NZURI COPPER LIMITED

ASX RELEASE

31 May 2019 ASX: NZC

SCHEME BOOKLET

Further to the announcement of 30 May 2019, Nzuri (ASX: NZC) (**Nzuri**) announces that it has today registered the Scheme Booklet with the Australian Securities and Investments Commission (**ASIC**) for the purposes of section 412(6) of the *Corporations Act 2001* (Cth).

This follows the issuance of orders by the Supreme Court of Western Australia (**Court**) on 30 May 2019 approving despatch of the Scheme Booklet to Nzuri shareholders and the convening of a meeting of Nzuri shareholders to consider and vote on the Scheme (**Scheme Meeting**), which was announced by Nzuri on 30 May 2019.

A copy of the Scheme Booklet, containing the Notice convening the Scheme Meeting and the independent expert's report, is **attached** and is also available to download at Nzuri's website: www.nzuricopper.com.au.

The Scheme Booklet will be despatched to Shareholders on or before 6 June 2019. Those shareholders who have previously nominated an electronic means of notification to the Nzuri will receive an email from where they can download the Scheme Booklet.

The independent expert, BDO Corporate Finance (WA) Pty Ltd, has concluded that the Scheme is fair and reasonable to Nzuri shareholders and therefore in the best interests of Nzuri shareholders, in the absence of a superior proposal. The Directors of Nzuri continue to unanimously support the Scheme and recommend that Nzuri shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the independent expert continuing to conclude that the Scheme is in the best interests of Nzuri shareholders. Subject to the same qualification, each Nzuri Director intends to vote all Nzuri shares held or controlled by them in favour of the Scheme.

Shareholders should read the Scheme Booklet and accompanying material in its entirety before deciding whether or not to vote in favour of the Scheme. The Notice of Scheme Meeting, contained within the Scheme Booklet, provides information on how to lodge your Proxy Form.

The Scheme Meeting is to be held at 3.00pm (WST) on 8 July 2019 at The Subiaco Hotel, Mezzanine Level, 465 Hay Street, Subiaco WA 6008.

END

For further information please contact:

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NZURI
COPPER LIMITED

Scheme Booklet

For a scheme of arrangement between Nzuri Copper Limited and its shareholders in relation to the proposed acquisition of all of the issued capital in Nzuri by Xuchen International Limited, a subsidiary of Chengtun Mining Group Co., Ltd.

Your Nzuri Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Nzuri Shareholders.

This is an important document and requires your prompt attention. You should read it in its entirety before you decide whether or not to vote in favour of the Scheme. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.

Legal Adviser to Nzuri

BELLANHOUSE
LAWYERS

Important Information

Nature of this document

This Scheme Booklet provides Nzuri Shareholders with information about the proposed acquisition of Nzuri by BidCo. If you have sold your Nzuri Shares, please ignore this Scheme Booklet.

Defined terms

A number of defined terms are used in this Scheme Booklet.

These terms are explained in Section 10 of this Scheme Booklet.

No investment advice

The information contained in this Scheme Booklet does not constitute financial product advice and has been prepared without reference to your own investment objectives, financial situation, taxation position and particular needs. It is important that you read this Scheme Booklet in its entirety before making any investment decision and any decision as to whether or not to vote in favour of the Scheme. If you are in any doubt in relation to these matters, you should consult your financial, legal, taxation or other professional adviser.

Not an offer

This Scheme Booklet does not constitute or contain an offer to Nzuri Shareholders, or a solicitation of an offer from Nzuri Shareholders, in any jurisdiction.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations applying outside Australia.

Regulatory information

This document is the explanatory statement for the scheme of arrangement between Nzuri and the holders of its fully paid ordinary shares as at the Record Date for the purposes of section 412(1) of the Corporations Act.

A copy of the proposed Scheme is included in this Scheme Booklet as Annexure B.

A copy of this Scheme Booklet was provided to ASIC for examination in accordance with section 411(2)(b) of the Corporations Act and was lodged with ASIC for registration under section 412(6) of the Corporations Act. It was then registered by ASIC under section 412(6) of the Corporations Act before being sent to Nzuri Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme.

If ASIC provides that statement, it will be produced to the Court at the time of the Court hearing to approve the Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

Notice of Scheme Meeting

The Notice of Meeting is set out in Annexure D.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any Nzuri Shareholder may appear at the Second Court Hearing, expected to be held at 10.00am on 15 July 2019.

Any Nzuri Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Nzuri a notice of appearance in the prescribed form together with any affidavit that the Nzuri Shareholder proposes to rely on.

Important notice associated with the Court order under section 411(1) of the Corporations Act

The fact that the Court has ordered under section 411(1) of the Corporations Act that the Scheme Meeting be convened and has directed that the Scheme Booklet accompany the Notice of Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme nor as to how Nzuri Shareholders should vote (on this matter Nzuri Shareholders must reach their own decision);
- has prepared, or is responsible for, the content of the Scheme Booklet; or
- has approved or will approve the terms of the Scheme.

Disclaimer as to forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

All forward-looking statements in this Scheme Booklet reflect views only as at the date of this Scheme Booklet, and generally may be identified by the use of forward-looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals or expectations of Nzuri, BidCo or their related bodies corporate or associates are or may be forward-looking statements.

The statements contained in this Scheme Booklet about the impact that the Scheme may have on the results of the operations of Nzuri and the advantages and disadvantages anticipated to result from the Scheme, are also forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by these forward-looking statements.

The operations and financial performance of Nzuri are subject to various risks, including those summarised in this Scheme Booklet, which may be beyond the control of Nzuri, BidCo or their related bodies corporate or associates. Nzuri Shareholders should note that the historical financial performance of Nzuri is no assurance of future financial performance of Nzuri (whether the Scheme is implemented or not). Those risks and uncertainties include factors and risks specific to the industry in which Nzuri operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. As a result, the actual results of operations and earnings of Nzuri following implementation of the Scheme, as well as the actual advantages of the Scheme, may differ significantly from those that are anticipated in respect of timing, amount or nature and may never be achieved.

The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet.

Nzuri believes that any forward-looking statements included in the Nzuri Information have been made on reasonable grounds. Although Nzuri believes that the views reflected in any forward-looking statements included in the Nzuri Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

BidCo believes that forward-looking statements included in the BidCo Information have been made on reasonable grounds. Although BidCo believes that the views reflected in any forward-looking statements included in the BidCo Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

None of Nzuri, BidCo, the officers of Nzuri, or any persons named in this Scheme Booklet with their consent or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the likelihood of the fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward- looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement.

You should review all of the information in this Scheme Booklet carefully. Section 1.2 sets out reasons why you might decide to vote in favour of the Scheme and Section 1.3 sets out reasons why you may wish to vote against the Scheme.

All subsequent written and oral forward-looking statements attributable to Nzuri, BidCo or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under relevant laws or the listing rules of a relevant exchange, Nzuri and BidCo do not give any undertaking to update or revise any such statements after the date of this Scheme Booklet, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

Nzuri has been solely responsible for preparing the Nzuri Information. The information concerning Nzuri and the intentions, views and opinions of Nzuri and the Nzuri Directors contained in this Scheme Booklet has been prepared by Nzuri and the Nzuri Directors and is the responsibility of Nzuri. BidCo and their respective directors and officers do not assume any responsibility for the accuracy or completeness of any such Nzuri Information.

BidCo has been solely responsible for preparing the BidCo Information. The information concerning BidCo and the intentions, views and opinions of BidCo contained in this Scheme Booklet has been prepared by BidCo and is the responsibility of BidCo. Nzuri and the Nzuri Directors and officers do not assume any responsibility for the accuracy or completeness of any such BidCo Information.

BDO Corporate Finance (WA) Pty Ltd has prepared the Independent Expert's Report in relation to the Scheme and takes responsibility for that report. The Independent Expert's Report is set out in Annexure A.

Red Cloud Global Pty Ltd has prepared Section 7 of the Scheme Booklet and takes responsibility for that Section.

Advanced Share Registry Ltd has not been involved in the preparation of any part of this Scheme Booklet other than being named as the Registry. Advanced Share Registry Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Scheme Booklet.

Privacy

Nzuri and BidCo may collect personal information in the process of implementing the Scheme.

Such information may include the name, contact details and shareholdings of Nzuri Shareholders and the name of persons appointed by those persons to act as a proxy, attorney or corporate representative at the Scheme Meeting. The primary purpose of the collection of personal information is to assist Nzuri and BidCo to conduct the Scheme Meeting and implement the Scheme. Personal information of the type described above may be disclosed to the Registry, print and mail service providers, authorised securities brokers, Related Bodies Corporate of Nzuri and BidCo and service providers and advisers to Nzuri and BidCo. Nzuri Shareholders have certain rights to access personal information that has been collected.

Nzuri Shareholders should contact the Registry in the first instance, if they wish to access their personal information. Nzuri Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

Date of this Scheme Booklet

This Scheme Booklet is dated 31 May 2019.

Table of Contents

Corporate Directory

Directors

Tom Borman	Non-Executive Chairman
Mark Arnesen	Chief Executive Officer & Executive Director
Adam Smits	Chief Operating Officer & Executive Director
Peter Ruxton	Non-Executive Director
Hongliang Chen	Non-Executive Director
Ean Alexander	Non-Executive Director

Company Secretary & Chief Financial Officer

Hannah Hudson

Registered and Principal Office

Unit 13, 100 Railway Road
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Email: info@nzuricopper.com.au
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Share Registry*

Advanced Share Registry Ltd*
110 Stirling Highway Nedlands,
WA 6009 Australia

Phone (within Australia): 1300 113 258
Phone (outside Australia): +61 8 9389 8033
Fax:+61 8 9262 3723

Lawyers

Bellanhouse
Level 19, Alluvion
58 Mounts Bay Road
Perth WA 6000

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

* These entities are included for information purposes only.
They have not been involved in the preparation of this Scheme Booklet.

Important Dates and Times

Key events and the expected timing in relation to the approval and implementation of the Scheme are set out in the table below.

EVENT	DATE
Date of this Scheme Booklet	31 May 2019
Latest date and time for receipt of Proxy Forms or powers of attorney for the Scheme Meeting	3.00pm on 6 July 2019
Time and date for determining eligibility to vote at the Scheme Meeting	4.00pm on 6 July 2019
Scheme Meeting to be held at **The Subiaco Hotel** **Mezzanine Level** **465 Hay Street** **Subiaco WA 6008**	3.00pm on 8 July 2019
If the Schemes are approved by Nzuri Shareholders:	
Second Court Date for approval of the Scheme	10.00am on 15 July 2019
Effective Date Court order lodged with ASIC and announcement to ASX Last day of trading in Nzuri Shares – Nzuri Shares suspended from trading on ASX from close of trading	16 July 2019
Record Date for determining entitlements to the Scheme Consideration	5.00pm on 19 July 2019
Implementation Date Payment of Scheme Consideration to Scheme Shareholders	26 July 2019

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and any other regulatory authority. Any changes to the above timetable (which may include, without limitation, an earlier or later date for the Second Court Hearing) will be announced through ASX and notified on the Nzuri website (**www. nzuricopper.com.au**).

All references to time in this Scheme Booklet are references to the time in Perth, Western Australia, unless otherwise stated. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

Chairman's Letter

31 May 2019

Dear Nzuri Shareholder,

On behalf of the Nzuri Board, I am pleased to provide you with this Scheme Booklet, which contains important information relating to the proposed acquisition of Nzuri Copper Limited (**Nzuri**) by Xuchen International Limited (**BidCo**), a subsidiary of the leading Chinese metals, mining, trading and industrial group, Chengtun Mining Group Co., Ltd.

On 27 February 2019, Nzuri announced that it had entered into a Scheme Implementation Deed with BidCo, under which it is proposed that BidCo will acquire all of the issued capital of Nzuri via a Scheme of Arrangement (**Scheme**), subject to the satisfaction or waiver of certain conditions precedent.

If the Scheme is implemented, Nzuri Shareholders will be entitled to $0.37 cash per share (**Scheme Consideration**), which represents an attractive premium, including:

- A 42% premium to the closing share price on 26 February 2019;
- A 93% premium to the 30-day volume weighted average price (**VWAP**) of $0.19[1] ; and
- A 64% premium to the three-month VWAP of $0.23[2].

The proposal implies a market capitalisation for Nzuri of $109.5 million[3].

If the Scheme is approved, the Scheme Consideration will be payable on implementation of the Scheme.

Your Directors unanimously recommend that you vote in favour of the Scheme, and intend to vote the Nzuri Shares they own or control in favour of the Scheme, in each case in the absence of a Superior Proposal[4]. Your Directors believe that the Scheme delivers fair value in the absence of a Superior Proposal and a high degree of certainty to Nzuri Shareholders.

Your Directors unanimously consider that the Scheme is in the best interests of Nzuri Shareholders for the following reasons:

- The proposed consideration represents an opportunity for Nzuri Shareholders to realise certain cash value for their Nzuri Shares;
- The proposed consideration represents a significant premium to recent trading prices of Nzuri Shares;
- Nzuri Shares may trade below the Scheme Consideration if the Scheme does not proceed; and
- The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Nzuri Shareholders in the absence of a Superior Proposal.

Further reasons to vote in favour of the Scheme, and reasons why you may not wish to vote in favour of the Scheme, are set out in Sections 1.2 and 1.3 respectively.

Independent Expert

BDO Corporate Finance (WA) Pty Ltd was appointed by Nzuri as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Nzuri Shareholders, in the absence of a Superior Proposal. The Independent Expert has assessed the full underlying value of Nzuri (on a controlling interest basis) at between $0.216 and $0.309 per Nzuri Share. The Scheme Consideration of $0.37 is above this range.

A complete copy of the Independent Expert's Report is in Annexure A of this Scheme Booklet.

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[1]VWAP based on cumulative trading volume from 27 January 2019 to 26 February 2019 and the closing price on each trading day.
[2]VWAP based on cumulative trading volume from 27 November 2018 to 26 February 2019 and the closing price on each trading day.
[3]Market capitalisation calculated based on 295,905,492 Nzuri Shares on issue as at the date of this Scheme Booklet, multiplied by the Scheme Consideration ($0.37).
[4]It must be noted that under the existing employment agreements, Nzuri's two executive directors, Mr Mark Arnesen and Mr Adam Smits, are each entitled to a cash bonus equal to 12 months' base salary in the event that the Nzuri Shareholders approve the Scheme Resolution. Refer to Section 9.4(a) for additional details.

How to vote

If you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme so that it is approved. No matter how many shares you hold in Nzuri, your vote is important. The Scheme Meeting will be held as follows:

Date: 8 July 2019

Time: 3.00pm

Location: The Subiaco Hotel
Mezzanine Level
465 Hay Street
Subiaco WA 6008

If you are unable to attend the Scheme Meeting in person, I encourage you to vote by returning your proxy form. Refer to the following Section entitled "How to vote" on page 9 for further information.

The Notice of Meeting is contained in Annexure D to this Scheme Booklet.

Further information

This Scheme Booklet sets out important information regarding the Scheme, including the reasons for your Directors' recommendation and the Independent Expert's Report. It also sets out some of the reasons why you may not wish to vote in favour of the Scheme.

Please read this document carefully and in its entirety as it will assist you in making an informed decision as to how to vote.

I would also encourage you to seek independent financial, legal, taxation or other professional advice before making any voting or investment decision in relation to your Nzuri Shares.

If you require any further information, please call Nzuri on (08) 6424 8100 (within Australia) or +61 8 6424 8100 (outside Australia) between 8.30 am and 5.30 pm (Perth time), Monday to Friday, excluding public holidays. I would also like to take this opportunity to thank you for your support of Nzuri.

Yours faithfully

Tom Borman

Non-Executive Chairman

How to vote

Your Vote is important

For the Scheme to proceed, it is necessary that sufficient Nzuri Shareholders vote in favour of the Scheme.

If you are registered as a Nzuri Shareholder at 4.00pm (WST) on 6 July 2019, you will be entitled to vote on the Scheme.

Notice of Meeting

The Scheme will be voted on by Nzuri Shareholders at a meeting to be held as follows:

Date: 8 July 2019

Time: 3.00pm

Location: The Subiaco Hotel
Mezzanine Level
465 Hay Street
Subiaco WA 6008

Procedure

You may vote on the Scheme by attending the Scheme Meeting in person, by proxy, by attorney, by voting online or, in the case of a corporation which is a Nzuri Shareholder, by corporate representative.

Information on how to vote using each of these methods is contained in the Notice of Meeting attached as Annexure D to this Scheme Booklet.

If you are in favour of the Scheme, you should vote in favour of the Scheme.

The Scheme will not proceed unless it is approved by the required majorities of Nzuri Shareholders.

Voting entitlement

Each Nzuri Shareholder who is registered on the Register at 4.00pm (WST) on 6 July 2019 is entitled to attend and vote at the Scheme Meeting in person, by proxy, by attorney, by voting online or, in the case of a corporation which is a Nzuri Shareholder, by its representative appointed in accordance with the Corporations Act.

Information on entitlements to vote, including if you are a joint holder of Nzuri Shares, is contained in the Notice of Meeting which is attached as Annexure D to this Scheme Booklet.

1. Key considerations relevant to exercising your vote

1.1 Summary

a. **Reasons to vote in favour of the Scheme**

✓	The Nzuri Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal
✓	The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Nzuri Shareholders
✓	The proposed total cash payment of $0.37 per Nzuri Share represents a significant premium to recent trading prices of Nzuri Shares
✓	You will receive certainty of value for your investment in Nzuri
✓	Since the announcement of the Scheme, no Superior Proposal has emerged
✓	If the Scheme is not implemented, there is material uncertainty as to the Nzuri share price
✓	If the Scheme does not proceed, you will continue to be subject to the risks and uncertainties associated with the Nzuri business and general market risks
✓	Nzuri Shareholders will not incur any brokerage costs

Reasons to vote in favour of the Scheme are discussed in more detail in Section 1.2

b. **Reasons you may choose to vote against the Scheme**

X	You may disagree with the Nzuri Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests
X	You may form the view that the Scheme Consideration is not sufficient
X	You may prefer to participate in the future financial performance of the Nzuri business
X	You may wish to maintain an investment in Nzuri
X	The tax consequences of the Scheme may not suit your financial position
X	You may consider that there is potential for a Superior Proposal to emerge

Reasons why you may not want to vote in favour of the Scheme are discussed in more detail in Section 1.3.

1.2 Why you should vote in favour of the Scheme

a. **The Nzuri Directors unanimously recommend that you should vote in favour of the Scheme, in the absence of a Superior Proposal**

i. The Nzuri Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme Resolution required to implement the Scheme at the Scheme Meeting.

ii. In reaching their recommendation, the Nzuri Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet.

iii. In the absence of a Superior Proposal, each of the Nzuri Directors intends to vote all Nzuri Shares held or controlled by them in favour of the Scheme. The interests of Nzuri Directors in Nzuri shares are set out in Section 9.1. It must also be noted that under the existing employment agreements, Nzuri's two executive directors, Mr Mark Arnesen and Mr Adam Smits, are each entitled to a cash bonus equal to 12 months' base salary in the event that the Nzuri Shareholders approve the Scheme Resolution. Refer to Section 9.4(a) for additional details.

b. **The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Nzuri Shareholders**

i. Nzuri appointed BDO to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of Nzuri Shareholders.

ii. The Independent Expert has concluded that the Scheme is fair and reasonable, and therefore that the Scheme is in the best interests of Nzuri Shareholders, in the absence of a Superior Proposal.

iii. The basis for this conclusion is that the full underlying value of Nzuri is within the valuation range (as concluded by the Independent Expert) of $0.216 to $0.309 per Nzuri Share, which the Scheme Consideration of $0.37 per Nzuri Share is above.

iv. A complete copy of the Independent Expert's Report is included as Annexure A of this Scheme Booklet. You are encouraged to read this report in its entirety.

c. **The proposed total cash payment of $0.37 per Nzuri Share represents a significant premium to recent trading prices of Nzuri Shares.**

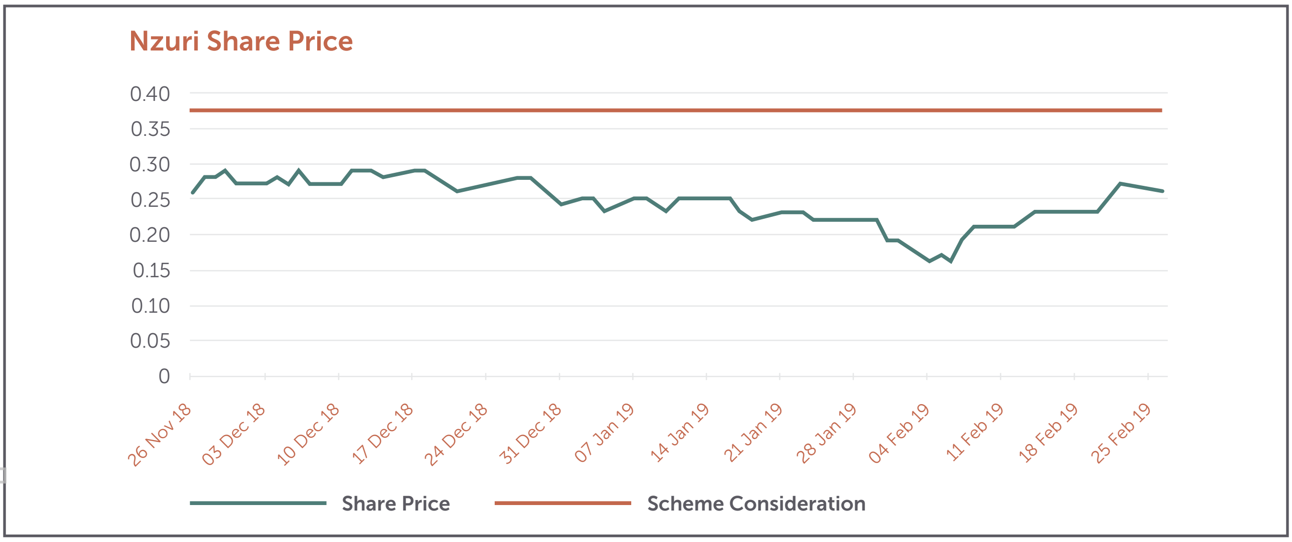
Under the terms of the Scheme, subject to the Scheme becoming effective, Nzuri Shareholders will receive the Scheme Consideration of $0.37 cash per Scheme Share. The Scheme Consideration represents a premium of:

i. 42% to the closing price of Nzuri Shares on 26 February 2019;

ii. 93% to the 30-day VWAP to close of trading on 26 February 2019[5]; and

iii. 64% to the 3-month VWAP to close of trading on 26 February 2019[6].

The graph below shows the premium to Nzuri Share price before the announcement of the Transaction.



d. **You will receive certainty of value for your investment in Nzuri**

i. The Scheme Consideration of $0.37 per Scheme Share provides you with certainty of value for your Nzuri Shares (subject to the Scheme becoming effective), and the opportunity to realise your investment in cash.

ii. The certainty of this cash payment should be compared with the risks and the uncertainties of remaining a Nzuri Shareholder, which include, but are not limited to, the risks set out in Section 6.

e. **Since the announcement of the Scheme, no Superior Proposal has emerged**

Since the announcement of the execution of the Scheme Implementation Deed on 27 February 2019 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the Nzuri Directors are not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

[5] VWAP based on cumulative trading volume from 27 January 2019 to 26 February 2019 and the closing price on each trading day.
[6] VWAP based on cumulative trading volume from 27 November 2018 to 26 February 2019 and the closing price on each trading day.

f. **If the Scheme is not implemented, there is material uncertainty as to the Nzuri Share price**

i. If the Scheme is not implemented, Nzuri Shares will remain quoted on ASX and will continue to be subject to market volatility, including general stock market movements, the impact of general economic conditions and the demand for listed securities.

Over the year before the announcement of the execution of the Scheme Implementation Deed on 27 February 2019, Nzuri Shares have traded between a high of $0.385 on 16 March 2018 and a low of $0.160 on 4 and 6 February 2019 based on intraday trading highs and lows respectively. On the last trading day before the announcement of the Transaction, the Nzuri Share price closed at $0.260. On the day of announcement of the execution of the Scheme Implementation Deed, the Nzuri Share price closed at $0.315. Following the date of the announcement to 30 May 2019 (being the last trading day before the date of this Scheme Booklet), the closing price of Nzuri Shares has ranged between a low of $0.305 to a high of $0.340.

ii. If the Scheme is not implemented there is material uncertainty in respect of the price at which Nzuri Shares may trade.

g. **If the Scheme does not proceed, you will continue to be subject to the risks and uncertainties associated with the Nzuri business and general market risks**

i. The current projects of Nzuri carry risks, many of which are outside the control of Nzuri. If the Scheme does not proceed, Nzuri Shareholders will continue to be subject to these risks.

ii. In addition, the future trading price of Nzuri Shares will be subject to general external economic and market factors.

iii. The Scheme removes these risks and uncertainties for Nzuri Shareholders and allows shareholders to fully exit their investment in Nzuri at a price that the Nzuri Directors consider is attractive.

iv. If the Scheme is approved and implemented, these risks and uncertainties will be assumed by BidCo as the sole shareholder of Nzuri following implementation of the Scheme.

v. A summary of the key risks associated with the Nzuri business and general market risks is included in Section 6.

h. **Nzuri Shareholders will not incur any brokerage costs**

Nzuri Shareholders will not incur any brokerage costs on the transfer of their Nzuri Shares to BidCo under the Scheme.

1.3 Why you may not wish to vote in favour of the Scheme

Although the Scheme is recommended by the Nzuri Directors and the Independent Expert has concluded that the Scheme is in the best interests of Nzuri Shareholders (in each case in the absence of a Superior Proposal), factors which may lead you to consider voting against the Scheme include the following:

a. **You may disagree with the Nzuri Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests**

Despite the view of the Nzuri Directors and the Independent Expert, you may believe that the Scheme is not in the best interests of Nzuri Shareholders or not in your individual interest.

The Independent Expert's valuation of the Kalongwe Project represents the value to Nzuri prior to the Scheme. The Independent Expert's valuation of the Kalongwe Project, therefore, may not represent the value of the Kalongwe Project to a particular acquirer.

Nzuri also notes that the price of Nzuri Shares traded on ASX at as high as $0.385 (closing price on 16 March 2018) in the 12-month period before the announcement of the Transaction.

The results of the valuations performed by the Independent Expert are summarised in the table below. The Sum-of-Parts method has been used by the Independent Expert as its primary method.

METHODOLOGY	LOW	HIGH	ADDITIONAL INFORMATION
Sum-Of-Parts	$0.216	$0.309	Refer to section 10.1 of the Independent Expert's Report for details
Quoted Market Price	$0.286	$0.364	Refer to section 10.2 of the Independent Expert's Report for details

Refer to section 10.3 of the Independent Expert's Report for details regarding the reasons the value of a Nzuri Share derived from the Quoted Market Price approach is higher than the Sum-of-Parts value.

The updated feasibility study completed for the Kalongwe Project as announced on 16 April 2018 resulted in a higher valuation than that assessed by the Independent Expert. Notwithstanding this difference in valuation, the Nzuri Directors remain of the view that the Scheme is in the best interests of Nzuri Shareholders, absent a Superior Proposal. Refer to Section 4.2(a)(iii) for further details.

b. **You may form the view that the Scheme Consideration is not sufficient**

You may hold a different view to the Independent Expert and the Nzuri Directors that the Scheme Consideration is reasonable, and believe that the price of $0.37 in cash per Nzuri Share is inadequate

c. **You may prefer to participate in the future financial performance of the Nzuri business**

If the Scheme is implemented, you will no longer be a Nzuri Shareholder. This will mean that you will not participate in the future performance of Nzuri, including any potential benefits that may result from Nzuri's existing projects. This will mean that Nzuri Shareholders will not retain any exposure to the assets of Nzuri or have the potential to share in the value that could be generated by Nzuri in the future.

d. **You may wish to maintain an investment in Nzuri**

You may wish to maintain your investment in Nzuri in order to have an investment in an ASX-listed company with the specific characteristics of Nzuri in terms of industry, operational profile, size, capital structure and potential future dividend stream.

Implementation of the Scheme may result in a disadvantage to those Nzuri Shareholders who wish to maintain their investment profile.

e. **The tax consequences of the Scheme may not suit your financial position**

Implementation of the Scheme may trigger adverse or unwanted taxation consequences for certain Nzuri Shareholders. A general guide to the taxation implications of the Scheme is set out in Section 7. This guide is expressed in general terms only and Nzuri Shareholders should seek professional taxation advice regarding the tax consequences that are applicable to their own circumstances.

f. **You may consider that there is potential for a Superior Proposal to emerge**

It is possible that a more attractive proposal for Nzuri Shareholders could materialise in the future, such as a takeover bid with a higher offer price than the Scheme Consideration. Implementing the Scheme will mean that Nzuri Shareholders will not receive the benefit of a more attractive proposal. However, as at the date of this Scheme Booklet, no Superior Proposal has emerged and the Nzuri Directors are not aware of any Superior Proposal or any alternative proposal that is likely to emerge.

The Scheme Implementation Deed prohibits Nzuri from soliciting a Competing Proposal. However, Nzuri is permitted to respond to a Competing Proposal which is or reasonably likely to be a Superior Proposal in circumstances where the Competing Proposal was not solicited by Nzuri and was not otherwise brought as a result of any breach by Nzuri of its exclusivity obligations should the Nzuri Directors determine that failing to do so would likely constitute a breach of their fiduciary or statutory duties. Further details of the exclusivity obligations applicable to Nzuri are summarised in Section 8.4.

Please see the 'Frequently asked questions' in Section 2 for further information in relation to what happens to your Nzuri Shares if you do not vote or vote against the Scheme.

2. Frequently asked questions

This Section provides summary answers to some basic questions that Nzuri Shareholders may have in relation to the Scheme. This Section should be read in conjunction with the whole Scheme Booklet.

QUESTION	ANSWER	MORE INFORMATION
What is the Scheme?	The Scheme is a scheme of arrangement between Nzuri and Scheme Shareholders. The Scheme will effect the acquisition of Nzuri by BidCo. A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire another company. If the Scheme is approved and implemented, the Scheme Consideration of $0.37 per Scheme Share will be payable by BidCo to Nzuri Shareholders.	Section 3 contains an overview of the Scheme and a copy of the Scheme is in Annexure B.
What do the Nzuri Directors recommend and how do they intend to vote?	The Nzuri Directors unanimously recommend that all Nzuri Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. Each Nzuri Director who holds Nzuri Shares intends to vote all Nzuri Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal.	Section 1.2 provides a summary of some of the reasons why the Nzuri Directors consider that Nzuri Shareholders should vote in favour of the Scheme.
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Nzuri Shareholders, in the absence of a Superior Proposal.	A copy of the Independent Expert's Report is in Annexure A.
Who is BidCo?	BidCo is a subsidiary of Chengtun Mining, a diversified Shanghai Stock Exchange-listed metal mining, trading and industrial group.	Section 5 contains further details about BidCo and Chengtun Mining.
Are there any conditions to be satisfied or waived?	There are a number of Conditions that will need to be satisfied or waived (if capable of waiver) before the Scheme can become effective. In summary, as at the date of this Scheme Booklet, the outstanding Conditions include: • no legal restraints or impediments to the acquisition of Nzuri by BidCo through implementation of the Scheme, including the commencement of proceedings by a government agency;	Section 8.1 contains further information on the Conditions.

QUESTION	ANSWER	MORE INFORMATION
Are there any conditions to be satisfied or waived?	• the receipt of all necessary government and regulatory approvals from Australia and the People's Republic of China; • approval by Nzuri Shareholders; • approval by the Court; • the completion of the transfer of the exploration permits comprising the FTBJV from Ivanhoe to Regal; • no Nzuri Prescribed Occurrence or Nzuri Material Adverse Change occurs; • the representations and warranties given by Nzuri and BidCo in the Scheme Implementation Deed remaining true and correct; and • the S&P/ASX 300 Index not closing 20% or more below its level at the close of trade on the date of the Scheme Implementation Deed for any 5 consecutive trading days.	Section 8.1 contains further information on the Conditions.
When must the conditions be satisfied or waived by?	Apart from the Conditions relating to Court approval, the Conditions must be satisfied or waived as at 8.00am on the Second Court Date to allow implementation of the Scheme to proceed. The Second Court Date is scheduled for 15 July 2019 at 10.00am. If a Condition is not satisfied or waived (where capable of waiver) by 8.00am on this date, Nzuri will make an application to the Court to change the date of this hearing. If the Conditions are not satisfied or waived by the End Date, the Scheme will not be implemented. As of the date of this Scheme Booklet, the Nzuri Directors are not aware of any circumstances preventing the satisfaction of the Conditions.	Section 8.1 contains further information on the Conditions.
Can I sell my Nzuri Shares now?	You can sell your Nzuri Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration). The ability to sell your Nzuri Shares on market will be subject to any trading halt or suspension applied to Nzuri Shares. Nzuri intends to apply to ASX for Nzuri Shares to be suspended from official quotation from close of trading on the Effective Date (which is currently expected to be 16 July 2019). You will not be able to sell your Nzuri Shares on market after this time.	N/A

QUESTION	ANSWER	MORE INFORMATION
What are my choices?	You may: • vote for or against the Scheme Resolution; • sell your Nzuri Shares on-market before the Effective Date or off-market before the Record Date; or • do nothing, in which case: - if the Scheme becomes effective, your Nzuri Shares will be transferred to BidCo and you will receive the Scheme Consideration of $0.37 per Nzuri Share held by you on the Record Date; and - if the Scheme does not become effective, you will continue to hold your Nzuri Shares.	
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held as follows: Date: 8 July 2019 Time: 3.00pm Location: The Subiaco Hotel, Mezzanine Level, 465 Hay Street, Subiaco WA 6008	The Notice of Meeting in Annexure D sets out further details on the Scheme Meeting.
What vote is required to approve the Scheme?	For the Scheme to proceed, the Scheme Resolution must be passed by: • 50% of Nzuri Shareholders who vote on the Scheme Resolution; and • at least 75% of the votes cast on the Scheme Resolution. The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.	Section 3.3(a) and the Notice of Meeting in Annexure D set out further details on the Scheme approval requirements.
Am I entitled to vote at the Scheme Meeting?	Each Nzuri Shareholder who is registered on the Register at 4.00pm (WST) on 6 July 2019 is entitled to attend and vote at the Scheme Meeting.	The Notice of Meeting in Annexure D sets out further details on your entitlement to vote
How do I vote if I am not able to attend the Scheme Meeting?	If you would like to vote but cannot attend the Scheme Meeting in person, you can vote online or by appointing a proxy or attorney (or a representative of a company) to attend and vote on your behalf.	The Notice of Meeting in Annexure D sets out further details on how to vote at the Scheme Meeting.
When will the result of the Scheme Meeting be known?	The result of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX once available. Even if the Scheme Resolution is passed by the Scheme Meeting, the Scheme is subject to approval of the Court.	N/A

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QUESTION	ANSWER	MORE INFORMATION
What happens to my Nzuri Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes effective?	Even if you do not vote, or vote against the Scheme, if the Scheme becomes effective any Nzuri Shares held by you on the Record Date (currently expected to be 5.00pm (WST) 19 July 2019) will be transferred to BidCo and you will receive the Scheme Consideration of $0.37 per Scheme Share.	N/A
When will I be paid?	Payment of the Scheme Consideration is expected to be made on 26 July 2019, subject to the Scheme becoming effective.	Section 3.1 sets out further details on the Scheme Consideration.
How will I be paid?	All payments will be made by direct deposit into your nominated bank account, as advised to the Registry as at the Record Date. If you have not nominated a bank account, payment will be made by an Australian dollar cheque sent by post to your registered address as shown on the Register.	Section 3.1 sets out further details on the Scheme Consideration.
Will the Scheme be a taxable transaction for Australian tax purposes?	Section 7 provides a description of the general tax implications of the Scheme for Australian tax residents. You should consult with your own tax adviser regarding the consequences of disposing of Nzuri Shares under the Scheme, in light of current tax laws and your particular investment circumstances. Tax consequences can vary according to a scheme participant's particular circumstances. Each Nzuri Shareholder should consult his or her own tax adviser as to the consequences of participating in the Scheme.	A general guide to the taxation implications of the Scheme is in Section 7.
What happens if the Scheme does not proceed?	If the Scheme is not approved at the Scheme Meeting, or another Condition is not satisfied or waived (if capable of waiver), then the Scheme will not be implemented. If the Scheme is not implemented, Scheme Shareholders will not receive the Scheme Consideration but will retain their Nzuri Shares. In these circumstances, Nzuri will, in the absence of another proposal, continue to operate as a stand-alone company listed on ASX. A Break Fee of $1.09 million may become payable by Nzuri to BidCo, or by BidCo to Nzuri, in certain circumstances. The Break Fee will not be payable by either Nzuri or BidCo if the Transaction is terminated as a result of the Scheme not being approved by Nzuri Shareholders at the Scheme Meeting.	Section 3.4 sets out further details on what happens if the Scheme does not proceed. Section 8.5 sets out the circumstances in which the Break Fee is payable.

QUESTION	ANSWER	MORE INFORMATION
What happens if a Superior Proposal emerges?	It is possible that a Superior Proposal which is more attractive for Nzuri Shareholders than the Scheme will emerge in the future. The Nzuri Directors have not received a Superior Proposal since the Scheme was announced, despite the significant period for such a proposal to emerge. If a Superior Proposal emerges, this will be announced to ASX and the Nzuri Directors will carefully reconsider the Scheme and advise you of their recommendation (subject to the exclusivity and Break Fee provisions of the Scheme Implementation Deed).	Sections 8.4 and 8.5 provide further details regarding the exclusivity and Break Fee provisions.
What exclusivity restrictions apply to the Scheme?	Nzuri is subject to exclusivity restrictions in respect of potential competing proposals, which are common for transactions of this nature. These restrictions limit the ability of Nzuri to enter into discussions with potential rival bidders (subject to various exceptions) and require Nzuri to provide BidCo with certain rights in respect of matching any competing proposals, if they arise.	Section 8.4 provides further details regarding the exclusivity provisions.
Is a break fee payable?	Nzuri has agreed to pay BidCo a Break Fee of $1.09 million in certain circumstances. However, no Break Fee is payable merely for the reason that Nzuri Shareholders do not approve the Scheme at the Scheme Meeting. In certain circumstances, BidCo is required to pay a Break Fee of $1.09 million to Nzuri.	Section 8.5 provides further details regarding the Break Fee provisions.
What benefits are payable to Nzuri Directors in connection with the Scheme?	Under the existing employment agreements, Nzuri's two executive directors, Mr Mark Arnesen and Mr Adam Smits, are each entitled to a cash bonus equal to 12 months' base salary upon the receipt of Nzuri Shareholder approval of the Scheme Resolution.	Section 9.4(a) contains further information in the existing employment agreements of the executive Nzuri Directors.
What are the Nzuri Directors' interests in Nzuri Shares?	As at the date of this Scheme Booklet, the number of Nzuri Shares held by or on behalf of the Nzuri Directors is as follows: Tom Borman 100,000 Mark Arnesen 5,389,808 Adam Smits 83,412 Peter Ruxton Nil Hongliang Chen Nil Ean Alexander Nil	Section 9.1 contains further information on the Nzuri Shares and Options held by the Nzuri Directors.

QUESTION	ANSWER	MORE INFORMATION
What is happening with the Nzuri Options on issue?	BidCo will pay Option Holders up to a total of $1,247,093 in consideration for the proposed cancellation of the Options immediately prior to the Implementation Date. The consideration has been calculated by BidCo paying to each Option Holder the difference between the exercise price per Option to be cancelled and the Scheme Consideration.	Section 4.6(b) contains details of the Options on issue. Section 9.1(b) contains details of the Nzuri Directors' interests in Options. Section 9.3 contains details of the proposed cancellation of the Options.
Where can I get further information?	If you require any further information, please call Nzuri on (08) 6424 8100 (within Australia) or +61 8 6424 8100 (outside Australia) between 8.30 am and 5.30 pm (Perth time), Monday to Friday, excluding public holidays	N/A

3. Overview of the Scheme

3.1 Introduction

This summary identifies key features of the Scheme and must be read in conjunction with the rest of this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

On 27 February 2019, Nzuri and BidCo announced to ASX that they had entered into the Scheme Implementation Deed, under which it is proposed that BidCo will acquire all of the issued capital of Nzuri via the Scheme.

3.2 Consideration

a. If the Scheme is implemented, Scheme Shareholders will receive the Scheme Consideration of $0.37 cash per Scheme Share. Subject to the Scheme becoming effective, it is currently expected that the Scheme Consideration will be paid on 26 July 2019.

b. Payments will be made by direct deposit into your nominated bank account, as advised to the Registry as at the Record Date. If you have not nominated a bank account, payment will be made by an Australian dollar cheque.

c. If a Scheme Shareholder does not have a registered address, or Nzuri considers the shareholder is not known at its registered address and no bank account has been nominated, payments due to that Scheme Shareholder will be held by Nzuri until claimed or applied under the relevant laws dealing with unclaimed money.

d. Based on the total issued share capital of Nzuri as at the date of this Scheme Booklet, the total amount of cash required to be paid by BidCo to Scheme Shareholders under the Scheme is approximately $109.5 million.

3.3 Key steps in the Scheme

a. **Scheme approval requirements**

   i. The Scheme will only become effective and be implemented if:

      A. the Scheme Resolution is approved by the requisite majorities of Nzuri Shareholders at the Scheme Meeting to be held at 3.00pm (WST) on 8 July 2019;

      B. the Scheme is approved by the Court at the Second Court Hearing; and

      C. the Conditions are satisfied or waived (to the extent permitted) by 8.00am on the Second Court Date.

   ii. Approval by Nzuri Shareholders requires the Scheme Resolution to be approved by:

      A. a majority in number (more than 50%) of Nzuri Shareholders present and entitled to vote at the Scheme Meeting (either in person or by proxy); and

      B. at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Nzuri Shareholders present and entitled to vote at the Scheme Meeting (either in person or by proxy).

   iii. The Court has the power to waive the first requirement regarding the more than 50% threshold.

   iv. If:

      A. the Scheme is approved by the requisite majorities of Nzuri Shareholders at the Scheme Meeting (with the Excluded Shareholders not voting); and

      B. all other Conditions (except Court approval of the Scheme) have been satisfied or waived (if capable of waiver),

      then Nzuri will apply to the Court for orders approving the Scheme.

   v. Each Nzuri Shareholder has the right to appear at the Second Court Hearing.

b. **Effective Date**

i. If the Court approves the Scheme and all other conditions have been satisfied or waived (if capable of waiver) the Scheme will become effective on the date when a copy of the Court order approving the Scheme is lodged with ASIC. Nzuri will, on the Scheme becoming effective, give notice of that event to ASX.

ii. Nzuri intends to apply to ASX for Nzuri Shares to be suspended from official quotation on ASX from close of trading on the date the Scheme becomes effective.

c. **Record Date**

Scheme Shareholders, being Nzuri Shareholders on the Register on the Record Date (currently expected to be 5.00pm (WST) on 19 July 2019) will be entitled to receive the Scheme Consideration in respect of their Scheme Shares, being the Nzuri Shares they hold as at the Record Date.

i. **Dealings on or prior to the Record Date**

For the purposes of determining which Nzuri Shareholders are eligible to participate in the Scheme and to be paid the Scheme Consideration, dealings in Nzuri Shares will be recognised only if:

A. in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Register as the holder of the relevant Nzuri Shares as at 5.00pm on the Record Date (currently expected to be 19 July 2019); and

B. in all other cases, registrable transmission applications or transfers in respect of those dealings are received by the Registry on or before the Record Date (and the transferee remains registered as at the Record Date).

