



31 October 2019

SEPTEMBER 2019 QUARTERLY ACTIVITY REPORT

Highlights

Corporate

- Chengtun transaction approved by Nzuri shareholders at Scheme meeting held Monday, 19 August 2019 at 3pm (WST)
- Additional funding received from Chengtun of A\$2M (\$0.5M of this received in October 2019)
- The remaining conditions precedent to the Scheme are expected to be satisfied imminently with the indicative timetable for the implementation expected to be:

Approval Hearing	Monday, 18 November 2019
Effective Date Last day of trading in Nzuri shares on ASX	Tuesday, 19 November 2019
Record Date for determining entitlements to the Scheme consideration	Friday, 22 November 2019
Implementation Date for the Scheme Payment of the Scheme consideration to Nzuri shareholders	Friday, 29 November 2019

Kalongwe Copper-Cobalt Project, DRC

- Completed construction of the new ~28km Kalongwe all-weather site access road.
- Approval received from the DRC Government for the duty exoneration list which provides for duty exoneration of imported goods

Exploration – Kalongwe and Fold & Thrust Belt JV

- The Company completed the transfer of the legal and beneficial ownership of the five FBTJV exploration permits (PR688, PR689, PR690, PR701 and PR702) held by Ivanhoe Mines Limited to the Company's subsidiary, Regal Exploration DRC SASU

Nzuri Copper Limited

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Kalongwe Project Development Update

Overview

The Kalongwe Copper-Cobalt Project (“Kalongwe”, the “Project”) is the Company’s flagship asset, a significant high-grade oxide near-surface copper-cobalt resource offering a low-CAPEX pathway to near-term production and cash-flow.

Kalongwe is located in the Lualaba Province of the DRC and is situated towards the western end of the world-class Central African Copperbelt, less than 15km from where Ivanhoe Mines Ltd (TSX: IVN, “Ivanhoe”) has announced a second world-class copper discovery at Kakula.

The Kalongwe Project hosts a near-surface JORC resource of 302,000t of contained copper (2.7% Cu grade) and 42,700t of contained cobalt (0.62% Co grade) as predominantly oxide ore (see ASX announcement of 5 February 2015 for further details).

Construction of Site Access Road

During the quarter, the local earthworks contractor completed the construction of a ~28km long Kalongwe site access road. Road works were completed over a 14week period with some 46,000 manhours expended ahead of the 2019 wet season

The new road from the Kamoia site provides all-weather access to the Kalongwe site significantly improving access for all current and future activities.



Final Grading of new road



Typical completed access road



Aerial view of completed Road

Project Exoneration List

- Approval received from the DRC Government of the duty exoneration list which will provide for duty exoneration for imported goods in line with the new DRC mining code

Social, Community and Government

During the quarter, the Company undertook the follow activities:-

- Completed assessment of deforestation taxes associated with the new site access road with the regional DRC forestry department (FFN)
- Paid submission fees associated with the CAMI evaluation of the Project's *Environmental and Social Impact Study (ESIS)* and *Environmental and Social Management Plans (ESMP)*
- Revised and updated the *Cahier de charge* following the initial review by the government appointed committee in conjunction with the local community



- Assessed and paid crop compensation in conjunction with government appointed accessors (Agridel) for all crops disturbed in the construction of the new site access road
- Completed a new bridge to assist with community access after a review of routes around the project perimeter with local chiefs.
- Commenced preparations for distribution of fertilizer as part of the 2019 planting season in-line with commitments made by the company during the 2018 mine-permit crop compensation process.



Blessing and inauguration of new bridge by local chiefs and dignitaries

Exploration – Fold and Thrust Belt Exploration JV (“FTBJV”)

The Fold and Thrust Belt Joint Venture (“FTBJV”) with Ivanhoe Mines, which is managed by Nzuri covers an area of the Western Lufilian Arc, a fold belt that contains the world’s largest cobalt endowment and some of its richest copper deposits. The project includes numerous high-quality exploration targets and exploration over most of the ground is at a greenfields stage.

As the Company has been working towards the completion of the Scheme for much of the year, exploration activities in the quarter have continued to be focussed on early stage exploration works including mapping, pitting and trenching with the aim of developing a pipeline of drill-ready targets.

