward-looking statements.</p> <p>By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results, performance or achievements, or that of our industry, to differ materially from those expressed or implied in any of our forward-looking statements.</p>

	<p>Statements in this release regarding the Company's business or proposed business, which are not historical facts, are "forward looking" statements that involve risks and uncertainties, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.</p> <p>Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made.</p>	
Enquiries		
	<p>Mark Arnesen <i>CEO/Executive Director</i> Phone: +61 (0)8 6424 8100 Email: admin@nzuricopper.com.au</p>	<p>Anthony Begovich <i>CFO/Company Secretary</i> Phone: +61 (0)8 6424 8100 Email: admin@nzuricopper.com.au</p>

APPENDIX 1 – KALONGWE CU-CO PROJECT

MINERAL RESOURCE ESTIMATE

As per ASX Announcement 5 February 2015:

Weathering profile	Domain	Measured	Indicated	Inferred	Total Tonnage (Mt)	Ave. Cu (%)	Ave. Co (%)	Tonnes Cu	Tonnes Co
Oxide	Cu Only ¹	1.24Mt @ 3.35% Cu	2.45Mt @ 2.27% Cu	1.24Mt @ 1.60% Cu	4.94	2.37	-	117,200	-
	Mixed ³	2.07Mt @ 3.76% Cu	1.67 Mt @ 2.72% Cu	0.35Mt @ 1.98% Cu	4.08	3.19	0.66	130,000	26,800
Primary	Cu Only ¹	-	1.20 Mt @ 2.65% Cu	0.41Mt @ 1.63% Cu	1.61	2.39	-	38,400	-
	Mixed ³	-	0.51 Mt @ 3.06% Cu	0.03Mt @ 2.22% Cu	0.54	3.02	0.52	16,400	2,800
	Total Cu Domains	3.31Mt @ 3.61 % Cu	5.83 Mt @ 2.55 % Cu	2.03Mt @ 1.70% Cu	11.17	2.70	*0.27	302,000	29,700
Oxide	Co Only ²	0.37Mt @ 0.66% Co	1.34Mt @ 0.59% Co	0.38Mt @ 0.43% Co	2.09	-	0.57	-	11,900
Primary	Co Only ²	-	0.18Mt @ 0.53% Co	0.02Mt @ 0.43% Co	0.2	-	0.52	-	1,000
	Total Co Domains	1.24Mt @ 3.35% Cu	2.45 Mt @ 2.27% Cu	1.24Mt @ 1.60% Cu	2.29	-	0.57	-	13,000

Notes:

1. The Cu only domains were reported by selecting blocks with Cu >= 0.5%.
2. The Co only domains were reported by selecting blocks with Co >= 0.2%.
3. The Mixed Domains (blocks located within overlapping Cu and Co domains) were reported by selecting blocks with Cu >= 0.5%. The Co grade from these blocks was also reported.

**It is assumed for the purposes of this Mineral Resource that Cu grades in the Co only domains, and Co grades in the Cu only domains are 0%, although low grade mineralisation was recorded in sample assays. Therefore the reported Cu% and Co% grades are diluted, where they are reported in the other domains.*

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, 01/05/13, 01/09/16

Name of entity

NZURI COPPER LIMITED

ABN

23 106 294 106

Quarter ended ("current quarter")

December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(960)	(1,162)
(b) development	-	-
(c) production	-	-
(d) staff costs	(168)	(444)
(e) administration and corporate costs	(370)	(854)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	38	47
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (Afrimines settlement)	-	(1,572)
1.9 Net cash from / (used in) operating activities	(1,461)	(3,986)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(13)	(13)
(b) tenements (see item 10)	-	-
(c) investments	(3,930)	(11,001)
(d) other non-current assets	(11)	78

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	1	1
2.6	Net cash from / (used in) investing activities	(3,953)	(10,935)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	13	16,240
3.2	Proceeds from issue of convertible notes	3,941	3,941
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(58)	(129)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(3,896)	(20,052)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,472	824
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,461)	(3,986)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,953)	(10,935)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,896	20,052
4.5	Effect of movement in exchange rates on cash held	2	1
4.6	Cash and cash equivalents at end of period	5,956	5,956

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	3,956	466
5.2 Call deposits	-	3,002
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	2,000	4,004
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,956	7,472

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

152

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7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Payment of executive and non-executive directors' fees, salaries and superannuation

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,450
9.2 Development	-
9.3 Production	-
9.4 Staff costs	200
9.5 Administration and corporate costs	350
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	2,000

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	PE 12198 Kalongwe DRC	Held via interest in Kalongwe Mining SA	70%	85%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Date: 31/1/2017
(Director/Company secretary)

Print name: Anthony Begovich

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.