For the purposes of determining entitlements under the Scheme, Nzuri will not accept for registration or recognise any transfer or transmission applications in respect of Nzuri Shares received after the Record Date.

ii. **Dealings after the Record Date**

For the purpose of determining entitlements to the Scheme Consideration, Nzuri must maintain the Register in its form as at the Record Date (currently expected to be 5.00pm (WST) on 19 July 2019) until the Scheme Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.

After the Record Date:

A. all statements of holding for Nzuri Shares will cease to have effect as documents relating to title in respect of such Nzuri Shares; and

B. each entry on the Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

d. **Implementation Date**

i. By no later than the Business Day before the Implementation Date, BidCo must deposit (in cleared funds) into a trust account nominated by Nzuri the aggregate Scheme Consideration payable to Scheme Shareholders.

ii. On the Implementation Date, which is currently expected to be 26 July 2019, all existing Nzuri Shares at the Record Date will be transferred to Bidco.

iii. In exchange, each Scheme Shareholder will receive the Scheme Consideration ($0.37) for each Scheme Share held at the Record Date.

e. **Deed Poll**

i. BidCo has executed the Deed Poll pursuant to which BidCo have undertaken in favour of each Scheme Shareholder to provide each Scheme Shareholder with the Scheme Consideration to which they are entitled under the Scheme, subject to the Scheme becoming effective.

ii. A copy of the Deed Poll is contained in Annexure C.

3.4 If the Scheme does not become effective

a. If the Scheme does not proceed, Nzuri Shareholders will continue to hold their Nzuri Shares, and will not receive the Scheme Consideration.

b. In the absence of a Competing Proposal, Nzuri will continue as a stand-alone entity. Nzuri Shareholders will be exposed to the risks relating to the Nzuri business. A summary of certain risks associated with an investment in Nzuri is in Section 6.

c. In the absence of an alternative proposal which is similar or superior to the Scheme, it is possible that the price at which Nzuri Shares trade will fall, at least in the short term.

d. Depending on the reasons why the Scheme does not proceed, Nzuri may be liable to pay the Break Fee. Information on the Break Fee is in Section 8.5.

e. Prior to the Scheme Meeting, transaction costs will have been incurred, or will be committed, by Nzuri in relation to the Scheme. Those transaction costs, which total approximately $263,698 as at 30 May 2019 (being the latest practicable date before the date of this Scheme Booklet), have either already been paid, or will be payable by Nzuri regardless of whether or not the Scheme is implemented. If the Scheme does proceed, additional costs will be incurred but these costs will not reduce the cash payable to Scheme Shareholders.

3.5 Warranties by Nzuri Shareholders

The Scheme provides that each Scheme Shareholder is taken to have warranted to BidCo that all their Scheme Shares (including any rights and entitlement attaching to those Scheme Shares) will, at the date of the transfer of them to BidCo, be fully paid and free from all mortgages, charges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)), liens, encumbrances and interests of third parties of any kind, whether legal or otherwise and restrictions on transfer of any kind and they have full power and capacity to sell and to transfer their Scheme Shares, and all rights and entitlements attaching to those Scheme Shares to BidCo.

3.6 Delisting of Nzuri

If the Scheme becomes effective:

a. Nzuri intends to apply to ASX for Nzuri Shares to be suspended from official quotation from close of trading on the Effective Date (which is currently expected to be 16 July 2019). You will not be able to sell your Nzuri Shares on market after this time; and

b. on a date after the Implementation Date to be determined by BidCo, Nzuri will apply for termination of the official quotation of Nzuri Shares on ASX and to have itself removed from the official list of ASX.

4. Information about Nzuri

This Section of the Scheme Booklet contains information in relation to Nzuri as at the date of the Scheme Booklet. Additional information is included in the Independent Expert's Report attached as Annexure A.

4.1 Overview of Nzuri

a. Nzuri is an ASX listed minerals company that focuses on the identification, acquisition, exploration and potential development of copper and cobalt projects in the Katangan Copperbelt of the DRC.

b. Nzuri was admitted to the official list of the ASX on 23 June 2005, is incorporated in Western Australia and has its registered and principal office in Daglish, Western Australia.

c. Nzuri currently has two projects:

   i. **Kalongwe Copper-Cobalt Project** – comprising a joint venture between Nzuri (85%), La Generale Industrielle et Comerciale au Congo (**GICC**) (10%) and the DRC Government (5%) (**Kalongwe Project**); and

   ii. **Fold and Thrust Belt Joint Venture Project** – comprising a joint venture between Nzuri (90%) and Ivanhoe (10%) (**FTBJV**).

d. For the financial year ended 30 June 2018, Nzuri reported a consolidated loss after tax of $3,183,204. For the half year ended 31 December 2018, Nzuri reported a consolidated loss after tax of $1,908,522.

e. As at the date of this Scheme Booklet, Nzuri has on issue 295,905,492 Nzuri Shares and 12,274,230 Options as set out in Section 4.6.

f. Further information can be found at **www.nzuricopper.com.au**.

4.2 Overview of projects

a. **Kalongwe Project**

i. **Background**

The Kalongwe Project, is Nzuri's 85% owned flagship development project.

The Kalongwe deposit is located in the Lualaba Province of the DRC and is situated towards the western end of the Central African Copperbelt.

It is comprised of exploitation permit PE12198 which covers an area of approximately 8km^2. The exploitation permit was granted October 2015, with an initial term of 30 years and renewal periods of 15 years.

ii. **Mineral Resources and Ore Reserve estimates**

Mineral Resource estimate

In February 2015, Nzuri (then named 'Regal Resources Limited') announced an updated Mineral Resource estimate for the Kalongwe Copper-Cobalt Project, totalling 11.17Mt at 2.70% Cu (0.5% Cu cut off) including 29,700t Co, and 2.29Mt at 0.57% Co (using 0.2% Co cut off).

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	1.67Mt @ 2.72% Cu	0.35Mt @ 1.98% Cu	4.08	3.19	0.66	130,000	26,800
Primary	Cu Only[1]	-	1.20Mt @ 2.65% Cu	0.41Mt @ 1.63% Cu	1.61	2.39	-	38,400	-
	Mixed[3]	-	0.51Mt @ 3.06% Cu	0.03Mt @ 2.22% Cu	0.54	3.02	0.52	16,400	2,800
	Total Cu in Cu Only and Mixed Domains	**3.31Mt @ 3.61% Cu**	**5.83Mt @ 2.55% Cu**	**2.03Mt @ 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]	0.37Mt @ 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	0.37Mt @ 0.66% Co	1.52Mt @ 0.58% Co	0.40Mt @ 0.43% Co	2.29	-	0.57	-	13,000
	Total Co in Mixed & Co-only Domains[5]				**6.91**	**-**	**0.62**	**-**	**42,700**

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.
4. The total Co tonnes and grade within the Mixed Domain are reported from blocks where Cu>=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

Competent Person Statement: *The information in this Scheme Booklet relating to the* ***Mineral Resource estimate*** *for the Kalongwe Project is extracted from Nzuri's ASX announcement entitled 'Upgraded JORC Resource at Kalongwe 302,000t Copper and 42,700t Cobalt' dated 5 February 2015. Nzuri 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 estimate

In April 2018, Nzuri announced an updated feasibility study for the Kalongwe Copper-Cobalt Project, which included an updated Ore Reserve estimate of 7.99Mt at 2.94% Cu and 0.34% Co for 234,868t of contained Cu and 27,103t of contained Co.

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**	

Competent Person Statement: *The information in this Scheme Booklet relating to the* ***Ore Reserve estimate*** *for the Kalongwe Project is extracted from Nzuri's ASX announcement entitled 'Updated stage 1 feasibility study delivers significantly enhanced financial returns' dated 16 April 2018. Nzuri 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.*

iii. **Kalongwe Project: Stage 1**

The Mineral Resource and Ore Reserve estimates outlined above, and the subject of the feasibility study announced on 16 April 2018 (**Announcement**), are in respect of 'Stage 1' of the Kalongwe Project. Stage 1 of the Kalongwe Project is the starter plan, comprising a stand-alone open pit mine, and a dense media separation (**DMS**) plant for producing a copper and cobalt concentrate.

The feasibility study resulted in an NPV on a post-tax and 100% owned basis of US$129.48 million[7]. Nzuri has generally rounded this up to US$130 million, which it considers to be a reasonable margin. Adjusted for Nzuri's 85% ownership, this is an NPV of approximately US$111 million.

On an 85% owned basis, and converted to Australian dollars as at 16 April 2018 (1AUD: 0.7769USD), this results in an NPV of approximately A$142 million.

The Independent Expert valued Stage 1 of the Kalongwe Project between a range of A$81 million and A$106 million[8].

[7]Page 24 of the Announcement.

[8]Page 22 of the Independent Expert's Report (Annexure A).

Nzuri understands that the material adjustments applied by the Independent Expert which have resulted in this difference are as summarised below:

Independent Expert's material adjustments	Effect on the Nzuri valuation in the Feasibility Study $ Millions
Changed the discount rate (10%) to a post-tax nominal cost of equity of 14%	**US$ (23.1)**
Applied inflation at BDO's forecast inflation rate of 2% to capital and operating costs, over the life of the model to be consistent with using a nominal cost of equity	**US$ (7.3)**
Updated copper and cobalt royalty to reflect recent amendments in DRC mining code*	**US$ (2.7)**
Updated fixed pricing to reflect BDO's forecast copper and cobalt pricing	**US$ 4.4**
Updated mining fleet costs per SRK recommendation	**US$ (2.2)**
Added rehab cost per SRK recommendation	**US$ (1.6)**
Updated cash flows for financing costs	**US$ (6.1)**

* The Announcement disclosed the potential impact of the recent amendments in the DRC mining code and included an adjusted valuation (see page 4).

The application of the above material adjustments to Nzuri's valuation (on an 85% owned basis) results in a reduction to approximately US$71.9 million (A$92.2 million). This falls within the range of that assessed by the Independent Expert.

Nzuri has reviewed the underlying assumptions of its feasibility study in light of the material adjustments applied by the Independent Expert. Nzuri remains of the view that the underlying technical and economic assumptions have reasonable grounds and that they continue to apply and have not materially changed.

Notwithstanding the difference in valuation between the feasibility study and the Independent Expert's assessment, the Nzuri Directors remain of the view that the Scheme is in the best interests of Nzuri Shareholders, absent a Superior Proposal.

iv. **Kalongwe Project: Stage 2**

On 16 April 2018, Nzuri announced the results of a Preliminary Economic Analysis (**PEA**) on the 'Stage 2' expansion plan for the Kalongwe Project undertaken by Lycopodium. The PEA considered several processing options, one of which was the development of an acid leach solvent extracting and electro-winning (**SXEW**) processing facility and cobalt circuit to process DMS generated mineralised rejects and cobalt only ore (essentially, the tailings from Stage 1), commencing in year eight of the Stage 1 mine life, and continuing for another six years. The PEA indicated that this option could be funded solely from Stage 1 cash flows. Nzuri announced that this would be its preferred option and the focus of future engineering and mining studies.

Nzuri cautions that the PEA is a preliminary technical and economic study of the potential viability of Stage 2. It is based on low-level technical and economic assessments that are not sufficient to support the estimation of Ore Reserves for Stage 2. Further engineering, testwork and mine planning is required before Nzuri would be able to estimate any Ore Reserves in respect of Stage 2 or to provide any economic development case for Stage 2.

Notwithstanding the early-stage of the PEA, the Nzuri Directors considered that they had reasonable grounds for the forward-looking statements disclosed in respect of Stage 2 and the PEA.

The Independent Expert concluded in the Independent Expert's Report that based on its modelling and economic assumptions, under Nzuri's ownership, operation of Stage 2 does not increase the total net present value of the cash flows of the Kalongwe Project.

Nzuri has reviewed its own modelling and economic assumptions in light of the Independent Expert Report, as well as the passage of time since the PEA was completed. This review has not resulted in any material change to the conclusions previously reached. In particular, Nzuri considers that:

A. the capital expenditure estimate assumption used in the valuation by the Independent Expert materially exceeds what the Nzuri Board considers is reasonably likely to be required. Anecdotal evidence, including the US$150 million SXEW processing plant recently completed by Chengtun Mining in the DRC, supports the estimates of Nzuri; and
B. Nzuri's proposal for Stage 2 is comprised of the processing of the DMS generated mineralised rejects and cobalt only ore (essentially, the tailings from Stage 1). Nzuri has undertaken test-work to confirm this process. Nzuri therefore considers it has reasonable grounds to consider there is residual value in Stage 2.

Accordingly, the Nzuri Board remains of the view that it has a reasonable basis for the forward-looking statements as previously disclosed in respect of the conclusions of the PEA.

b. **FTBJV Project**

The FTBJV Project consists of five highly prospective tenements, covering an area of approximately 343 km^2, contiguous to the Kalongwe copper-cobalt deposit in the Central African Copperbelt, Lualaba Province, DRC.

The five exploration permits are PR 688, PR 689, PR 690, PR 701 and PR 702.

Nzuri and Ivanhoe signed an agreement in April 2015 to earn-in to up to a 98% interest in the FTBJV Project (see ASX announcement on 24 April 2015 for further details).

Nzuri completed over US$6,000,000 of exploration expenditure to earn an interest in 90% of the FTBJV Project.

The FTBJV Project is managed by Nzuri.

The FTBJV Project covers an area of the western Lufilian Arc, a fold belt that contains the world's largest cobalt endowment.

(c) Additional information

Additional information regarding the Kalongwe Project and the FTBJV Project is available in the Independent Valuation Report (Appendix 3 of the Independent Expert's Report in Annexure A) and the Nzuri website (**www.nzuricopper.com.au**).

4.3 Corporate structure

Nzuri has several subsidiary entities. A summary of the Nzuri Group's corporate structure is below:

Entity	Country of incorporation	Nzuri ownership interest
Kalongwe Holdings Ltd	British Virgin Islands	100%
Kalongwe Holdings No 2 Ltd	British Virgin Islands	100%
Kalongwe Holdings No 3 Pty Ltd	Australia	100%
Kalongwe Resources Pty Ltd	Australia	100%
Western Victoria Energy Pty Ltd	Australia	100%
Magma Oil Pty Ltd	Australia	100%
Katanga Mining Consultants (Pty) Ltd	South Africa	100%
Kalongwe Mining SA	Democratic Republic of Congo	85%
Regal Exploration DRC SASU	Democratic Republic of Congo	100%*
Nzuri Exploration Holding Company Pty Ltd	Australia	100%*

* 10% of Nzuri's interest in Regal and Nzuri Exploration Holding Company Pty Ltd is to be transferred to Ivanhoe in connection with the transfer of the exploration permits (PR688, PR689, PR690, PR701 and PR702) by Ivanhoe to Regal (the subject of a Condition to the Scheme). This transfer is anticipated to occur before the Second Court Date and will result in Nzuri's interest in Regal and Nzuri Exploration Holding Company Pty Ltd reducing from 100% to 90%.

4.4 Nzuri Board and senior management

Board

The Nzuri Board comprises the following directors:

Name	Position
Tom Borman	Non-Executive Chairman
Mark Arnesen	Chief Executive Officer & Executive Director
Adam Smits	Chief Operating Officer & Executive Director
Peter Ruxton	Non-Executive Director
Hongliang Chen	Non-Executive Director
Ean Alexander	Non-Executive Director

Senior executive team

Members of the Nzuri senior executive team include:

Name	Position
Hannah Hudson	Chief Financial Officer & Company Secretary

4.5 Nzuri Directors' intentions

a. The Corporations Regulations require a statement by the Nzuri Directors of their intentions regarding the Nzuri business. If the Scheme is implemented, pursuant to the Scheme Implementation Deed on the Implementation Date, each Nzuri Director will resign from their position.

b. The Scheme Implementation Deed also requires that each director of each subsidiary of Nzuri, except as specified in Section 4.5(c) will resign from their position.

c. The directors of the following subsidiaries of Nzuri will not be required to resign on the Implementation Date:
   i. any nominee of representative of Ivanhoe appointed to the board of Regal;
   ii. any nominee or representative of GICC appointed to the board of Kalongwe Mining;
   iii. any nominee or representative of any DRC Government Agency appointed to the board of Kalongwe Mining; and
   iv. any South African representative appointed to the board of Katanga Mining Consultants (Pty) Ltd.

d. If the Scheme is implemented, BidCo will have 100% ownership and control of Nzuri. The current intentions of BidCo with respect to these matters are set out in Section 5.5. It will be for the reconstituted board of Nzuri Directors to determine its intentions as to:
   i. the continuation of the Nzuri business;
   ii. any major changes, if any, to be made to the business of Nzuri, including any redeployment of the fixed assets of Nzuri; and
   iii. the future employment of the present employees of Nzuri.

e. If the Scheme is not implemented, the Nzuri Board intends to continue to operate Nzuri in the ordinary course of the business.

4.6 Capital structure

a. The capital structure of Nzuri as at the date of this Scheme Booklet is as follows:

Nzuri Shares	Nzuri Options
295,905,492	12,274,230

b. Of the 12,274,230 Options on issue, 7,024,230 are held by Nzuri Directors, as described in Section 9.1. Each Option entitles the holder to acquire one Nzuri Share, subject to payment of the exercise price (which ranges from $0.2055 to $0.3395). Details of the Options are as follows:

Number	Exercise Price	Expiry Date
2,000,000	$0.2130	14 November 2026
701,880	$0.3395	16 July 2028
2,000,000	$0.2055	21 September 2026
701,880	$0.3395	16 July 2028
945,000	$0.3041	1 March 2028
675,470	$0.3395	4 April 2028
1,250,000	$0.2492	25 July 2028
1,000,000	$0.2130	14 November 2026
500,000	$0.1996	6 September 2027
500,000	$0.1996	6 September 2027
2,000,000	$0.9000	6 July 2021

Nzuri and BidCo have entered into Option Cancellation Deeds with each of the Option Holders. Refer to Section 5.4(a) for details of the total consideration payable to the Option Holders in exchange for the cancellation of the Options, and to Section 9.3 for a summary of the material terms and conditions of the Option Cancellation Deeds.

c. In light of the above, Nzuri does not anticipate that it will be required to issue any Nzuri Shares before the Implementation Date.

4.7 Historical financial information

a. This Section sets out a summary of historical financial information in relation to Nzuri for the purposes of this Scheme Booklet. The financial information has been extracted from the 2017 and 2018 Nzuri Annual Reports, and the Nzuri Half Year Report for the six months ended 31 December 2018.

b. The financial information contained in this Section has been presented in abbreviated form and does not contain all of the disclosures, statements or comparative information as required by Australian accounting standards applicable to annual financial reports in accordance with the Corporations Act.

c. The financial accounts of Nzuri for the financial years ending 30 June 2017 and 30 June 2018 and the six months ended 31 December 2018, including all notes to those accounts, can be found in:

   i. the 2017 Nzuri Annual Report (released to ASX on 29 September 2017);

   ii. the 2018 Nzuri Annual Report (released to ASX on 30 October 2018); and

   iii. the 31 December 2018 Half Year Report (released to ASX on 15 March 2019).

d. These documents are available on ASX's website at www.asx.com.au and the Nzuri investor website at **http://nzuricopper.com.au/annual-reports/** and **nzuricopper.com.au/half-yearly-reports**.

e. Consolidated statement of profit and loss and other comprehensive income

	6 Months Reviewed 31 December 2018	12 Months Audited 30 June 2018	12 Months Audited 30 June 2017
	$	$	$
Interest income	48,809	116,958	110,285
Other income	-	-	250
Depreciation	(3,110)	(6,320)	(3,470)
Employee benefits expense	(908,644)	(1,786,067)	(1,046,236)
Finance cost	(78,754)	-	(156,328)
Other expenses	(966,823)	(1,507,775)	(1,593,505)
Loss before income tax benefit	**(1,908,522)**	**(3,183,204)**	**(2,689,004)**
Income tax benefit	-	-	-
Net loss after income tax for the year	**(1,908,522)**	**(3,183,204)**	**(2,689,004)**
Net loss for the year is attributable to:	-	-	-
Non-controlling interest	(1,908,522)	(3,183,204)	(2,689,004)
Owners of Nzuri Copper Limited	**(1,908,522)**	**(3,183,204)**	**(2,689,004)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Effects of foreign currency translation	(1,267)	77,435	(203,036)
Total other comprehensive income/(loss) for the year, net of tax	(1,267)	77,435	(203,036)
Total comprehensive loss for the year	**(1,909,789)**	**(3,105,769)**	**(2,892,040)**
Total comprehensive loss for the year is attributable to:			
Non-controlling interest	-	78,244	(210,510)
Owners of Nzuri Copper Limited	(1,909,789)	(3,184,013)	(2,681,530)
	(1,909,789)	**(3,105,769)**	**(2,892,040)**
Loss per share	**Cents**	**Cents**	**Cents**
Basic and diluted loss per share	(0.64)	(1.27)	(1.40)

f. Consolidated statement of financial position

	6 Months Reviewed 31 December 2018	12 Months Audited 30 June 2018	12 Months Audited 30 June 2017
	$	$	$
Current assets			
Cash and cash equivalents	2,451,502	9,445,730	6,296,778
Trade and other receivables	136,271	126,634	52,560
Inventory	6,589	63,959	58,402
Total current assets	**(2,594,362)**	**9,636,323**	**6,407,740**
Non-current assets			
Trade and other receivables	1,441,800	1,290,014	619,850
Other financial assets	-	-	50,357
Plant and equipment	775,694	690,162	405,838
Exploration and evaluation assets	41,938,836	36,792,537	26,264,499
Total non-current assets	**44,156,330**	**38,772,713**	**27,340,544**
Total assets	**46,750,692**	**48,409,036**	**33,748,284**

	6 Months Reviewed 31 December 2018	12 Months Audited 30 June 2018	12 Months Audited 30 June 2017
Current liabilities			
Trade and other payables	730,491	1,639,262	728,989
Borrowings	-	2,933,273	-
Provisions	65,738	33,914	14,840
Total current liabilities	**796,229**	**4,606,449**	**743,829**
Non-current liabilities			
Borrowings	2,635,879	2,431,211	1,850,015
Total non-current liabilities	**2,635,879**	**2,431,211**	**1,850,015**
Total liabilities	**3,432,078**	**7,037,660**	**2,593,844**
Net assets	**43,318,614**	**41,371,376**	**31,154,440**
Equity			
Issued capital	98,011,169	94,535,048	82,150,599
Reserves	(2,063,857)	(2,983,496)	(3,920,943)
Accumulated losses	(54,744,492)	(52,835,970)	(49,652,766)
Equity attributable to owners	-	38,715,582	28,576,890
Non-controlling interest	40,662,820	2,655,794	2,577,550
Total equity	**2,655,794**	**41,371,376**	**31,154,440**

g. Consolidated statement of cash flows

	6 Months Reviewed 31 December 2018	12 Months Audited 30 June 2018	12 Months Audited 30 June 2017
	$	$	$
Cash flows from operating activities			
Interest received	48,809	116,958	111,832
Interest paid	-	-	(1,650)
Payments to suppliers and employees	(2,554,315)	(2,047,433)	(2,379,786)
Settlement payment to Afrimines	-	-	(1,571,503)
Net cash (used) in operating activities	**(2,505,315)**	**(1,930,475)**	**(3,841,107)**
Cash flows from investing activities			
Payment of security deposits	-	-	(10,652)
Payments for plant, property and equipment	(88,641)	(290,644)	(14,172)
Payment for acquisition of subsidiaries, net of cash acquired	-	-	(6,958,948)
Payments for exploration and evaluation	(4,941,661)	(9,946,842)	(4,503,741)
Net cash (used) in investing activities	**(5,030,302)**	**(10,237,486)**	**(11,487,513)**
Cash flows from financing activities			
Proceeds from issue of shares	557,989	13,066,708	20,913,049
Share issue transaction costs	(15,141)	(682,259)	(108,534)
Proceeds from convertible notes	-	2,933,273	-
Net cash from financing activities	**542,848**	**15,317,722**	**20,804,515**
Net increase/(decrease) in cash and cash equivalents	(6,992,960)	3,149,761	5,475,895
Cash and cash equivalents at the beginning of the financial year	9,445,730	6,296,778	823,465
Effects of foreign exchange movements on cash	(1,267)	(809)	(2,582)
Cash and cash equivalents at the end of the financial year	**2,451,502**	**9,445,730**	**6,296,778**

4.8 Material changes to the financial position of Nzuri since 30 June 2018

a. Other than:

   i. the entry by Nzuri the following loan facility agreements on 26 February 2019:

      A. a secured loan facility with BidCo, pursuant to which BidCo agreed to advance an aggregate loan amount of up to $5,000,000, to be drawn-down in tranches (**BidCo Loan**) (refer to Section 4.9 for details); and

      B. an unsecured loan facility with Tembo Capital, pursuant to which Tembo Capital agreed to advance an aggregate loan amount of up to $3,000,000 (**Tembo Capital Loan**) (refer to Section 4.10 for details);

   ii. the draw-down under the BidCo Loan of an aggregate of $4,500,000 (no amounts have been drawn-down under the Tembo Capital Loan);

   iii. transaction costs incurred in connection with the Scheme, as disclosed in Section 9.8; and

   iv. working capital expenditure incurred in the ordinary course of business comprised of exploration expenditure and corporate costs,

   within the knowledge of the Nzuri Board, the financial position of Nzuri has not materially changed since 31 December 2018, being the date of the Nzuri financial statements for the half-year ended 31 December 2018 (released to ASX on 15 March 2019).

b. A copy of the Nzuri financial statements for the 12 months ended 30 June 2018 and the 6 months ended 31 December 2018 is available free of charge on the Nzuri investor website at **http:/ nzuricopper com.au/annual-reports/** or by contacting the Registry on 1300 113 258 (within Australia) or +618 9389 8033 (outside Australia).

c. Further information regarding the financial performance of Nzuri is set out in the Independent Expert's Report which forms Annexure A to this Scheme Booklet.

4.9 BidCo Loan

On 26 February 2019, Nzuri and BidCo entered into a secured loan agreement, pursuant to which BidCo agreed to make available to Nzuri interim funding of up to $5,000,000.

The material terms of the BidCo Loan are as follows:

a. **Draw-down:** The $5,000,000 is to be provided in the following tranches:

   i. $1m on the date of the agreement;

   ii. $1m within seven days of the date of the agreement;

   iii. $1.5m within 30 days after the initial draw-down;

   iv. $1m within 30 days after the second draw-down; and

   v. $0.5m within 30 days after the third draw-down.

As at the date of this Scheme Booklet, $4,500,000 has been drawn-down.

The draw-downs are subject to conditions including:

   i. the Scheme Implementation Deed not having been terminated;

   ii. no change of control event occurring or an agreement or transaction being entered into or announced which is reasonably likely to result in a change of control (other than the Scheme);

   iii. no event of default having occurred and the representations and warranties remaining true and correct; and

   iv. customary conditions including the receipt of a legal opinion, verification certificate and evidence in relation to the perfection of the security.

b. **Repayment:** The earlier to occur of:

   i. The expiry of the term (26 November 2019, being 9 months after the date of the agreement);

   ii. 45 days after the receipt of a demand in the event of a change of control event occurring, where "change of control event" means:

      A. an event which results in a person not in control of Nzuri subsequently acquiring control, or a person in control of Nzuri subsequently losing control; or

      B. an agreement or transaction is entered into, or announced which is reasonably likely (as determined by BidCo) to result in an event described in the above paragraph occurring.

   iii. 120 days after the receipt of a demand in the event that a condition of the Scheme, other than Nzuri shareholder approval, is not satisfied; or

   iv. following an event of default, which includes, in addition to customary events of default, the Scheme Implementation Deed being terminated by BidCo as a result of Nzuri's material breach of an obligation under, or a representation or warranty given under, the Scheme Implementation Deed;

c. **Security:** The BidCo Loan is fully secured against the present and after-acquired property, assets and undertakings of Nzuri and its subsidiaries, pursuant to a General Security Deed entered into by the parties at the time of entering into the BidCo Loan. The parties also entered into a Specific Security Deed at the same time, granting BidCo security in respect of Nzuri and its subsidiaries' present and after acquired shares and related rights. The security granted is first-ranking in terms of priority and contains covenants, undertakings and representations and warranties considered customary for loans of such nature, and which were negotiated on an arms' length basis.

d. **Interest**: 10% per annum, payable on repayment of the loan.

At the time of negotiating the Transaction, it was evident that Nzuri would require additional funding in order to continue its existing operations and to fund the costs of the Transaction. These funding requirements were considered to exceed the $3,000,000 that Tembo Capital was proposing to make available to Nzuri at that time. Were it not for the BidCo Loan, Nzuri anticipates that it would have been required to obtain additional funding in the near-term. Nzuri considers that in the context of the Transaction, it is unlikely that such funding would have been available on terms more reasonable than those provided by BidCo. The Nzuri Board therefore considers that there was a commercial imperative to enter into the BidCo Loan.

The time for repayment of the BidCo Loan in the event that the Scheme does not proceed is summarised above. This timing, and the availability of the Tembo Capital Loan to be applied towards the repayment of up to $3,000,000 of the BidCo Loan, is such that the Nzuri Board considers that the BidCo Loan is neither anti-competitive, coercive or otherwise likely to diminish the value of Nzuri if Nzuri Shareholders do not approve the Scheme.

In particular, it is noted that:

a. The Scheme Meeting is presently intended to be held on 8 July 2019. In the event that Nzuri Shareholders do not approve the Scheme Resolution by the requisite majority, Nzuri would have over four and a half months following the Scheme Meeting to raise the funding needed to repay the BidCo Loan (and if required, the Tembo Loan) before the due date of 26 November 2019. Nzuri considers this to be a reasonably sufficient amount of time to obtain the necessary funding.

b. Should the Scheme not be completed due to the failure to satisfy a Condition other than the Nzuri Shareholders failing to pass the Scheme Resolution by the requisite majority, Nzuri would have 120 days from the demand from BidCo, to repay the BidCo Loan. Nzuri considers this to be a reasonably sufficient amount of time to obtain the necessary funding.

c. The Scheme is presently intended to become effective on 16 July 2019. No delays to this timetable are presently anticipated. In the event that Nzuri becomes aware of any potential for material delays to the timetable, Nzuri intends to negotiate with BidCo for an extension to the "End Date" under the Scheme Implementation Date and the repayment date of the BidCo Loan. Nzuri would also negotiate with Tembo Capital for a corresponding extension to the repayment date of the Tembo Loan. Nzuri would also seek to negotiate the provision of additional funding for its operational requirements during this extended time period.

Notwithstanding the above, Nzuri cautions that:

a. The Tembo Loan is for a maximum of $3,000,000, whereas it is anticipated that $5,000,000 will be drawn down under the BidCo Loan. Accordingly, the Tembo Loan will not be sufficient to repay the BidCo Loan in full and additional funding would need to be obtained.

b. Although the Tembo Loan may be applied to partially repay the BidCo Loan, the Tembo Loan itself is repayable (if drawn-down) on 26 November 2019 or earlier in certain circumstances (refer to Section 4.10(b) for details). Accordingly, should the Scheme not be implemented as contemplated, and the Tembo Loan drawn-down, Nzuri would also need to raise additional funds to repay the Tembo Loan by this time. Nzuri would also need to raise additional funds for its ongoing expenditure obligations and working capital requirements.

Refer to Section 6.2(c) for additional details regarding this risk.

4.10 Tembo Capital Loan

On 26 February 2019, Nzuri and Tembo Capital entered into an unsecured loan agreement, pursuant to which Tembo Capital agreed to make available to Nzuri interim funding of up to $3,000,000.

The material terms of the BidCo Loan are as follows:

a. **Draw-down:**
   i. No amounts may be drawn-down under the Tembo Capital Loan unless Nzuri has provided written evidence from BidCo that the BidCo Loan will be repaid in full contemporaneously with any advance made by Tembo Capital. Accordingly, it is not intended that the Tembo Capital Loan will be drawn down while the BidCo Loan remains in effect.
   ii. Draw-down of the Tembo Capital Loan is also subject to conditions including no event of default having occurred, and no material adverse effect having occurred.

b. **Repayment:** The earlier to occur of:
   i. The expiry of the term (26 November 2019, being 9 months after the date of the agreement);
   ii. 14 days after the receipt of a demand from Tembo Capital in the event of an event of default occurring

c. **Security:** The Tembo Capital Loan is unsecured.

d. **Interest:** 10% per annum, payable on repayment of the loan.

4.11 Current and historical prices of Nzuri Shares

As at 30 May 2019, being the latest practicable date before the date of this Scheme Booklet, the current and historical closing prices of Nzuri Shares traded on ASX is as follows:

Date	Event	Price
26 February 2019	Last trading day before the announcement of the Transaction	$0.260
30 May 2019	Latest practicable date before the date of this Scheme Booklet	$0.340
16 March 2018	Highest closing Nzuri Share price over the 12-month period ending 26 February 2019	$0.385
4 and 6 February 2019	Lowest closing Nzuri Share price over the 12-month period ending 26 February 2019	$0.160

4.12 Nzuri announcements

Nzuri is subject to the periodic and continuous disclosure requirements of the Corporations Act and the Listing Rules. Specifically, as a listed company, Nzuri is subject to the Listing Rules which require continuous disclosure of any information Nzuri has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Scheme Booklet.

Nzuri notes the following announcements have been made since the time Nzuri announced that it had entered into the Scheme Implementation Deed on 27 February 2019:

Announcement	Date
First Court Hearing	30 May 2019
Change of Director's Interest Notice	8 May 2019
DRC Government Approval Received	7 May 2019
Quarterly Activities and Cashflow Report	29 April 2019
Half Yearly Report and Accounts	15 March 2019

4.13 Public information available for inspection

a. As a company listed on ASX and a disclosing entity under the Corporations Act, Nzuri is subject to regular reporting and continuous disclosure obligations. Broadly, these require Nzuri to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Recent Nzuri ASX announcements are available from **www.asx.com.au**. Further announcements concerning developments at Nzuri will continue to be made available on this website after the date of this Scheme Booklet.

b. Nzuri is required to prepare and lodge with ASIC and ASX both annual and half-yearly financial statements accompanied by a statement and report from the Nzuri Directors and an audit or review report. Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office and on the Nzuri website at **http://nzuricopper.com.au**.

c. ASX maintains files containing publicly disclosed information about all companies listed on ASX. Information disclosed to ASX by Nzuri is available on ASX's website at **www.asx.com.au**.

5. Information about BidCo

5.1 Introduction

The information contained in this Section 5 has been prepared by BidCo. The information concerning the BidCo and the intentions, views and opinions contained in this Section are the responsibility of BidCo. Nzuri and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

5.2 Overview of BidCo and Chengtun Mining

Xuchen was incorporated in the British Virgin Islands on 8 February 2019 as a special purpose vehicle for the purpose of holding all the ordinary shares on issue in Nzuri if the Scheme becomes effective.

Xuchen is a subsidiary of Chengtun Mining, which is a Chinese-based company that is headquartered in Xiamen, China. Chengtun Mining is listed on the Shanghai Stock Exchange under the number 600711. SS. With a focus on industrial investment, Chengtun Mining's main businesses include nonferrous metals exploring, mining, selecting, smelting and trading as well as value-added services of both zinc and cobalt metal industrial chain.

Chengtun Mining entered the non-ferrous metal market in 2007 by way of various mergers and acquisitions, and now owns six (6) mines which produce metals such as lead, zinc, gold, copper, cobalt and nickel. These mines are rich in reserves, with ore of high-grade quality and long service life.

Chengtun Mining's major mine assets include the Aima lead-zinc mine, the Yinxin copper-gold mine, and the Huajin gold mine (all located in China). In 2018, Chengtun Mining invested in Consolidated NickelMines Limited, which owns the Munali mine operating in Zambia. The Munali Mine has an annual capacity of 4,650 tons of nickel in concentrates. Chengtun Mining also began the acquisition of Sihuan Zinc Germanium Technology Co., Ltd, which has an annual capacity of 220,000 tons of zinc and 40 tons of germanium.

In relation to its cobalt metal business, Chengtun Mining's copper-cobalt comprehensive project in the DRC had been commissioned by the end of 2018, with an annual capacity of 10,000 tons of copper and 3,500 tons of cobalt. Chengtun Mining plans to construct a new project near its current copper-cobalt project with an annual capacity of 30,000 tons of copper and 5,800 tons of cobalt. In 2018, Chengtun Mining also invested in Zhuhai Kelixin Metal Material Co., Ltd, a cobalt material processing company. It is anticipated that this acquisition will enable the streamlining of Chengtun Mining's cobalt material industrial chain.

Chengtun Mining files annual, quarterly and event-driven reports as well as any amendments to those reports and other information with the Chinese regulators. These filings may be accessed on:

http://www.sse.com.cn/assortment/stock/list/info/announcement/index.shtml?productId=600711

Further information about Chengtun Mining is also available on its website, **www.600711.com**.

5.3 Board and management overview

Set out below is a summary of Chengtun Mining's board and senior management. Further details about their qualifications and experience is available on Chengtun Mining's annual report.

a. **Board of directors**

i. Dong Chen (Chairman)

ii. Haizhen Ying (President)

iii. Jiancheng Sun (Director)

iv. Mingyang Cai (Independent director)

v. Zongliu Liu (Independent director)

vi. Guisen Qin (Independent director)

vii. Xing Fang (Director)

b. **Senior management**

i. Zhenpeng Zhang (Vice president)
ii. Xianjin Zhou (Vice president)
iii. Xiong Weng (Vice president and Chief Financial Officer)
iv. Yapeng Zou (Board secretary)

5.4 Funding arrangements for the Scheme Consideration

a. **Scheme Consideration**

The Scheme Consideration is 100% cash. Under the terms of the Deed Poll, subject to the Scheme being implemented, BidCo has undertaken in favour of each Scheme Shareholder to pay the Scheme Consideration into a trust account for the benefit of the Scheme Shareholders no later than the Business Day before the Implementation Date.

Based on the number of Nzuri Shares on issue as at the date of this Scheme Booklet and the Scheme Consideration of A$0.37 per Nzuri Share, BidCo will pay a total of $109,485,032.04 to Nzuri Shareholders. This amount assumes that the Nzuri Options will not be exercised prior to the Second Court Date.

In addition, BidCo will pay Option Holders up to a total of $1,247,093 in consideration for the proposed cancellation of the Options immediately prior to the Implementation Date. The consideration has been calculated by BidCo paying to each Option Holder the difference between the exercise price per Option to be cancelled and the Scheme Consideration.

b. **Funding arrangements**

As at the date of this Scheme Booklet, BidCo is a 100% wholly-owned subsidiary of Chengtun Mining. BidCo anticipates that its shareholder, Chengtun Mining, will not change on the Implementation Date. BidCo will keep the market informed as to any changes to its ownership if and when they do become available.

Upon capital injection from Chengtun Mining, BidCo will fund the Scheme Consideration using cash. As at 31 December 2018, Chengtun Mining had cash amounting to approximately RMB ¥ 1,048,357,176.82 (AUD$217,251,057.750).

Chengtun Mining has undertaken to BidCo that the Scheme Consideration and the Option Consideration will be transferred to BidCo in accordance with the timing requirements for the Scheme.

c. **Certainty of funding**

Having regard to the arrangements noted above, BidCo is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to satisfy its payment obligations to pay the Scheme Consideration and all associated transaction costs if the Scheme becomes effective.

As at the date of this Scheme Booklet, based on current cash and investment balances and cash flow projections, the BidCo board is not aware of any circumstance that would prevent it from being able to fully fund its obligations under the transaction. Further, under the Scheme, the Scheme Shares will not be transferred to BidCo and the Options will not be cancelled until BidCo has paid the Scheme Consideration to Nzuri to be distributed to its shareholders and option holders (as applicable). The Scheme Consideration and the Option Consideration will be held on trust for the benefit of the Nzuri Shareholders and Option Holders (as applicable) by Nzuri pending distribution.

Chengtun Mining has entered into a Deed of Guarantee in favour of Nzuri, pursuant to which Chengtun Mining irrevocably guarantees in favour of Nzuri the performance and observance of BidCo's obligations under the Scheme Implementation Deed, Deed Poll and the Option Cancellation Deeds (together, **Guaranteed Documents**), including (but not limited to) the obligation to pay:

i. the Scheme Consideration to Scheme Shareholders;
ii. the Option Consideration to Option Holders; and
iii. BidCo's Break Fee.

Under the terms of the Guarantee, Chengtun Mining will be responsible to Nzuri for the performance of BidCo's obligations in the same manner as if Chengtun Mining were a party to the Guaranteed Documents.

5.5 Intentions if the Scheme is implemented

This Section sets out the current intentions of BidCo and Chengtun Mining in relation to the future of Nzuri.

BidCo and Chengtun Mining's current intention as at the date of this Scheme Booklet, if the Scheme is implemented, is to:

a. seek to have Nzuri removed from the official list of ASX; and

b. complete an intensive and thorough review of Nzuri's operations. Without the benefit of a detailed review, BidCo and Chengtun Mining anticipates that Nzuri's business at an operations level shall continue in its current form at this stage.

These intentions are based on the business information provided to BidCo and Chengtun Mining by Nzuri and the general business environment known to BidCo and Chengtun Mining at the time of the preparation of the Scheme Booklet. Any final decision to be made by BidCo and/or Chengtun Mining will only be decided once it has had the opportunity to undertake a detailed analysis of Nzuri's operations. Accordingly, the statements in this Section are statements of current intentions only and may change as new information becomes available or circumstances change.

5.6 BidCo's interests in Nzuri Shares

a. **Interest in Nzuri Shares**

As at the date of this Scheme Booklet, neither BidCo nor any of its Associates has a Relevant Interest or voting power in any Nzuri Shares.

b. **Dealing in Nzuri Shares in previous four months**

Neither BidCo nor any of its Associates has provided or agreed to provide consideration for any Nzuri Shares under any other transaction during the period of four months before the date of this Scheme Booklet.

c. **Benefits to Nzuri Shareholders**

During the four months before the date of this Scheme Booklet, neither BidCo nor any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

i. vote in favour of the Scheme; or

ii. dispose of Nzuri Shares,

where the benefit was not offered to all Nzuri Shareholders.

d. **Benefits to Nzuri officers**

Neither BidCo nor any of its Associates will be making any payment or giving any benefit to any current officers of Nzuri as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices dependent on the Scheme being implemented.

BidCo notes that under the existing employment agreements of Mark Arnesen and Adam Smits, the current executive directors of Nzuri, each of Mr Arnesen and Mr Smits are entitled to be paid a change of control bonus on receipt of Nzuri Shareholder approval of the Scheme Resolution. The existing employment agreements of Mr Arnesen, Mr Smits and the company secretary and chief financial officer, Hannah Hudson, also include customary termination notice provisions. The change of control bonus payments and notice provisions have been summarised by Nzuri in Section 9.4(a).

5.7 No additional information

As at the date of this Scheme Booklet, BidCo does not know any other information that is material to the making of a decision by Nzuri Shareholders whether to vote in favour of the Scheme Resolution.