On 7th of October 2019, the Company announced that it completed the transfer of the five exploration permits (PR688, PR689, PR690, PR701 and PR702) (together, **FBTJV Permits**) held by Ivanhoe Mines Limited to Regal Exploration DRC SASU, a subsidiary of the Company. Nzuri now owns a 90% legal and beneficial interest in the FBTJV Permits, with the remainder 10% held by Ivanhoe Mines Limited.

The completion of the transfer of the FBTJV permits was a condition precedent to the Scheme of Arrangement with Chengtun, which has now been satisfied.

Corporate

On August 18, 2019, shareholders of the Company voted in favour of the Scheme of Arrangement (**Scheme**), which subject to the satisfaction of remaining conditions precedent, including further approval of the Supreme Court of Western Australia (**Court**), will result in Xuchen International Limited (**Xuchen**), a subsidiary of Chengtun Mining Group Co., Ltd, acquiring all of the issued shares of Nzuri

27 February 2019, Nzuri announced it had entered into a Scheme Implementation Deed for the cash acquisition of 100% of the share capital of Nzuri by Xuchen International Limited, a subsidiary of Chengtun Mining Group Co. Ltd (collectively ‘Chengtun’), at a price of \$0.37 perzuri share. The acquisition is proposed that Chengtun will acquire all of the issued shares in Nzuri by way of a Scheme of Arrangement (the ‘Scheme’). During the quarter the Company has been working towards the completion of the Conditions Precedent (“CP”) required to finalise the Scheme.

During May, Nzuri announced it had received approval required under the CP’s from the Minister of Mines of the Democratic Republic of Congo (DRC) for the acquisition of Nzuri and its 85% interest in the Kalongwe Copper-Cobalt Project by Chengtun, in accordance with the DRC Mining Code. During the quarter, the Company also despatched the Scheme Booklet to Shareholders.

During the quarter, the scheme timetable was amended on two occasions in order to allow for all conditions precedent to be satisfied and the company entered into an amended funding arrangement with Chengtun whereby Chengtun agreed to advance additional loan funding to Nzuri of up to A\$2 million. Chengtun has also agreed to defer the maturity date of the loan until 26 February 2020, to accommodate the delay in the Scheme timetable and the higher aggregate loan amount. Tembo Capital has similarly agreed to defer the maturity date of its

loan until 26 February 2020. Nzuri confirms that no amounts have been drawn down under the Tembo Capital loan as of the date of this announcement.

The updated indicative timetable for the Scheme is as follows:

Approval Hearing	Monday, 18 November 2019
Effective Date	Tuesday, 19 November 2019
Last day of trading in Nzuri shares on ASX	
Record Date for determining entitlements to the Scheme consideration	Friday, 22 November 2019
Implementation Date for the Scheme	Friday, 29 November 2019
Payment of the Scheme consideration to Nzuri shareholders	

Total issued capital at the end of the quarter was 295,905,492 shares. The Company's cash balance at the end of the quarter was \$1.3 million.

For further information, please contact:

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Tenement information in accordance with Listing Rule 5.3.3

Location	Tenement	Interest	Project	Held at start of Quarter	Held at end of Quarter
DRC	PE12198	85%	Kalongwe Project	85%	85%
DRC	PR688	90% ¹	FTBJV	80% ¹	90% ¹
DRC	PR689	90% ¹	FTBJV	80% ¹	90% ¹
DRC	PR690	90% ¹	FTBJV	80% ¹	90% ¹
DRC	PR 14626	90% ¹	FTBJV	80% ¹	90% ¹
DRC	PR14627	90% ¹	FTBJV	90% ¹	90% ¹

¹ On 7th of October 2019, the Company announced that it completed the transfer of the five exploration permits (PR688, PR689, PR690, PR701 and PR702, which are now PR14626 and PR14627) (together, **FBTJV Permits**) held by Ivanhoe Mines Limited to Regal Exploration DRC SASU, a subsidiary of the Company. Nzuri now owns a 90% legal and beneficial interest in the FBTJV Permits, with the remainder 10% held by Ivanhoe Mines Limited

Competent Persons Statement

Exploration results

Scientific or technical information in this release that relates to Exploration Results was first released by the Company in its ASX announcements entitled 'High-grade cobalt results confirm potential satellite resource immediately along strike from Kalongwe' dated 20 June 2018 and 'Nzuri announces 2018 exploration program as drilling commences at new high-grade cobalt target' dated 3 April 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

Mineral resources

Scientific or technical information in this release that relates to the Mineral Resource estimate for the Kalongwe Project was first released by the Company in its ASX announcement entitled 'Upgraded JORC Resource at Kalongwe 302,000t Copper and 42,700t Cobalt' dated 5 February 2015. 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.