6. Risks

6.1 Introduction

a. Nzuri Shareholders, in considering the Scheme, should consider a number of risk factors which could materially adversely affect the future operating and financial performance of Nzuri, as well as the value of Nzuri.

b. This Section outlines:

   i. specific risk factors relating to Nzuri (refer to Section 6.2);

   ii. general mining industry risks (refer to Section 6.3); and

   iii. general investment risks (refer to Section 6.4).

c. This Section 6 is a summary only and does not purport to list every risk that may be associated with an investment in Nzuri now or in the future.

d. If the Scheme is implemented you will receive the Scheme Consideration, will cease to be a Nzuri Shareholder and will also no longer be exposed to the risks set out below. If the Scheme does not proceed, you will continue to hold your Nzuri Shares and continue to be exposed to risks associated with that investment.

e. In making your decision on how to vote on the Scheme Resolution, you should read this Scheme Booklet carefully. You should carefully consider the risk factors outlined below and your individual circumstances. This Section 6 is general in nature only and does not take into account your individual objectives, financial situation, taxation position or particular needs.

6.2 Risks associated with your current investment in Nzuri Shares

a. **Risks associated with operating in the DRC**

Nzuri's two projects, the Kalongwe Project and the FTBJV Project, are within the Central African country of the Democratic Republic of the Congo (DRC).

Nzuri is therefore, and will continue to be, subject to the risks associated with operating in this region. Such risks can include economic, social or political instability or change, disease outbreak, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents. The security of Nzuri and its personnel, contractors and assets is also at a greater risk while operating in this region.

The Nzuri Directors note that the DRC has experienced civil and political unrest in the recent past. The possibility of continued or an increase in civil and political unrest remains a constant threat which may affect the viability and profitability of Nzuri.

In addition, changes to exploration, mining or investment policies and legislation or a shift in political attitude in the jurisdiction in which Nzuri operates may adversely affect Nzuri's proposed operations and profitability. Nzuri may also be required by local authorities to invest in social projects for the benefit of the local community. Additional social expenditures in the future may have a negative impact on Nzuri's profitability.

b. **Legal system in DRC**

The legal system operating in the DRC may be less developed than more established countries, which may result in risk such as:

   i. political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;

ii. a higher degree of discretion on the part of governmental agencies;
iii. the lack of political or administrative guidance on implementing applicable rules and regulations;
iv. inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
v. relative inexperience of the judiciary and court in such matter.

The commitment to local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance joint ventures, licences, license applications or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

c. **Loan risks**

On 26 February 2019, Nzuri and BidCo entered into a secured loan agreement, pursuant to which BidCo agreed to make available to Nzuri interim funding of up to $5,000,000. Refer to Section 4.9 for a summary of the material terms of the BidCo Loan.

As at the date of this Scheme Booklet, $4,500,000 has been advanced to Nzuri pursuant to the BidCo Loan. This funding has been applied to working capital and transaction costs incurred to date in accordance with Nzuri's budget.

In the event the Scheme does not proceed, the BidCo Loan will need to be repaid.

Nzuri's obligations under the BidCo Loan are secured. Accordingly, if Nzuri is unable to satisfy its obligations, BidCo may seek to enforce its security over Nzuri and its assets, and Nzuri may become an externally-administered body corporate.

Nzuri expects to have the ability to repay up to $3,000,000 of the BidCo Loan pursuant to the Tembo Loan. However, Nzuri would be required to raise funding to satisfy its repayment obligations in excess of this amount. There is no certainty that such funding would be available, or available on acceptable terms.

Further, the Tembo Loan is repayable on 26 November 2019 or earlier in certain circumstances (refer to Section 4.10(b) for details). Accordingly, should the Scheme not be implemented as contemplated, and an alternate proposal is not completed before this time, Nzuri will need to raise further funding to repay the Tembo Loan. Nzuri will also need to raise further funding for its ongoing expenditure obligations and working capital requirements. There is no certainty that such funding would be available, or available on acceptable terms.

Although there can be no certainty that the additional funding required will be available, Nzuri considers it has a reasonable basis to believe that it has adequate time to obtain such funding. In particular, Nzuri notes the support of its two major shareholders, who have been highly supportive since becoming involved in Nzuri, in Tembo Capital and Huayou International Mining (Hong Kong) Limited. Nzuri intends to engage in discussions with these shareholders should the Scheme fail and an immediate need for additional funding arise. Nzuri will also canvass opportunities to raise funding from other sources.

d. **Financing risks**

Nzuri does not currently produce any revenue from its activities and operations and Nzuri's cash position decreased from approximately $9.45m as at 30 June 2018 to $2.45 million as at 31 December 2018. Nzuri has also drawn down $4,500,000 of the $5,000,000 BidCo Loan.

Further funding will be required by Nzuri to support its ongoing activities and operations, as well as to fund the development of the Kalongwe Project.

There can be no assurance that such funding will be available on satisfactory terms or at all.

Nzuri's ability to raise further capital within an acceptable time, of a sufficient amount and on terms acceptable to Nzuri will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, share market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to Nzuri on favourable terms (or at all). If adequate funds are not available on acceptable terms, Nzuri may not be able to develop its projects and it may impact on Nzuri's ability to continue as a going concern.

Any additional equity financing will dilute Shareholders and debt financing, if available, may restrict Nzuri's financing and operating activities.

e. **Title**

All of the permits or licences in which Nzuri has an interest, will be subject to applications for renewal or grant of subsequent permits or licenses (as the case may be). The renewal or grant of the terms of each permit or licence is usually at the discretion of the relevant government authority.

Additionally, permits are subject to a number of government specific legislative conditions. The inability to meet these conditions could affect the standing of a permit or restrict its ability to be renewed.

If a permit or licence is not renewed or granted, Nzuri may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

f. **Currency and commodity price volatility**

Nzuri's ability to proceed with the development of its projects and benefit from future mining operations will depend on market factors, some of which may be beyond its control.

The world market for minerals is subject to many variables and may fluctuate markedly. These variables include world demand for cobalt, copper and other minerals that may be mined commercially in the future from Nzuri's project areas, forward selling by producers and production cost levels in major mineral-producing regions. Minerals prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on Nzuri's exploration, development and production activities, as well as on its ability to fund those activities. Metals are principally sold throughout the world in US dollars. Nzuri's cost base will be payable in various currencies including Australian dollars, and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar could have a materially adverse effect on Nzuri's operations, financial position (including revenue and profitability) and performance. Nzuri undertakes measures, where deemed necessary by the Nzuri Board, to mitigate such risks.

g. **Joint venture risks**

Nzuri is currently, and may in the future become a party to joint venture agreements governing the exploration and development of its projects. As with any joint venture, there is a risk that one or more of Nzuri's joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. This may have an adverse effect on the interests and prospects of Nzuri.

h. **Resource and reserve estimates**

Nzuri has previously announced ore reserve and mineral resource estimates for its Kalongwe Project.

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available.

In addition, by their very nature, reserve and resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst Nzuri employs industry-standard techniques including compliance with the JORC Code 2012 and engagement of reputable and experienced technical consultants to reduce the reserve and resource estimation risk, there is no assurance that this approach will alter the risk. As further information becomes available through additional activities, fieldwork and analysis, reserve and resource estimates may change. This may result in alterations to mining and development plans which may in turn adversely affect Nzuri.

i. **Significant shareholdings and low liquidity**

As at the date of this Scheme Booklet, Nzuri's largest shareholder, comprised of Tembo Capital and Ndovu Capital VI B.V, holds a relevant interest in 143,592,144 Nzuri Shares, comprising a voting power of 48.53%.

Due to Tembo Capital's majority shareholding, there is potential for Tembo Capital to influence the decisions made by Nzuri, including in relation to the election of Nzuri Directors, the appointment of new management and the potential outcome of matters requiring a shareholder vote including matters pertaining to a potential change of control in Nzuri. There is also the potential that investors discount Nzuri's Shares as a result of the level of control held.

As at the date of this Scheme Booklet, Nzuri's second largest shareholder is Huayou International Mining (Hong Kong) Limited, which holds a relevant interest in 43,362,002 Nzuri Shares, comprising a voting power of 14.65%.

Due to the substantial holdings by Nzuri's two major and strategic investors, there is limited liquidity in Nzuri Shares. Accordingly, Nzuri Shareholders may face difficulties in realising their investment in Nzuri.

6.3 General mining industry risks

a. **Exploration success**

While extensive exploration activities have been conducted over a portion of the Kalongwe Project, resulting in the declaration of an ore reserve estimate, exploration activities continue to be taken over the remainder of the permit for the Kalongwe Project.

Similarly, the FTBJV Project remains subject to further exploration activities. A mineral resource estimate has not yet been declared for the FTBJV Project.

Whilst Nzuri is of the view that exploration to date over the remainder of the Kalongwe Project and the FTBJV Project have yielded results that justify further exploration, Nzuri is subject to exploration risk.

Mineral exploration and project development are high risk undertakings. There can be no assurance that further exploration on the Kalongwe Project will result in upgrades to the existing mineral resource or ore reserve estimates. Similarly, there can be no assurance that further exploration on the FTBJV Project will result in the declaration of a mineral resource estimate.

Even if where apparently viable deposits are identified, there is no guarantee that they can be economically exploited. Until Nzuri is able to realise value from its mineral projects, it is likely to incur ongoing operating losses.

b. **Drilling and exploration programs**

There are operational risks associated with Nzuri's planned drilling and exploration programs. The planned surface sampling, drilling and exploration programs at Nzuri's mineral projects may be affected by a range of factors, including (but not limited to): geological and ground access conditions; unanticipated operational and technical difficulties encountered in sampling and drilling activities; adverse weather conditions, environmental accidents, and unexpected shortages or increases in the costs of consumables, spare parts, and labour; mechanical failure of operating plant and equipment; prevention of access by reason of political or civil unrest, outbreak of hostilities, outbreak of disease, inability to obtain regulatory consents or approvals; terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes; and risks of default or non-performance by third parties providing essential services.

No assurance can be given that planned and future exploration will be successful or that a commercial mining operation will eventuate at any of Nzuri's mineral projects.

c. **Development risks**

Future development of a mining operation at any of Nzuri's projects, is dependent on a number of factors including, but not limited to, favourable geological conditions, receiving and retaining the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding, and contracting risk from third parties providing essential services.

Nzuri's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents.

No assurance can be given that Nzuri will achieve commercial viability through the development or mining of its projects and treatment of ore.

d. **Operational and Technical Risks**

The operations of Nzuri may be affected by various factors, including failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulty encountered in mining and extraction, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables spare parts, plant and equipment.

e. **Environmental**

The operations and proposed activities of Nzuri are subject to laws and regulations concerning the environment. As with most projects and mining operations, Nzuri's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is Nzuri's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Significant liabilities could be imposed on Nzuri for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

6.4 General investment risks

a. **Market conditions and other economic risks**

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on Nzuri's operations and any future development activities, as well as on its ability to fund those activities.

The price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

Neither Nzuri nor the Nzuri Directors warrant the future performance of Nzuri or any return on an investment in Nzuri.

b. **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account by Nzuri. Although Nzuri is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of Nzuri.

c. **Litigation risk**

All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which Nzuri is or may become subject could have a material effect on its financial position, results of operations or Nzuri's activities.

As at the date of this Scheme Booklet, Nzuri is not party to any legal claims and is not aware of any potential legal claims.

d. **Insurance**

Nzuri will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim outside the scope of the insurance cover.

e. **Security risk**

The business of Nzuri may be materially impacted by breaches of security, on-site or via technology, either by unauthorised access, theft, destruction, loss of information or release of confidential data. Nzuri's security measures may not be sufficient to detect or prevent such breaches of security.

7. Taxation implications

7.1 Introduction

a. The following is a general summary of the Australian income tax, GST and duty considerations for Nzuri Shareholders on implementation of the Scheme (subject to the exclusions below).

b. It is intended only as a general guide to the Australian income tax, GST and duty implications of participating in the Scheme based upon Australian taxation law and administrative practice in effect as at the date of this Scheme Booklet. It does not constitute tax advice and should not be relied upon as such.

c. The summary does not provide an exhaustive consideration of all possible Australian income tax, GST and duty implications that could apply to Scheme Shareholders in relation to the Scheme. Furthermore, this summary does not consider any tax implications in jurisdictions outside Australia.

d. Only Scheme Shareholders that are individuals, complying superannuation entities and corporate shareholders that hold their shares on capital account have been considered in this summary. In particular, this summary is not intended to cover Scheme Shareholders who:

   i. are exempt from Australian income tax;

   ii. hold their Scheme Shares on revenue account or as trading stock;

   iii. are partnerships or persons that are partners of such partnerships;

   iv. acquired their Scheme Shares, or any rights in relation to Scheme Shares, under an employee share scheme or similar incentive plan;

   v. are under a legal disability; or

   vi. are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* in relation to gains and losses on their Scheme Shares.

e. Nzuri Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

f. This summary does not consider any specific facts or circumstances that may apply to Scheme Shareholders. As the tax consequences for participating in the Scheme depend on each Scheme Shareholder's individual circumstances, all Scheme Shareholders are advised to seek independent professional advice regarding the Australian and foreign tax consequences of the Scheme according to their own particular circumstances.

7.2 Australian resident shareholders

This Section applies to Scheme Shareholders who are residents of Australia for Australian income tax purposes that hold their Scheme Shares on capital account.

a. **Capital Gains Tax (CGT)**

   i. Under the Scheme, Scheme Shareholders will dispose of their Scheme Shares to BidCo in exchange for the Scheme Consideration, comprising $0.37 per Scheme Share. The disposal of the Scheme Shares to BidCo under the Scheme will give rise to a CGT event. The time of the CGT event should be the date the Scheme Shares are disposed of, which will occur on the Implementation Date.

   ii. The following tax consequences are expected to arise for the Scheme Shareholders:

      A. A capital gain will be realised to the extent the capital proceeds received by the Scheme Shareholders from the disposal of their Scheme Shares exceed the cost base of those shares; or

      B. A capital loss will be realised to the extent the capital proceeds received by the Scheme Shareholders from the disposal of their Scheme Shares are less than the reduced cost base of those shares.

   iii. Capital losses may be offset against capital gains derived in the same income year or in later income years. Specific loss recoupment rules apply to companies to limit their availability in future years in certain circumstances. Scheme Shareholders should seek their own tax advice in relation to the operation of these rules.

b. **Capital proceeds**

The capital proceeds on the disposal of the Scheme Shares should be equal to the Scheme Consideration received by Scheme Shareholders, being $0.37 per Scheme Share.

c. **Cost base and reduced cost base**

The cost base (or reduced cost base) of a Scheme Share will generally include the cost of acquiring the Scheme Share, plus any incidental costs of acquisition and disposal (such as brokerage fees and legal costs).

d. **CGT discount**

i. The CGT discount may apply to Scheme Shareholders that are individuals, complying superannuation entities or trusts, who have held, or are taken to have held, their Scheme Shares for at least 12 months (not including the date of acquisition or the date of disposal) at the time of the disposal of their Scheme Shares.

ii. The CGT discount is:

A. One-half if the Scheme Shareholder is an individual or trustee; meaning only 50% of the capital gain will be included in assessable income; and

B. One-third if the Scheme Shareholder is a trustee of a complying superannuation entity; meaning only two-thirds of the capital gain will be included in assessable income.

iii. The CGT discount is not available to Scheme Shareholders that are companies.

iv. If the Scheme Shareholder makes a discounted capital gain, any carried forward capital losses will be applied to reduce the undiscounted capital gain before either the one-half or one-third discount is applied. The resulting amount is then included in the Scheme Shareholder's net capital gain for the income year and included in assessable income.

v. The CGT discount rules relating to trusts are complex. Accordingly, trustees should seek their own independent advice on how the CGT discount applies to themselves and the trust's beneficiaries.

7.3 Non-resident shareholders

This Section applies to Scheme Shareholders that are not residents of Australia for Australian income tax purposes (i.e. foreign tax residents) and hold their Scheme Shares on capital account. It does not apply to Scheme Shareholders who have held their Scheme Shares at any time in carrying on a business at or through a permanent establishment in Australia.

a. **Indirect Australian Real Property Interests**

i. Foreign tax resident Scheme Shareholders who hold their Scheme Shares on capital account should generally not be subject to the CGT rules in Australia on the disposal of their Scheme Shares, provided their Scheme Shares are not an "indirect Australian property interest" as at the time of the disposal.

ii. Broadly, a Scheme Shareholder's Scheme Shares will not be an indirect Australian real property interest unless both the following conditions are satisfied:

A. The foreign tax resident Scheme Shareholder and their associates (as defined for tax purposes) together hold 10% or more of the issued shares in Nzuri at the time of disposal, or held 10% or more of the issued shares for at least 12 months during the 24 months prior to disposal of their Scheme Shares (the non-portfolio interest test); and

B. The aggregate market value of Nzuri's assets which are taxable Australian property (being direct and indirect interests in real property, including land, leases of land and property affixed to land, situated in Australia) exceeds the aggregate market value of Nzuri's assets which are not taxable Australian property (the principal asset test).

iii. Nzuri Management has determined that the aggregate market value of Nzuri's assets which are taxable Australian property, does not exceed the aggregate market value of Nzuri's assets which are not taxable Australian property. Accordingly, the above conditions should not be satisfied by any foreign tax resident Scheme Shareholder and no CGT liability should arise.

b. **Foreign Resident CGT Withholding Rules**

i. In broad terms, a foreign resident CGT withholding tax applies to transactions involving the acquisition of the legal ownership of an asset that is an indirect Australian real property interest from a foreign resident. The current withholding rate is 12.5%.

ii. As noted above, Nzuri Management has determined that the principal asset test has not been satisfied and no CGT liability should therefore arise. However, to avoid any withholding, foreign resident Scheme Shareholders should complete a foreign resident capital gains withholding – vendor declaration form and provide this to BidCo prior to the Implementation Date.

iii. Foreign resident Scheme Shareholders should seek their own advice in relation to the vendor declaration and the application of an exemption from CGT withholding in respect of the Transaction.

7.4 Goods and services tax (GST)

a. No GST should be payable by Scheme Shareholders on the acquisition by BidCo of their Scheme Shares under the Scheme.

b. Scheme Shareholders who are registered for GST may not be entitled to input tax credits (or only entitled to reduced input taxed credits) for any GST incurred on costs associated with the disposal of their Scheme Shares.

7.5 Duty

No Australian duty should be payable by Scheme Shareholders on the acquisition of BidCo of their Scheme Shares under the Scheme.

8. Key terms of the Scheme Implementation Deed

Nzuri and BidCo entered into a scheme implementation deed on 26 February 2019. A full copy of the Scheme Implementation Deed was lodged with ASX on 27 February 2019 and can be obtained from www.asx.com.au or the Nzuri website https://nzuricopper.com.au/asx-releases.

The Scheme Implementation Deed sets out the obligations of Nzuri and BidCo in relation to the Scheme.

The Nzuri Directors consider that the Scheme Implementation Deed was entered into on arm's length commercial terms having regard to the fact that the Nzuri Board undertook an extensive assessment of any alternative strategic options available to the company.

In making the above statement, the Nzuri Directors note that Nzuri Shareholders are being given the opportunity to consider and vote on whether the Scheme is implemented at the Scheme Meeting.

This Section summarises the key terms and conditions of the Scheme Implementation Deed that are not otherwise addressed in this Scheme Booklet.

8.1 Conditions

Implementation of the Scheme remains subject to the satisfaction or waiver (if capable of waiver) of the following Conditions:

Condition	Status
Restraints No law, statute, ordinance, regulation, rule, temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any Court of competent jurisdiction or governmental agency or other legal restraint or prohibition preventing or materially restricting the Scheme is in effect.	To be satisfied as at 8.00am on the Second Court Date
Nzuri Shareholder approval The Scheme is approved by Nzuri Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act.	To be satisfied at the Scheme Meeting.
Australian Regulatory Approvals Nzuri receives all approvals, consents and authorisations as required in connection with the Transaction, either unconditionally or on conditions that do not impose unduly onerous obligations on either party (acting reasonably), from: • ASIC, including the statement required under section 411(17)(b) of the Corporations Act; and • ASX.	To be satisfied before 8.00am on the Second Court Date.
PRC Regulatory Approvals BidCo receives all approvals, consents, filings and authorisations as required in connection with the Transaction, either unconditionally or on conditions that do not impose unduly onerous obligations on either Nzuri or BidCo (acting reasonably), from the following PRC governmental agencies or their competent local counterparts: • the National Development and Reform Commission of China; • the Ministry of Commerce of the PRC; • the State Administration of Foreign Exchange of China; and • any other relevant PRC government agency.	8.00am on the Second Court Date. BidCo has advised Nzuri that it is pursuing the required approvals from the PRC governmental agencies.

Condition	Status
Court approval The Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either Nzuri or BidCo (acting reasonably).	To be satisfied on the Second Court Date.
Transfer of exploration permits The five exploration permits (PR688, PR689, PR690, PR701 and PR702) held by Ivanhoe have been legally and effectively transferred to Regal, and relevant registration of those exploration permits have been performed in the DRC to reflect that Regal is the legal and beneficial owner of those exploration permits.	To be satisfied before 8.00am on the Second Court Date.
No Material Adverse Change or Prescribed Occurrence No Nzuri Material Adverse Change or Nzuri Prescribed Occurrence has occurred.	To be satisfied as at 8.00am on the Second Court Date.
Warranties The warranties provided by each of Nzuri and BidCo in the Scheme Implementation Deed being true and correct in all material respects.	To be satisfied as at 8.00am on the Second Court Date.
Decline in S&P/ASX 300 Index Between 26 February 2019 and the Business Day before the Second Court Date, the S&P/ASX 300 Index, after any 5 consecutive ASX Trading Days, does not close 20% or more below its level at the close of trade on 26 February 2019.	To be satisfied as at 8.00am on the Second Court Date.
Independent Expert's Report The Independent Expert provides the Independent Expert's Report to Nzuri, stating that in its opinion the Scheme is in the best interests of Nzuri Shareholders, on or before the date on which the Scheme Booklet is registered with ASIC under the Corporations Act, and the Independent Expert does not change or publicly withdraw this conclusion.	To be satisfied as at 8.00am on the Second Court Date.
Termination Neither Nzuri or BidCo have terminated the Scheme Implementation Deed	To be satisfied as at 8.00am on the Second Court Date.

The following Conditions have been satisfied or waived as at the date of this Scheme Booklet:

Condition	Status
Earn in interests Nzuri has fulfilled all the exploration expenditure conditions for the first earn in period, and has obtained 90% equity interests of Regal pursuant to the agreement entered into by Nzuri, Nzuri Exploration and Ivanhoe, dated 13 February 2018.	BidCo confirmed satisfaction of this condition by letter to Nzuri dated 10 May 2019.

DRC Regulatory Approvals Nzuri receives all approvals, consents and authorisations as required in connection with the Transaction, either unconditionally or on conditions that do not impose unduly onerous obligations on either Nzuri or BidCo (acting reasonably), from: • the Minister of Mines of the DRC in accordance with the DRC Mining Code; and any other relevant DRC government agency.	Satisfied, as announced by Nzuri on 7 May 2019
Chengtun Mining shareholder approval The Transaction is approved by the shareholders of Chengtun Mining, if required.	Chengtun Mining has confirmed that shareholder approval is not required.
Court orders convening Scheme Meeting The Court orders the convening of the Scheme Meeting under section 411(1) of the Corporations Act.	Satisfied at the First Court Hearing.
Options Legally binding arrangements have been put in place and all necessary regulatory approvals, consents and waivers have been obtained so that all Options on issue as at the date of the Scheme Implementation Deed will either be cancelled or have lapsed from the Implementation Date.	Satisfied by the execution of the Option Cancellation Deeds and grant of ASX waiver (see Section 9.3).
Guarantee The Guarantee has been executed by Chengtun Mining.	Satisfied by the execution of the Guarantee dated 24 April 2019.

Full details of the Conditions and the ability of Nzuri and BidCo to rely on the various Conditions and the provisions relating to satisfaction or waiver of these Conditions are set out in clause 3 of the Scheme Implementation Deed. As at the date of this Scheme Booklet, Nzuri is not aware of any reason why the outstanding Conditions will not be satisfied.

8.2 Temination

In this summary, the "Relevant Date" is the date or time specified in the Scheme Implementation Deed for the fulfilment of a Condition or, if no date or time is specified, 8.00am on the Second Court Date, subject, in either case, to extension in accordance with the terms of the Scheme Implementation Deed (**Relevant Date**).

Under the Scheme Implementation Deed, Nzuri and BidCo have committed to use their reasonable endeavours to procure that each of the Conditions are satisfied as soon as practicable and that there is no occurrence within the control of the respective parties that would prevent the Conditions from being satisfied.

The Scheme Implementation Deed (and hence the Scheme) may be terminated immediately by Nzuri or BidCo by giving notice in writing to the other party if:

a. the parties agree in writing to terminate the Scheme Implementation Deed;

b. the other party is in material breach of its obligations under the Scheme Implementation Deed (excluding a material breach of a representation or warranty) and such breach, if capable of remedy, has not been remedied within 10 Business Days of the provision of written notice of the breach by the terminating party;

c. a Condition is not satisfied or waived, in accordance with the Scheme Implementation Deed; or

d. there is a material breach of a representation or warranty granted by the other party in the Scheme Implementation Deed, and:

i. that breach is not remedied within 10 Business Days of receipt of notice of the breach from the terminating party (the breach cannot be remedied to the reasonable satisfaction of the terminating party); and
ii. the breach was of a kind that, had it been disclosed to the terminating party prior to its entry into the Scheme Implementation Deed, could reasonably be expected to have resulted in the terminating party either not entering into the Transaction (or entering into it on materially different terms).

The Scheme Implementation Deed (and hence the Scheme) may also be terminated immediately by Nzuri by giving notice in writing to BidCo if a majority of the Nzuri Directors publicly recommend a Superior Proposal and do not reinstate their recommendation of the Transaction within five Business Days, and BidCo has exhausted its 'matching rights' under the Scheme Implementation Deed.

The Scheme Implementation Deed (and hence the Scheme) may also be terminated immediately by BidCo by giving notice in writing to Nzuri if a majority of the Nzuri Directors fail to recommend the Transaction in accordance with the Scheme Implementation Deed or change, withdraw or modify that recommendation or take any other action that is inconsistent with the recommendation of the Transaction.

Further details on termination are in clause 13 of the Scheme Implementation Deed.

8.3 Nzuri prohibited actions

The Scheme Implementation Deed requires that Nzuri carry on its business in the ordinary course. In addition, subject to some exceptions, Nzuri must not (and must ensure its Subsidiaries do not) undertake certain activities without BidCo's consent. These restrictions are set out in clause 7 of the Scheme Implementation Deed and include (but are not limited to) not:

i. declaring, paying or distributing any dividend, bonus or other share of its profits or assets or return or agreeing to return any capital to its members;
ii. entering into any transaction, acquire or dispose of any interest in a business, real property, entity or undertaking, the value of which exceeds $200,000 (in aggregate);
iii. paying any adviser any fee, cost or other form of compensation or remuneration that is directly or indirectly as a result of entering into the Scheme Implementation Deed, BidCo acquiring the Scheme Shares or the Scheme itself that exceeds $400,000 (in aggregate);
iv. making any material changes to the terms of employment of any director, officer, executive or senior manager of Nzuri;
v. entering into a new employment contract with a potential employee in which total remuneration exceeds $150,000 in any 12-month period;
vi. entering into any enterprise bargaining agreement;
vii. incurring additional financial indebtedness;
viii. entering into any new financing arrangement or agreement or amend the terms of existing arrangements or agreements;
ix. incurring or entering into any new commitments involving the purchase of plant and equipment of more than $200,000 (in aggregate);
x. giving or agreeing to give a financial benefit to a related party of Nzuri;
xi. entering into a contract which is material to the conduct of Nzuri's business, involving an expenditure greater than $200,000 (in aggregate);
xii. implementing any share-based incentive plan or scheme;
xiii. amending its constitution; and
xiv. altering in any material respect any accounting policy or any member of the Nzuri Group.

8.4 Exclusivity

Nzuri is subject to exclusivity obligations in respect of potential competing proposals. These obligations apply from the date of the Scheme Implementation Deed until the earlier of termination of the Scheme Implementation Deed, midnight on the End Date, and the Effective Date (**Exclusivity Period**).

The exclusivity obligations applicable to the Nzuri Group and its representatives for the duration of the Exclusivity Period are in clause 10 of the Scheme Implementation Deed and summarised below:

a. **Exclusivity restrictions**

i. **Cease existing discussions:** Immediately after the execution of the Scheme Implementation Deed, the Nzuri Group and its representatives were required to:

A. cease any discussion or negotiation relating to any potential Competing Proposal; and

B. notify all third parties to whom they had provided non-public information in relation to any potential Competing Proposal to keep confidential any such information in accordance with the terms of any applicable confidentiality agreement.

ii. **No-shop:** The Nzuri Group and its representatives must not directly or indirectly solicit, invite, initiate or encourage any Competing Proposal or any enquiries, proposals, discussions or negotiations with any third party in relation to (or that could reasonably be expected to lead to) a Competing Proposal, or communicate any intention to do any of these things.

iii. **No-talk:** The Nzuri Group and its representatives must not directly or indirectly negotiate or enter into or participate in negotiations or discussions with any person or communicate any intention to do any of these things, in relation to (or which may reasonably be expected to lead to) a Competing Proposal.

This 'no talk' prohibition is subject to the 'fiduciary out' exception in clause 10.7 of the Scheme Implementation Deed. This exception is summarised in Section 8.4(c) below.

iv. **No provision of confidential information:** The Nzuri Group and its representatives must not directly or indirectly make available to any third party or permit any such person to receive any non-public information relating to the Nzuri Group or any of its businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

This 'no provision of confidential information' prohibition subject to the 'fiduciary out' exception in clause 10.7 of the Scheme Implementation Deed. This exception is summarised in Section 8.4(c) below.

Nzuri is required to provide BidCo with any non-public information provided to a third party in reliance on the application of the 'fiduciary out' exception to the extent that such information has not previously been provided to BidCo.

v. **No due diligence investigations:** The Nzuri Group and its representatives must not directly or indirectly solicit, invite, initiate, encourage, facilitate or permit any third party to undertake due diligence investigations in respect of the Nzuri Group or any of its businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

The prohibition in relation to facilitating or permitting any person to undertake due diligence investigations is subject to the 'fiduciary out' exception in clause 10.7 of the Scheme Implementation Deed. This exception is summarised in Section 8.4(c) below.

b. **Notification obligations**

During the Exclusivity Period, Nzuri is subject to an obligation to promptly notify BidCo of:

i. any approach, inquiry or proposal made by any person to the Nzuri Group or any of its representatives, to initiate any discussions or negotiations that concern, or that could reasonably be expected to lead to, a Competing Proposal; and

ii. any request made by any person to the Nzuri Group or any of its representatives for any information relating to the Nzuri Group or any of its businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

Subject to the 'fiduciary out' exception in clause 10.7 of the Scheme Implementation Deed (summarised in Section 8.4(c) below), the notice provided by Nzuri to BidCo must be accompanied by material details of the event, including the relevant person's identity and the material terms and conditions.

c. **Fiduciary out**

As described above, the 'no talk', 'no provision of confidential information' and certain aspects of the 'no due diligence investigations' and 'notification' prohibitions and obligations, are subject to a 'fiduciary out'.

Pursuant to the 'fiduciary out', these prohibitions and obligations do not apply to the extent they restrict Nzuri or any Nzuri Director from taking or refusing to take any action with respect to a Competing Proposal (in relation to which there has been no contravention of clause 10 of the Scheme Implementation Deed) provided that:

i. the Competing Proposal is bona fide and is made by or on behalf of a person that the Nzuri Board considers is of reputable commercial standing; and

ii. the Nzuri Board has determined in good faith;

   A. that the Competing Proposal is or may reasonably be expected to lead to a Superior Proposal; and

   B. after receiving written advice from Nzuri's external Australian legal adviser practising in the area of corporate law, that failing to take the action or refusal to take the action (as the case may be) with respect to the Competing Proposal would be likely to constitute a breach of the fiduciary or statutory obligations of the Nzuri Board.

d. **Matching rights**

Before a Nzuri Director may:

i. change, withdraw or modify his recommendation of the Scheme as a result of receipt of a Competing Proposal; or

ii. approve or recommend entry into any agreement, commitment, arrangement or understanding relating to a Competing Proposal (other than a permitted confidentiality agreement,

amongst other things, Nzuri must have given BidCo written notice of the Nzuri Director's proposal and written notice of the Competing Proposal (including all material terms and the name of the proponent of the Competing Proposal) (**Notice**) and at least 5 Business Days must have elapsed since the Notice was given.

During this 5 Business Day period, BidCo may propose an amendment to the terms of the Transaction (**Counter Proposal**). If the Nzuri Directors determine that the Counter Proposal would be more favourable to Nzuri and the Nzuri Shareholders than the Competing Proposal), then Nzuri and BidCo must use their best endeavours to agree the amendments to the Scheme Implementation Deed that are reasonably necessary to reflect the Counter Proposal and to enter into an amended agreement to give effect to those amendments and to implement the Counter Proposal, and Nzuri must use its best endeavours to procure that the Nzuri Directors recommend the Counter Proposal to the Nzuri Shareholders and not recommend the applicable Competing Proposal.

e. **General exception**

The exclusivity prohibitions and obligations described in this Section 8.4 do not prevent Nzuri from:

i. providing information to the Nzuri Directors, advisors or any governmental agency in the ordinary course of business; or

ii. providing information required to be provided by law, including to satisfy its obligations of disclosure under the Listing Rules or to any governmental agency,

provided that any such activity is not undertaken with the objective of soliciting, inviting, initiating, facilitating, engaging or encouraging a Competing Proposal.

8.5 Break Fee

A break fee of $1.09 million (Break Fee) may become payable by Nzuri to BidCo, or by BidCo to Nzuri, in certain circumstances. The terms of the Break Fee are in clause 11 of the Scheme Implementation Deed and are summarised below.

Nzuri must pay BidCo the Break Fee if:

a. **Failure to recommend**: a majority of the Nzuri Directors fail to state that they consider the Scheme to be in the best interests of Nzuri Shareholders or fail to recommend that Nzuri Shareholders approve the Scheme;

b. **Change in recommendation**: a majority of the Nzuri Directors change, withdraw or modify their recommendation of the Scheme or take any other action that is inconsistent with their recommendation other than in any case where such action is as a result of:

i. the Independent Expert opines that the Transaction is not in the best interests of Nzuri Shareholders;
ii. BidCo is in material breach of its obligations under the Scheme Implementation Deed and has failed to remedy that breach within 10 Business Days of receipt of written notice from Nzuri requesting such remedy; or
iii. the failure to satisfy any of the following Conditions to the Scheme (refer to Section 8.1 for details regarding the Conditions):

A. no Court, government or other legal restraints;
B. receipt of required Court orders in respect of the Scheme;
C. receipt of Nzuri Shareholder approval of the Scheme Resolution;
D. receipt of Chengtun Mining shareholder approval of the Transaction;
E. receipt of all necessary Australian, DRC and PRC government approvals;
F. the warranties provided by BidCo being true and correct in all material respects;
G. no decline in the S&P/ASX 300 Index by 20% or more for any 5 consecutive trading days;
H. the Independent Expert's Report opining that the Scheme is in the best interests of Nzuri Shareholders; and
I. the Scheme Implementation Deed not being terminated.

c. **Competing Proposal**: a Competing Proposal is announced and, within nine months of the announcement, the Transaction has not completed;

d. **Failure to satisfy Conditions:** a Condition to the Scheme is not satisfied due to an action (or failure to act) of the Nzuri Group, except in respect of the following conditions precedent (refer to Section 8.1 for details regarding the Conditions):
i. receipt of Chengtun Mining shareholder approval of the Transaction;
ii. the warranties provided by BidCo being true and correct in all material respects;
iii. no decline in the S&P/ASX 300 Index by 20% or more for any 5 consecutive trading days; and
iv. the execution of the Guarantee by Chengtun Mining;

e. **Nzuri material breach:** Nzuri is in material breach of any of its obligations under the Scheme Implementation Deed and fails to remedy that breach within 10 Business Days of receipt of written notice from BidCo requesting such remedy; or

f. **Termination by BidCo:** BidCo terminates the Scheme Implementation Deed as a result of a material breach of the Scheme Implementation Deed by Nzuri.

BidCo must pay Nzuri the Break Fee if:

a. **Failure to satisfy Conditions:** the following Conditions to the Scheme are not satisfied due to an action (or failure to act) of BidCo or its Related Bodies Corporate (refer to Section 8.1 for details regarding the Conditions):
i. the warranties provided by BidCo being true and correct in all material respects; and
ii. the execution of the Guarantee by Chengtun Mining;

b. **BidCo material breach:** BidCo is in material breach of any of its obligations under the Scheme Implementation Deed and fails to remedy that breach within 10 Business Days of receipt of written notice from Nzuri requesting such remedy; or

c. **Termination by Nzuri:** Nzuri terminates the Scheme Implementation Deed as a result of a material breach of the Scheme Implementation Deed by BidCo.

The payment of a Break Fee must be made within 10 Business Days of receipt of a written demand for payment by the party entitled to receive the fee. The Break Fee is only payable once.

8.6 Representations and warranties

Each of Nzuri and BidCo have given certain representations and warranties to the other. Clause 9 of the Scheme Implementation Deed sets out, in full, the representation and warranties provided by the parties.

9. Additional information

9.1 Interests of Nzuri Directors in Nzuri

a. As at the date of this Scheme Booklet, the number of Nzuri Shares held by or on behalf of Nzuri Directors, and the percentage of Nzuri Shares on issue held by or on behalf of Nzuri Directors is as follows:

Name	Number of Nzuri Shares	Percentage of Nzuri Shares
Tom Borman	100,000	0.03%
Mark Arnesen	5,389,808	1.82%
Adam Smits	83,412	0.03%
Peter Ruxton	Nil	Nil
Hongliang Chen	Nil	Nil
Ean Alexander	Nil	Nil

b. In addition, as at the date of this Scheme Booklet:

i. Mr Adam Smits holds a total of 2,701,880 Options, comprised of 2,000,000 Options exercisable at $0.2130 each, expiring 14 November 2026 and 701,880 Options exercisable at $0.3395 each, expiring 16 July 2028;

ii. Mr Mark Arnesen holds a total of 2,701,880 Options, comprised of 2,000,000 Options exercisable at $0.2055 each, expiring 21 September 2026 and 701,880 Options exercisable at $0.3395 each, expiring 16 July 2028;

iii. Mr Tom Borman holds a total of 945,000 Options exercisable at $0.3041 each, expiring 1 March 2028; and

iv. Mr Ean Alexander holds a total of 675,470 Options exercisable at $0.3395 each, expiring 4 April 2028.

Mr Smits, Mr Arnesen, Mr Borman and Mr Alexander have each executed an Option Cancellation Deed with Nzuri and BidCo in respect of the above Options, on the terms summarised in Section 9.3.

c. No director of Nzuri has acquired or disposed of a Relevant Interest in any Nzuri Shares in the four-month period ending on the date immediately before the date of this Scheme Booklet.

9.2 Interests of Nzuri Directors in BidCo and Chengtun Mining

No marketable securities in BidCo or Chengtun Mining are held by or on behalf of any Nzuri Director.

9.3 Treatment of Options

Nzuri and BidCo have entered into Option Cancellation Deeds with each of the Option Holders. The material terms of the Option Cancellation Deeds are summarised below:

a. Each Option Holder has agreed to cancel their Options in consideration for a cash payment equal to, in respect of each Option, the Scheme Consideration, less the exercise price for that Option (**Option Consideration**).

b. By no later than the Business Day before the Implementation Date, BidCo is required to deposit in cleared funds the aggregate amount of the Option Consideration into a trust account operated by Nzuri.

c. Subject to the aggregate amount of the Option Consideration having been received by Nzuri from BidCo as described in paragraph (b), on the Implementation Date, Nzuri must pay or procure the payment of the Option Consideration to each of the Option Holders.

d. The cancellation of the Options as described above is conditional on:

i. the Scheme becoming effective; and
ii. the necessary regulatory approvals, consents and waivers have been obtained by Nzuri.

ASX has granted Nzuri a waiver from Listing Rule 6.23.2 to the extent necessary to permit Nzuri to cancel the Options as described above.

9.4 Benefits and agreements

a. **Existing employment agreements**

The employment agreements for the Nzuri Group directors, secretaries and executive officers relevantly provide as follows:

i. **Mark Arnesen**

A. Position: Chief Executive Officer & Executive Director.

B. Base Salary: $240,000 per annum (exclusive of statutory superannuation entitlements).

C. Change of control bonus: Upon the receipt of Nzuri Shareholder approval of the Scheme Resolution, Mr Arnesen will be entitled to a lump sum gross bonus payment of $240,000.

D. Termination notice period: Subject to the below:

1. Nzuri may terminate Mr Arnesen's employment at any time by giving Mr Arnesen at least three months' written notice (or payment in lieu of all or part of this notice period); and
2. Mr Arnesen may terminate his employment at any time by giving at least three months' written notice to Nzuri. Nzuri may elect to require Mr Arnesen to serve this notice period, or provide him payment in lieu of all or part of this notice period.

If within six months of the receipt of Nzuri Shareholder approval of the Scheme Resolution, Nzuri provides Mr Arnesen with notice in accordance with paragraph (1), or Mr Arnesen provides Nzuri with notice in accordance with paragraph (2), Mr Arnesen will not be entitled to any termination notice period or payment in lieu of any termination notice period.

Customary summary termination rights with no notice period also apply.

The accrued leave entitlements of Mr Arnesen as at 30 May 2019, being the latest practicable date before the date of this Scheme Booklet, is $33,826. Mr Arnesen is also entitled to statutory redundancy provisions.

ii. **Adam Smits**

A. Position: Chief Operating Officer & Executive Director.

B. Base Salary: $240,000 per annum (exclusive of statutory superannuation entitlements).

C. Change of control bonus: Upon the receipt of Nzuri Shareholder approval of the Scheme Resolution, Mr Smits will be entitled to a lump sum gross bonus payment of $240,000.

D. Termination notice period: Subject to the below:

1. Nzuri may terminate Mr Smits' employment at any time by giving Mr Smits at least three months' written notice (or payment in lieu of all or part of this notice period); and
2. Mr Smits may terminate his employment at any time by giving at least three months' written notice to Nzuri. Nzuri may elect to require Mr Smits to serve this notice period, or provide him payment in lieu of all or part of this notice period.

If within six months of the receipt of Nzuri Shareholder approval of the Scheme Resolution, Nzuri provides Mr Smits with notice in accordance with paragraph (1), or Mr Smits provides Nzuri with notice in accordance with paragraph (2), Mr Smits will not be entitled to any termination notice period or payment in lieu of any termination notice period.

Customary summary termination rights with no notice period also apply.

The accrued leave entitlements of Mr Smits as at 30 May 2019, being the latest practicable date before the date of this Scheme Booklet, is $27,678. Mr Smits is also entitled to statutory redundancy provisions.

iii. **Hannah Hudson**

A. Position: Chief Financial Officer & Company Secretary.

B. Base Salary: $182,648 per annum (exclusive of statutory superannuation entitlements).

C. Termination notice period: Subject to the below:

1. Nzuri may terminate Ms Hudson's employment at any time by giving Ms Hudson at least three months' written notice (or payment in lieu of all or part of this notice period); and
2. Ms Hudson may terminate her employment at any time by giving at least three months' written notice to Nzuri. Nzuri may elect to require Ms Hudson to serve this notice period, or provide her payment in lieu of all or part of this notice period.

Customary summary termination rights with no notice period also apply.

The accrued leave entitlements of Ms Hudson as at 30 May 2019, being the latest practicable date before the date of this Scheme Booklet, is $15,815. Ms Hudson is also entitled to statutory redundancy provisions.

b. **Benefits in connection with retirement from office**

Except as disclosed in Sections 9.1(a), 9.1(b) and 9.3, no Nzuri Director, secretary or executive officer of Nzuri (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from BidCo (or any of its Related Bodies Corporate) which is conditional on, or is related to, the Scheme other than in their capacity as a Nzuri Shareholder or holder of Options.

c. **Agreements connected with or conditional on the Scheme**

Except as disclosed in Sections 9.1(a), 9.1(b) and 9.3, there are no agreements or arrangements made between any Nzuri Director and any other person in connection with, or conditional on, the outcome of the Scheme.

d. **Interests of Nzuri Directors in contracts with BidCo**

Except as disclosed in Sections 9.1(a), 9.1(b) and 9.3:

i. no Nzuri Director has any interest in any contract entered into by BidCo (or any of its Related Bodies Corporate); and

ii. no Nzuri Director has agreed to receive, or is entitled to receive, any benefit from BidCo (or any of its Related Bodies Corporate) which is conditional on, or is related to, the Scheme.

9.5 ASX relief

ASX has granted Nzuri a waiver of Listing Rule 6.23.2 to the extent necessary to permit the treatment of the Options as described in Section 9.3.

9.6 ASIC relief

a. Regulation 5.1.01 of the Corporations Regulations requires that, unless ASIC allows otherwise, the Scheme Booklet must contain all of the matters set out in Part 3 of Schedule 8 to the Corporations Regulations. As some of these requirements are not applicable or appropriate in respect of the Scheme, ASIC has allowed the following variation in this Scheme Booklet.

b. Clause 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires the Scheme Booklet to disclose the extent to which the financial position of Nzuri has materially changed since the date of the last balance sheet laid before Nzuri's annual general meeting, being its financial statements for the financial year ended 30 June 2018.

c. Nzuri has been granted relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the Nzuri Directors, the financial position of Nzuri has materially changed between 31 December 2018 and the date of this Scheme Booklet, on the basis that:

i. Nzuri has complied with Division 2 of Part 2M.3 of the Corporations Act in respect of the half year ended 31 December 2018;

ii. Copies of the Nzuri financial statements for the half year ended 31 December 2018 are available by request;

iii. Nzuri discloses all material changes to its financial position occurring after 31 December 2018 and prior to the date of the Scheme Booklet, in the Scheme Booklet; and

iv. The Scheme Booklet sent to members is substantially in the same form as the final draft given to ASIC on 29 May 2019.

9.7 Advisers and experts

a. Consents of advisers and experts

BDO Corporate Finance (WA) Pty Ltd has given its written consent to be named as the Independent Expert in this Scheme Booklet and to the inclusion in this Scheme Booklet of the Independent Expert's Report and the references to the Independent Expert's Report elsewhere in this Scheme Booklet, in each case in the form and context in which they are included, and has not withdrawn that consent before the date of this Scheme Booklet.

Bellanhouse has given its written consent to be named in this Scheme Booklet as legal adviser to Nzuri as to the Transaction and has not withdrawn that consent before the date of this Scheme Booklet.

Red Cloud Global Pty Ltd has given its written consent to be named in this Scheme Booklet as the author of Section 7 of this Scheme Booklet in the form and context in which it appears, and has not withdrawn that consent before the date of this Scheme Booklet.

SRK Consulting (Australasia) Pty Ltd has given its written consent to the inclusion of its Independent Valuation Report in this Scheme Booklet in the form and context in which it appears and references to that report in this Scheme Booklet, and has not withdrawn that consent before the date of this Scheme Booklet.

b. Disclaimers of responsibility

Each person named in Section 9.7(a):

i. has not authorised or caused the issue of this Scheme Booklet or the making of the offer of Scheme Consideration;

ii. does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than a statement included in this Scheme Booklet with the written consent of that person as stated in Section 9.7(a); and

iii. makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for, any statements in or omissions from any part of this Scheme Booklet, other than a reference to its name and any statement or report that has been included in this Scheme Booklet with the consent of that person as stated in Section 9.7(a).

9.8 Fees and costs

Each of the persons named in Section 9.7(a) as performing a function in a professional, advisory or other capacity in connection with the Scheme and the preparation of this Scheme Booklet, is entitled to receive professional fees charged in accordance with their normal basis of charging.

The estimated fees payable to the persons named in Section 9.7(a) in connection with the Transaction are as follows:

a. BDO Corporate Finance (WA) Pty Ltd: $90,000;

b. Bellanhouse: $150,000; and

c. SRK Consulting (Australasia) Pty Ltd: $48,000

The total fees and costs expected to be incurred by Nzuri in connection with the Transaction are approximately $330,563. This includes the fees estimated above, as well as the fees and costs associated with the Court, ASIC fees, printing and share registry costs, communications support costs and due diligence expenses.

9.9 No administrator

It is not proposed that any person be appointed to manage or administer the Scheme.

9.10 No relevant restrictions in the constitution of Nzuri

There are no restrictions on the right to transfer the Nzuri Shares in Nzuri's constitution.

9.11 No unacceptable circumstances

The Nzuri Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Nzuri that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

9.12 Right to inspect and obtain copies of the Register

Nzuri maintains the Register in accordance with its obligations under sections 168, 169, 170 and 172 of the Corporations Act. The Register contains the name and address of each holder of Nzuri Shares and Options and certain other prescribed details relating to the Nzuri Shares and Options.

In accordance with section 173 of the Corporations Act, any person has the right to inspect the Register. A Nzuri Shareholder or a holder of Options may undertake this inspection free of charge. Any other person may inspect the Register on payment of any fee required by Nzuri (up to the prescribed amount). A person also has the right to request a copy of the Register, upon payment of any fee required by Nzuri (up to the prescribed amount).

9.13 Creditors of Nzuri

The Scheme, if implemented, is not expected to materially prejudice Nzuri's ability to pay its creditors as it involves the acquisition of the Nzuri Shares for consideration provided by a third party, rather than the acquisition of Nzuri's underlying assets.

No material new liability (other than transaction costs) is expected to be incurred by Nzuri as a consequence of the implementation of the Scheme.

Nzuri has paid and is paying all its creditors within the commercially agreed terms of trade. It is solvent and is trading in an ordinary commercial manner.

9.14 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Nzuri Director or any director of any member of the Nzuri Group, at the time of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to Nzuri Shareholders.

9.15 Supplementary information

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Nzuri becomes aware that:

a. a material statement in this Scheme Booklet is false or misleading;

b. there is a material omission from this Scheme Booklet;

c. a significant change affecting a matter in this Scheme Booklet has occurred; or

d. a significant new matter has arisen which would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

Nzuri will prepare supplementary information for Nzuri Shareholders. Nzuri will first provide the supplementary information to ASIC for review prior to it being provided to the Court. Nzuri will make the supplementary information available to Nzuri Shareholders in accordance with the orders of the Court, which may involve releasing the information to ASX (**www.asx.com.au**) and posting the information to Nzuri's website (**www.nzuricopper.com.au**) and Nzuri Shareholders.

If it is proposed to amend the terms of the Scheme or otherwise provide supplementary information to Nzuri Shareholders after the dispatch of the Scheme Booklet, Nzuri will ensure that adequate time is provided to Nzuri Shareholders to consider the supplementary information before they decide how to vote at the Scheme Meeting. ASIC Regulatory Guide 60 provides that it will generally be appropriate for scheme participants, including those voting by proxy, to be given at least 10 days to consider any supplementary information before being required to vote on a scheme of arrangement.

10. Glossary of defined terms

10.1 Glossary

The following defined terms used throughout this Scheme Booklet have the meaning set out below unless the context otherwise requires.

Annexure means an annexure to this Scheme Booklet.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given in Division 2 of Part 1-2 of the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) and, where the context requires, the financial market that it operates.

BidCo means Xuchen International Limited (BVI company number 2006168).

BidCo Information means all information regarding BidCo and Chengtun Mining provided by or on behalf of BidCo to Nzuri or the Independent Expert to enable the Scheme Booklet to be prepared and completed, including all of the information in Section 5.

BidCo Loan means the loan facility provided by BidCo to Nzuri pursuant to the secured loan facility agreement dated 26 February 2019.

BDO means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.

Break Fee has the meaning given in Section 8.5.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Western Australia or the PRC.

Chengtun Mining means Chengtun Mining Group Co., Ltd.

Co means cobalt.

Competing Proposal means any proposal, expression of interest, offer or transaction by a third party (other than BidCo or its Related Bodies Corporate) that, if entered into or completed, would mean:

a. a person would acquire a relevant interest or voting power in 10% or more of the Nzuri Shares or of the securities of any of member of the Nzuri Group (except for any acquisition by Tembo Capital Mining Fund LP and/or Ndovu Capital VI B.V. in accordance with item 9 of section 611 of the Corporations Act);

b. a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 10% or more of the Nzuri Shares or of the securities of any member of the Nzuri Group;

c. a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or assets or property of, Nzuri or any member of the Nzuri Group;

d. a person would acquire Control of Nzuri or any member of the Nzuri Group;

e. a person may otherwise acquire, or merge with, Nzuri or any member of the Nzuri Group (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership); or

f. Nzuri will issue, on a fully diluted basis, 10% or more of its capital as consideration for the assets or share capital of another person,

or any proposal by Nzuri to implement any reorganisation of capital. Each successive material modification or variation of any proposal, offer or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.

Conditions means the conditions for implementation of the Scheme as set out in clause 3.1 of the Scheme Implementation Deed and clause 2.1 of the Scheme of Arrangement.

Control has the meaning given in section 50AA of the Corporations Act.

Corporations Act the *Corporations Act 2001* (Cth).

Corporations Regulations the *Corporations Regulations 2001* (Cth).

Court means the Supreme Court of Western Australia or such other Court of competent jurisdiction under the Corporations Act agreed to in writing by Nzuri and BidCo.

Cu means copper.

Deed Poll means the deed poll executed by BidCo on 9 May 2019 as contained in Annexure C.

DRC means Democratic Republic of the Congo.

Effective Date means the date on which the Scheme comes into effect pursuant to section 411(10) of the Corporations Act.

End Date means 26 November 2019, unless extended in accordance with the Scheme Implementation Deed.

Excluded Share means a Nzuri Share held by BidCo or any of its Related Bodies Corporate or by any person on behalf of, or for the benefit of, BidCo or any of its Related Bodies Corporate.

Excluded Shareholder means BidCo or any of its Related Bodies Corporate or any person who holds Nzuri Shares on behalf of, or for the benefit of, BidCo or any of its Related Bodies Corporate.

Fold and Thrust Belt JV has the meaning set out in Section 4.1(c)(ii).

GICC means La Generale Industrielle et Commerciale au Congo, acronym GICC S.A., a company incorporated and existing under the laws of the DRC, whose registered office is for the time being at the office of its Legal Adviser, located at number 6, 4ème Rue, Quartier Industriel Commune de Limete, registered in the New Register of Commerce under number KG1064M, in the National Identification register under number 01-71-N48851E.

Guarantee means the deed of guarantee made by Chengtun Mining in favour of Nzuri dated 24 April 2019.

Implementation Date means the fifth Business Day, or such other Business Day as Nzuri and BidCo agree, following the Record Date.

Independent Expert means BDO Corporate Finance (WA) Pty Ltd, being the independent expert in respect of the Scheme appointed by Nzuri to provide the Independent Expert's Report.

Independent Expert's Report means the report prepared by the Independent Expert in Annexure A.

Independent Valuation Report means the Independent Technical Specialist Valuation Report prepared by SRK Consulting (Australasia) Pty Ltd as to the value of the material mineral assets of Nzuri, accompanying this Scheme Booklet as Appendix 3 to the Independent Expert's Report.

Ivanhoe means Ivanhoe Mines Limited (and/or its Related Body Corporates, as applicable).

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).

Kalongwe Mining means Kalongwe Mining S.A., a company incorporated and existing under the laws of the DRC, with registered offices located at 4ième Rue, numéro 6, Quartier Industriel Limete, Kinshasa, registered under national identification number 01-118-N78446N and RCCM number CD/KIN/RCCM/14-B-01539.

Kalongwe Project has the meaning given in Section 4.1(c)(i).

Listing Rules means the official listing rules of ASX.

Mt means million tonnes.

Notice of Meeting means the notice of meeting relating to the Scheme Meeting which is contained in Annexure D.

Nzuri means Nzuri Copper Limited ACN 106 294 106.

Nzuri Board means the board of Nzuri Directors.

Nzuri Directors means the directors of Nzuri, and **Nzuri Director** means any one of them.

Nzuri Group means Nzuri and its Subsidiaries.

Nzuri Information means information regarding the Nzuri Group prepared by Nzuri for inclusion in the Scheme Booklet, which for the avoidance of doubt comprises the entirety of the Scheme Booklet other than the BidCo Information, the Independent Expert's Report (or references to the Independent Expert's analysis or conclusions) or other report or opinion prepared by an external adviser to Nzuri.

Nzuri Material Adverse Change has the meaning given to that term in item 1.1 of Schedule 1 of the Scheme Implementation Deed (refer to Nzuri's announcement dated 27 February 2019).

Nzuri Prescribed Occurrence has the meaning given to that term in item 1.1 of Schedule 1 of the Scheme Implementation Deed (refer to Nzuri's announcement dated 27 February 2019).

Nzuri Share means a fully paid ordinary share in the capital of Nzuri.

Nzuri Shareholders means the holders of Nzuri Shares from time to time.

Option means an option granted by Nzuri over an unissued ordinary share in Nzuri.

Option Cancellation Deed means a deed entered into for the cancellation of the Options with each Option Holder.

Option Consideration has the meaning given in Section 9.3(a).

Option Holder means a person who holds an Option.

PRC means the People's Republic of China.

Record Date means 5.00pm on the third Business Day (or such other Business Day as Nzuri and BidCo agree in writing) following the Effective Date.

Regal means Regal Exploration DRC SASU.

Register means the register of Nzuri Shareholders maintained by the Registry in accordance with the Corporations Act.

Registry means Nzuri's share registry, Advanced Share Registry Ltd ACN 127 175 946.

Related Body Corporate means in respect of a body corporate, a related body corporate of the body corporate under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act were omitted.

Relevant Interest means has the same meaning as given by sections 608 and 609 of the Corporations Act.

Scheme or Scheme of Arrangement means the scheme of arrangement between Nzuri and the Scheme Shareholders under which all Scheme Shares will be transferred to BidCo in accordance with Part 5.1 of the Corporations Act, substantially in the form in Annexure B, together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.

Scheme Booklet means this document.

Scheme Consideration means the consideration to be provided by BidCo to each Scheme Shareholder in consideration for the transfer to BidCo of each Scheme Share, being $0.37 cash for each Scheme Share.

Scheme Implementation Deed means the Scheme Implementation Deed between Nzuri and BidCo dated 26 February 2019. A summary is in Section 8, and a full copy can be obtained from the Nzuri investor website at **http://nzuricopper.com.au/asx-releases/**.

Scheme Meeting means the meeting of Nzuri Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme Resolution and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Resolution means the proposed resolution of Nzuri Shareholders to be considered at the Scheme Meeting to approve the terms of the Scheme, as specified in the Notice of Meeting in Annexure D.

Scheme Share means a Nzuri Share held by a Scheme Shareholder as at the Record Date.

Scheme Shareholder means each person who is a Nzuri Shareholder at the Record Date.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Second Court Hearing means the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Section means a section of this Scheme Booklet.

Superior Proposal means a bona fide Competing Proposal which the Nzuri Board determines, acting in good faith and in order to satisfy what the Nzuri Board reasonably considers to be its fiduciary or statutory duties, would, if completed substantially in accordance with its terms, be likely to result in a transaction more favourable to Nzuri Shareholders than the Transaction having regard to matters including consideration, conditionality, funding, certainty and timing.

Tembo Capital means Tembo Capital Mining Fund LP.

Tembo Capital Loan means the loan facility provided by Tembo Capital to Nzuri pursuant to the unsecured loan facility agreement dated 26 February 2019.

Transaction means the acquisition of the Scheme Shares by BidCo through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed.

VWAP means volume weighted average price.

10.2 Interpretation

In this Scheme Booklet:

a. words of any gender include all genders;

b. words importing the singular include the plural and vice versa;

c. an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

d. a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;

e. headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;

f. a reference to time is a reference to Perth, Western Australia time;

g. a reference to dollars, $, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia;

h. an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and

i. the words 'include', 'including', 'for example' or 'such as' and similar expressions are not used as, nor are they intended to be, interpreted as words of limitation.

11. Directors' authorisation

This Scheme Booklet is issued by Nzuri and its issue has been authorised by a resolution of the Nzuri Directors.

Signed for and on behalf of Nzuri:

Tom Borman

Non-Executive Chairman

NZURI COPPER LIMITED
Independent Expert's Report

10 May 2019

Financial Services Guide

10 May 2019

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (‘**we**’ or ‘**us**’ or ‘**ours**’ as appropriate) has been engaged by Nzuri Copper Limited (‘**Nzuri**’) to provide an independent expert’s report on the proposed scheme of arrangement (‘**the Scheme**’) with Xuchen International Limited, a subsidiary of Chengtun Mining Group Co., Ltd. You are being provided with a copy of our report because you are a shareholder of Nzuri and this Financial Services Guide (‘**FSG**’) is included in the event you are also classified under the Corporations Act 2001 (‘**the Act**’) as a retail client.

Our report and this FSG accompanies the Scheme Booklet required to be provided to you by Nzuri to assist you in deciding on whether or not to approve the Scheme.

Financial Services Guide
This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisitions, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don’t fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $90,000. Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Nzuri.

Other Assignments
For the period from January to April 2018, BDO Advisory (WA) Pty Ltd provided advisory services in relation to budgeting and creditors and accruals reviews for total fees of approximately $15,000.

BDO Audit and Assurance (WA) Pty Ltd is the appointed Auditor of Nzuri. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Nzuri for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('**AFCA**').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('**FOS**') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.

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Australia

10 May 2019

The Directors
Nzuri Copper Limited
Unit 13, 100 Railway Road
Daglish, WA 6008

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 27 February 2019, Nzuri Copper Limited ('**Nzuri**' or '**the Company**') announced that it had entered into a Scheme Implementation Deed ('**SID**') with Xuchen International Limited ('**Xuchen**'), a subsidiary of industrial group Chengtun Mining Group Co., Ltd ('**Chengtun Mining**'), under which Xuchen will acquire the entire issued capital of Nzuri by way of a scheme of arrangement under the Australian Corporations Act 2001 (Cth) ('**the Scheme**'). Under the Scheme, Nzuri shareholders will receive cash consideration of $0.37 for every Nzuri share that they hold ('**Scheme Consideration**').

Nzuri also announced that it had entered into a secured loan agreement with Chengtun Mining ('**Loan Agreement**') under which Chengtun Mining has agreed to provide interim funding to the Company of up to $5.0 million ('**Chengtun Loan**').

All currencies are quoted in Australian dollars unless otherwise stated.

2. Summary and Opinion

2.1 Requirement for the report

The directors of Nzuri have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Scheme is in the best interests of the shareholders of Nzuri ('**Shareholders**').

Our Report is prepared pursuant to section 411 of the Corporations Act 2001 Cth ('**Corporations Act**' or '**the Act**') and is to be included in the scheme booklet ('**Scheme Booklet**') prepared by the directors of Nzuri in order to assist Shareholders in their decision whether to approve the Scheme.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 60 'Schemes of Arrangements' ('**RG 60**'), Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered:

- How the value of a Nzuri share (on a controlling interest basis, being inclusive of a control premium) compares to the value of the Scheme Consideration;
- The likelihood of an alternative offer being made to Nzuri;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- The position of Shareholders should the Scheme not proceed.

2.3 Opinion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Scheme is fair and reasonable to Shareholders.

Therefore, in the absence of a superior proposal, we conclude that the Scheme is in the best interests of Shareholders.

2.4 Fairness

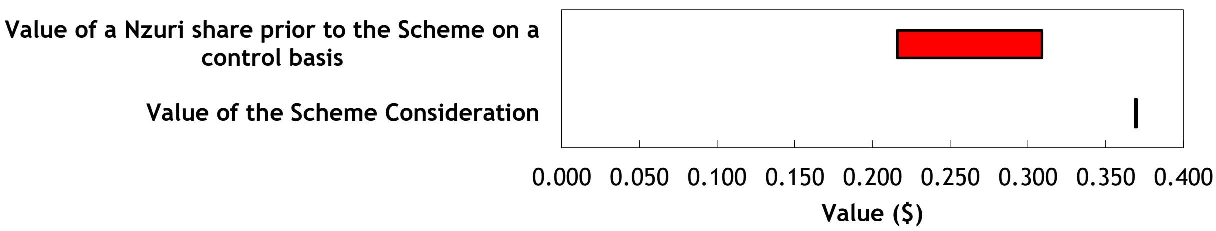
In Section 12, we determined that the value of a Nzuri share (on a controlling interest basis) compares to the value of the Scheme Consideration, as detailed below.

	Ref	Low $	High $
Value of a Nzuri share (on a controlling interest basis)	10.3	0.216	0.309
Value of Scheme Consideration	11	0.370	0.370

Source: BDO analysis

The above valuation ranges are graphically presented below:

Valuation Summary



The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Scheme is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 13 of this report, in terms of both

- advantages and disadvantages of the Scheme; and

- other considerations, including the position of Shareholders if the Scheme does not proceed and the consequences of not approving the Scheme.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.3.1	The Scheme is fair	13.4.1	Shareholders will be unable to participate in the potential upside of the Company's operations
13.3.2	Shareholders obtain cash under the Scheme	13.4.2	Shareholders will forego the opportunity to potentially receive dividends in the future
13.3.3	The Scheme Consideration offered is at a premium to the last traded price of a Nzuri share prior to the announcement of the Scheme		
13.3.4	Shareholders will no longer be exposed to risks associated with being a shareholder of Nzuri		
13.3.5	An alternative proposal to fund the capital expenditure required for the Kalongwe Project would likely involve a dilutive equity raising		

Other key matters we have considered include:

Section	Description
13.1	Alternative proposals
13.2	Consequences of not approving the Scheme, including: • Shareholders will continue to hold an illiquid share • Potential decline in share price to pre-announcement levels

3. Scope of the Report

3.1 Purpose of the Report

The Scheme is to be implemented pursuant to section 411 of the Corporations Act. Part 3 of Schedule 8 to the Corporations Act Regulations 2001 (Cth) ('**Regulations**') prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act ('**Section 411**').

An independent expert's report must be obtained by a scheme company if:

- There is one or more common directors; or
- The other party to the scheme holds 30% or more of the voting shares in the scheme company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

Chengtun Mining or its associates, do not hold more than 30% of the voting shares in Nzuri and there are no common directors between the two companies. Accordingly, there is no requirement for this report pursuant to Section 411.

Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Scheme, the directors of Nzuri have requested that BDO prepare this report as if it were an independent expert's report pursuant to section 411, and to provide an opinion as to whether the Scheme is fair and reasonable and in the best interests of Shareholders.

The requirement for an independent expert's report is also a precondition in the SID, which states that, for the Scheme to proceed the independent expert must conclude that the Scheme is in the best interests of Shareholders.

3.2 Regulatory guidance

Neither the Act nor the Regulations defines the term 'in the best interests of'. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in three parts:

- A comparison between the value of a Nzuri share including a premium for control and the Scheme Consideration;
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness – see Section 13 'Is the Scheme Reasonable?'); and
- A consideration of whether the Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Scheme

On 27 February 2019, Nzuri announced that it had executed a SID with Xuchen, a subsidiary of Chengtun Mining, under which Chengtun Mining will acquire the entire issued capital of Nzuri by way of scheme of arrangement under the Corporations Act. Under the Scheme, Nzuri shareholders will be entitled to the Scheme Consideration of $0.37 in cash for every Nzuri share that they hold. On this day, the Company also announced that it had entered into a secured loan agreement with Chengtun Mining under which Chengtun Mining has agreed to provide interim funding of up to $5.0 million.

The Chengtun Loan will be made available to Nzuri in tranches, based on the following schedule:

- $1.0 million on the date of the Loan Agreement;
- $1.0 million within 7 days of the Loan Agreement;
- $1.5 million within 30 days of the initial draw-down;
- $1.0 million within 30 days of the second draw-down; and
- $0.5 million within 30 days of the third draw-down.

The draw-downs of the Chengtun Loan are subject to conditions including:

- The SID not having been terminated;
- No change of control event occurring or an agreement or transaction being entered into or announced which is reasonably likely to result in a change of control (other than the Scheme);
- No event of default having occurred and the representations and warranties remaining true and correct; and
- Customary conditions including the receipt of a legal opinion, verification certificate and evidence in relation to the perfection of the security

The Chengtung Loan has a term of nine months and is fully secured. Interest is payable in full on repayment of the loan at a rate of 10% per annum.

It is a condition of the Scheme that, before the first court hearing, Chengtun Mining will need to provide an enforceable guarantee in favour of Nzuri, guaranteeing the performance of Xuchen (‘**Guarantee**’), providing the board of Nzuri with a reasonable basis for holding the view that Xuchen will be able to fund the Scheme Consideration as and when it is due and payable.

The Scheme is subject to certain conditions precedent as set out below:

- Nzuri Shareholders’ approval of the Scheme, by the requisite majority of Nzuri shareholders (75% of all votes cast by shareholders and 50% of the number of Nzuri shareholders who vote);
- Chengtun Mining shareholders’ approval of the Scheme, by the requisite majority, if required;
- Australian regulatory approval, including Court approval of the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- The Court ordered convening of a Scheme Meeting in accordance with section 411(1) of the Corporations Act;
- DRC regulatory approval and Chinese regulatory approval;
- The independent expert concluding that the Scheme is in the best interests of Shareholders;

- Nzuri completing its expenditure requirements to obtain a 90% equity interest in the joint venture vehicle for the Fold and Thrust Belt Joint Venture, and the completion of the transfer of the permits from Ivanhoe Mining Limited to the joint venture vehicle;
- The S&P/ASX 300 Index not closing 20% or more below its level at the close of trade on the date of the SID for any five consecutive ASX trading days; and
- No 'material adverse change', 'prescribed event' regulatory intervention or breach of Nzuri's or Chengtun Mining's warranty occurring.

We note that Nzuri has entered into option cancellation deeds with each of the option holders of Nzuri ('**Option holders**'), with Option holders entitled to receive a cash payment per option equal to the Scheme Consideration less the exercise price of the option. Option holders that accept the cash payment will have their options cancelled. The cancellation of the Options is conditional on the Scheme becoming effective and necessary regulatory approvals, consents and waivers.

In the event that either party terminates the Scheme, a cash break fee of $1,090,000 is payable to the other party. Further details of this break fee and other terms of the Scheme can be found in the Scheme Booklet.

5. Profile of Nzuri

5.1 Company Overview

Nzuri (formerly Regal Resources Limited) is an ASX-listed exploration and development company, with copper and cobalt projects located in the Katangan Copperbelt of the Democratic Republic of Congo ('**DRC**'). The Company's flagship asset is the Kalongwe Copper Cobalt Project ('**Kalongwe Project**'), located in the western extent of the Central African Copperbelt of the DRC. The Company also holds an 90% interest in The Fold and Thrust Belt joint venture (**'FTB JV'**), a joint venture between Nzuri and Ivanhoe Mines Limited ('**Ivanhoe Mines**'). The Company's head office is located in Perth, Western Australia.

The current board of directors are:

- Tom Borman - Non-Executive Chairman;
- Mark Arnesen - Chief Executive Officer and Executive Director;
- Adam Smits - Chief Operating Officer and Executive Director;
- Hongliang Chen - Non-Executive Director;
- Ean Alexander - Non-Executive Director; and
- Peter Ruxton - Non-Executive Director.

5.2 Projects

Kalongwe Project

The Kalongwe Project is located in the Central African Copperbelt in the DRC. The Kalongwe Project hosts a near-surface copper and cobalt resource, and is held by Kalongwe Mining SA (**'KMSA'**) under a joint venture agreement between Nzuri (85% interest), La Generale Industrielle et Commerciale au Congo (**'GICC'**) (10% interest), and the Democratic Republic of Congo Government (5% interest). KMSA holds an

Exploitation Permit, which allows mining and processing of ore from the Kalongwe Project site, and allows KMSA to sell concentrate and/ or cathode products. The Exploitation Permit was approved in 2015 and has an initial term of 30 years (with renewal periods of 15 years).

The development of the Kalongwe Project has been split into two stages. Details of the staged development plan for the Kalongwe Project are set out below:

Stage 1

In 2014, the Company commissioned a scoping study ('**Scoping Study**'), to assess the technical and economic feasibility of a stage one starter plan for the Kalongwe Project ('**Stage 1**'), comprising a stand-alone open pit mine, and a dense media separation ('**DMS**') plant to produce a copper and cobalt concentrate. Results of the Scoping Study indicated the Stage 1 plan had the potential to be economically viable and the Company subsequently announced that it would commit to progressing to the next stage of development, which would involve undertaking a Definitive Feasibility Study ('**DFS**').

The initial DFS was completed in October 2017 ('**2017 DFS**'), and confirmed the technical and financial viability of a Stage 1 open pit mine operation, utilising a one million tonne per annum ('**Mtpa**') DMS processing plant to produce DMS and spiral copper-cobalt concentrate. In April 2018, the Company released the results of an updated DFS ('**Updated DFS**'), based on revised pricing and concentrate delivery destination which resulted in an updated ore reserve. Capital, technical and overarching parameters for the Stage 1 plan remained unchanged from those announced in the 2017 DFS. The Updated DFS indicated a Stage 1 mine life of eight years and confirmed the technical and financial viability of the Stage 1 development.

In April 2018, Nzuri announced it had awarded the Front End Engineering and Design ('**FEED**') contract for the Kalongwe Stage 1 project to Lycopodium Minerals Pty Ltd ('**Lycopodium**'). The FEED contract related to the procurement, engineering and tender compilation services for the Stage 1 DMS plant, including the design specifications of the crusher, DMS plant and conveyor, the camp design, the bulk site earthworks design and the early works project management and controls. The FEED program was completed in the September Quarter of 2018, and provided the Company with enough detailed engineering, to enable it to start assessing potential Engineering, Procurement and Construction ('**EPC**') and Engineering and Procurement ('**EP**') offers as part of the Kalongwe Project funding activities. During the December Quarter of 2018, the Company progressed discussions and negotiations on the construction of the Kalongwe Project and received a fixed price offer for all engineering and procurement associated with the Kalongwe Project DMS plant.

During 2017 and 2018 pre-development capital works were undertaken at the Kalongwe Project site, to support ongoing exploration work and enable the Company to move into Stage 1 construction, once funding was secured. The site has had perimeter fencing installed, access tracks cleared, water services installed and accommodation, a dining hall and new kitchen built.

Stage 2

In early 2018, the Company awarded two contracts to advance the development of a stage two plan for the Kalongwe Project, which would involve the development of an acid leach solvent extracting and electro-winning ('**SXEW**') processing facility ('**Stage 2**'). The contracts awarded were to:

- Lycopodium - to complete a scoping study to assess the economic viability of several SXEW processing options for the deposit; and

- Core Resources Pty Ltd ('**Core**') – to complete a metallurgical test work program, to evaluate SXEW processing parameters, generate key DMS customer product samples and carry out DMS confirmatory variability test work.

In April 2018, Nzuri released the results of Lycopodium's Preliminary Economic Assessment ('**PEA**') on the Stage 2 plan for the Kalongwe Project. The PEA considered several processing options, one of which was the construction of a SXEW and cobalt circuit to process DMS generated mineralised rejects and cobalt only ore, commencing in year eight of the Stage 1 mine life, and continuing for another six years. The PEA indicated that this option could be funded solely from Stage 1 Project cash flows. The Company noted that this would be its preferred option and the focus of future engineering and mining studies.

The metallurgical test work program undertaken by Core was carried out throughout 2018, and continued into the start of 2019. Summarised results from this test work were released to the market on 29 April 2019.

The Fold and Thrust Belt Joint Venture

In April 2015, the Company signed a Memorandum of Understanding (**'MOU'**) with Ivanhoe Mines to acquire up to a 98% interest in five tenements, known as the Fold and Thrust Belt JV, which were contiguous to the Kalongwe Project and covered a total exploration area of 343 square kilometres (**'km^2'**). The key terms of the MOU with Ivanhoe were:

- Nzuri would be required to pay an initial signing fee of US$100,000;
- Nzuri would be required to pay a non-refundable subsequent signing fee of US$150,000 ('**Signing Fee**'), no later than one year after the signing date of the MOU;
- Nzuri could earn an 80% interest in the FTB JV by expending US$3,000,000 no later than two years after the signing date of the MOU (**'First Earn-in'**);
- Nzuri could earn a 90% interest in the FTB JV by expending US$3,000,000 no later than three years after the signing date of the MOU (**'Second Earn-In'**); and
- Nzuri would have the option to acquire a further 8% interest at an agreed price.

In February 2016, Nzuri and Ivanhoe Mines agreed to extend the Company's payment terms and moved payment of the US$150,000 Signing Fee from April 2016, to July 2016. In addition, the First Earn-In expenditure commitment of US$3.0 million was amended to occur no later than three years after the payment of the Signing Fee, rather than the signing date of the MOU. In April 2018, the Company announced it had completed the First Earn-In requirement and received entitlement to an 80% interest in the FTB JV. In December 2018, the Company completed the Second Earn-In requirement and received entitlement to a 90% interest in the FTB JV.

Several prospects have been identified on the tenements held by the FTB JV, including the Kasangasi Prospect, the Monwezi 7 Prospect, Monwezi 2 Prospect, the Mamba Prospect, the Kambundji Prospect and the Mutwa Prospect. Reverse circulation drilling, diamond drilling and trenching were carried out at various prospects during 2017 and 2018. In January 2019, Nzuri released a summary of the results from the 2018 exploration program, which included:

- extended mineralisation identified at the Kasangasi Prospect as a result of wide spaced drilling;
- cobalt results from the Monwezi 7 Prospect, which indicate the potential for the near mine prospect to provide an additional source of cobalt feed; and

- The delineation of a shallow zone of oxide copper mineralisation at the Monwezi 2 Prospect (exploration target as defined by the JORC code).

The Company is currently undertaking data interpretation and planning for the 2019 field season based on a review of results from its exploration activities over the last twelve months.

5.3 Financing Activities

On 17 March 2017, Nzuri announced that it had secured approximately $4.93 million through the issue of approximately 21.73 million shares at an issue price of $0.227 per share from institutional and sophisticated investors. This included the additional commitments of $150,000 in excess of the original placement amount announced on 16 March 2017. Further, on 22 March 2017, Nzuri also announced the issue of approximately 18.01 million shares, at the same issue price as the placement, following conversion of a US$3.0 million convertible loan (plus interest) from Tembo Capital Mining Fund LP (**'Tembo Capital'**), as approved by shareholders on 20 January 2017.

On 14 December 2017, the Company announced that it had secured a $10.00 million cornerstone investment from Zhejiang Huayou Cobalt Co. (**'Huayou Cobalt'**) through its wholly owned subsidiary Huayou International Mining (Hong Kong) Limited (**'Huayou HK'**). The investment was in two tranches as follows:

- **Tranche 1:** A placement which raised $6.64 million through the issue of 26,475,716 shares at an issue price of $0.2507; and
- **Tranche 2:** A convertible loan of $3.36 million, convertible into shares subject to shareholder approval, which was granted on 25 January 2018.

Proceeds were utilised for ongoing development and optimisation studies on the Kalongwe Project.

On 30 May 2018, the Company announced it had raised $6.0 million, through the issue of approximately 12 million shares to institutional investors at $0.255 per share, and an unsecured convertible loan of $2.9 million from major shareholder Tembo Capital. The funds were to be used to advance the Kalongwe Project, to fund expansion studies and for ongoing exploration.

On 12 February 2019, the Company announced that it had entered into a term sheet with Tembo Capital for $3.0 million in funding to progress financing and development of the Kalongwe Project.

5.4 Historical Statements of Financial Position

Statement of Financial Position	Reviewed as at 31-Dec-18 $	Audited as at 30-Jun-18 $	Audited as at 30-Jun-17 $
CURRENT ASSETS			
Cash and cash equivalents	2,451,502	9,445,730	6,296,778
Trade and other receivables	136,271	126,634	52,560
Inventory	6,589	63,959	58,402
TOTAL CURRENT ASSETS	**2,594,362**	**9,636,323**	**6,407,740**
NON-CURRENT ASSETS			
Trade and other receivables	1,441,800	1,290,014	619,850
Other financial assets	-	-	50,357
Plant and equipment	775,694	690,162	405,838
Exploration and evaluation assets	41,938,836	36,792,537	26,264,499
TOTAL NON-CURRENT ASSETS	**44,156,330**	**38,772,713**	**27,340,544**
TOTAL ASSETS	**46,750,692**	**48,409,036**	**33,748,284**
CURRENT LIABILITIES			
Trade and other payables	730,491	1,639,262	728,989
Borrowings	-	2,933,273	-
Provisions	65,738	33,914	14,840
TOTAL CURRENT LIABILITIES	**796,229**	**4,606,449**	**743,829**
NON-CURRENT LIABILITIES			
Borrowings	2,635,849	2,431,211	1,850,015
TOTAL NON-CURRENT LIABILITIES	**2,635,849**	**2,431,211**	**1,850,015**
TOTAL LIABILITIES	**3,432,078**	**7,037,660**	**2,593,844**
NET ASSETS	**43,318,614**	**41,371,376**	**31,154,440**
EQUITY			
Issued capital	98,011,169	94,535,048	82,150,599
Reserves	(2,603,857)	(2,983,496)	(3,920,943)
Accumulated losses	(54,744,492)	(52,835,970)	(49,652,766)
Non-controlling interest	2,655,794	2,655,794	2,577,550
TOTAL EQUITY	**43,318,614**	**41,371,376**	**31,154,440**

Source: Nzuri's audited financial statements for the years ended 30 June 2017 and 30 June 2018 and reviewed financial statements for the half year ended 31 December 2018.

We note that the Company's auditor outlined the existence of material uncertainty relating to the going concern assumption in its audit report for the years ended 30 June 2017 and 30 June 2018 as well as for the review report for the half year ended 31 December 2018.

Commentary on Historical Statements of Financial Position

- Cash and cash equivalents increased from $6.30 million at 30 June 2017 to $9.45 million at 30 June 2018. The increase of approximately $3.15 million was primarily the result of proceeds from the issue of shares of $13.07 million and convertible notes of $2.93 million. This was partially offset by exploration expenditure of $9.95 million and payments to suppliers and employees of $2.05 million. Cash and cash equivalents decreased from $9.45 million at 30 June 2018 to $2.45 million at 31 December 2018. The decrease of approximately $7 million was primarily the result of exploration expenditure of $4.94 million and payments to suppliers and employees of $2.55 million. This was partially offset by proceeds from the issue of shares of $0.56 million.

- Non-current trade receivables of $1.44 million at 31 December 2018 was a value added tax (‘**VAT**’) receivable. The Company recognised the VAT receivable as a non-current receivable, as it is intended that the VAT will be recovered as an offset to VAT payable on the Company’s mineral sales in the future.
- Property, plant and equipment of $0.78 million at 31 December 2018 primarily related to motor vehicles and mining related equipment.
- Exploration and evaluation assets increased from $36.79 million at 30 June 2018 to $41.94 million at 31 December 2018. The increase of $5.15 million was primarily the result of exploration and evaluation expenditure at the Kalongwe Project of approximately $3.20 million and exploration and evaluation expenditure at the FTB JV of $1.73 million undertaken during the half year ended 31 December 2018.
- Current borrowings decreased from $2.93 million at 30 June 2018 to nil at 31 December 2018, as a result of a convertible loan from Tembo Capital being converted to equity (following shareholder approval) during the half year ended 31 December 2018.
- Non-current borrowings of $2.64 million at 31 December 2018 reflects a loan of US$1.98 million owed by KMSA to GICC. The loan is non-interest bearing is required to be repaid from surplus production proceeds from the Kalongwe Project. The loan was recognised at fair value on initial recognition, and subsequently amortised at cost. For the purpose of the fair value and amortisation calculations, the borrowings are assumed to be repaid in 2020 with an implicit interest rate of 10%.
- Non-controlling interests (‘**NCI**’) of $2.66 million at 31 December 2018, related to the portion of equity in KMSA (a controlled subsidiary), not owned by Nzuri. At 31 December 2018, Nzuri held an 85% interest in KMSA, while GICC held a 10% interest and the DRC Government held a 5% interest.

5.5 Historical Statements of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half year ended 31-Dec-18 $	Audited for the year ended 30-Jun-18 $	Audited for the year ended 30-Jun-17 $
Revenue			
Interest income	48,809	116,958	110,285
Gross Profit	**48,809**	**116,958**	**110,285**
Other income	-	-	250
Depreciation	(3,110)	(6,320)	(3,470)
Employee benefits expense	(908,644)	(1,786,067)	(1,046,236)
Finance expenses	(78,754)	-	(156,328)
Other expenses	(966,823)	(1,507,775)	(1,593,505)
Loss before income tax benefit	**(1,908,522)**	**(3,183,204)**	**(2,689,004)**
Income tax benefit	-	-	-
Net loss after income tax for the period	**(1,908,522)**	**(3,183,204)**	**(2,689,004)**
Net loss attributable to:			
Owners of Nzuri	(1,908,522)	(3,183,204)	(2,689,004)
Non-controlling interest	-	-	-
	(1,908,522)	**(3,183,204)**	**(2,689,004)**
Other comprehensive income			
Effects of foreign currency translation	(1,267)	77,435	(203,036)
Total other comprehensive income/(loss) for the period, net of tax	**(1,267)**	**77,435**	**(203,036)**
Total comprehensive loss for the period	**(1,909,789)**	**(3,105,769)**	**(2,892,040)**
Total comprehensive loss attributable to:			
Owners of Nzuri	(1,909,789)	(3,184,013)	(2,681,530)
Non-controlling interest	-	78,244	(210,510)
Total comprehensive profit/(loss) for the period	**(1,909,789)**	**(3,105,769)**	**(2,892,040)**

Source: Nzuri's audited financial statements for the years ended 30 June 2017 and 30 June 2018, and reviewed financial statements for the half year ended 31 December 2018.

We note that the Company's auditor outlined the existence of material uncertainty relating to going concern in Nzuri's Annual Reports for the years ended 30 June 2017 and 30 June 2018 as well as the Half-Year Report for the period ended 31 December 2018.

Commentary on Historical Statements of Profit or Loss and Other Comprehensive Income

- Employee benefits expenses were $0.91 million for the half year ended 31 December 2018 and primarily comprised wages and salaries, share based payments, director fees, other employee benefits, and superannuation. Employee benefits expenses increased from $1.05 million for the year ended 30 June 2017 to $1.79 million for the year ended 30 June 2018, primarily as result of an increase in share based payments of $0.72 million.