Ore reserve

Scientific or technical information in this release that relates to the Ore Reserve estimate for the Kalongwe Project was first released by the Company in its ASX announcement entitled 'Updated stage 1 feasibility study delivers significantly enhanced financial returns' dated 16 April 2018. 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.

Production targets

In accordance with ASX Listing Rule 5.19, the Company confirms that the production targets and forecast financial information in this release in respect to the Kalongwe Project was first released by the Company in its ASX announcement entitled 'Updated stage 1 feasibility study delivers significantly enhanced financial returns' dated 16 April 2018. The Company confirms that all the material assumptions underpinning the production targets and forecast financial information continue to apply and have not materially changed.

Exploration target

Scientific or technical information in this release that relates to the Exploration Target for Monwezi 2 is based on and fairly represents information and supporting documentation prepared by Dr Peter Ruxton, the Company's Technical Director. Dr Peter Ruxton is a member of the Metals, Minerals and 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 they are 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). Dr Peter Ruxton consents to the inclusion in this report of the information, in the form and context in which it appears.

Forward-looking Statements

This release contains statements that are "forward-looking". Generally, the words "expect," "intend," "estimate," "will" and similar expressions identify forward-looking statements.

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.

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.

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.

About Nzuri Copper Limited

Nzuri Copper Limited (ASX: NZC) is an ASX-listed copper-cobalt 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). The Company has two key projects in the DRC: the Kalongwe Copper-Cobalt development project and the Fold and Thrust Belt JV exploration project with Ivanhoe.

Kalongwe Copper-Cobalt project

The Kalongwe Copper-Cobalt deposit ("Kalongwe") is the Company's 85%-owned flagship development project. Kalongwe 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 15km from where Ivanhoe Mines Ltd (TSX: IVN, "Ivanhoe Mines") has announced a second world-class copper discovery at Kakula (see announcement from Ivanhoe Mines Ltd TSX: IVN on 11 August 2016).

Kalongwe hosts a near-surface JORC resource of 302,000t contained copper and 42,700t contained cobalt as predominantly oxide ore (see ASX announcement on 5 February 2015 for further details).

Fold and Thrust Belt JV project

The Fold and Thrust Belt JV ("FTBJV") project consists of five highly prospective tenements, covering an area of approximately 334 km², contiguous to the Kalongwe copper-cobalt deposit in the Central African Copperbelt, Lualaba Province, DRC.

The Company has signed an MOU with Ivanhoe Mines Ltd (TSX: IVN, "Ivanhoe Mines") to acquire up to a 98% interest in the project (see ASX announcement on 24 April 2015 for further details).

The FTBJV project 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, for Kamoia-Kakula type targets hosted on redox boundaries within the Grand Conglomerate Formation, as well as structurally controlled copper deposits hosted within the Kamilongwe thrust akin to Mutanda, Deziwa and the Kansuki deposits which occur 60 km to the North East along the structural trend.