- Finance expenses of $0.08 million for the half year ended 31 December 2018 related to an amortisation charge on the GICC loan, bank fees and interest expenses.
- Other expenses of $0.97 million for the half year ended 31 December 2018 comprised corporate costs of $0.87 million, administration costs of $0.07 million, and occupancy costs of $0.02 million.

5.6 Capital Structure

The share structure of Nzuri as at 3 April 2019 is outlined below:

	Number
Total ordinary shares on issue	295,905,492
Top 20 shareholders	266,012,034
Top 20 shareholders - % of shares on issue	**89.90%**

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 3 April 2019 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares
Ndovu Capital VI BV	143,592,144	48.53%
Huayou International Mining (Hong Kong) Limited	43,362,002	14.65%
HSBC Custody Nominees	18,867,087	6.38%
La Generale Industrielle et Commerciale au Congo SARL	11,103,739	3.75%
Subtotal	216,924,972	73.31%
Others	78,980,520	26.69%
Total ordinary shares on issue	**295,905,492**	**100.00%**

Source: Share registry information

As at 3 April 2019, the range of shares held in Nzuri on issue are outlined below:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares
1 - 1,000	168	28,064	0.01%
1,001 - 5,000	486	1,412,701	0.48%
5,001 - 10,000	209	1,621,628	0.55%
10,001 - 100,000	332	11,254,646	3.80%
100,001 - and over	80	281,588,453	95.16%
TOTAL	**1,275**	**295,905,492**	**100.00%**

Source: Share registry information

As at 3 April 2019, the options on issue in Nzuri are outlined below:

Current Options on Issue	Number
Expiry Date 6-Jul-21, Exercise Price $0.9000	2,000,000
Expiry Date 21-Sep-26, Exercise Price $0.2055	2,000,000
Expiry Date 14-Nov-26, Exercise Price $0.2130	3,000,000
Expiry Date 6-Sep-27, Exercise Price $0.1996	500,000
Expiry Date 6-Sep-27, Exercise Price $0.1996	500,000
Expiry Date 1-Mar-28, Exercise Price $0.3041	945,000
Expiry Date 4-Apr-28, Exercise Price $0.3395	675,470
Expiry Date 16-Jul-28, Exercise Price $0.3395	1,403,760
Expiry Date 25-Jul-28, Exercise Price $0.2492	1,250,000
TOTAL	**12,274,230**

Source: Option registry information

6. Profile of Chengtun Mining

6.1 Company Overview

Based in Shenzen, China, Xuchen is a wholly-owned subsidiary of Chengtun Mining. Chengtun Mining is a Shanghai Stock Exchange-listed, mining, trading and industrial group. Chengtun Mining is engaged in exploring, mining, selecting and smelting non-ferrous metals, in addition to producing and trading various commodities.

Chengtun Mining currently has a presence in the Kolwezi region of the DRC, having recently completed a US$150 million SXEW processing facility. As at 1 April 2019, Chengtun Mining had a market capitalisation of approximately $2.5 billion, and reported revenue for the year ended 31 December 2018, of approximately $6.2 billion.

7. Economic analysis

7.1 Australia

The Australian economy grew slightly above trend in 2018 despite slow gross domestic product (**'GDP'**) growth in the September quarter. The Reserve Bank of Australia **('RBA')** is expecting GDP growth to be 3.0% in 2019, before slowing in 2020 as mining production stabilises. Business investment conditions remain positive. Non-residential building and private infrastructure projects led growth in non-mining business investment, with the pipeline of work yet to be completed being above recent year averages. Forecast GDP growth in 2019 is supported by rising business investment and higher levels of public infrastructure spending.

Similar to trends exhibited globally, downside risks have increased. Slow growth in household income and consumption contributed to lower than expected GDP growth in the September quarter. Household income growth has been particularly weak over recent quarters. However, household income is expected to increase over coming years concurrently with household consumption.

Unemployment

Conditions in the Australian labour market have continued to improve, with the unemployment rate averaging 5% in the December quarter. A further decline in the unemployment rate, to 4.75%, is expected over the next couple of years. Total employment increased by a further 80,000 in the December quarter to be 2.25% higher Year-over-year (YoY). Wage growth has picked up slightly, but remains low. While low wage growth is expected to continue, a stronger domestic economy should see a gradual lift in wage growth overtime.

Inflation

Domestic inflation remains low, stable and in line with Consumer Price Index forecasts - increasing by 1.8% over the past year. Underlying inflation is expected to gradually increase over the next couple of years. Inflation is expected to reach 2.00% by late-2019 and 2.25% by the end of 2020.

Currency movements

On a trade-weighted basis, the Australian dollar has depreciated marginally in recent months, but remains within the narrow range that it has been trading recently. Australian market interest rates have narrowed the gap on major economies' market interest rates since the end of 2018. This has tended to offset exchange rate appreciation stemming from higher commodity prices.

Source: www.rba.gov.au *Statement by Philip Lowe, Governor: Monetary Policy Decision 5 March 2019 and 2 April 2019*

7.2 The DRC

The DRC is endowed with significant resource wealth, however prolonged periods of political instability and a series of conflicts have hindered economic growth and government revenues.

The mining sector has been the cornerstone of the DRC economy, with the majority of its export revenue generated by the extractive sector. Real GDP growth increased from 3.7% in 2017, to an estimated 4.0% in 2018, on the back of higher commodity prices and increased mining activity. GDP growth is projected to be 4.5% and 4.6% in 2019 and 2020, respectively, with mining expected to remain a key driver of growth.

Inflation was an estimated 27.7% in 2018, after reaching 42.9% in 2017 on the back of a depreciation in the Congolese Franc. Management of government debt remained controlled, at an estimated 18.2% of GDP at the end of 2017. During 2018, the Central Bank of the Congo lowered interest rates from 20% to 14% in light of favourable economic developments.

Long term difficulties for the DRC economy arise through an uncertain legal framework, corruption, and lack of diversification between sectors. Growth in sectors such as transport and communications, agriculture and manufacturing alongside reforms launched by the DRC government to improve transparency has been evident over the past few years; however, further economic diversification is required to ensure a stable and prosperous economic climate.

Changes to the DRC Mining Code

Following the commencement of a revision process in 2012, the DRC passed a new Mining Code signed into law by President Joseph Kabila on 9 March 2018. Some key changes to the modified Mining Code include:

- an increase in the State free carried, non-dilutable equity interest from 5% to 10%, for new permit applications, increased by 5% each time a permit is renewed. For existing permit holders, the equity interest will increase by 5% on each renewal of a mining licence;
- an increase in royalties from 2.0% to 3.5% for non-ferrous and base metals, and from 2.5% to 3.5% for precious metals (calculated on the gross market value of the products);
- a new 10% royalty on minerals deemed to be 'Strategic Substances', which include cobalt (as declared on 24 November 2018);
- a new 50% super tax on excess profits, defined as profits made when a commodity exceeds by 25% the prices used in the bankable feasibility study as submitted to the Government; and
- the reduction of new exploitation licenses from 30 to 25 years.

Source: African Economic Outlook 2019, The World Bank

8. Industry analysis

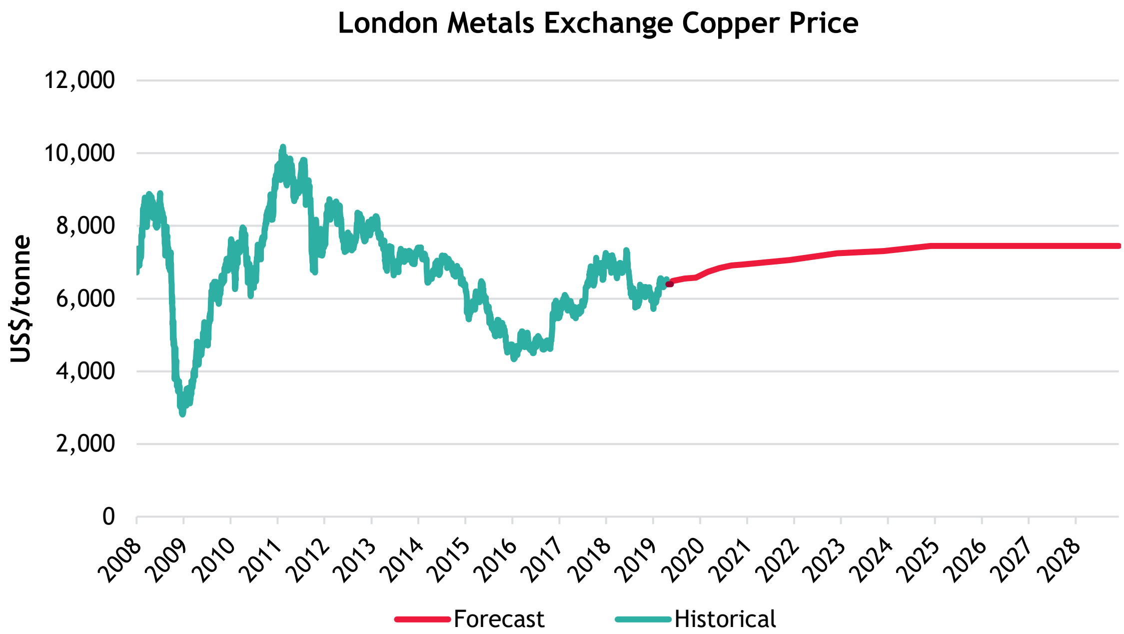
Copper is the third most used metal worldwide in terms of volume. Copper has a wide range of applications, as it is malleable, conducts heat and electricity well, and is resistant to corrosion. It is used extensively in electrical products, vehicle components, construction and infrastructure developments. Industry revenue is primarily driven by demand for copper tubes and wire that are commonly used in the building and construction sector.

Copper Prices

Following a deterioration in global economic conditions in 2008, base metal prices, including copper, fell sharply. The copper price recovered over 2010 and 2011, to reach a high of approximately US$10,180 per tonne in February 2011. The recovery in the copper price reflected a steady increase in demand for base metals, following a pick-up in global industrial production after the Global Financial Crisis.

Between 2011 and 2017, the copper price steadily declined, before increasing in price in mid-February 2017 as a result of strike action at the world's largest copper mine Escondida, located in Chile.

The average copper price from January 2018 through April 2019 was US$6,466/t, ranging from a low of US$5,713/t on 3 January 2019 to a high of US$7,331/t on 7 June 2018. According to Consensus Economics the long term forecast copper price is expected to be between approximately US$7,000 per tonne and US$7,500 per tonne.



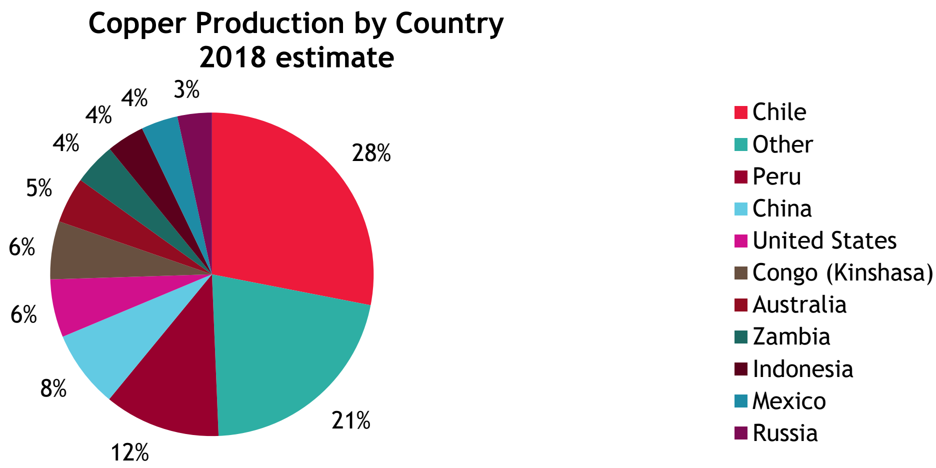
Source: Bloomberg and Consensus Economics

Copper Production

Most of the world's copper supply is sourced from Central and South America, specifically, Chile and Peru. Chile is the leading copper producer, with an estimated 5,800 tonnes of copper mined throughout 2018, equating to approximately 28% of the world copper production. The International Copper Study Group ('**ICGS**') expects global copper production to grow by approximately 1.2% in 2019, down from expected

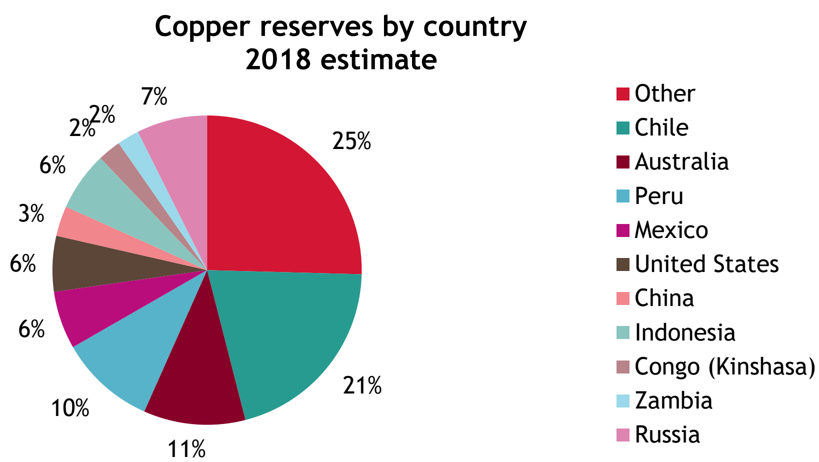
2018 copper growth. ICGS is expecting production growth in 2019 to be impacted by a sharp decline in output from the Grasberg Copper Mine in Indonesia, the world's second largest copper mine.

U.S Geological Survey, estimated the DRC accounted for approximately 6% of the total world copper production for 2018. The graph below exhibits estimated production output for 2018:



Source: U.S. Geological Survey

A figure illustrating the world's copper reserves is illustrated below:



Source: U.S. Geological Survey, IBISWorld, ICSG

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (‘**FME**’)
- Discounted cash flow (‘**DCF**’)
- Quoted market price basis (‘**QMP**’)
- Net asset value (‘**NAV**’)
- Market based assessment such as resource multiple

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a ‘sum-of-parts’ (‘**Sum-of-Parts**’) valuation.

The approach using the Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methods as described above.

The component parts are then valued using the NAV methodology, which involves aggregating the estimated fair market value of each individual company’s assets and liabilities.

9.1 Valuation of Nzuri

In our assessment of the value of a Nzuri share, we have chosen to employ (and disregard) the following methodologies for the following reasons:

- Sum-of-Parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The component parts of Nzuri are valued using the NAV method and the DCF method;
- We have chosen the QMP methodology as our secondary methodology and as a cross check. The QMP basis is a relevant methodology to consider because Nzuri’s shares are listed on the ASX. This means that there is a regulated and observable market where Nzuri shares can be traded. However, in order for the QMP to be considered appropriate, the Company’s shares should be liquid and the market should be fully informed of the Company’s activities; and
- We have not used a FME valuation to value Nzuri as the core value of the Company lies in its mining assets which are finite life assets. As such, it would not be appropriate to value Nzuri using a FME approach.

Methodologies adopted for Sum-of-Parts valuation

We have employed the Sum-of-Parts methodology in assessing the fair market value of Nzuri by aggregating the estimated fair market value of its underlying assets and liabilities, having consideration for the following;

- We have valued Stage 1 of the Kalongwe Project using a DCF valuation approach as the Company has completed a feasibility study, has declared reserves and has entered into financing discussions to partly fund the capital expenditure required for mine development. Therefore, we consider that we have a reasonable basis under *Regulatory Guide 170 Prospective Financial Information* (‘**RG 170**’) and *Information Sheet 214 Mining and resources – Forward-looking statements* (‘**IS 214**’) to apply the DCF methodology for use of a DCF valuation. We have also engaged SRK Consulting (Australasia) Pty Ltd (‘**SRK**’) to act as independent technical specialist to perform a review of the technical project assumptions contained in the Stage 1 Kalongwe cash flow model prepared by the Company. SRK was not involved in the selection of this valuation methodology;
- SRK has valued the Kalongwe Project using the comparable market transactions approach, which we have used as a cross check to our assessed value of the Kalongwe Project;
- SRK has valued the FTB JV Exploration Assets using comparable market transactions approach and have cross checked this using the yardstick approach. Further detail on SRK’s valuation approach can be found in their report in Appendix 3;
- We have considered the work performed by SRK as well as the methodologies used and consider them to be in accordance with industry practices and compliant with the requirements of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition) (‘**Valmin Code**’). A copy of SRK’s Technical Assessment and Valuation Report is attached in Appendix 3; and
- We have valued Nzuri’s other assets and liabilities using the cost approach as they reflect the assets and liabilities which are not included in the DCF methodology and are not income generating in themselves.

10. Valuation of Nzuri

We have employed the Sum-of-Parts methodology in estimating the fair market value of a Nzuri share on a minority basis prior to the Scheme by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- Value of Nzuri's 85% interest in Stage 1 of the Kalongwe Project;
- Value of Nzuri's 90% interest in the FTB JV Exploration Assets, as valued by SRK;
- Amount of cash received from a notional capital raising (to fund the development expenditure and working capital of the Kalongwe Project);
- Value of the other assets and liabilities of Nzuri;
- Present value of the proceeds of loans for Nzuri funding the portion of development expenditure for Kalongwe that it does not own; and
- Present value of Nzuri's corporate overhead costs.

10.1 Sum-of-Parts valuation of Nzuri

The value of Nzuri's assets on a going concern basis is reflected in our valuation below:

Sum-of-Parts Valuation	Ref	Low value $000s	High value $000s
Value of Nzuri's 85% interest in Stage 1 of the Kalongwe Project	10.1.1	81,000	106,000
Value of residual inferred resource and additional cobalt material at Kalongwe	10.1.2	4,800	9,200
Value of Nzuri's 90% interest in the FTB JV Exploration Assets	10.1.3	3,000	4,000
Cash received from notional capital raising	10.1.4	40,221	40,221
Value of Nzuri's other assets and liabilities	10.1.5	(1,118)	(1,118)
Loan proceeds from future development expenditure incurred	10.1.6	8,471	8,471
Present value of Nzuri's corporate overhead costs	10.1.7	(19,700)	(15,760)
Value of Nzuri prior to the Scheme (control)		**116,674**	**151,014**
Number of shares on issue (post notional capital raising)	10.1.8	539,669,492	489,275,892
Value per Nzuri share (control) ($)		**0.216**	**0.309**

Source: BDO analysis

The table above indicates that the value of a Nzuri share prior to the Scheme on a control basis is between $0.216 to $0.309.

We note that the above values represent an undiluted value per Nzuri share prior to the Scheme. We have assessed the impact of a notional exercise of the in-the-money options on issue and conclude that the valuation impact is not material and would not affect Shareholders' decision on whether to approve the Scheme. Further information on the treatment of the Nzuri options can be found in section 4 and the Scheme Booklet.

10.1.1. Equity value of Nzuri's 85% interest in Stage 1 of the Kalongwe Project

We elected to use the DCF approach in valuing Stage 1 of the Kalongwe Project. The DCF approach estimates the fair market value by discounting the future cash flows arising from Stage 1 of the Kalongwe Project to their net present value. Performing a DCF valuation requires the determination of the following:

- The expected future cash flows that Stage 1 of the Kalongwe Project is expected to generate; and
- An appropriate discount rate to apply to the cash flows of Stage 1 of the Kalongwe Project to convert them to present value equivalent.

Given that Nzuri has an 85% interest in the Kalongwe Project, the DCF value of the Kalongwe Project and the sensitivity analysis represents Nzuri's 85% interest. The charts displaying the physical inputs are presented on a 100% basis (unless stated otherwise).

We note that we have valued Stage 1 of the Kalongwe Project as a DMS Project. The value that we have ascribed to the Kalongwe Project is based on technical factors as advised by SRK and our view of future economic assumptions, all of which are derived from information available at the date of SRK's report and our Report respectively. The technical and economic factors may change in the future, which may change the value of the Kalongwe Project.

We also note that our valuation of Stage 1 of the Kalongwe Project represents the value to Nzuri prior to the Scheme and may not represent the value to a particular acquirer. Pursuant to RG 111 the expert is precluded from including special value to a particular acquirer, in its assessment of whether a transaction is fair. Special value can be considered by the expert in its assessment of whether a transaction is reasonable. Therefore, we note that under the ownership of a particular acquirer, the value of the Kalongwe Project may be higher. The potential upside to Stage 2 of the Kalongwe Project is covered in reasonableness in section 13 of our Report.

10.1.1.1. Future cash flows

A detailed cash flow model of Stage 1 of the Kalongwe Project was prepared by the management of Nzuri ('**the Model**'). The Model estimates the future cash flows expected from copper and cobalt production at Stage 1 of the Kalongwe Project. The Model depicts forecasts of real post-tax cash flows over the life of mine on a monthly basis from 2019 to 2028. We have reviewed the Model and material assumptions that underpin it.

BDO has made certain adjustments to the Model where it was considered appropriate to arrive at an adjusted model ('**Adjusted Model**'). In particular, we have adjusted the Model to reflect any changes to technical assumptions as a result of SRK's review and any changes to the economic and other input assumptions from our research. We have also adjusted the Model by converting the cash flows to be on a nominal basis. The Model was prepared based on estimates of a production profile, operating costs and start-up and sustaining capital expenditure. The main assumptions underlying the Adjusted Model include:

- Mining and production volumes;
- Commodity prices;
- Operating costs;
- Start-up and sustaining capital expenditure;
- Foreign exchange rates;

- Royalties;
- Corporate tax; and
- Discount rate.

We undertook the following analysis of the Model:

- Appointed SRK as a technical expert to review, and where required, provide changes to the technical assumptions underlying the Model;
- Conducted independent research on certain economic and other inputs such as commodity prices, exchange rates, inflation and discount rate applicable to the future cash flows of Stage 1 of the Kalongwe Project;
- Held discussions with Nzuri's management regarding the preparation of the forecasts in the Model and its views; and
- Performed a sensitivity analysis on the value of Stage 1 of the Kalongwe Project as a result of flexing selected assumptions and inputs.

We have not undertaken a review of the cash flows in accordance with the Standard on Assurance Engagements ASAE 3450 'Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information' and do not express an opinion on the reasonableness of the assumptions or their achievability. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Model has been based have not been prepared on a reasonable basis.

Appointment of technical expert

SRK was engaged to prepare the Independent Technical Report which includes a technical assessment of the Kalongwe Project assumptions underlying the Model. SRK's assessment involved the review and provision of input on the assumptions adopted in the Model, including but not limited to:

- Mining physicals (including volume mined, recovery and grade);
- Processing assumptions (including products and recovery);
- Operating costs (comprising direct operating expenditure and certain fixed costs);
- Capital expenditure (development and sustaining capital expenditure required); and
- Other relevant assumptions.

Based on current reserves, Stage 1 of the Kalongwe Project is expected to have a mine life of approximately eight years.

A copy of SRK's Independent Technical Report is included in Appendix 3.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Economic assumptions

Inflation

We note that all cash flows contained in the Model were calculated on a real basis. We have therefore applied the forecast inflation rate to the costs in the Model to convert them to nominal cash flows.

The forecast operating costs are primarily denominated in US Dollars therefore we consider the most appropriate inflation rate to apply to the cash flows in the Adjusted Model is the US inflation rate.

Having regard to the above, we have assumed an inflation rate of 2% over the life of the Kalongwe Project based on consensus views of forecast inflation as sourced from Bloomberg.

Foreign exchange

The cash flows presented in the Model are denominated in USD. As we are assessing the value of Nzuri, an Australian company, we have converted all the cash flows in the Adjusted Model to Australian Dollars at the forecast exchange rates as set out below.

Exchange Rates	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023+
AUD:USD	0.716	0.747	0.770	0.763	0.781

Source: Bloomberg and BDO analysis

In our assessment of foreign exchange rates, we have considered forecasts prepared by economic analysts and other publicly available information including broker consensus to arrive at our foreign exchange rate assumptions.

Pricing

Stage 1 of the Kalongwe Project will receive revenue from the sale of copper and cobalt.

In assessing forecast copper and cobalt prices, we have considered the most recent Consensus Economics price forecasts as at April 2019.

Based on our analysis, we have adopted the following future copper and cobalt prices (in nominal terms):

		CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024-28
Copper Price	US$/t	6,543	6,901	7,150	7,368	7,427	7,541
Cobalt Price	US$/t	35,752	40,602	48,766	51,836	52,433	59,302

Source: Consensus Economics and BDO analysis

We note that the long term nominal price forecast is provided by Consensus Economics to 2028, which coincides with the last revenue received from Stage 1 of the Kalongwe Project.

Treatment of Stage 2 of the Kalongwe Project

As noted in section 9.1 we have valued Stage 1 of the Kalongwe Project using a DCF valuation approach as the Company has completed a feasibility study, has declared reserves and has entered into financing discussions to partly fund the capital expenditure required for mine development. Therefore, we consider that we have a reasonable basis under RG 170 and IS 214, to apply the DCF methodology for use of a DCF valuation.

As set out in section 5.2 of our Report and detailed further in SRK's report (located in Appendix 3 of our Report), Stage 2 of the Kalongwe Project relates to the proposed development of an acid leach solvent extracting and electro-winning processing facility at some point in the future.

A PEA has been conducted on several options for Stage 2 and was completed to a scoping study level of accuracy (+/-40-50% accuracy). The results of this scoping study were published by the Company on 16 April 2018.

We have modelled the forecast cash flows from Stage 2 of the Kalongwe Project, based on the technical assumptions provided by SRK including the following:

- Mining physicals (including volume mined, recovery and grade);
- Processing assumptions (including products and recovery);
- Operating costs (comprising direct operating expenditure and certain fixed costs);
- Capital expenditure (development and sustaining capital expenditure required); and
- Other relevant assumptions.

The modelling of Stage 2 of the Kalongwe Project was provided by the Company based on the PEA.

In forming our view of the value of Stage 2, we made the following adjustments to the modelling of Stage 2:

- Adjusted the cash flows based on SRK's advice around the likely timing of cash flows, with the capital expenditure forecast to be incurred in 2026 and 2027 and the sales from Stage 2 from 2028 onwards;
- Adjusted cash flows and NPV to be inclusive of tax, and representative of Nzuri's shareholding;
- Adjusted the fixed pricing to reflect BDO's forecast copper and cobalt pricing;
- Converted real cash flows to nominal cash flows using BDO's assessed forecast inflation of 2.0%, compounded annually;
- Adjusted the discount rate to a post-tax nominal cost of equity of 14%;
- Adjusted the cash flows to include a larger rehabilitation expenditure allowance based on SRK's advice;
- Adjusted cash flows to include higher rehandle, "General and Admin" and "Admin" costs for Stage 2 per SRK's advice;
- Converted US Dollar denominated cash flows to Australian Dollars using BDO's assessed forecast AUD/USD exchange rates; and
- Adjusted cash flows to reflect recent amendments (in relation to royalties) to the DRC mining code.

Based on our analysis, under Nzuri's ownership, operation of Stage 2 of the Kalongwe Project does not increase the total net present value of the cash flows of the project. Therefore, we have presented the value of the Kalongwe Project on the basis that only Stage 1 proceeds.

We note that this assessment is based on the current technical status of stage 2 under Nzuri's ownership and does not include any special value to a particular acquirer. Therefore, we have only considered Stage

1 in our valuation and have considered any potential upside to Stage 2 in our assessment of reasonableness in Section 13.

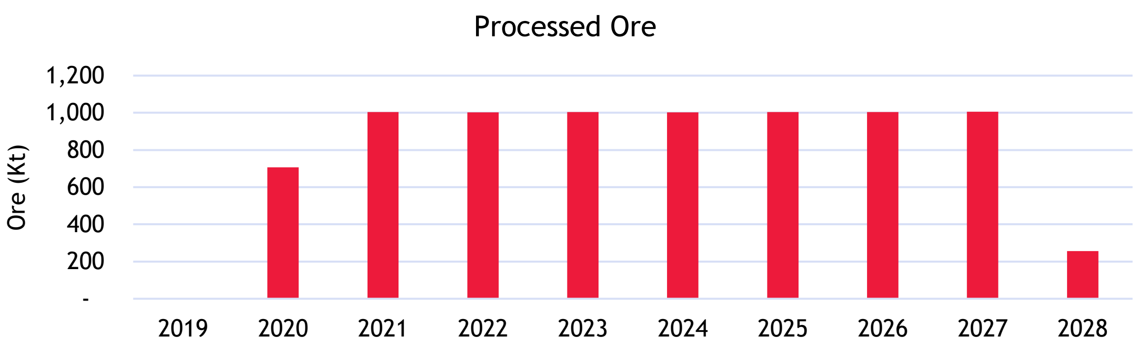
Mining Physicals

SRK has confirmed the reasonableness of the mining physicals in the Independent Technical Assessment and Valuation Report found in Appendix 3.

The graph below shows the forecast total ore mined in Stage 1 of the Kalongwe Project, separating ore and waste.

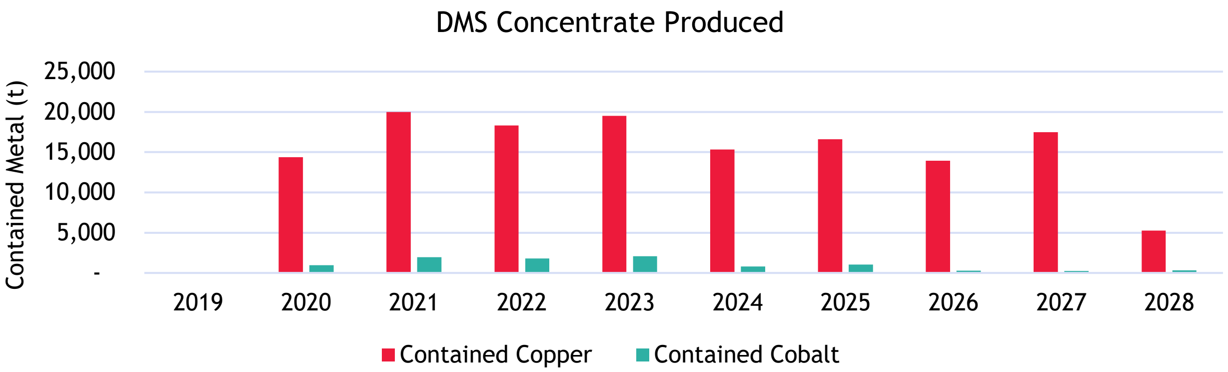
Source: Adjusted Model

The total ore processed in Stage 1 of the Kalongwe Project is presented graphically below.



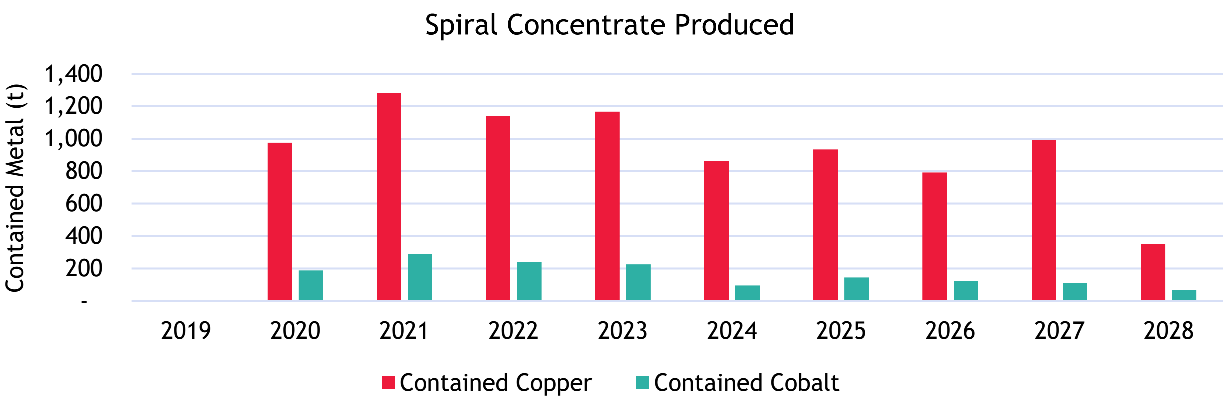
Source: Adjusted Model

The graph below displays the DMS concentrate of contained copper and cobalt ore mined for each year of production during Stage 1, without the distortion of waste.



Source: Adjusted Model

The graph below shows the copper and cobalt spiral concentrate produced in Stage 1 of the Kalongwe Project.

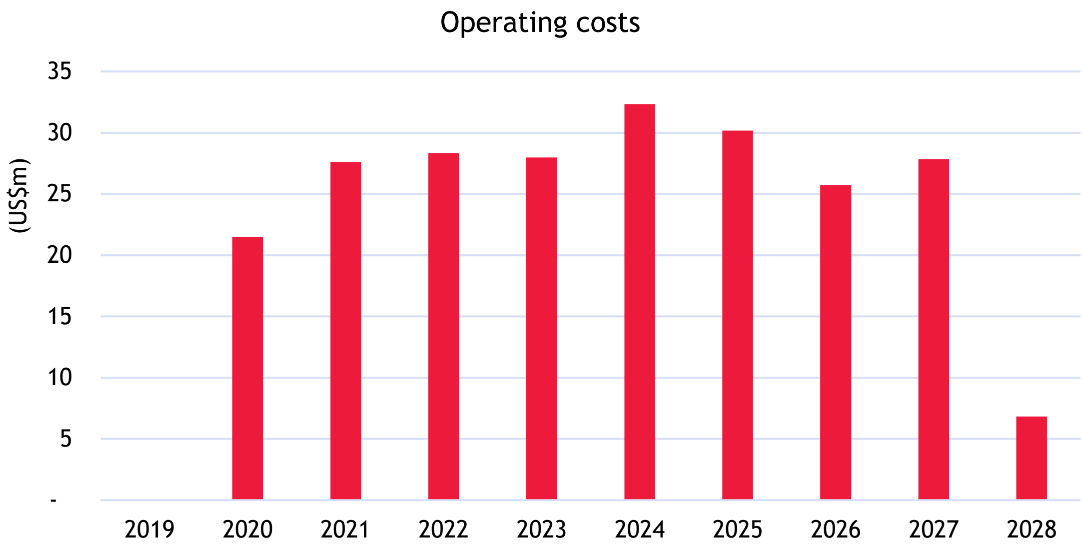


Source: Adjusted Model

Operating Costs

Operating costs included in the Adjusted Model consists of mining, processing (including plant power, plant maintenance, and operating consumables), transportation, site administration and other costs. SRK has noted the operating cost estimate assumptions underlying the Adjusted Model are estimated to a feasibility level of accuracy. SRK has confirmed the reasonableness of the operating costs included in the Adjusted Model. Further detail on SRK's assessment of the reasonableness of the operating costs at the Kalongwe Project can be found in Appendix 3.

The graph below outlines the projected operating costs for Stage 1 of the Kalongwe Project on a nominal basis over the life of mine.



Source: Adjusted Model

Capital Expenditure

SRK has confirmed the reasonableness of the forecast capital expenditure included in the Adjusted Model. The details of this assessment can be found in SRK's report included as Appendix 3 to our Report. Specifically, SRK has adjusted increased the mining fleet costs by 55%. Further, SRK has instructed us to provide for rehabilitation following Stage 1 of approximately US$5 million on a real basis, which converted to a nominal figure using our assessed US inflation rate is approximately US$6.1 million.

The upfront capital expenditure for the development of Stage 1 development is forecast to be incurred in in 2019 and 2020. In the event that Stage 2 proceeds, SRK advised that it would require capital expenditure of approximately US$172 million on a real basis (excluding contingencies) or US$214 million (including contingencies). Given that under our valuation, we have assumed that Stage 2 will not proceed, the below forecast capital expenditure only relates to Stage 1.

Source: Adjusted Model

Royalties

DRC Government Royalties

The DRC's revised mining code was signed into law by President Joseph Kabila on 9 March 2018, amending the 2002 mining code. Royalties are calculated per articles 241- 242 of the 2018 DRC Mining code.

Under the revised code, royalties for both non-ferrous and base metals have increased from 2 percent to 3.5 percent. As such, copper royalties will be distributed to the DRC Government at a rate of 3.5 percent of the sale value of the copper concentrate produced. Therefore, we have adopted a royalty of 3.5 percent of the sale value of the copper concentrate produced in the Adjusted Model.

The revised code, also introduced a new 10 percent royalty on 'strategic substances' defined 'as any mineral substance which, on the basis of the Government's appreciation of the prevailing economic environment is of special interest given the critical nature of such a mineral and the geo-strategical context'. On 24 November 2018, the Prime Minister signed a decree, confirming that cobalt would be included as a strategic substance. As such, cobalt royalties will be distributed to the DRC Government at a rate of 10 percent of the sale value of the cobalt concentrate produced. Therefore, we have adopted a royalty of 10 percent of the sale value of the cobalt concentrate produced in the Adjusted Model.

GICC Royalties

Under the terms of Amended and Restated Shareholders' Agreement between Kalongwe Resources Pty Ltd (a wholly owned subsidiary of Nzuri) and GICC, dated 7 July 2016, GICC will be entitled to royalty payments as follows:

Copper

- A royalty of US$30 per tonne produced from the property sold and paid for, will be payable, when the London Metal Exchange ('**LME**') price that was the basis for the final payment received by the Company for that copper is at or above US$6,500 per tonne;
- A royalty of US$15 per tonne produced from the property sold and paid for, will be payable, when the LME price that was the basis for the final payment received by the Company for that copper is below US$6,500 per tonne and at or above US$3,000 per tonne; and
- No royalty will be payable for copper produced, sold and paid for if the LME price that was the basis for the final payment received by the Company for that copper is below US$3,000 per tonne.

Cobalt

- A royalty of US$100 per tonne (being 2204.62 pounds) produced from the property sold and paid for, will be payable, when the Metal Bulletin Quotation Reference that was the basis for the final payment received by the Company for that cobalt is at or above US$12 per pound ('**lb**'); and
- No royalty will be payable for cobalt produced, sold and paid for if the Metal Bulletin Quotation Reference that was the basis for the final payment received by the Company for that cobalt is below US$12/lb.

Further details on royalties can be found in SRK's report, which is included in Appendix 3 of Our Report.

As part of SRK's review, no other royalties were identified at the Kalongwe Project that are relevant to our valuation.

BDO

Marketing Agreement

KMSA (the entity that owns the Kalongwe Project) entered into an agreement (‘**Marketing Agreement**’) with Traxys Europe S.A. (‘**Traxys**’) for Traxys to provide marketing services to KMSA. The services provided by Traxys are in relation to promoting the product from the Kalongwe Project to assist in delivering the forecast level of production. We have been provided with the Marketing Agreement and confirm that the total forecast cost over the life of Stage 1 of the Kalongwe Project of US$19.9 million is calculated correctly in the Adjusted Model. For commercial reasons we have not disclosed the complete terms of the Marketing Agreement, however we do not consider this to be material information to Shareholders in their assessment of whether to approve the Scheme.

Taxation

Taxation has been applied at a notional rate of 30% which represents the current corporate tax rate in the DRC. We note that as part of the DRC’s revised mining code, a 50% tax on ‘super profits’ was introduced. Under the revised code, ‘super profits’, are defined as income realised when commodity prices rise 25% above levels included in a project’s feasibility study. Our adopted forecast pricing does not increase by 25% above the commodity prices adopted in the 2017 DFS or the Updated DFS, therefore there is no ‘super profits’ tax included in the Adjusted Model.

Based on advice from BDO Tax (WA) Pty Ltd, we confirm that there is no material carry forward tax losses available to Nzuri.

Debt cash flows

The Adjusted Model includes debt cash flows as it reflects the cash flows to equity holders. Therefore our valuation of the Kalongwe Project includes the drawdown of approximately US$30 million of debt, the servicing of this debt as well as the repayment of this debt from project cash flows. Our assumed capital structure for the funding of the Kalongwe Project is detailed in Appendix 4. Given that the Company has not currently entered into binding terms sheets with debt financiers, we have estimated the likely cost of debt based on the interest rates paid on debt by comparable companies which have a similar risk profile to Nzuri. A summary of our identified comparable companies with debt and the respective interest rates on this debt is set out in the table below.

Company Name	Market Capitalisation (A$m)	Cost of Debt	Commodity	Country of Operation
Central Asia Metals Plc	3,455.0	7.81%	Copper	Kazakhstan
Imperial Metals Corporation	347.0	7.69%	Copper	Canada
Taseko Mines Limited	194.1	8.75%	Copper	Canada
Orion Minerals Limited	56.2	12.00%	Gold, Zinc	South Africa
Resolute Mining Limited	928.7	8.00%	Gold	Mali
Base Resources Limited	361.7	8.77%	Mineral Sands	Kenya
Peak Resources Limited	31.2	10.08%	Rare Earth	Tanzania
Vector Resources Limited	23.5	10.00%	Gold	DRC
Lindian Resources Limited	4.5	10.00%	Gold and Bauxite	Tanzania
	Mean	9.23%		
	Median	8.77%		
	Mean (Africa)	9.81%		

Source: CapitalIQ, Bloomberg and BDO analysis

The above analysis is used to support our assessment of a market rate of debt available to Nzuri of approximately 10%. We note that changes to the cost of debt assumptions used in the Adjusted Model does not have a material impact on our valuation nor would it impact our opinion.

10.1.1.2. Discount rate

In our assessment of an appropriate discount rate to apply to the Kalongwe Project, we consider the most appropriate discount rate to be Nzuri's cost of equity. This is because the Adjusted Model includes debt cash flows and therefore, the cash flows in the Adjusted Model represent cash flows to equity holders.

We have selected a nominal after tax cost of equity in the range of 11% to 16% per annum to discount the cash flows of the Kalongwe Projects to its present value. We have used a rounded discount rate of 14% in our base case.

In selecting this range of discount rates, we have considered the following:

- the rate of return for comparable ASX listed iron ore producing companies; and
- the risk profile of Nzuri as compared to the comparable companies identified.

A detailed consideration of how we arrived at our adopted discount rate range is shown in Appendix 4.

10.1.1.3. Sensitivity analysis

The estimated value of Nzuri's 85% interest in the Kalongwe Project is derived under the DCF approach. The sensitivity analysis presents the value of Stage 1 of the Kalongwe Project as Stage 2 has not been valued on a DCF basis. Our valuation is highly sensitive to change in the forecast of copper price, cobalt price, operating costs, capital costs and USD:AUD foreign exchange rates. We have therefore included an analysis to consider the value of Nzuri's 85% interest in Stage 1 of the Kalongwe Project under various pricing scenarios and in applying:

- A change of +/- 10% to the copper price;
- A change of +/- 10% to the cobalt price;
- A change of +/- 10% to the operating costs;
- A change of +/- 10% to the capital costs;
- A change of +/- 10% to the USD:AUD foreign exchange rates; and
- A discount rate in the range of 11% to 16%.

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the value of Nzuri's 85% interest in the Kalongwe Project if our base case assumptions change.

Sensitivity Analysis of the value of the Kalongwe Project					
	A$m	A$m	A$m	A$m	A$m
Percentage change	Copper price (US$/t)	Cobalt price (US$/t)	Exchange rate (AUD/USD)	Capital costs	Operating costs
-10%	72.5	91.2	110.5	99.5	103.1
-8%	77.1	91.7	106.7	98.3	101.2
-6%	81.2	92.2	103.2	97.2	99.4
-4%	85.7	92.7	99.9	96.0	97.5

Sensitivity Analysis of the value of the Kalongwe Project					
	A$m	A$m	A$m	A$m	A$m
Percentage change	Copper price (US$/t)	Cobalt price (US$/t)	Exchange rate (AUD/USD)	Capital costs	Operating costs
-2%	89.7	93.2	96.7	94.9	95.6
0%	93.7	93.7	93.7	93.7	93.7
2%	97.7	94.2	90.9	92.6	91.8
4%	101.7	94.7	88.2	91.4	90.0
6%	105.9	95.2	85.7	90.3	88.1
8%	110.0	95.7	83.3	89.1	86.2
10%	114.2	96.2	81.0	87.9	84.3

Source: Adjusted Model and BDO analysis

	Discount Rate					
Discount rate (%)	11%	12%	13%	14%	15%	16%
Value of the Kalongwe Project (A$m)	109.1	103.7	98.5	93.7	89.2	84.9

Source: Adjusted Model and BDO analysis

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e. variances could be greater than the percentage increases or decreases set out in this analysis).

Considering the valuation outcomes above, we estimate the equity value of Nzuri's 85% interest in Stage 1 of the Kalongwe Project to be in the range of $81 million and $106 million.

10.1.2. Value of residual inferred resource and additional cobalt material at the Kalongwe Project

Our DCF valuation in section 10.1.1 above, values the reserve contained at the Kalongwe Project however there is a residual inferred resource which we do not have reasonable grounds for inclusion in the Adjusted Model. Further, there is additional cobalt-only material not considered in the DCF modelling of Stage 1 of the Kalongwe Project. Therefore, SRK has provided a market valuation of Nzuri's interest in the residual resource and cobalt-only material not included in the Adjusted Model as set out below.

	Low	High
	$000s	$000s
Value of Nzuri's 85% interest in the residual resource and additional cobalt material at the Kalongwe Project	4,800	9,200

Source: SRK's Independent Technical Assessment and Valuation Report

Further detail of the valuation can be found in SRK's report in Appendix 3.

Cross check of the total value of Nzuri's interest in the Kalongwe Project

SRK has valued Nzuri's interest in the Kalongwe Project using comparable market transactions, with the results of their analysis summarised below.

Cross check	Low value $000s	High value $000s
Value of Nzuri's 85% in the Kalongwe Project (Stage 1)	59,500	110,500
Value of residual inferred resource and additional cobalt material at Kalongwe	4,800	9,200
Total value of Nzuri's 85% interest based on comparable transactions	**64,300**	**119,700**

Source: SRK's Independent Technical Assessment and Valuation Report

The values presented above supports our valuation of the Kalongwe Project of between $64.3 million and $119.7 million, however we note the following in relation to the differences.

SRK has based the high end of their valuation range on the weighted average resource multiple, weighted by resource size. Given that the weightings are calculated on total resource size, the larger projects such as Northparkes and Prominent Hill are skewing the weighted average upwards, whereas in fact we would consider them less comparable as they are Australia based mining operations. SRK has also advised that in the sample size of 12 comparable transactions, SRK has duplicated the two transactions for projects located in Africa such that the Africa based transactions comprise 4 of the 14 transactions analysed. We do not consider the weighting approach to be appropriate, however it does explain why the top end of SRK's valuation range is higher than our assessed high value.

10.1.3. Value of Nzuri's 90% interest in the FTB JV Exploration Assets

SRK has been instructed to provide a specialist valuation of the FTB JV Exploration Assets. SRK has used comparable market transactions to assess the value of Nzuri's interest in the FTB JV Exploration Assets. The values ascribed to these assets by SRK is set out in the table below.

	Low $000s	High $000s
Value of Nzuri's 90% interest in the FTB JV Exploration Assets	3,000	4,000

Source: SRK's Independent Technical Assessment and Valuation Report

Further detail on the valuation can be found in SRK's report in Appendix 3.

10.1.4. Notional capital raise

We are required by RG 111.15 to assess the funding requirements for a company that is not in financial distress when considering its value, especially when using the DCF methodology. The comparable companies that we have used to determine an appropriate capital structure are set out in the table below. We have also considered the debt to equity structure of producing companies at the time of the drawdown of borrowings as the current debt to equity ratio is likely to be skewed by producing companies repaying debt from surplus funds following commencement of mining.

Company Name	D/E at 31 December 2018	D/E on Initial Drawdown of Debt	Country of Operation	Commodity	Stage
Perseus Mining Limited (ASX: PRU)	9.0%	37%	Cote d'lvoire	Gold	Producing
Resolute Mining Limited (ASX:RSG)	10.0%	41%	Mali	Gold	Producing
Teranga Gold Corporation (TSX:TGZ)	14.0%	116%	Burkina Faso	Gold	Producing
SEMAFAO Inc (TSX:SMF)	19.0%	65%	West Africa	Gold	Producing
Roxgold Inc (TSX:ROXG)	26.0%	68%	Burkina Faso	Gold	Producing
Base Resources Limited (ASX:BSE)	16.0%	82%	Kenya	Precious Metals	Producing
Endeavour Mining Corporation (TSX:EDV)	68.0%	N/A	Cote d'lvoire, Burkina Faso	Gold	Producing
Copper Mountain Mining Limited (TSX:CMMC)	93.0%	183.0%	Canada	Copper	Producing
Hillgrove Resources Limited (ASX:HGO)	2.0%	52.0%	Australia	Copper	Producing
Sandfire Resoucres (ASX:SFR)	0.0%	250.0%	Australia	Copper	Producing
Central Asia Metals Plc (AIM:CAML)	44.0%	54.0%	Kazakhstan and Macedonia	Copper	Producing
Imperial Metals Corp (TSX:III)	226.0%	197.0%	Canada	Copper	Producing
Taskeo Mines Limited (TSX:TKO)	102.0%	190.0%	Canada and US	Copper	Producing
Ngex Resources Inc (TSX:NGQ)	37.0%	N/A	Argentina and Chile	Copper	Exploration and Development
Orion Minerals Limited (ASX:ORN)	15.0%	N/A	Australia and South Africa	Zinc, Copper, Gold	Exploration and Development
Theta Gold Mines Limited (ASX:TGM)	101.0%	N/A	South Africa	Gold	Exploration and Development
Sabre Resources Limited (ASX:SBR)	4.0%	N/A	Nambia and Australia	Copper	Exploration and Development
Peak Resources Limited (ASX:PEK)	24.0%	N/A	Tanzania	Rare Earth Metals	Exploration and Development
Vector Resources Limited (ASX:VEC)	24.0%	N/A	Democratic Republic of Congo	Gold	Exploration and Development
Ivanhoe Mines Limited (TSX: IVN)	2.0%	N/A	South Africa and DRC	Copper	Exploration and Development
Median	***22%***	***75%***			
Average	***42%***	***111%***			
Average (Africa)	***26%***	***68%***			

Company Name	D/E at 31 December 2018	D/E on Initial Drawdown of Debt	Country of Operation	Commodity	Stage
Median (Africa)	***16%***	***67%***			
Average (Copper)	***57%***	***132%***			

Source: Capital IQ, Bloomberg and BDO analysis

Based on our enquiries of management regarding financing options, as well as our analysis of funding structures of comparable listed companies, we consider there to be reasonable grounds to assume Nzuri could obtain a debt to equity structure of approximately 50%. Giving consideration to the existing equity funding of Nzuri and the notional capital raise (discussed below), this would equate to approximately 52% of the additional funding being sourced via debt. This equates to approximately US$30 million of the development expenditure requirements of the Kalongwe Project. Therefore, we have included a notional capital raising, to fund the remaining US$27.1 million of the funding requirements of the Kalongwe Project.

The notional capital raising amount of approximately US$27.1 million is based on the cash required to fund the development and early stage of production including working capital required until the Kalongwe Project is forecast to be cash flow positive. This primarily relates to construction expenditure over the first two years.

We have increased the amount to be raised to reflect our estimate of the gross amount that will need to be raised to meet the costs likely to be incurred in conducting the capital raising. We have assessed the costs of a capital raising to be approximately 5% of the funds raised. Therefore, assuming the upfront capital expenditure at the Kalongwe Project is 48% equity funded, Nzuri will be required to raise an equivalent of approximately $40.2 million (inclusive of a placement fee) in order to meet the funding requirements of the Kalongwe Project. This is set out in the table below.

Cash raised through notional equity raising	
Equity required (US$m)	27.13
Exchange rate at 23 April 2019	0.71
Equity required (A$m)	38.21
Placement Fee (A$m)	2.01
Cash raised through notional equity raising (A$m)	**40.22**

In order to determine the likely price at which Nzuri would have to place its shares to a third party or to current shareholders under a notional capital raising to raise the funds required, we considered the VWAP of Nzuri's shares and the discount at which shares have been issued by ASX listed companies when compared to the respective companies' 30 day VWAP prior to the announcement of the placement.

We considered the discount at which shares have been issued over the last three years, by ASX listed companies to raise capital. A summary of our results is set out in the table below:

	Offer size between $25m and $50m	Capital raise relative to market cap >40%	Market capilisation between $50m and $200m	All companies
All ASX				
No. companies	77	84	271	1,292
Mean placement discount	9.3%	36.9%	18.0%	20.4%

	Offer size between $25m and $50m	Capital raise relative to market cap >40%	Market capilisation between $50m and $200m	All companies
Median placement discount	6.1%	23.5%	13.4%	13.6%
ASX Mining				
No. companies	20	30	82	547
Mean placement discount	9.2%	39.2%	15.9%	21.4%
Median placement discount	9.0%	24.5%	13.5%	14.9%

Source: Bloomberg and BDO analysis

From our analysis, the average (mean) discount for ASX listed mining companies was 21.4%. Given that the placement discounts have ranged significantly. We have also considered the median of 14.9% as this represents a better measure of central tendency.

However, given that the size of the notional capital raising required to fund the Kalongwe Project would be approximately 52% of Nzuri's market capitalisation prior to the announcement of the Scheme, we consider that a higher discount is required to provide a sufficient incentive for investors to participate in any raising that Nzuri performs. We have analysed placement discounts for capital raisings in which the amount raised was more than 40% of the company's market capitalisation at the time of the raising and found that the median discount for mining companies was 24.5% and the median discount across all placements on the ASX was 23.5%.

We have also assessed the discounts of capital raisings for companies with market capitalisations between $50 and $200 million (a band in which Nzuri's market capitalisation falls). The average (mean) discount across all ASX listed companies in this band was 18.0%, with the median being 13.4%.

Given the above analysis and the size of the notional capital raising, we consider a placement discount in the range of 20% to 25% will be required to provide a sufficient incentive for investors to participate in any raising that Nzuri would conduct.

In section 10.2 of our Report, we consider the QMP of Nzuri's shares. From this analysis, we assessed that the value of a Nzuri share to be between $0.220 and $0.260 on a minority interest basis. Applying a discount in the range of 20% to 25% to the assessed value of a Nzuri share prior to the announcement of the Scheme results in an assumed notional capital raising price of between $0.165 and $0.208 per share.

As shown in the table below, in order to raise an equivalent of $40.2 million to provide funding to develop the Kalongwe Project, between 193,370,400 and 243,764,000 new shares will need to be issued at between $0.165 to $0.208 per share.

Number of shares issued under notional capital raise	Low	High
Equity funding required (A$m)	40.22	40.22
Quoted market price (minority)	0.220	0.260
Assessed placement discount	25%	20%
Price of capital raising	0.165	0.208
Number of shares issued under notional capital raise	243,764,000	193,370,400

10.1.5. Value of Nzuri's other assets and liabilities

Other assets and liabilities of Nzuri represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with Nzuri and analysis of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below.

The table below represents a summary of the assets and liabilities identified:

Other assets and liabilities	Note	Reviewed as at 31-Dec-18 $	Adjusted Balance $
CURRENT ASSETS			
Cash and cash equivalents	a	2,451,502	5,225,318
Trade and other receivables	b	136,271	176,733
Inventories		6,589	6,589
TOTAL CURRENT ASSETS		2,594,362	5,408,640
NON-CURRENT ASSETS			
Trade and other receivables	c	1,441,800	1,349,962
Plant and equipment	d	775,694	-
Exploration and evaluation assets	e	41,938,836	-
TOTAL NON-CURRENT ASSETS		44,156,330	1,349,962
TOTAL ASSETS		46,750,692	6,758,602
CURRENT LIABILITIES			
Trade and other payables	f	730,491	674,913
Borrowings	g	-	4,500,000
Provisions		65,738	65,738
TOTAL CURRENT LIABILITIES		796,229	5,240,651
NON-CURRENT LIABILITIES			
Borrowings	h	2,635,849	2,635,849
TOTAL NON-CURRENT LIABILITIES		2,635,849	2,635,849
TOTAL LIABILITIES		3,432,078	7,876,500
NET ASSETS		**43,318,614**	**(1,117,898)**

Source: Reviewed financial statements of Nzuri for the half year ended 31 December 2018, management accounts as at 28 February 2019 and BDO analysis

We have not undertaken a review of Nzuri's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We have been advised that there has not been any other significant change in the net assets of Nzuri since 28 February 2019 and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the reviewed position at 31 December 2018 we have obtained supporting documentation to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information.

We note the following in relation to our valuation of Nzuri's other assets and liabilities.

Note a) Cash and cash equivalents

Management have provided us with the bank balance at 28 February 2019, which we have verified by obtaining bank statements to support this balance. We have also adjusted the cash position for movements subsequent to 28 February 2019 which we have verified against the Company's quarterly cash flow statement. We have also adjusted cash and cash equivalents to remove the non-controlling interest of cash held in KMSA. These adjustments are set out in the table below.

Cash and cash equivalents	$
Cash and cash equivalents at 31 December 2018	2,451,502
First drawdown of Chengtun Loan	1,000,000
Other cash movements to 28 February 2019	(1,256,338)
Balance at 28 February 2019	2,195,164
Second drawdown of Chengtun Loan	1,000,000
Other cash movements in March 2019	(468,388)
Third drawdown of Chengtun Loan	1,500,000
Fourth drawdown of Chengtun Loan	1,000,000
Less: Non-controlling interest (15%) of cash held in KMSA	(1,458)
Adjusted cash and cash equivalents	**5,225,318**

Note b) Trade and other receivables

We have adjusted trade and other receivables to reflect the movements to 28 February 2019 as well as deducting the non-controlling interest of receivables in KMSA as set out in the table below.

Trade and other receivables	$
Trade and other receivables at 31 December 2018	136,271
Movements to 28 February 2019	51,132
Less: Non-controlling interest (15%) of receivables in KMSA	(10,670)
Adjusted balance	**176,733**

Note c) Non-current receivables

We have been provided with management accounts for the period ended 28 February 2019 and note no material changes since the reviewed position at 31 December 2018. We have therefore relied on the reviewed balance at 31 December 2018, after deducting the non-controlling interest of receivables in KMSA as set out below.

Non-current receivables	$
Non-current receivables at 31 December 2018	1,441,800
Less: Non-controlling interest (15%) of receivables in KMSA	(91,838)
Adjusted balance	**1,349,962**

Note d) Property, plant and equipment

The property, plant and equipment balance of $0.78 million as at 31 December 2018, primarily relates to mining related equipment. We do not consider the portion of non-mining related property, plant and equipment to be material to the value of Nzuri. Therefore, we have adjusted the property, plant and equipment balance to nil as these assets are reflected in our DCF value of the Kalongwe Project.

Note e) Exploration and evaluation assets

The book value of exploration and evaluation assets relates to capitalised historical expenditure. We have adjusted the exploration and evaluation assets balance of $41.94 million at 31 December 2018 to nil as we have separately valued the Kalongwe Project (section 10.1.1 and section 10.1.2) and the FTB JV (section 10.1.3) in our Sum-of-Parts valuation.

Note f) Trade and other payables

We have been provided with management accounts for the period ended 28 February 2019 and note no material changes since the reviewed position at 31 December 2018. We have therefore relied on the reviewed balance at 31 December 2018, after deducting the non-controlling interest of payables in KMSA as set out below.

Trade and other payables	$
Trade and other payables at 31 December 2018	730,491
Less: Non-controlling interest (15%) of payables in KMSA	(55,578)
Adjusted balance	674,913

Note g) Borrowings

We have increased current borrowings to reflect the four drawdowns of the Chengtun Loan as set out in the table below.

Borrowings	$
Borrowings at 31 December 2018	-
First drawdown of Chengtun Loan	1,000,000
Second drawdown of Chengtun Loan	1,000,000
Third drawdown of Chengtun Loan	1,500,000
Fourth drawdown of Chengtun Loan	1,000,000
Adjusted balance	**4,500,000**

Note h) Non-current borrowings

The non-current borrowings of $2.64 million at 31 December 2018 relates to a loan owed by KMSA to GICC. We have been provided with management accounts as at 28 February 2019 and note no material changes to the value of these borrowings. Therefore, we have relied on the reviewed position at 31 December 2018. Borrowings relating to historical expenditure on the Kalongwe Project are not included in our DCF valuation of the Kalongwe Project and is therefore included in our valuation of other assets and liabilities.

10.1.6. Loan proceeds from future development expenditure incurred

Pursuant to the Amended and Restated Shareholders' Agreement between Kalongwe Resources Pty Ltd and GICC, all development costs that are borne by each shareholder are to be booked as shareholder loans and are repayable in accordance with ownership interests. The Company has advised that the intention is for Nzuri to solely fund the development expenditure. The forecast expenditure required on a 100% basis is approximately US$57 million, therefore approximately US$6 million represents the portion of expenditure that will be recoverable from GICC. This is calculated as 10.53% of the total capital expenditure required, being GICC's 10% of the 95% interest that contributes to capital expenditure. The government of the DRC holds a 5% free carried interest.

The shareholder loans accrue interest at the USD LIBOR rate plus 8% and are to be repaid from surplus cash or profits from the project. Given that there is uncertainty around the timing of when the loan proceeds will be received from GICC, we have valued the receivable at its estimated face value. We note that the time value component of the loan receivable would be largely offset by the accruing of interest, therefore we do not consider the interest and time value component to be material. Alternative assumptions in relation to this loan receivable would not have a material impact on our valuation or conclusions. As such, we have presented the loan receivable at its face value of $8,471,000 as set out in the table below.

	$000s
Capital expenditure required (US$)	57,120
Exchange rate at 23 April 2019	0.71
Capital expenditure required (A$)	80,451
Percentage of capital expenditure owed from GICC	10.53%
Loan amount to GICC (A$)	8,471

10.1.7. Present value of Nzuri's corporate overhead costs

The Adjusted Model does not include corporate costs therefore we have deducted the present value of corporate costs separately in our Sum-of-Parts valuation. This assessment of Nzuri's forecast corporate costs is based on historical corporate costs incurred by the Company as well as an assessment of the corporate costs incurred by comparable companies. We have considered the corporate costs of comparable companies because we would expect that the corporate costs of Nzuri are likely to increase once the Company commences production, therefore the historical level of corporate costs incurred are unlikely to reflect the future corporate costs to be incurred. The comparable companies selected for our analysis are companies of a similar size, scale and nature of operations to those operations that are included in the forecast. A summary of the companies selected and the average corporate costs incurred over the most recent two reporting periods are set out below.

Company Name	Commodity	Revenue for the year ended 30 June 2018 ($m)	Market Capitalisation ($m)	Average Corporate Costs for years ended 30 June 2018 and 30 June 2017 ($m)
Nzuri Copper Limited	Copper	-	91.70	3.15
Grange Resources Limited	Iron Ore	368.20	312.50	4.36
Aeris Resources Limited	Copper, Gold, Silver	244.20	70.60	7.10
Hillgrove Resources Limited	Copper, Gold	180.10	46.80	4.62
Blackham Resources Limited	Gold	130.50	20.70	4.88
Troy Resources Limited	Gold	129.50	49.30	3.64
Millennium Minerals Limited	Gold	127.20	146.80	7.08
Alkane Resources Limited	Gold, Rare Metals	123.60	136.60	6.88
Pantoro Limited	Gold, Silver	81.70	223.30	2.66
PanTerra Gold Limited	Gold, Silver	78.80	4.22	2.49
Mineral Commodities Limited	Mineral Sands	78.60	80.00	6.57
Mean (excluding Nzuri)		**154.24**	**109.08**	**5.03**
Median (excluding Nzuri)		**128.35**	**75.30**	**4.75**

Source: Company annual reports and BDO analysis

Nzuri's corporate costs incurred historically are set out in the table below.

	Actual Year ended 30-Jun-16	Actual Year ended 30-Jun-17	Actual Year ended 30-Jun-18
Corporate costs ($m)	1.78	3.01	3.29

Source: Audited financial statements of Nzuri for the years ended 30 June 2017 and 30 June 2018

Based on the above analysis, we have assessed the level of corporate costs to be incurred by Nzuri over the life of mine to be between $4 million and $5 million on a real basis. We have applied our assessed forecast inflation rate for Australia of 2.2% per annum to the above real corporate costs and have discounted these costs at the Company's cost of equity of 14%, the workings for which are detailed in Appendix 4.

We have also reduced the corporate cost cash flows to incorporate the tax shield received by Nzuri on incurring these corporate costs.

Based on the above, we consider the present value of corporate costs to be in the range of $15.76 million and $19.70 million.

10.1.8. Number of shares on issue

We have adjusted the number of shares on issue to account for the notional equity raise as detailed in section 10.1.4. The number of shares on issue used for our valuation is set out below.

Number of shares on issue	Low	High
Number of shares on issue prior to the Scheme	295,905,492	295,905,492
Shares issued under the notional capital raising	193,370,400	243,764,000
Number of shares on issue including notional capital raising	489,275,892	539,669,492

We note that the low number of shares on issue forms the basis for the high end of our valuation range and the high number of shares on issue forms the low end of our valuation range.

10.2 Quoted Market Prices for Nzuri Securities

To provide a comparison to the valuation of Nzuri in Section 10.1, we have also assessed the quoted market price for a Nzuri share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of a control transaction, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

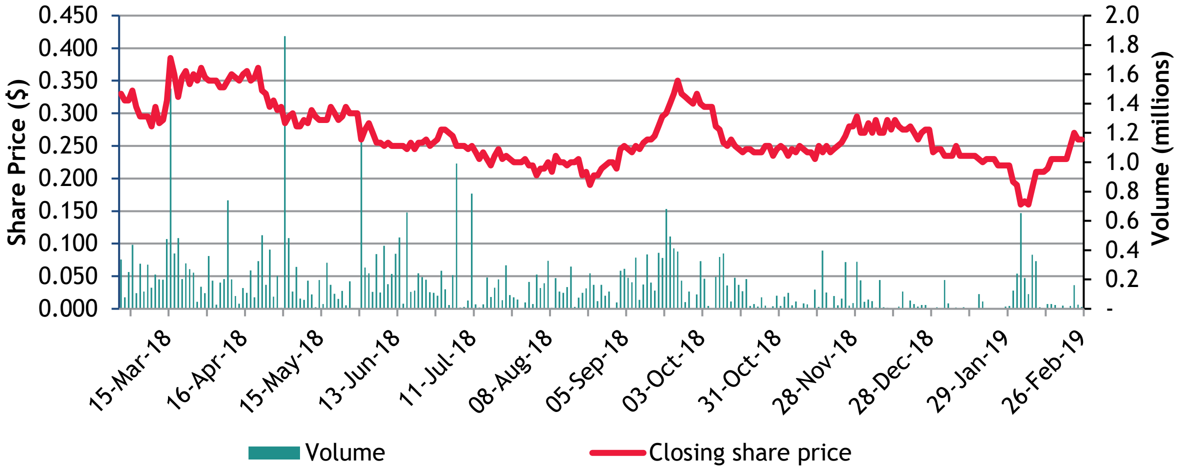
Therefore, our calculation of the quoted market price of a Nzuri share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Nzuri share is based on the pricing prior to the announcement of the Scheme. This is because the value of a Nzuri share after the announcement may include the effects of any change in value as a result of the Scheme. However, we have considered the value of a Nzuri share following the announcement when we have considered reasonableness in Section 13.

Information on the Scheme was announced on 27 February 2019. Therefore, the following chart provides a summary of the share price movements over the 12 months to 26 February 2019, which was the last trading day prior to the announcement.

Nzuri share price and trading volume history



Source: Bloomberg

The daily price of Nzuri shares from 26 February 2018 to 26 February 2019 has ranged from a low of $0.160 on 4 February 2019 and 6 February 2019 to a high of $0.385 on 16 March 2018. The daily volume of shares traded fluctuated largely over the year. The highest single trading day over the assessed period was 2 May 2018, when 1,859,826 shares were traded. During this period a number of announcements were made. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
12/02/2019	Nzuri Enters into Term Sheet for $3M Funding	0.210	▶	0.0%	0.230	▲	9.5%
31/01/2019	Quarterly Activities and Cashflow Reports	0.195	▼	11.4%	0.165	▼	15.4%
21/01/2019	Exploration Update	0.230	▲	2.2%	0.220	▼	4.3%
30/10/2018	Quarterly Activities and Cashflow Reports	0.235	▼	6.0%	0.245	▲	4.3%
23/10/2018	Settlement of Historical Legal Cases	0.240	▼	2.0%	0.250	▲	4.2%
03/10/2018	Exploration Update	0.315	▼	4.5%	0.310	▼	1.6%
31/07/2018	Quarterly Activities & Cash Flow Report	0.230	▲	2.2%	0.205	▼	10.9%
21/06/2018	High-grade Cobalt Results	0.255	▲	4.1%	0.250	▼	2.0%
30/05/2018	Nzuri Raises $6M to Advance Kalongwe Copper-Cobalt Project	0.260	▼	13.3%	0.270	▲	3.8%
28/05/2018	Trading Halt	0.300	▶	0.0%	0.275	▼	8.3%
19/04/2018	Quarterly Reports - March 2018	0.355	▲	1.4%	0.330	▼	7.0%
16/04/2018	Kalongwe Updated Stage 1 Feasibility Study	0.360	▲	2.9%	0.355	▼	1.4%
09/04/2018	FEED Contract Awarded for Kalongwe Project	0.340	▶	0.0%	0.355	▲	4.4%

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
03/04/2018	2018 Exploration Program & FTBJV Update	0.350	▼	1.4%	0.340	▼	2.9%
16/03/2018	Response to ASX Price and Volume Query	0.385	▲	20.3%	0.355	▼	7.8%

On 16 March 2018, Nzuri released a response to a price and volume query issued by the ASX. In the response, the Company noted it was not aware of any information that had not been announced, and it did not provide any other explanation for the price change and significant increase in the volume of the Company's securities traded on 16 March 2018. On the date of the announcement the share price increased 20.3% to close at $0.385, before decreasing by 7.8% over the subsequent three-day period to close at $0.355.

On 3 April 2018, Nzuri released an exploration update, in which it highlighted that, its board of directors had approved a $4 million budget for the 2018 exploration program and the Company had completed earn-in requirements and received entitlement to an 80% interest in the FTB JV. On the date of the announcement, the Company's share price decreased by 1.4% to close at $0.350, before declining 2.9% over the subsequent three-day period to close at $0.340.

On 9 April 2018, Nzuri announced it had awarded the FEED contract for the Kalongwe Stage 1 project to Lycopodium. On the date of the announcement the closing share price remained unchanged from the previous trading day, at $0.340, before increasing by 4.4% over the subsequent three-day period to close at $0.355.

On 16 April 2018, Nzuri released the results of the Stage 1 updated DFS based on revised pricing and an updated ore reserve. It also released the results of the Stage 2 PEA. On the date of the announcement the Company's share price increased by 2.9% to close at $0.360, before declining by 1.4% over the subsequent three-day period to close at $0.355.

On 19 April 2018, the Company released its Quarterly Activities Report, which highlighted key activities during the March Quarter, including the commencement of the drilling program at the FTB JV and commencement of the Stage 2 PEA and test work program. On the date of the announcement, Nzuri's share price increased 1.4% to close at $0.355, before declining by 7.0% over the following three-day period to close at $0.330.

On 30 May 2018, the Company announced it had raised $6.0 million to progress early stage development of the Kalongwe Project, by way of a private placement to international and sophisticated investors, and a convertible note to Tembo Capital (subject to shareholder approval). On the date of the announcement, the share price declined 13.3% to close at $0.260, before increasing by 3.8% over the subsequent three-day period to close at $0.270.

On 21 June 2018, Nzuri released the results of diamond drilling and trenching at the Kalongwe Project. On the date of the announcement, the share price increased 4.1% to close at $0.255, before decreasing by 2.0% over the subsequent three-day period to close at $0.250.

On 31 July 2018, the Company released its Quarterly Activities Report, which highlighted key developments during the quarter, including the continued progress of capital works at the Kalongwe

Project site and the completion and release of the Updated DFS. On the date of the announcement, the share price increased 2.2% to close at $0.230, before decreasing by 10.9% over the subsequent three-day period to close at $0.205.

On 3 October 2018, Nzuri released an exploration update, which commented on a shallow zone of oxide copper mineralisation at Monwezi, identified approximately 3.6 kilometres (‘**km**’) from the Kalongwe Project. On the date of the announcement, the Nzuri share price declined 4.5% to close at $0.315, before declining a further 1.6% over the subsequent three-day period to close at $0.310.

On 23 October 2018, the Company announced it had settled an ongoing dispute with Eucalyptus Gold Mines Pty Ltd. On the date of the announcement, the share price declined 2.0% to close at $0.240, before increasing 4.2% over the subsequent three-day period to close at $0.250.

On 30 October 2018, Nzuri released its September 2018 Quarterly Activities Report, which highlighted developments during the quarter including completion of the FEED study and environmental plans, along with ongoing pre-development works to secure the Kalongwe Project site. On the date of the announcement, the share price decreased 6.0% to close at $0.235, before increasing 4.3% over the subsequent three-day period to close at $0.245.

On 21 January 2019, Nzuri released an exploration and development update, which commented on extended mineralisation identified at the Kasangasi Prospect and results from the Monwezi 7 Prospect. On the date of the announcement, the share price increased 2.2% to close at $0.230, before declining 4.3% over the subsequent three-day period to close at $0.220.

On 31 January 2019, Nzuri released its December 2018 Quarterly Activities report, which highlighted key developments during the quarter including capital works undertaken at the Kalongwe Project site and discussions around engineering and procurement contracts. On the date of the announcement, the share price decreased 11.4% to close at $0.195, before declining by a further 15.4% over the subsequent three-day period to close at $0.165.

On 12 February 2019, the Company announced that it had entered into term sheet with Tembo Capital for $3.0 million in funding to progress the development of the Kalongwe Project. On the date of the announcement, the share price closed unchanged from the previous trading day at $0.210, before increasing by 9.5% over the subsequent three-day period to close at $0.230.

To provide further analysis of the market prices for a Nzuri share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 26 February 2019.

Share Price per unit	26-Feb-19	10 Days	30 Days	60 Days	90 Days
Closing price	$0.260				
Volume weighted average price (VWAP)		$0.249	$0.195	$0.224	$0.232

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in price of Nzuri shares that has occurred since the Scheme was announced.

An analysis of the volume of trading in Nzuri shares for the twelve months to 26 February 2019 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.260	$0.260	13,500	0.00%

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
10 Days	$0.210	$0.275	336,630	0.11%
30 Days	$0.150	$0.275	2,566,793	0.87%
60 Days	$0.150	$0.295	4,035,175	1.36%
90 Days	$0.150	$0.295	6,211,143	2.10%
180 Days	$0.150	$0.350	23,046,596	7.79%
1 Year	$0.150	$0.415	42,172,620	14.25%

Source: Bloomberg, BDO analysis

This table indicates that Nzuri's shares display a low level of liquidity, with 14.25% of Nzuri's current issued capital being traded in the twelve-month period prior to the announcement of the Scheme. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Nzuri, we consider the shares to display a low level of liquidity, on the basis that on average less than 1% of Nzuri's issued capital has been traded per week, with 7.79% of the Company's issued capital being traded in the last 180 trading days.

Our assessment is that a range of values for Nzuri shares based on market pricing, after disregarding post announcement pricing, is between $0.220 and $0.260.

Control Premium

The quoted market price per share reflects the value to minority interest shareholders. In order to value a Nzuri share on a control basis, we have added a control premium that is based on our analysis set out below.

We have reviewed control premiums on completed transactions, paid by acquirers of both general mining companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium).

We have summarised our findings below.

General mining companies

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2019	3	103.21	42.65
2018	10	96.04	56.52
2017	4	16.20	28.55
2016	13	59.54	74.92
2015	9	340.82	57.86
2014	15	118.46	47.88
2013	17	117.99	63.99
2012	18	207.01	52.45
2011	21	811.55	37.42
2010	21	555.11	50.61
2009	20	121.99	50.44

Source: Bloomberg, BDO analysis

All ASX listed companies

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2019	9	12,298.22	43.73
2018	38	1268.24	41.39
2017	28	1009.52	42.67
2016	42	718.51	49.58
2015	33	850.04	33.23
2014	45	518.59	40.00
2013	41	128.21	50.99
2012	52	472.10	51.68
2011	68	891.85	44.43
2010	53	574.61	44.37
2009	61	521.10	54.61

Source: Bloomberg, BDO analysis

The mean and median of the entire data sets comprising control transactions from 2009 onwards for general mining companies and all ASX listed companies, respectively, is set out below.

Entire data set metrics	General mining companies		All ASX listed companies	
	Average Deal Value (AU$m)	Average Control Premium (%)	Average Deal Value (AU$m)	Average Control Premium (%)
Mean	293.20	52.38	914.16	45.99
Median	40.93	43.56	100.61	35.95

Source: Bloomberg

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- nature and magnitude of non-operating assets;
- nature and magnitude of discretionary expenses;

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- perceived quality of existing management;
- nature and magnitude of business opportunities not currently being exploited;
- ability to integrate the acquiree into the acquirer's business;
- level of pre-announcement speculation of the transaction; and
- level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre transaction or proceeded to hold a controlling interest post transaction in the target company.

The table above indicates that the long term average control premium paid by acquirers of general mining companies and all ASX listed companies is approximately 52.38% and 45.99%, respectively. However, in assessing the transactions included in the table, we noted transactions that appear to be extreme outliers. These outliers included 17 general mining transactions and 38 ASX listed company transactions in total, for which the announced premium was in excess of 100%. We have removed these transactions because we consider it likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas, the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the last ten years was approximately 43.56% for general mining companies and 35.95% for all ASX listed companies.

Based on the above analysis, we consider an appropriate premium for control to be between 30% and 40%. We consider an appropriate control premium to be on the lower end of historical averages as a result of the degree of sovereign risk involved with operating a project in the DRC. Further, the fact that the Company's auditor included an emphasis of matter surrounding a material uncertainty around the Company's ability to continue as a going concern in its most recent review report, suggests that an acquirer is unlikely to pay a control premium in line with historical averages.

Quoted market price including control premium

Applying a control premium to Nzuri's quoted market share price results in the following quoted market price value including a premium for control:

	Low $	High $
Quoted market price value	0.220	0.260
Control premium	30%	40%
Quoted market price valuation including a premium for control	**$0.286**	**$0.364**

Source: BDO analysis

Therefore, our valuation of a Nzuri share based on the quoted market price method and including a premium for control is between $0.286 and $0.364.

10.3 Assessment of the value of a Nzuri share

The results of the valuations performed are summarised in the table below:

	Low $	High $
Sum-of-Parts (Section 10.1)	0.216	0.309
QMP (Section 10.2)	0.286	0.364

Source: BDO analysis

Based on the results above we consider the value of a Nzuri share prior to the Schemes on a control basis to be between $0.216 and $0.309. We consider the Sum-of-Parts approach to be the most appropriate methodology to value Nzuri as it includes a DCF valuation of Stage 1 of the Kalongwe Project which is premised on the technical assumptions provided by SRK and our assessment of the economic inputs.

We note that the value of a Nzuri share derived from the QMP approach is higher than our Sum-of-Parts value of a Nzuri share for the following reasons:

- The core value of our Sum-of-Parts valuation lies in our DCF valuation. Our DCF valuation is based on our view of economic assumptions including (but not limited to) exchange rates, forecast pricing and discount rates as well as SRK's view of the technical assumptions underpinning the DCF. The market price may be based on more optimistic views of technical and/or economic assumptions;
- As detailed in section 10.2, the shares of Nzuri display a low level of liquidity, with only 14.25% of Nzuri's issued capital being traded in the twelve month prior to the announcement of the Scheme. Therefore, the quoted market price may not accurately reflect the underlying value of the Company's shares;
- The quoted market price may include the potential upside from the development of Stage 2 of the Kalongwe Project, whereas our valuation of the Kalongwe Project (used for our Sum-of-Parts) is prepared in accordance with RG 170 and valuation standards. As detailed in section 10.1.1, based on current information we do not consider that we have a reasonable basis to assume that the key technical and/or economic inputs to Stage 2 would change such that Stage 2 would be value accretive. The market may have more optimistic views of the technical and economic assumptions relating to Stage 2 or may be ascribing value to the upside potential. The market price may also be ascribing value to the possibility of a takeover on the basis that Stage 2 of the Kalongwe Project may have additional value under the ownership of a particular acquirer;
- The Sum-of-Parts valuation includes a funded value of the Kalongwe Project. Therefore, the Sum-of-Parts valuation includes the dilution of existing issued capital upon raising our assessed level of equity funding. Given the quantum of capital required relative to the Company's market capitalisation, any capital raising would likely be at a discount to the market price at the time of the raising. Therefore, the funding required has a significant impact on value in terms of increasing the number of shares on issue and diluting existing Shareholders' interests. Without the capital raising, the DCF valuation is not realisable. The quoted market price may not fully capture

the likely dilution of existing Shareholders' interests and therefore may overstate the value of the Company's shares.

11. Valuation of Scheme Consideration

Under the Scheme, Shareholders will receive cash consideration of $0.37 for every share in Nzuri that they hold.

12. Is the Scheme fair?

The value of a Nzuri share (on a controlling interest basis) and the Scheme Consideration per share is set out below:

	Ref	Low $	High $
Value of a share in Nzuri (controlling interest basis)	10.3	0.216	0.309
Value of the Scheme Consideration	11	0.370	0.370

We note from the table above that the value of a share in Nzuri on a control basis is less than the value of the Scheme Consideration. Therefore, we consider that the Scheme is fair.

We note that the value of a Nzuri share on a controlling interest basis reflects the value of a share under the current ownership of Nzuri. There may be additional value in Stage 2 of the Kalongwe Project that can be realised by a particular acquirer, however based on current technical and economic factors, we do not consider this value to be realisable to Nzuri. In accordance with RG 111, we are precluded from including special value to an acquirer in our assessment of fairness.

13. Is the Scheme reasonable?

13.1 Alternative Proposal

We have been provided with non-binding documentation for an alternative offer by an unrelated party to acquire all of the issued capital of Nzuri, by way of a scheme of arrangement ('**Alternative Proposal**'). The Directors do not believe that the conditions of the Alternative Proposal would be able to be met and therefore consider the Scheme to be a superior proposal. We are therefore unaware of any alternative proposal that might offer the Shareholders of Nzuri a premium over the value of the Scheme Consideration.

If the Scheme is not approved, there is no guarantee that an alternative proposal will arise and be successful in the future.

13.2 Consequences of not Approving the Scheme

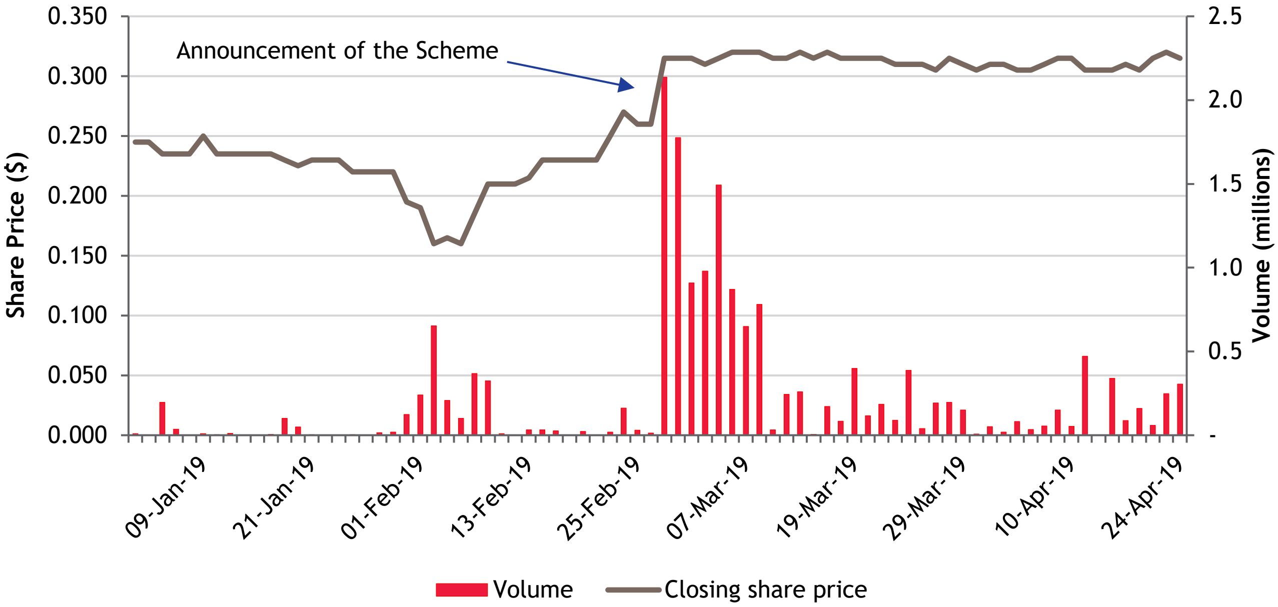
Shareholders will continue to hold an illiquid share

As outlined in section 10.2, Nzuri's shares display a low level of liquidity with only 14.25% of the Company's issued capital being traded in the twelve months prior to the announcement of the Scheme. The Company's issued capital is closely held, with Ndovu, an affiliate of Tembo Capital, holding approximately 48.53% of the shares on issue, which is likely to continue to affect the liquidity of a Nzuri share, if the Scheme is not implemented. This may result in Shareholders having difficulty realising their investment, or being forced to realise at a discount to our assessed value.

Potential decline in share price

We have analysed movements in Nzuri's share price since the Scheme was announced. A graph of the Company's share price and trade volume leading up to and following the announcement of the Scheme is set out below.

Nzuri share price and trading volume history



Source: Bloomberg

The closing price of a Nzuri share from 2 January 2019 to 24 April 2019 has ranged from a low of $0.160 on 4 February 2019 and 6 February 2019, to a high of $0.320 on 23 April 2019 and various dates throughout the month of March 2019. On 27 February 2019, being the date the Scheme was announced, 2,137,119 shares were traded, representing approximately 1% of the Company's current issued share capital.

Following the announcement of the Scheme, Nzuri's share price increased from a volume weighted average price of $0.195 over the 30 days prior to the announcement of the Scheme, to close at $0.315 on 27 February 2019. We note that following the announcement of the Scheme, the share price has traded at a discount to the Scheme consideration of $0.370 per share, suggesting that the market is pricing in risk that the Scheme may not proceed.

Should the Scheme not be approved, there is a risk that the share price of Nzuri may fall back to pre-announcement levels.

13.3 Advantages of Approving the Scheme

We have considered the following advantages when assessing whether the Scheme is reasonable:

13.3.1. The Scheme is fair

As set out in section 12, the Scheme is fair. RG 111.12 states that an offer is reasonable if it is fair.