Kalongwe Mineral Resource

Weathering Profile	Domain	Measured	Indicated	Inferred	Total Tonnage (Mt)	Ave. Cu (%)	Ave. Co (%)	Tonnes Cu	Tonnes Co
Oxide	Cu Only ¹	1.24 Mt @ 3.35% Cu	2.45 Mt @ 2.27% Cu	1.24 Mt @ 1.60% Cu	4.94	2.37	-	117,200	-
	Mixed ³	2.07 Mt @ 3.76% Cu	1.67 Mt @ 2.72% Cu	0.35 Mt @ 1.98% Cu	4.08	3.19	0.66	130,000	26,800
Primary	Cu Only ¹	-	1.20 Mt @ 2.65% Cu	0.41 Mt @ 1.63% Cu	1.61	2.39	-	38,400	-
	Mixed ³	-	0.51 Mt @ 3.06% Cu	0.03 Mt @ 2.22% Cu	0.54	3.02	0.52	16,400	2,800
	Total Cu in Cu Only and Mixed Domains	3.31 Mt @ 3.61 % Cu	5.83 Mt @ 2.55 % Cu	2.03 Mt @ 1.70% Cu	11.17	2.70		302,000	
	Total Co in Mixed Domains ⁴	-	-	-	4.62	-	0.64	-	29,700
Oxide	Co Only ²	0.37 Mt @ 0.66% Co	1.34 Mt @ 0.59% Co	0.38 Mt @ 0.43% Co	2.09	-	0.57	-	11,900
Primary	Co Only ²	-	0.18 Mt @ 0.53% Co	0.02 Mt @ 0.43% Co	0.2	-	0.52	-	1,000
	Total Co Domains	0.37 Mt @ 0.66% Co	1.52 Mt @ 0.58% Co	0.40 Mt @ 0.43% Co	2.29	-	0.57	-	13,000
	Total Co in Mixed and Co-only Domains ⁵				6.91	-	0.62	-	42,700

Notes

1 The Cu only domains were reported by selecting blocks with Cu \geq 0.5%.

2 The Co only domains were reported by selecting blocks with Co \geq 0.2%.

3 The Mixed Domains (blocks located within overlapping Cu and Co domains) were reported by selecting blocks with Cu \geq 0.5%. The Co grade from these blocks was also reported.

4 The total Co tonnes and grade within the Mixed Domain are reported from blocks where Cu \geq 0.5%, and are not additional to the total Cu Mineral Resources quoted from the Mixed Domain.

5 The total Co tonnes and grade from the Mixed and Co-only Domains are presented as total tonnages only, without reference to JORC classification. The tonnes are not additional to the total Cu Mineral Resources quoted from the Mixed Domain.

Kalongwe Mineral Reserve

Category	Total		
	Mt	Cu %	Co %
Proved	3.58	3.42%	0.43%
Probable	4.41	2.56%	0.27%
Proved and Probable	7.99	2.94%	0.34%
Waste (Mt)	16.645		
Total (Mt)	24.631		

+Rule 5.5

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")

September 2019

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	(1,584)	(1,584)
(b) development		
(c) production		
(d) staff costs	(260)	(260)
(e) administration and corporate costs	(1,007)	(1,007)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.9 Net cash from / (used in) operating activities	(2,846)	(2,846)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
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)		
2.6 Net cash from / (used in) investing activities	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings	1,500	1,500
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)	311	311
3.10 Net cash from / (used in) financing activities	1,811	1,811
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,296	2,296
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,846)	(2,846)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,811	1,811
4.5 Effect of movement in exchange rates on cash held	1	1
4.6 Cash and cash equivalents at end of period	1,262	1,262

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	140	583
5.2 Call deposits	1,122	1,713
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,262	2,296

6. Payments to directors of the entity and their associates

Current quarter \$A'000
163
-

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

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

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

Current quarter \$A'000
-
-

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

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	10,000	6,500
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.		

Chengtun has provided the Company with interim funding by way of a secured loan, in the amount of up to A\$7 million, to support ongoing pre-development activities at the Kalongwe Copper-Cobalt Project and corporate administration functions. Subsequent to 30 September 2019, the Company has drawn a additional \$500,000 on this loan, fully drawing the \$7M facility.

Chengtun has also agreed to defer the maturity date of the loan until 26 February 2020, to accommodate the delay in the Scheme timetable and the higher aggregate loan amount.

On 26 February 2019, the Company also entered into a binding agreement with Tembo Capital for the provision of a A\$3 million loan facility. Tembo Capital has similarly agreed to defer the maturity date of its loan until 26 February 2020. Nzuri confirms that no amounts have been drawn down under the Tembo Capital loan as of the date of this announcement.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	885
9.2 Development	-
9.3 Production	-
9.4 Staff costs	164
9.5 Administration and corporate costs	1,058
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	2,107

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				

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:
(Company secretary)

Date: 31/10/2019

Print name: Hannah Hudson

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.