13.3.2. Shareholders obtain cash under the Scheme

The Scheme involves the acquisition of all the outstanding shares in Nzuri for a cash price of $0.370 per share. Shareholders will obtain cash for the exit on their investment which offers certainty in their returns, and provides Shareholders with an opportunity to utilise the cash received for other purposes such as alternative investments.

Given the demonstrated low level of liquidity in the trading of Nzuri shares, the certainty of the cash consideration of $0.370 per share, may benefit shareholders if they are not able to sell their shares at a higher price. In particular, those who hold large parcels of shares may have difficulty selling their shares on market, or in the event that they are able to sell, they may cause the quoted market price to fall.

13.3.3. The Scheme Consideration offered is at a premium to the last traded price of Nzuri prior to the announcement of the Scheme

The Company's closing price on the last trading day prior to the announcement of the Scheme was $0.260. Therefore, the Scheme Consideration represents a 42% premium to the last quoted price of a Nzuri share prior to the announcement of the Scheme.

We note that subsequent to the announcement of the Scheme the share price has remained below the Scheme Consideration of $0.370.

13.3.4. Shareholders will no longer be exposed to risks associated with being a shareholder of Nzuri

Volatile commodity markets, project development risks and geopolitical risks in the DRC, are some of the specific risks Nzuri Shareholders have been exposed to, and may continue to be exposed to. If the Scheme is approved, Shareholders will no longer be exposed to the specific risks of holding shares in Nzuri.

13.3.5. An alternative proposal to fund the capital expenditure required for the Kalongwe Project would likely involve a dilutive equity raising

As detailed in section 10.1, the development of Stage 1 of the Kalongwe Project requires upfront capital expenditure of approximately US$57 million. We have assumed that the Company will utilise approximately US$30 million of debt funding, however the remaining US$27 million (excluding placement fees) will likely be equity funded. Therefore, in order to realise the DCF value of the Kalongwe Project, existing shareholders will likely have their existing interest diluted.

13.4 Disadvantages of Approving the Scheme

If the Scheme is approved, in our opinion, the potential disadvantages to Shareholders include those detailed below:

13.4.1. Shareholders will be unable to participate in the potential upside of the Company's operations

If the Scheme is approved, Shareholders will be unable to participate in the potential upside from Nzuri's Kalongwe Project or the FTB JV. Specifically, as detailed in section 10.1, we have not ascribed a value to Stage 2 production at the Company's Kalongwe Project as based on current economic and technical inputs, Stage 2 is not value accretive. However, in the event that either economic and/or technical factors change such that Stage 2 becomes value accretive to Nzuri, then a decision to progress Stage 2 can be made. As such, there may be value to holding the option to progress Stage 2 in the future. The value of holding this option is not included in our assessment of fairness because we do not have a reasonable basis to assume that technical and/or economic factors would change by an amount that would cause Stage 2 to increase the value of the Kalongwe Project. Therefore, if Shareholders approve the Scheme then they will forego any potential upside from progressing Stage 2, should that upside eventuate.

We also note that if the Scheme is approved, then Shareholders will not be able to access the returns that are forecast in the Adjusted Model. Further, they would also not be able to participate in the upside of any exploration potential as ascribed by SRK.

13.4.2. Shareholders will forego the opportunity to potentially receive future dividends

If the Scheme is approved and the Kalongwe Project developed through to production, there is a possibility that the Company may be in a position to pay dividends to shareholders. We note that there is no certainty that the Company will be in a position to pay dividends, nor that management will elect to distribute dividends to shareholders. However, if the Scheme is approved, Shareholders will forego the opportunity to potentially receive dividends in the future.

14. Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Scheme is fair and reasonable to Shareholders. Therefore, the Scheme is in the best interests of the Shareholders of Nzuri.

15. Sources of information

This report has been based on the following information:

- Audited financial statements of Nzuri for the years ended 30 June 2018 and 30 June 2017;
- Reviewed financial statements of Nzuri for the half year ended 31 December 2018;
- Independent Technical Valuation Report of Nzuri's mineral assets dated 29 April 2019 prepared by SRK;
- The Scheme Implementation Deed;
- Mining studies for the Kalongwe Project including:
  - Scoping Study;
  - 2017 DFS;
  - PEA;
- Share registry information of Nzuri;
- Option registry information of Nzuri;

- RBA's Monetary Policy Decision dated 5 March 2019 and 2 April 2019;
- African Economic Outlook;
- Bloomberg;
- Consensus Economics;
- S&P Capital IQ;
- U.S Geological Survey;
- IBIS World; and
- Discussions with Directors and Management of Nzuri.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $90,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Nzuri in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Nzuri, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Nzuri and Xuchen and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Nzuri and Xuchen and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 – Professional Independence. The services provided have no material impact on the financial report of Nzuri.

A draft of this report was provided to Nzuri and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Natural Resources Leader for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants. Ashton has over seven years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

18. Disclaimers and consents

This report has been prepared at the request of Nzuri for inclusion in the Scheme Booklet which will be sent to all Nzuri Shareholders. Nzuri engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed scheme of arrangement under which Xuchen proposes to acquire all of the shares in Nzuri for cash consideration of $0.37 per share.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the Scheme. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Nzuri and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Nzuri, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Nzuri.

The valuer engaged for the mineral asset valuation, SRK, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes	**Adam Myers**
Director	Director

Appendix 1 – Glossary of Terms

Reference	Definition
2017 DFS	A DFS commissioned by Nzuri, and completed in October 2017, assessing the technical and financial viability of a Stage 1 open pit mine operation
The Act	The Corporations Act 2001 Cth
Adjusted Model	The BDO adjusted model
Alternative Proposal	Non-binding offer by an unrelated party to acquire all of the issued capital of Nzuri, by way of a scheme of arrangement, on terms considered by the Directors to be inferior to those of the Scheme
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Chengtun Loan	A $5 million loan, provided by Chengtun Mining to Nzuri
Chengtun Mining	Chengtun Mining Group Co., Ltd
The Company	Nzuri Copper Limited
Core	Core Resources Pty Ltd
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
DFS	Definitive Feasibility Study
DMS	Dense Media Separation
DRC	Democratic Republic of Congo
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECP	Engineering, Procurement and Construction

Reference	Definition
FEED	Front End Engineering and Design
First Earn-in	Nzuri's right to earn an 80% interest in the FTB JV by expending US$3,000,000 no later than three years after the signing date of the MOU
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FTB JV	The Fold and Thrust Belt joint venture, between Nzuri and Ivanhoe Mines
GDP	Gross Domestic Product
GICC	La Generale Industrielle et Commerciale au Congo
Guarantee	A condition precedent of the Scheme is that Chengtun Mining will need to provide an enforceable guarantee in favour of Nzuri, guaranteeing the performance of Xuchen
HMS	Heavy Media Separation
Huayou Cobalt	Zhejiang Huayou Cobalt Co
Huayou HK	Huayou International Mining (Hong Kong) Limited
Ivanhoe Mines	Ivanhoe Mines Limited
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
Kalongwe Project	The Kalongwe Copper Cobalt Project located in the Democratic Republic of Congo
KMSA	Kalongwe Mining SA
Km	Kilometre
Km^2	Square kilometre
Loan Agreement	A secured loan agreement between Nzuri and Chengtun Mining
Lycopodium	Lycopodium Minerals Pty Ltd
Marketing Agreement	An agreement between KMSA and Traxys under which Traxys will provide marketing services to KMSA
The Model	Detailed cash flow model for the Kalongwe Project prepared by the management of Nzuri

Reference	Definition
MOU	Memorandum of Understanding
Mtpa	Million tonne per annum
NAV	Net Asset Value
Nzuri	Nzuri Copper Limited
Option Holders	Holders of options in Nzuri
PEA	A Preliminary Economic Assessment on the Stage 2 plan for the Kalongwe Project
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 60	Schemes of arrangement (September 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
The Scheme	The proposed scheme of arrangement between Nzuri and Xuchen
Scheme Booklet	The scheme booklet provided to shareholder of Nzuri in order to assist them in their decision whether to approve the Scheme
Scheme Consideration	Under the Scheme, Nzuri shareholders will receive cash consideration of $0.37 for every Nzuri share they hold
Scoping Study	A scoping study commissioned by Nzuri in 2014, to assess the technical and economic feasibility of a stage one starter plan for the Kalongwe Project
Second Earn-in	Nzuri could earn the right to a 90% interest in the FTB JV by expending US$3,000,000 no later than two years after the signing date of the MOU
Section 411	Section 411 of the Corporations Act
Shareholders	Shareholders of Nzuri
SID	Scheme Implementation Deed

BDO

Reference	Definition
Signing Fee	A non-refundable subsequent signing fee of US$150,000, paid by Nzuri to Ivanhoe Mines, no later than 1 year after the year after the signing date of the MOU
SRK	SRK Consulting (Australasia) Pty Ltd
Stage 1	A stage one starter plan for the Kalongwe Project, comprising a stand-alone open pit mine, and a heavy media separation plant to produce a copper and cobalt concentrate
Stage 2	A stage two plan for the Kalongwe Project, which would involve the development of an acid leach solvent extracting and electro-winning processing facility
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
SXEW	Solvent Extracting and Electro-Winning
Tembo Capital	Tembo Capital Mining Fund LP
Traxys	Traxys Europe S.A.
Updated DFS	An updated DFS for Stage 1 of the Kalongwe Project, released in 2018, based on revised pricing and an updated ore reserve
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital
Xuchen	Xuchen International Limited

For permission requests, write to BDO Corporate Finance (WA) Pty Ltd, at the address below:

The Directors
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
SUBIACO, WA 6008
Australia

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation (‘**EBITDA**’). The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis, it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

The resource multiple is a market based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne/lb of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.

Appendix 3 – Independent Technical Assessment and Valuation Report

Independent Specialist Report – Kalongwe Project, Democratic Republic of Congo

Report Prepared for

Nzuri Copper Limited and BDO Corporate Finance (WA) Pty Ltd

Report Prepared by

SRK Consulting (Australasia) Pty Ltd

NZU001

May 2019

Independent Specialist Report – Kalongwe Project, Democratic Republic of Congo

Nzuri Copper Limited

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and

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May 2019

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Karen Lloyd, Bert De Waele, Kent Hartley, Rebecca Getty, Brett Lawson

Executive Summary

Nzuri Copper Limited (Nzuri or the Company) has an 85% equity interest in the Kalongwe Copper Cobalt Project (the Project) and a 90% equity interest in the exploration tenure comprising the Fold and Thrust Belt Joint Venture (FTBJV) in the Democratic Republic of Congo (DRC). Nzuri has entered into a Scheme Implementation Deed with Xuchen International Limited (Chengtun) under which it is proposed that Chengtun will acquire 100% of the share capital of Nzuri by way of a Scheme of Arrangement (Scheme).

BDO Corporate Finance (WA) Pty Ltd (BDO) has been appointed by Nzuri to provide an Independent Expert Report (IER) for inclusion with the Scheme booklet to assist the shareholders of Nzuri. SRK Consulting (Australasia) Pty Ltd (SRK), as Technical Specialist, has been requested by BDO to provide an Independent Specialist Report (Report) to inform the IER, and SRK understands that its Report is to be included as an appendix to BDO's IER.

The objective of this Report is to provide an independent assessment of the techno-economic assumptions that would likely be considered by the market as part of a potential investment or transaction process involving the Project and the Project's related tenure (FTBJV).

SRK has completed a review and assessment of the recent technical work conducted at the Project to determine its reasonableness.

The work program comprised:

- Discussion and enquiry with key personnel from Nzuri and BDO
- A site inspection of the Project and Fold and Thrust Belt Joint Venture (FTBJV) exploration areas
- A review and assessment of all material technical reports and supporting documentation prepared by and/ or on behalf of Nzuri to determine its reasonableness for use
- Compilation and analysis of comparable sales and joint venture transactions
- Preparation of an independent opinion on the technical inputs underpinning the discounted cashflow model (DCF or Model) of the Project (where warranted, SRK has modified production and capital and operating cost projections for use by BDO) – these modifications are considered reasonable, based on the available technical data and SRK's experience
- Preparation of a Market Value of the exploration tenure associated with the Project which forms the FTBJV.

This Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessment and Valuation of Mineral Assets – VALMIN Code (2015), which incorporates the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – JORC Code (2012).

In SRK's opinion, the Mineral Resource and Ore Reserve estimates for the Project have been prepared to a sufficient quality standard and reported in accordance with the guidelines of the JORC Code (2012) and are considered to be reasonable.

SRK has not performed, nor does it accept the responsibilities of a Competent Person as defined by the JORC Code (2012) in respect of the Mineral Resources and Ore Reserve estimates presented in this Report.

In preparing this Report, SRK has considered various valuation methods within the context of the VALMIN Code (2015). SRK has considered the Mineral Resources and Ore Reserves associated with the Project, as well as the extent and exploration potential of the granted tenure associated with the Project and the FTBJV.

The valuation method applied depends on the relative maturity of assessment for each asset, as well as the amount of available data supporting the project. SRK has considered the three main approaches (income, market, and cost) as well as the available methodologies under each approach.

Based on its assessment of the available techno-economic information, SRK notes that there is a reasonable basis to use an income-based discounted cashflow (DCF) approach to the valuation of the Ore Reserve estimates at the Project. SRK has undertaken a comparable market sales analysis for use by BDO as a cross-check on the DCF valuation. The Project is considered to be a Pre-Development project.

The Inferred Mineral Resource estimates which do not inform the Ore Reserve estimates, and which have not been estimated to a geological confidence level to allow the application of appropriate modifying factors to estimate future income, have been valued by SRK using a comparable market sales approach with a benchmarking cross-check against metal yardstick factors.

The FTBJV is considered to be an Advanced Exploration project where no Exploration Targets, Mineral Resource or Ore Reserve estimates have been prepared. On this basis, SRK has valued the FTBJV using a comparable market sales approach and a geoscientific rating (cost) approach.

Table 3-2 presents the valuation basis for the Project and the FTBJV.

Table 3-1: Valuation basis

Development Stage	Description	Valuation basis
Pre-Development	Stage 1 and Stage 2 throughput (the Ore Reserves are considered to encapsulate all the value of the Measured and Indicated Mineral Resources at the Project).	Income: Cashflow model (Ore Reserves) Market: Comparable transactions
	The Inferred Mineral Resources (not considered in the cashflow model) have been valued separately using the comparable sales method and cross-checked using Yardstick factor estimates.	Market: Comparable transactions Cross-check: Yardstick factor estimates
Advanced Exploration	FTBJV	Market: Comparable transactions Cost: Geoscientific rating

Table ES-1and Table ES-2 summarise SRK's recommended valuation ranges and preferred values for the Inferred Mineral Resource estimates not considered in BDO's cashflow model and SRK's recommended valuation ranges and preferred values for the FTBJV. All monetary figures used in this Report are expressed in United States dollar (US$) or Australian dollar (A$) terms unless otherwise stated. The final valuation is presented in Australian dollars.

Table ES-1: Summary of SRK's valuation ranges (100% basis)

Stage	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Inferred Mineral Resources and Cobalt-only material not considered in the Stage 1 cashflow model	5.7	10.8	7.8
FTBJV	3.3	4.4	3.4

Table ES-2: Summary of SRK's valuation ranges (85% Kalongwe, 90% FTBJV basis)

Stage	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Inferred Mineral Resources and Cobalt-only material not considered in the Stage 1 cashflow model	4.8	9.2	6.6
FTBJV	3.0	4.0	3.1

Note: Any discrepancies between values in the table are due to rounding.

In mid-February 2019, the DRC Government imposed a ban on the export of metal concentrates aimed at increasing domestic refined metal output. The ban was lifted in March 2019. SRK understands that in a letter dated 20 March 2019, the National Federation of Enterprises (FEC) Minister of Mines, Henri Yav Mulang, states that the DRC Government will review every six months whether to reimpose the ban.

This Report has adopted an effective valuation date of 1 May 2019.

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Nzuri Copper Limited (Nzuri) and BDO Corporate Finance (WA) Pty Ltd (BDO). The opinions in this Report are provided in response to a specific request from BDO to do so. SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable as at 1 May 2019.

1 Introduction

Nzuri Copper Limited (Nzuri or the Company) is an Australian Securities Exchange (ASX: NZC) listed exploration and development company focused on high grade copper and cobalt projects in the Katangan Copper Belt of the Democratic Republic of Congo (DRC).

Nzuri holds an 85% equity interest in the Kalongwe Copper Cobalt Project (the Project) and a 90% equity interest in the tenure comprising the Fold and Thrust Belt Joint Venture (FTBJV), both of which are located close to the Zambian border in the southern part of the DRC. Nzuri has entered into a Scheme Implementation Deed with Xuchen International Limited (Chengtun) under which it is proposed that Chengtun will acquire the entire issued share capital of Nzuri by way of a Scheme of Arrangement (Scheme).

BDO Corporate Finance (WA) Pty Ltd (BDO) has been appointed by Nzuri to provide an Independent Expert Report (IER) for inclusion with the Scheme booklet to assist the shareholders of Nzuri. SRK Consulting (Australasia) Pty Ltd (SRK), as Technical Specialist, has been requested by BDO to provide an Independent Specialist Report (Report) to support its IER, and SRK understands that its Report is to be included as an appendix to BDO's IER.

As defined in the VALMIN Code (2015), mineral assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in relation to the exploration, development of and production from those tenures. This may include plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals relating to that tenure.

For this valuation, the Project and the associated tenure forming the FTBJV were classified in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a pre-feasibility study (PFS).
- **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants that have been commissioned and are in production.

Based on its review of the available technical data relating the Nzuri's mineral assets, SRK considers the Kalongwe Project best represents a Pre-Development Project and the surrounding landholdings under the FTBJV classified as Advanced Exploration tenure as per the VALMIN Code (2015) definitions.

1.1 Nature of the brief and summary of principal objectives

SRK was instructed by BDO but is engaged by Nzuri to prepare the Report. The Report is to be included as an appendix to BDO's IER, which will provide an opinion on the fairness and reasonableness of the proposed Scheme.

The objective of this Report is to provide an independent technical assessment and valuation of the Project and the FTBJV tenure.

SRK was engaged to review the assumptions contained in the Company's discounted cashflow model (DCF or Model) relating to the Project and provide BDO with a technical assessment of the inputs into this DCF. If necessary, SRK has modified the Company's Model input parameters to a level considered reasonable by SRK for valuation purposes.

Key areas reviewed by SRK include:

- Mineral Resources and Ore Reserves incorporated into the DCF
- The reasonableness of any timing assumptions incorporated into the DCF
- Mining physicals (including tonnes of ore mined, ore grade mined and waste material)
- Processing physicals
- Operating and closure costs
- Capital expenditure
- Royalties
- Appropriateness of DCF modelling for Stage 2 of the Project
- Any other material technical assumptions not specified above.

In addition, SRK was requested to provide an independent valuation of the FTBJV exploration tenure associated with the Project. In doing so, SRK has selected the most appropriate valuation techniques based on the maturity of the Project and the FTBJV tenure and the available information. This Report expresses an opinion regarding the value of the Project as directed in SRK's mandate from BDO. This Report does not comment on the 'fairness and reasonableness' of any transaction between the owners of these mineral interests and any other parties.

1.2 Reporting standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). The authors of this Report are Members or Fellows of either the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN and JORC Codes.

For the avoidance of doubt, this report has been prepared according to:

- The 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)
- The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

As per the VALMIN Code, a first draft of the report was supplied to BDO and Nzuri to check for material error, factual accuracy and omissions before the final report was issued. SRK's scope of work was limited to the second draft of the Report after a round of edits by BDO and Nzuri. The final report was issued following review of any comments by the project team.

For the purposes of this Report, value is defined as 'market value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

1.3 Work program

This assignment commenced in March 2019, with a review of publicly available data and other information sourced by SRK from literature, as well as subscription databases such as S&P Market Intelligence database services. Company information was uploaded to an online data room and SRK consultants worked through the datasets, the Model and completed research on comparable market transactions to assist with the valuation.

In accordance with Section 11.1 of the VALMIN Code (2015), a site inspection was undertaken by Mr Susa Maleba of SRK's Congo office in March 2019.

1.3.1 Legal matters

SRK has not been engaged to comment on any legal matters.

SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

SRK has sighted documentation provided by Lubala et Associés, an independent legal firm located in the DRC. The documentation indicates that Kalongwe Mining SA has the legal rights to the minerals at the Project which are the subject of this Report. The document indicates that Ivanhoe Mines Exploration DRC S.A.R.L. has the legal rights to the minerals at the FTBJV which are the subject of this Report. SRK has made all reasonable enquiries into the status of the subject tenures as at 1 May 2019.

Further detail on the ownership and tenement status is given in Section 2.2 of this Report.

1.4 Key data sources

Data and information relating to the assets as used by SRK during the preparation of this Report are referenced throughout the Report.

1.5 Effective date

The conclusions expressed in this report are appropriate as at 1 May 2019. The valuation is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this assessment are expressed in United States dollars (US$), or Australian dollars (A$), unless otherwise stated.

1.6 Project team

This Report has been prepared by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below.

Karen Lloyd, Associate Principal Consultant (Project Evaluation), BSc (Hons), MBA, FAusIMM

Karen has more than 20 years international resource industry experience gained with some of the major mining, consulting and investment houses globally. She specialises in independent reporting, mineral asset valuation, project due diligence, and corporate advisory services. Karen has worked in funds management and analysis for debt, mezzanine and equity financing and provides consulting and advisory in support of project finance. She has been responsible for multi-disciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities in Australia, Asia, Africa, the Americas and Europe. Karen has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Jeames McKibben, Principal Consultant (Project Evaluation), BSc (Hons), MBA, MAusIMM(CP), MAIG, MRICS

Jeames is an experienced international mining professional having operated in a variety of roles including consultant, project manager, geologist and analyst over more than 25 years. He has a strong record in mineral asset valuation, project due diligence, independent technical review and deposit evaluation. As a consultant, he specialises in mineral asset valuations and Independent Technical Reports for equity transactions and in support of project finance. Jeames has been responsible for multi-disciplinary teams covering precious metals, base metals, bulk commodities (ferrous and energy), industrial minerals and other minerals in Australia, Asia, Africa, North and South America and Europe. He has assisted numerous mineral companies, financial, accounting and legal institutions and has been actively involved in arbitration and litigation proceedings. Jeames has experience in the geological evaluation and valuation of mineral projects worldwide. Jeames is an executive member of the VALMIN Code Review committee. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Dr Bert de Waele, Principal Consultant (Exploration Geology), PhD (Geology), RP Geo, MAIG

Bert has over 23 years of experience. He has conducted Independent Technical Assessments on various mineral assets including gold, copper, iron ore, manganese, diamond, mineral sands, phosphate, evaporite and uranium. He also developed both expert and data-driven exploration targeting systems for exploration projects. Bert's regional mapping experience includes regional scale mapping products in Zambia, Mauritania, Madagascar and Papua New Guinea, and prospect or tenement-scale mapping in Australia, Gabon, Ghana, Guinea, Indonesia, Ivory Coast, Lao PDR, Liberia, Malaysia, Mauritania, Morocco, Philippines, Republic of Congo, Sierra Leone and Western Sahara. His research interests focus on regional geology and tectonics, by integrating field and laboratory work, including U-Pb microprobe geochronology, isotope and whole-rock geochemistry and Geographic Information Systems. Bert has a strong commitment to transfer of knowledge, holding an Adjunct Research posting at Curtin University. Bert has taught structural geology, computing in geoscience (GIS – Remote Sensing and DPA (Geosoft)) and supervised field classes, mapping projects and theses (BSc, MSc and PhD) both in French-speaking and English-speaking environments. Much of his work has included on-the-job training of sampling teams and mapping geologists using paperless mapping technologies. Bert has the appropriate relevant qualifications, experience, competence and independence to be considered a ‘Specialist’ and ‘Competent Person’ under the VALMIN (2015) Code and JORC (2012) Code, respectively.

Rebecca Getty, Consultant (Environment and Mine Closure), BSc (Hons) Geology, MAusIMM, MAIG

Rebecca is an environmental management professional with more than 10 years’ experience in the mining industry. Her experience as an environmental advisor includes mine closure, environmental management plans, environmental approvals and due diligence. She commenced her career as an exploration geologist, responsible for supervising drill programs and preparing technical and statutory reports. She has designed, implemented and managed exploration programs for greenfields, mine definition and multi-stage projects in Australia and Canada. Rebecca’s experience in technical reporting includes authoring and co-authoring of reports across scoping, pre-feasibility and feasibility study levels according to international reporting guidelines. Rebecca has the appropriate relevant qualifications, experience, competence and independence to be considered a ‘Specialist’ and ‘Competent Person’ under the VALMIN (2015) and JORC (2012) Codes, respectively.

Kent Hartley, Principal Consultant (Mining Engineering), BSc Mining, PEng

Kent is a mining engineer with 35 years expertise in open pit mine operations. His mining experience includes open pit mine production planning and design, contract mining and facility construction, and reserve estimation in precious and base metals. Kent has extensive experience in construction costing and project management. Kent is a Professional Engineer registered in Nevada in the United States of America and has the appropriate relevant qualifications, experience, competence and independence to be considered a ‘Specialist’ and ‘Competent Person’ under the VALMIN (2015) and JORC (2012) Codes, respectively.

Brett Lawson, Associate Principal Consultant (Process Engineering), BE(Hons) BSc, MAusIMM

Brett has over 20 years’ experience in the mining and mining chemicals industry and has been based in both Australia and Brazil. Brett has a broad range of experience; including roles in operations and commissioning, process design, project engineering, technical reviews, engineering, commissioning and metallurgical laboratory management. This experience was gained across many commodities including copper, nickel, cobalt, zinc, alumina, gold, platinum group metals, graphite, antimony, vanadium, uranium and mining chemicals. Past roles have seen him work on several major capital projects and he has managed the design, construction and operation of complex hydrometallurgical plants globally. Brett has the appropriate relevant qualifications, experience, competence and independence to be considered a ‘Specialist’ and ‘Competent Person’ under the VALMIN (2015) and JORC (2012) Codes, respectively.

Susa Maleba, Consultant (Mining), BSc Mining, MSAIMM, MVSSA

Susa has over 10 years’ experience as a mining engineer and is SRK’s Country Manager for the Democratic Republic of Congo. Susa has the appropriate relevant qualifications, experience, competence and independence to be considered a ‘Specialist’ and ‘Competent Person’ under the VALMIN (2015) and JORC (2012) Codes, respectively.

1.7 Limitations, reliance on information, declaration and consent

1.7.1 Limitations

SRK’s opinion contained herein is based on information provided to SRK by Nzuri throughout the course of SRK’s investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such information as provided by Nzuri was taken in good faith by SRK. SRK has not independently verified Mineral Resource or Ore Reserve estimates by means of recalculation.

This report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by Nzuri was complete and not incorrect, misleading or irrelevant in any material aspect.

Nzuri has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by Nzuri was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

1.7.2 Statement of SRK independence

Neither SRK, nor any of the authors of this Report, has any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK.

SRK, nor any authors of this Report have any prior association with Nzuri regarding the mineral assets that are the subject of this Report. SRK has no beneficial interest in the outcome of the technical assessment capable of affecting its independence.

1.7.3 Indemnities

As recommended by the VALMIN Code (2015), Nzuri have provided SRK with an indemnity under which SRK is to be compensated for any liability and/ or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by either Nzuri and BDO or these parties not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

1.7.4 Consent

SRK consents to this Report being included, in full, in BDO's documents in the form and context in which the technical assessment is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessment expressed in the Summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete Report.

1.7.5 Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A$48,000. The payment of this professional fee is not contingent upon the outcome of this Report.

2 Project Overview

2.1 Location, access, climate and infrastructure

The Project and contiguous FTBJV is centred at latitude 11°00'26.47" S and longitude 25°4'03.63" E at an elevation of approximately 1,360 m above mean sea level (amsl) in the Lualaba Province of the DRC (Figure 2-1). The Project is located approximately 45 km south-southwest of Kolwezi, the provincial capital, with other nearby population centres including Kengere (15 km east), Kisokonko and Swana-Mukanzu. Regular flights from the mining capital of Lubumbashi service Kolwezi, with flight times of approximately 45 minutes. Road travel from Lubumbashi to Kolwezi takes up to four hours.

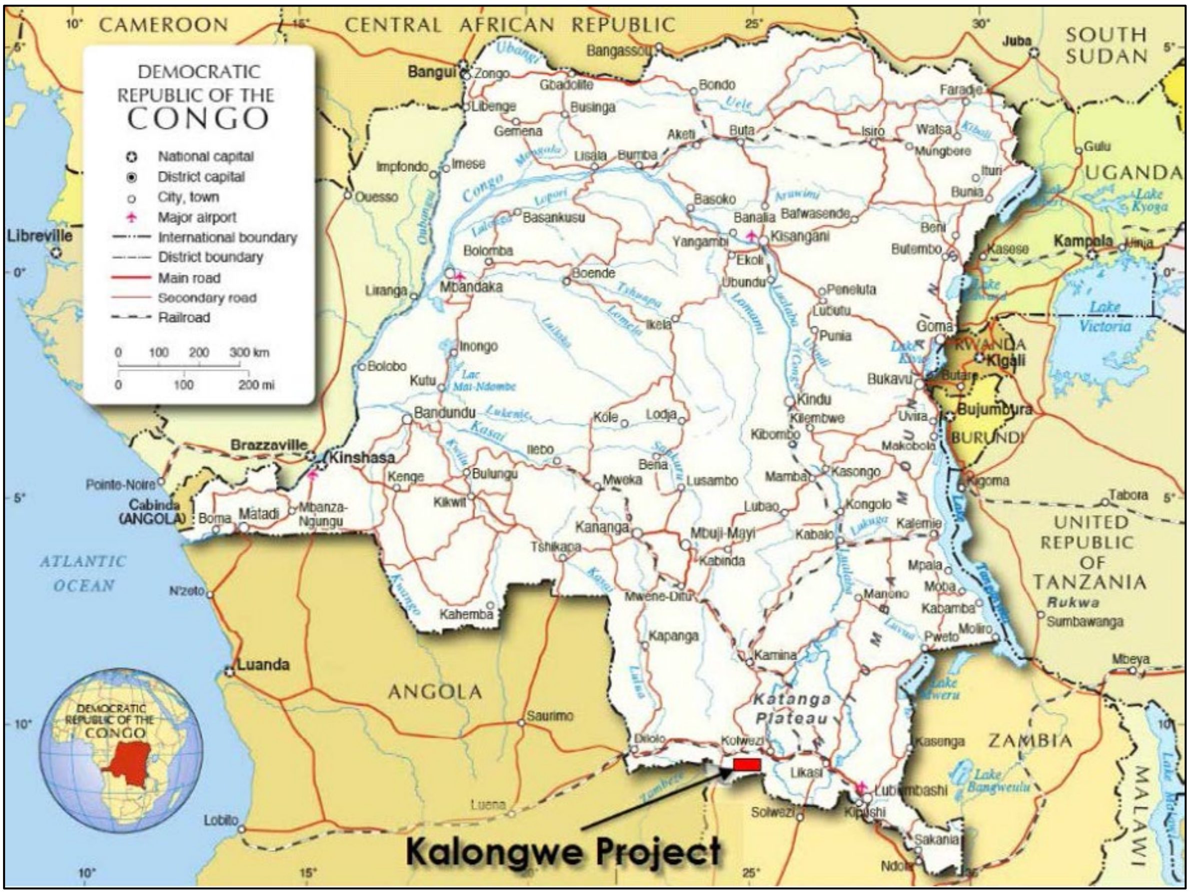

Figure 2-1: Project location

Source: Nzuri Management Information

Kolwezi is an important mining centre with a population of approximately 450,000. Kolwezi lies along the transcontinental railroad system and has access to both east and west coast ports of Tanzania and Angola, as well as South Africa. Lubumbashi, located some 300 km southeast of Kolwezi, is the commercial and industrial centre of the Haut-Katanga Province and hosts an international airport.

As a result of widespread mining activities, the area around Kolwezi is marked by numerous open pits, waste rock, ore and slag dumps, tailings dams and other mining related infrastructure. Substantial urban infrastructure has also been developed, including housing, roads, water supply and social facilities. The existing infrastructure around Kolwezi such as buildings, water lines, workshops and roads, are in a bad state of repair. Cellular phone networks are operational in the Kolwezi area. Kolwezi is expected to provide local skilled and unskilled labour, spare parts and operational equipment support to any future mining operation at Nzuri.

Access to the Project area from Kolwezi is via the existing network of all-weather roads through the villages of Shimishi, Mangi and Kalongwe and via a partially-built haulage road constructed by Ivanhoe Mines Ltd (Ivanhoe) to access Ivanhoes's Kamoa and Kakula deposits.

It is understood that the 28 km long section of road will be constructed between the Kalongwe Project and the Kamoa and Kakula deposits in order to access the Project. This construction is under a written agreement with Ivanhoe and under an already approved separable Environmental and Social Impact Assessment for the road corridor.

The region surrounding the Project experiences a monsoon-influenced humid subtropical climate. Due to the elevation, the climate is relatively uniform all year round, with a dry season between April and September, and a wet season for the remaining months. The average rainfall for the area is approximately 1,200 mm per year with periods of extreme precipitation and extreme aridity. Heavy rainfall occurs during the months of November to the end of March, as shown in Figure 2-2. There is generally very little or no rainfall during the months of May to September.

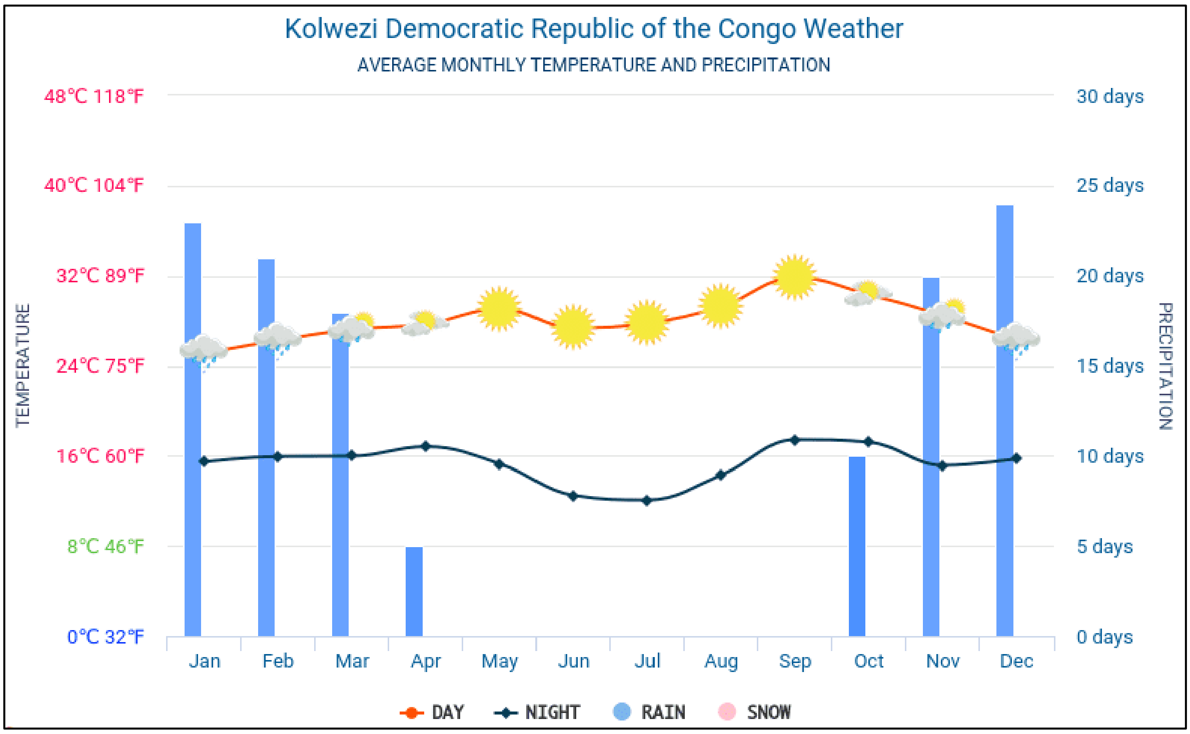

Figure 2-2: Regional climate

Source: Hikers Bay.

The planned mining operation may be occasionally impeded during monsoonal events between the months of November and March, which are likely to provide substantial surface water runoff. However, the climate is amenable to carrying out mining operations for much of the year.

Relief in the Project area is variable with elevations ranging between 1,200 m and 1,400 m above mean sea level. An open, flat-lying plateau is deeply incised towards the north and east of the Project area, with drainage towards the west where the proposed mining operation will be located.

A river diversion channel involving the straightening of the existing river course to the north of the planned mining area is planned to be constructed prior to the commencement of mining activities for risk mitigation. This channel will limit groundwater inflows to the planned pit and will assist in the depressurisation of the pit walls for slope stability.

The concession area forms part of the Central Zambezian Miombo woodland (open woodland with predominantly grass understorey) and is generally well vegetated with localised slash and burn agricultural cultivation for cassava and vegetables. There are no records of threated ecological communities in the concession area and no villages will need to be re-located. Workers will live on site in an accommodation village.

There is evidence of local artisanal mining in the Kalongwe Project area.

2.2 Ownership and tenements

The Kalongwe Project comprises a single granted *Permis d'Exploitation* or Exploitation (mining) Permit (PE 12198) under the *2002 Mining Code* which is held by Kalongwe Mining SA (KMSA) under a joint venture agreement between Nzuri (85%), La Generale Industrielle et Commerciale au Congo (GICC) (10%) and the DRC Government (5%).

In the DRC, exploitation permits granted prior to 2019 are valid for 30 years and are renewable for 15-year periods until the end of a mine's life. Exploitation permits attract a 5% DRC Government free-carry interest.

The FTBJV comprises five granted *Permis de Recherches* or Research (Exploration) Permits (PR 688, PR 689, PR 702, PR 690 and PR 701) under the *2002 Mining Code* which are held by Ivanhoe Mines Exploration DRC S.A.R.L. (Ivanhoe) under a joint venture agreement between Nzuri (85%) and Ivanhoe (15%).

In the DRC, exploration permits are granted for a term of five years and are renewable once for a period of five years. No individual exploration permit can exceed a surface area of 400 km^2. An individual or that individual's affiliated companies cannot hold more than 50 exploration permits, and the total granted area for all permits within the DRC may not exceed 20,000 km^2.

Renewal applications automatically require a 50% ground relinquishment with each application. If an entire exploration permit, or part of an exploration permit, is converted to an exploitation permit, the portion that has been converted is no longer subject to ground relinquishment requirements.

SRK has sighted documentation provided by Lubala et Associés, an independent legal firm located in the DRC. The documentation indicates that Kalongwe Mining SA has the legal rights to the minerals at the Project which are the subject of this Report. The document indicates that Ivanhoe Mines Exploration DRC S.A.R.L. has the legal rights to the minerals at the FTBJV which are the subject of this Report. SRK has made all reasonable enquiries into the status of the subject tenures as at 1 May 2019.

Table 2-3: Tenement schedule

Project Name	Permit Number	Permit Type	Status	Granted	Expiry	Area (ha)
Kalongwe	PE 12198	Mining	Live	23/10/2015	22/10/2045	839.50
FTBJV	PR 688	Exploration	Live	13/04/2015	12/04/2020	9,401
FTBJV	PR 689	Exploration	Live	13/04/2015	12/04/2020	8,056.80
FTBJV	PR 702	Exploration	Live	11/05/2015	10/05/2020	7,221.50
FTBJV	PR 690	Exploration	Live	13/04/2015	12/04/2020	7,132.80
FTBJV	PR 701	Exploration	Live	13/04/2015	12/04/2020	7,303.20

Source: Nzuri Management Information

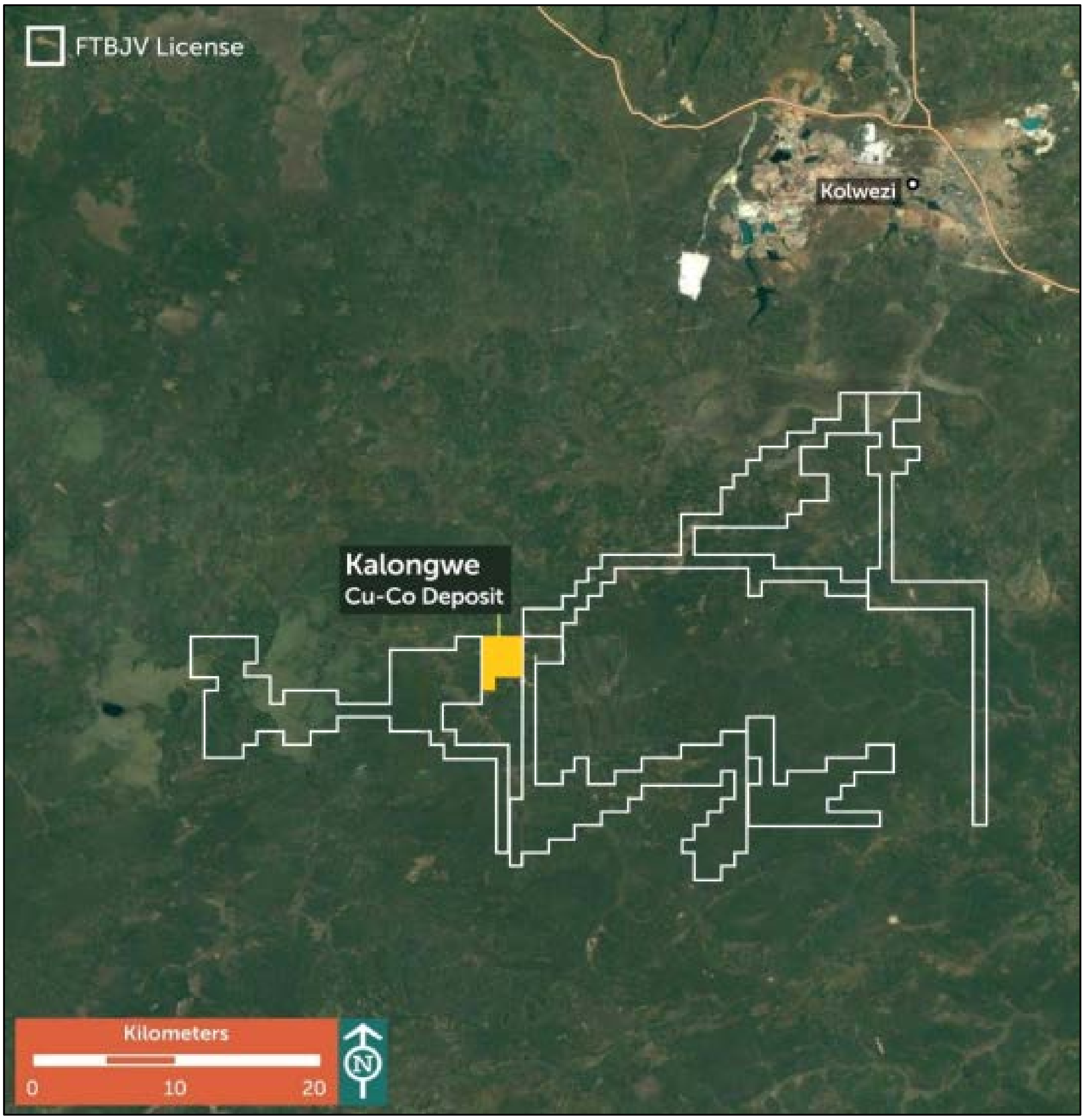

Figure 2-4: Permit overview

Source: Modified from Nzuri Management Information

2.2.1 Environmental Permitting

Environmental legislation for mining and exploration activities in the DRC is principally governed by the *Mining Code* (Law No. 007/2002 as amended by Law No. 18/001 on 9 March 2018), the *Mining Regulations* (Decree No. 038/2003 revised by Decree No. 18/24 on 8 June 2018) and Law No. 11/009 which establishes basic environmental protection principles. There are numerous annexes to the *Mining Regulations* that are dedicated to environmental issues.

Permitting is subject approval of the Environmental and Social Impact Assessment (*Etudes D'impact Environmentale* or EIE) and Environmental and Social Impact Mitigation and Rehabilitation Plan (*Plan de Gestion Environnementale* du Projet or PGEP) by the Direction de la Protection de l'Environnement Minier.

Nzuri hold two Environmental Certificates, the EIE/ PGEP for the main Project area, which was approved in April 2015, with the EIE for an access (road) corridor approved in 2017. Both impact assessments were prepared by the Tanzanian Government approved environmental consultancy, *Bureau d'Etudes Environnementales du Congo BECC*. An initial Social Development Plan (SDP) is also in place. The SDP outlines several community programs for which US$647,000 has been allocated over the 8-year life of mine (LOM).

The *Mining Regulations* require the holder of an exploitation licence to submit annual environmental reports and to prepare an external environmental and social audit report every two years. To date, Nzuri is compliant with this requirement.

An external audit was conducted in August 2018 by Environmental and Mining Services (EMIS) and approved by the DRC's Ministry of Mines. The audit recommended the inclusion of detailed stakeholder identification and consultation in the SDP prior to commencement of exploitation activities. Additionally, the audit recommended the establishment of a community consultative committee and for the EIE to be updated with the owner's social responsibility to employees.

Both the EIE and the PGEP are required to be updated and revised every five years in accordance with the revised *Mining Code* (Law No. 007/2002 as amended by Law No. 18/001 on 9 March 2018). Nzuri commenced this process with BEEC in March 2019, with completion expected by July 2019.

2.3 Royalties and Taxes

Upon the commencement of mine production, royalties will be distributed to the DRC Government at the rate of 3.5% of the royalty value of any copper concentrate produced from the Project. This rate is the *ad valorem* rate which applies to concentrate material enacted under law number 18/001 (*2018 Mining Code*).

SRK notes that the DRC Government has reserved the right to declare certain minerals and substances as strategic minerals or substances, which attract a 10% royalty rate. On 24 November 2018, cobalt was deemed a strategic mineral and royalties will be distributed to the DRC Government at the rate of 10% of the royalty value of any cobalt concentrate produced from the Project.

The corporate tax rate for mining companies in the DRC is 30%. The *2018 Mining Code* update introduced a super profits tax of 50%, which applies to all profits if the commodity prices (for products produced by the mine) increase by more than 25% to those used in the feasibility study as submitted to the DRC Department of Mines. SRK understands that the super profits tax is unlikely to be applicable to any of the Project's forecast cashflows given the base commodity pricing assumptions used in the feasibility study as submitted to the DRC Government.

2.4 History

The discovery of copper-cobalt (Cu-Co) mineralisation in the Kalongwe area dates to 1902, when it is understood that secondary copper was identified in rock outcrops by local artisanal miners, although this is only recorded informally. Follow-up work took place in 1931, with trenching revealing copper mineralisation to be associated with uranium secondary minerals and minor gold. During the 1940s and 1950s, Comité Spécial du Katanga prospected for uranium mineralisation, although it is understood that there were no significant assay results.

Modern copper-cobalt exploration began in the Kalongwe area when Ivanplats Limited, now known as Ivanhoe Mines Ltd (Ivanhoe) began exploration in 2003. Ivanhoe undertook geophysical data collection and interpretation, geological sampling and some limited reverse circulation (RC)/ diamond drilling, which identified five regional prospects: Kasangasi, Mukansa, Monwezi, Mamba, and Kambundji.

2.4.1 Kalongwe Project

In 2006, Ivanhoe commenced exploration at the Kalongwe Project following a regional targeting campaign and in 2008, Ivanhoe discovered the Kamoa prospect through geophysical and geochemical methods.

Ivanhoe sold a 100% interest in the Kalongwe Project to GICC in 2010 for US$4.0 M.

In November 2013, GICC signed a joint venture agreement with Regal Resources Limited (Regal, now known as Nzuri) and Traxys Europe SA (Traxys). Under the terms of the agreement, GICC retained a 40% interest in the shares of the joint venture company, Kalongwe Mining S.A. (KMSA) which holds the Kalongwe Project.

In October 2015, KMSA received approval for the exploitation permit and as required by the prevailing legislation transferred a 5% interest in the issued capital of KMSA to the DRC Government.

In July 2016, Regal increased its interest in KMSA to 70% through the acquisition of Traxy's entire interest in KMSA, in addition to the acquisition of an additional 13% interest in KMSA from GICC.

In November 2016, GICC sold an additional 15% interest in KMSA to Regal to retain a 10% control of the joint venture company.

As at 1 May 2019, KMSA's corporate ownership structure comprises Nzuri (85%), GICC (10%) and the DRC Government (5%).

2.4.2 FTBJV

In April 2015, Regal signed a Joint Venture agreement with Ivanhoe to acquire a 90% interest in the FTBJV tenements through staged exploration expenditure totalling US$6 M over five years, with an option to acquire a further 8% (terms to be agreed).

As at 1 May 2019, the FTBJV ownership structure comprises Nzuri (90%) and Ivanhoe (10%).

2.5 Geological setting

2.5.1 Regional geology

The Project (and contiguous FTBJV) is located in the western segment of the Central African Copper Belt, one of the great metallogenic provinces which contains some of the world's richest copper, cobalt and uranium deposits (Figure 2-5). These deposits are hosted by metasedimentary succession of the Late Proterozoic aged Katanga Supergroup, which was deposited on a Mid Proterozoic basement to the south (in Zambia), and an Early Proterozoic basement to the north (in the DRC).

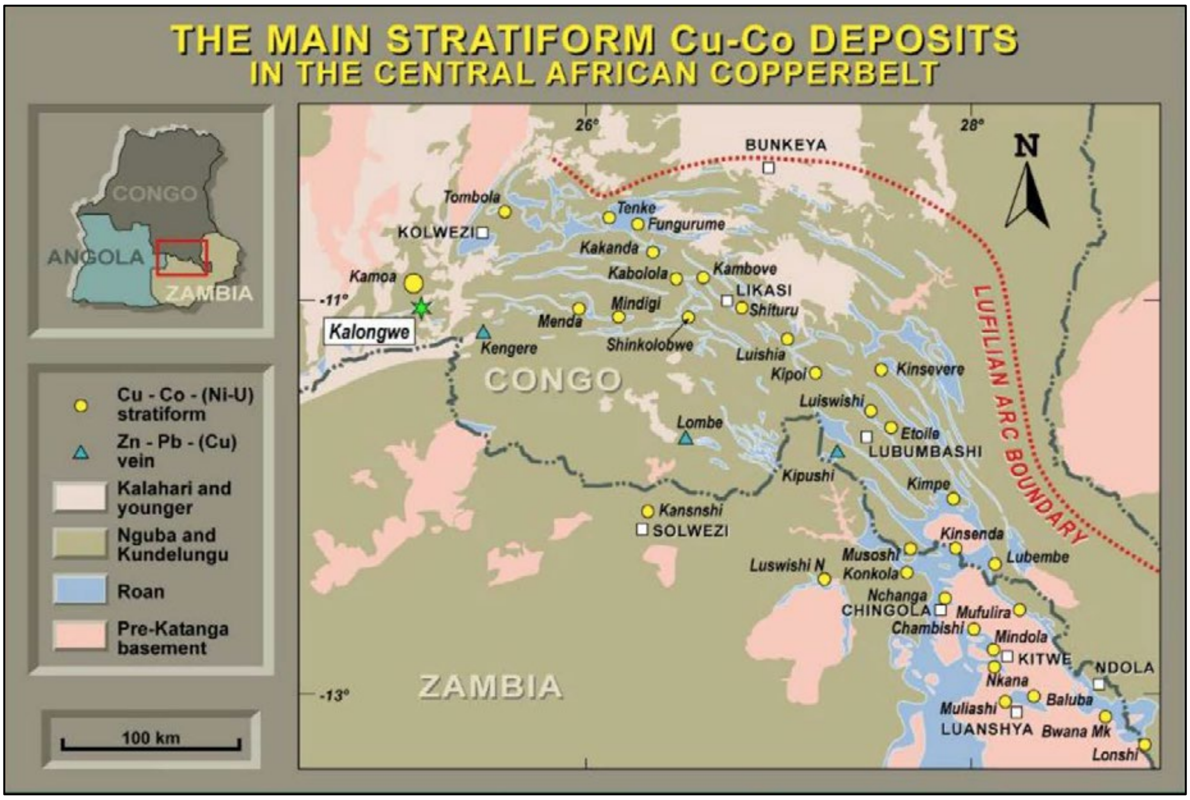

Figure 2-5: Regional geological context of the Central African Copper Belt showing the location of the Kalongwe Project

In the DRC, the Katanga Supergroup is composed of three groups, which, from oldest to youngest, are the Roan, Nguba and Kundelungu Groups.

The Lower Roan was deposited in a series of restricted rift basins, which developed into more laterally extensive carbonaceous sedimentary units characterised by marine siltstones/ shales and marine organic carbonates. The carbonaceous units in the upper part of the Lower Roan, referred to as the "Ore Shale" in Zambia and as "R2" or "Mines Series" in the DRC, contain most of the recorded copper-cobalt mineralisation across the province.

During the initial deposition of the Lower Roan, anoxic conditions are interpreted to have temporarily prevailed in a lagoonal or mudflat environment, resulting in the development of evaporite-bearing rocks in the siliciclastic-carbonate sequence. These evaporites are no longer present within the Lower Roan but are interpreted to have been removed either during diagenesis, basin inversion or through erosion. Extensive scapolitisation within Roan rocks, remnant evaporitic fabrics, presence of H_2O-NaCl fluids with high salinity, stratigraphic gaps within the Roan Group and evidence of salt tectonics and salt diapirs all point to the original presence of evaporitic units within units of the Lower Roan Group.

The Upper Roan was deposited in post-rifting and basin-sag conditions and comprises a mixed sequence of mixed carbonate and clastic rocks. A large diamictite, the "Grand Conglomérat", marks the base of the overlying Nguba Group (formerly "Lower Kundelungu"), comprised of dolomites, carbon-rich dolomite and shales deposited during a second rifting phase.

A second, smaller diamictite, the "Petit Conglomérat", marks the base of the Kundelungu Group, comprised of dolomitic siltstone, shales and sandstone deposited post-rifting (Figure 2-6).

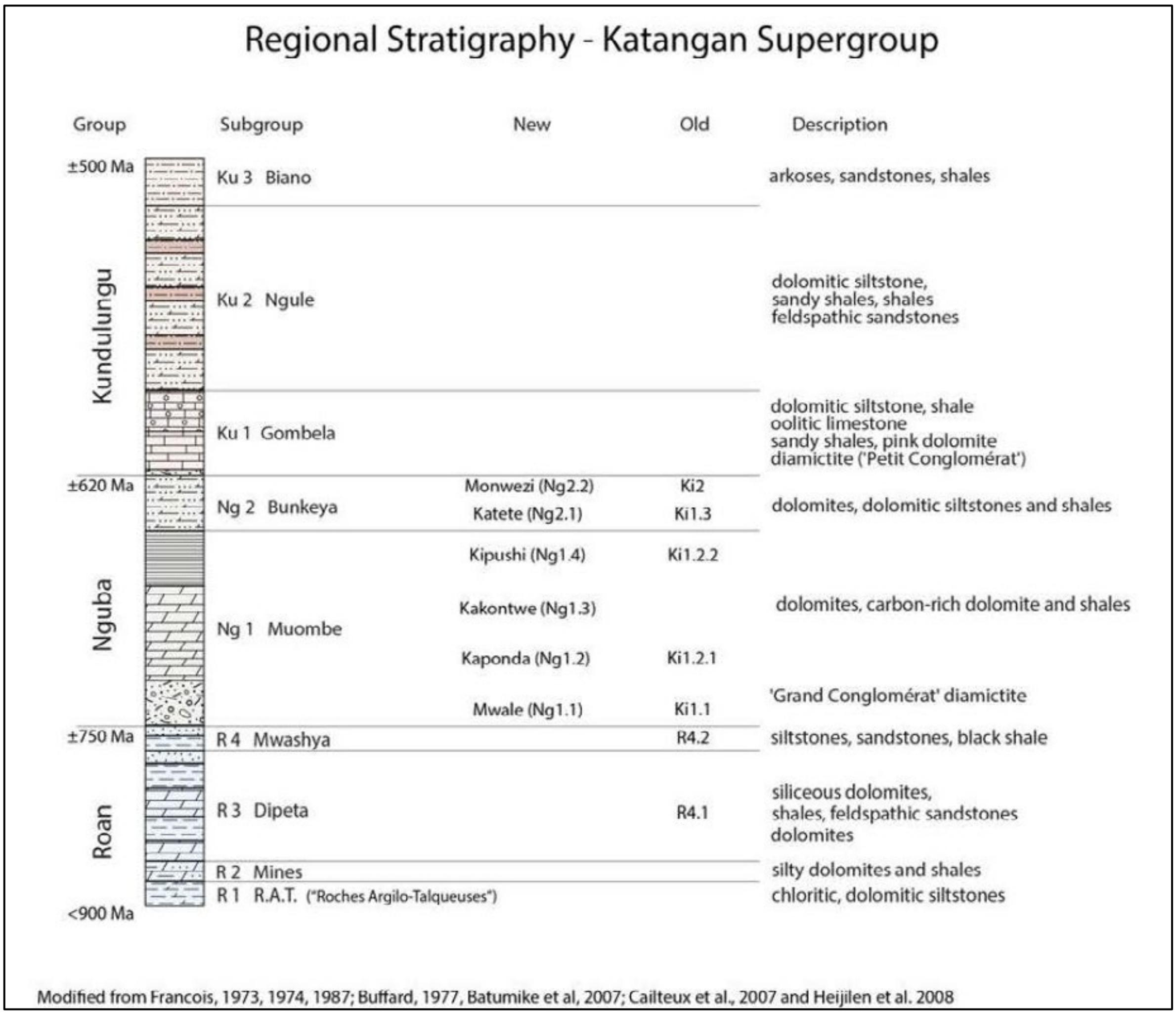

Figure 2-6: Regional stratigraphy of the Katanga Supergroup in DRC

Source: Nzuri Management Information

The Katangan Basin was inverted during the Late Proterozoic to Cambrian (580 to 500 Ma) Lufilian Orogeny during the collision of the Kalahari Craton in the south with the Congo Craton in the north. The Lufilian Orogeny resulted in overall north-directed thin-skinned thrusting of nappes in the "External Fold and Thrust Belt" in the DRC. These thrusts developed preferentially along original evaporitic units, and thrusting was accompanied by the formation of megabreccias, interpreted to be either olistostrome (mass-flow) deposits developed during thrusting or of halokinetic (salt tectonism) origin.

In Zambia, the presence of basement domes in the "Domes Region" resulted in a more limited tectonic transport (parautochthonous?) and thrusting, while south of that, tectonic shortening was accommodated by folding.

2.5.2 Local geology and mineralisation

General setting

The Project is located along the northeastern closure of an anticlinal structure called the Kalongwe Anticline (Figure 2-7 and Figure 2-8). In the core of the anticline, a series of dismembered megaliths composed of Roan (R2-Mines Series) metasedimentary rocks are defined, within Lower Roan units (Roches Argilo-Talqueuses, RAT or R1). These megaliths are separated by brecciated RAT and "Roches Gréso-Schisteuses" (RGS), which often occur in the form of injection breccias that pierce into higher stratigraphic levels (Mines Series).

This relationship is interpreted to reflect emplacement as syntectonic friction breccias associated with liquefaction of evaporite beds in the Lower Roan.

To the north and south of the Kalongwe Anticline, the Nguba Group occurs in synclines that are interpreted to be in structural contact with the Kalongwe Anticline.

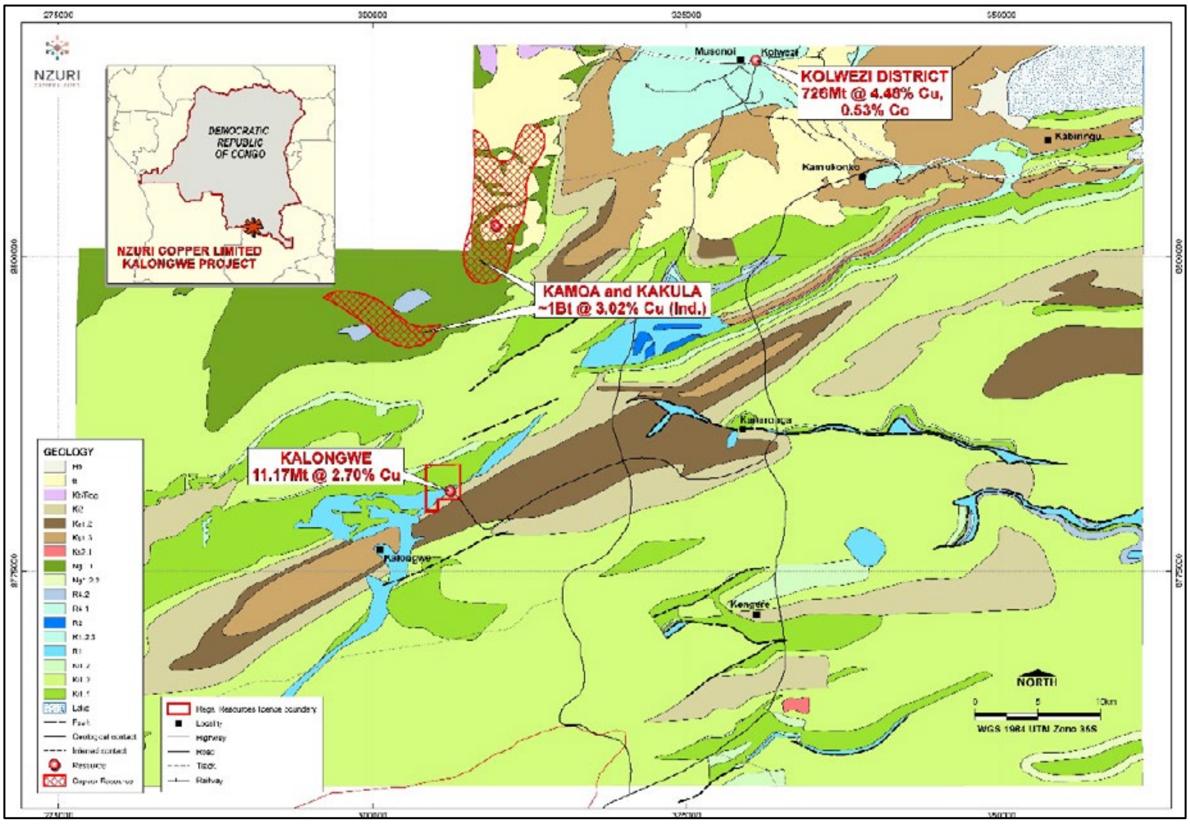

Figure 2-7: Simplified geological map of the Project area

Source: Nzuri Management Information

Roan stratigraphy

The stratigraphy of the Roan segments in the Kalongwe Anticline includes from bottom to top, heterogenous breccia and RAT of R1, followed by a red unit of calcareous siltstones and sandstones (Red RAT), transitioning into a fine laminated siltstone with evaporitic textures and into a stratified cherty, nodular banded dolomitic unit (DStrat). This in turn transitions into a fine-layered, laminated stromatolitic dolomite (RSF), which abruptly passes into a thick (up to 40 m) massive, vuggy, silty stromatolitic dolomite (RSC), interpreted to record formation of bioherms in shallow, but rising, sea levels. This is overlain by calcareous laminated siltstones with stromatolitic intervals (SDB), showing oscillations and temporary re-establishment of the bioherms, before transitioning into dolomitic siltstones (SD), indicating increasingly deeper water conditions.

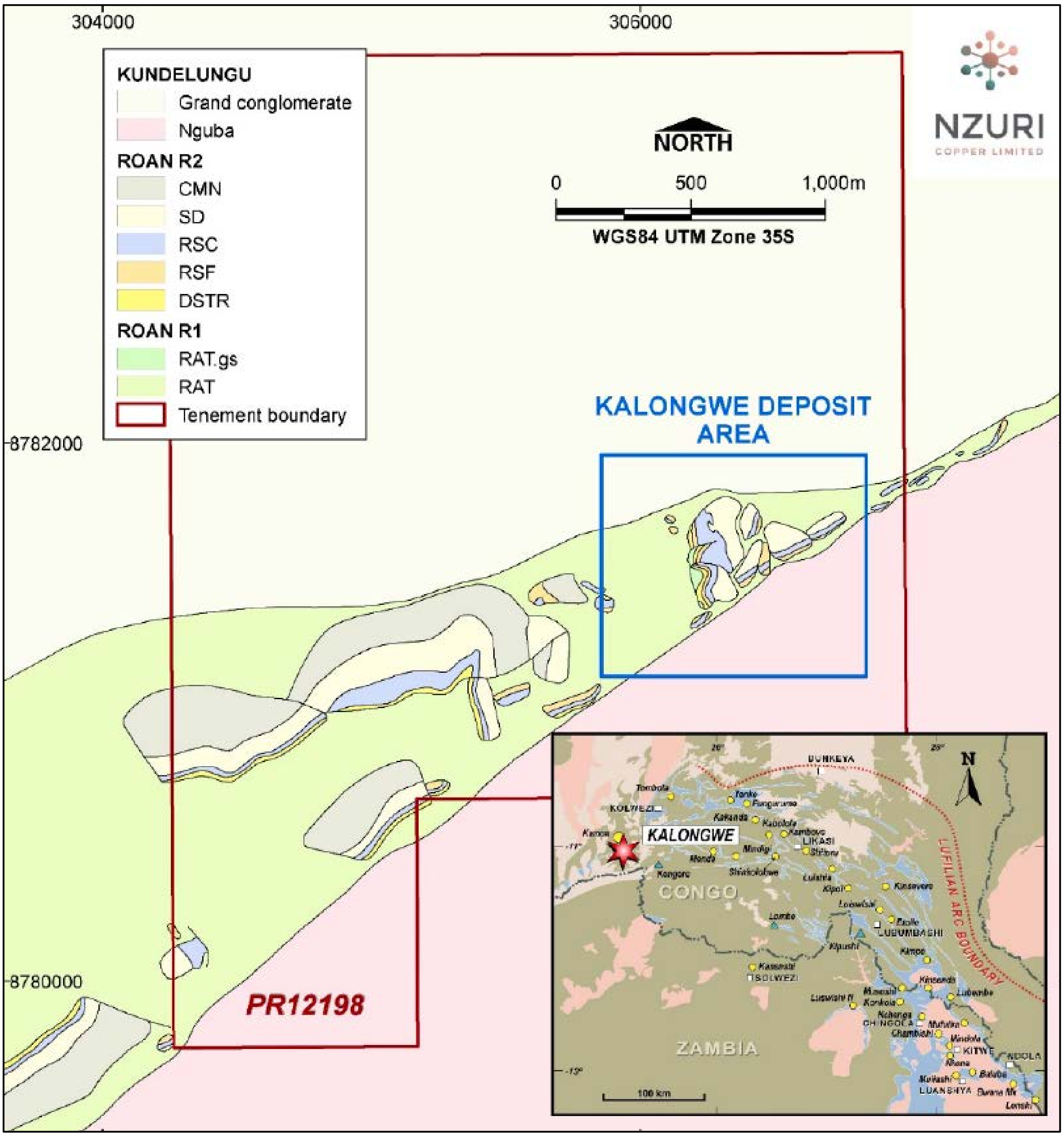

Figure 2-8: Local geology

Source: Nzuri Management Information

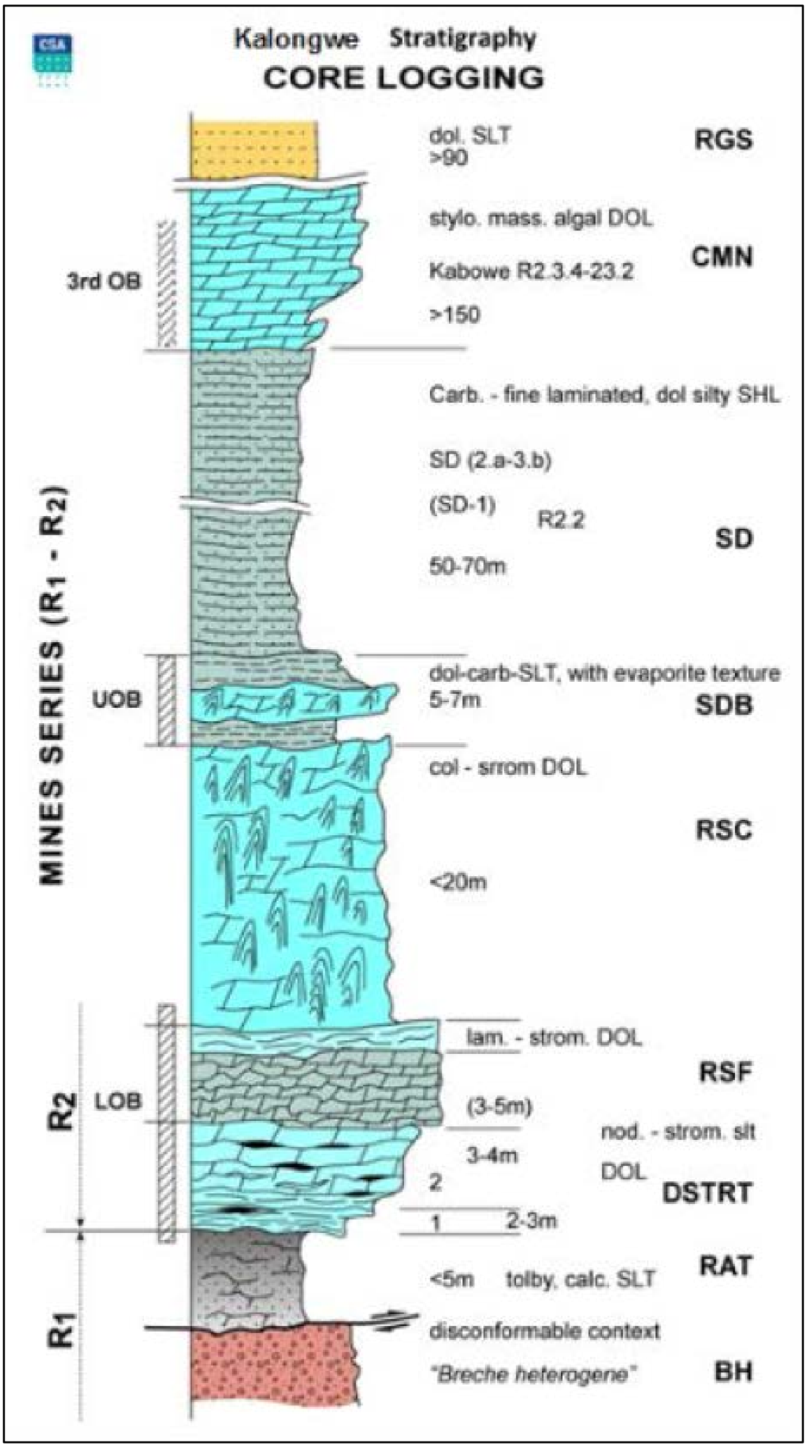

Figure 2-9: Composite stratigraphic column of the Roan Group in the Kalongwe Anticline

Source: Nzuri Management Information

Structure

The Roan stratigraphy dips shallowly (~35°) to the east in the Kalongwe deposit (Figure 2-10). Drilling shows repetition of Roan strata, with juxtaposition of inverse bedded and normal bedded Roan strata interpreted to indicate recumbent fold geometry. The core of this recumbent fold is a zone of brittle deformation and shearing, suggesting that the axial plane of the fold developed into a décollement during deformation. An interpretation of shallow east-dipping thrust planes juxtaposing various levels of Roan strata forms the basis of the geological model used in the Mineral Resource estimation.

Mineralisation

Mineralisation at Kalongwe occurs in two settings; stratabound copper-cobalt mineralisation and mineralisation in structurally controlled breccias and veins. Stratabound mineralisation typically occurs within the SD and RSC units, and to a lesser extent in the DStrat and RSF units. Veins and matrix infill mineralisation occurs in the more competent units (SD) and along fractures and sheared structures, and is interpreted to represent remobilisation associated with deformation, i.e. folding, shearing and thrusting.

In the oxidised zone, secondary copper mineralogy comprises malachite ($Cu_2(CO_3)(OH)_2$), chrysocolla ($(Cu,Al)_2H_2Si_2O_5(OH)_4{\cdot}nH_2O$), azurite ($Cu_3(CO_3)_2(OH)_2$), while heterogenite ($CoO(OH)$) accounts for the cobalt. Primary copper mineralisation below the variable base of oxidation is in form of chalcocite (Cu_2S), bornite (Cu_5FeS_4) and chalcopyrite ($CuFeS_2$), while cobalt is present in the form of carrolite ($CuCo_2S_4$).

There appears to be no direct correlation between copper and cobalt mineralisation in terms of grade, either in fresh or oxide domains, but there is a cobalt-only zone at surface, and a copper-only zone at depth, with significant overlap between them.

Syn- to post-orogenic fault- and vein-related copper and cobalt mineralisation is accompanied by uranium and minor gold in the form of uraninite (UO_2), vandenbrandite ($Cu(UO_2)(OH)_4$), cuproskiodowskite ($(Cu(UO_2)_2(HSiO_4)_2{\cdot}6(H_2O))$), uranophane ($(Ca(UO_2)_2(SiO_3OH)_2{\cdot}5H_2O)$ and torbernite ($Cu(UO_2)_2(PO_4)_{2{\cdot}8}$ $12H_2O$). This mineralisation is, at present, restricted to the western part of the deposit.

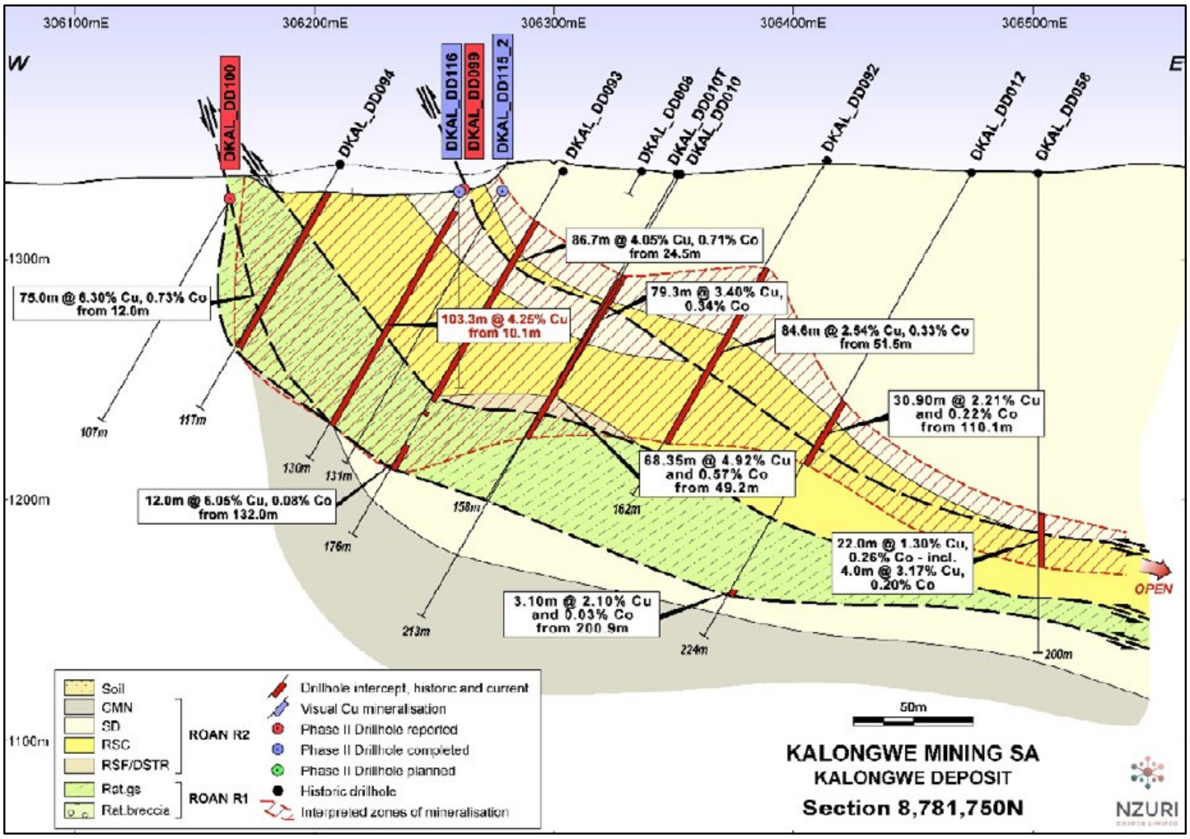

Figure 2-10: East–west geological cross section across the centre of the Project

2.6 Historical Mineral Resource estimates

In 2014, Regal (Nzuri's former name) commissioned CSA Global Pty Ltd (CSA) to prepare a maiden Mineral Resource estimate for the Project using data from 65 diamond drill holes. The Mineral Resource estimate of 10.41 Mt at 2.65% Cu and 1.94 Mt at 0.69% Co (at a 0.5% Cu cut-off grade) was classified as Inferred and was reported to the Australian Securities Exchange (ASX) under the guidelines of the JORC Code (2012) on 5 February 2015. This Mineral Resource estimate has subsequently been superseded and is only provided for the purposes of providing historical context.

2.7 Current Mineral Resource estimate

CSA was commissioned by Regal in late 2014 to prepare an updated Mineral Resource estimate for the Project using data from 98 diamond drill holes, including 46 diamond drill holes, which were drilled by Regal in 2014.

The resource has a total strike length of 390 m and a plan width of 550 m (Figure 2-11). It was modelled to 510 m down-dip to a vertical depth of 260 m below surface. Six wireframes encapsulate copper and seven encapsulate cobalt mineralisation across the deposit. Mineralisation, being stratiform, dips about 35° to the east (Figure 2-12).

Geological domains were interpreted based on host lithologies logged in the core. A weathering profile representing top of fresh rock was also modelled. Mineralisation models were prepared for copper and cobalt using cut-off grades of 0.3% Cu and 0.2% Co, respectively. Wireframes were created joining mineralisation polygons based on the geological model of the deposit, which was derived from drill core logs and geological observations on surface.

Density data was statistically analysed to determine appropriate density values for use in block modelling. Density values and assay grades were estimated into a block model using ordinary kriging as the primary estimation method. The Inverse distance weighting squared method was used as a cross-check for validation of this estimate.

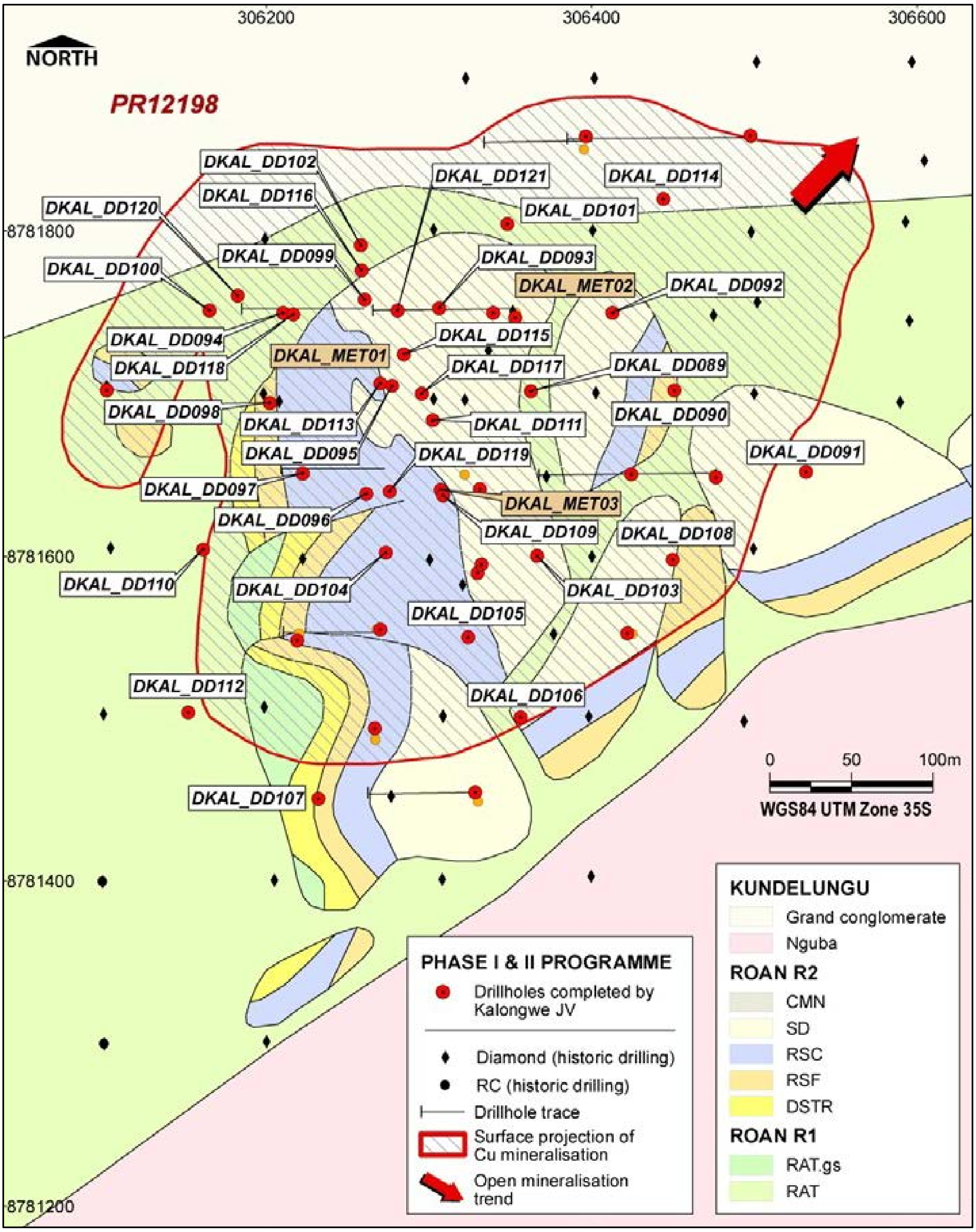

Figure 2-11: Plan view of Project resource area

Source: Nzuri Management Information

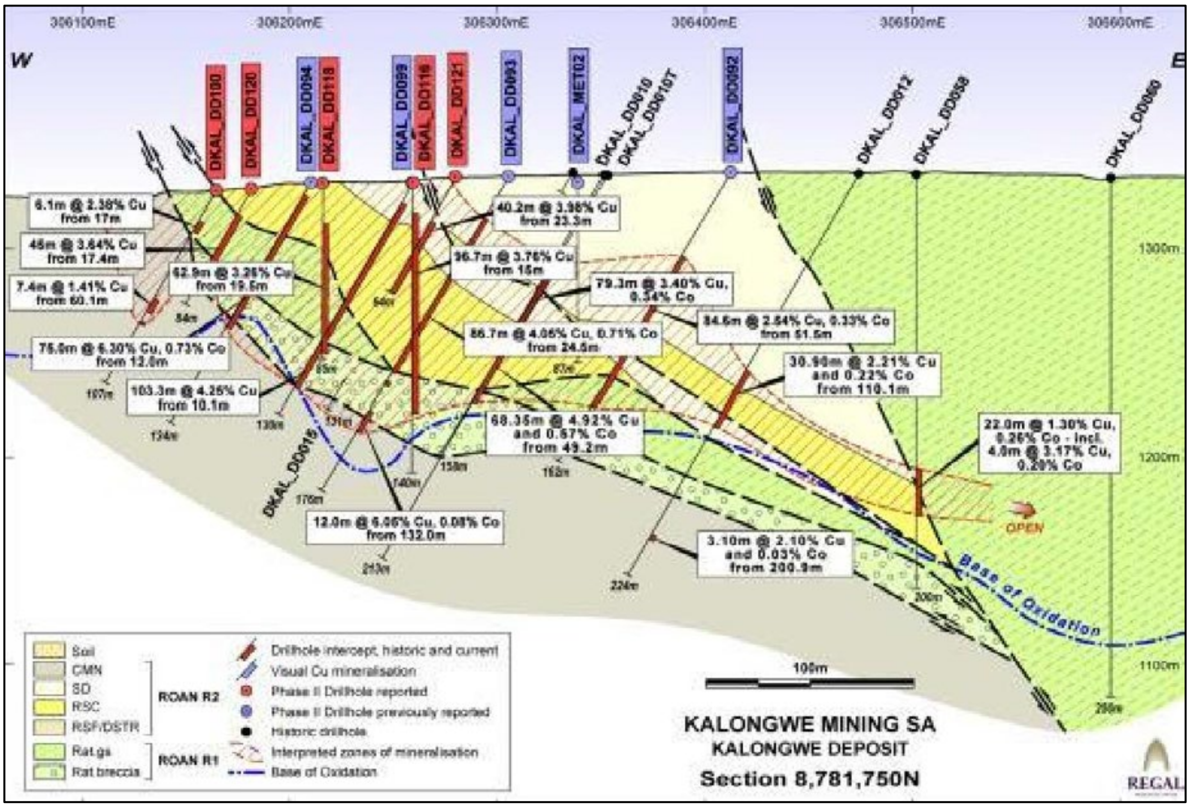

Figure 2-12: Section 8781750 mN

Source: Nzuri Management Information

The Mineral Resource estimate (Table 2-1) was classified as Measured, Indicated and Inferred in accordance with the JORC Code (2012) on a qualitative basis, taking into consideration numerous factors including drill hole spacing, estimation quality statistics (kriging slope of regression), the number of informing samples, average distance to informing samples in comparison to the semi-variogram model ranges, and overall coherence and continuity of the modelled mineralisation wireframes (CSA, 2015).

SRK has not independently verified the Mineral Resource estimate by means of recalculation.

In SRK's opinion, the Mineral Resource estimates for the Project have been prepared to a sufficient quality standard and reported in accordance with the guidelines of the JORC Code (2012) and are considered to be reasonable.

Table 2-1: Mineral Resource estimate summary

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 >= 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.
4. The total Co tonnes and grade within the Mixed Domain are reported from blocks where Cu>=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 Code (2012) classification. The tonnes are not additional to the total Cu Mineral Resources quoted from the Mixed Domain.

Source: CSA Global, 2015, Nzuri ASX Release dated 5 February 2015.

2.8 FTBJV Exploration

While Nzuri's main technical focus has been on the Kalongwe Project, it has also undertaken several exploration campaigns over the adjacent FTBJV permits (Figure 2-13). Activities completed over the FTBJV have included acquisition of airborne magnetic and radiometric geophysical survey data, mapping, trenching, pitting and drilling.

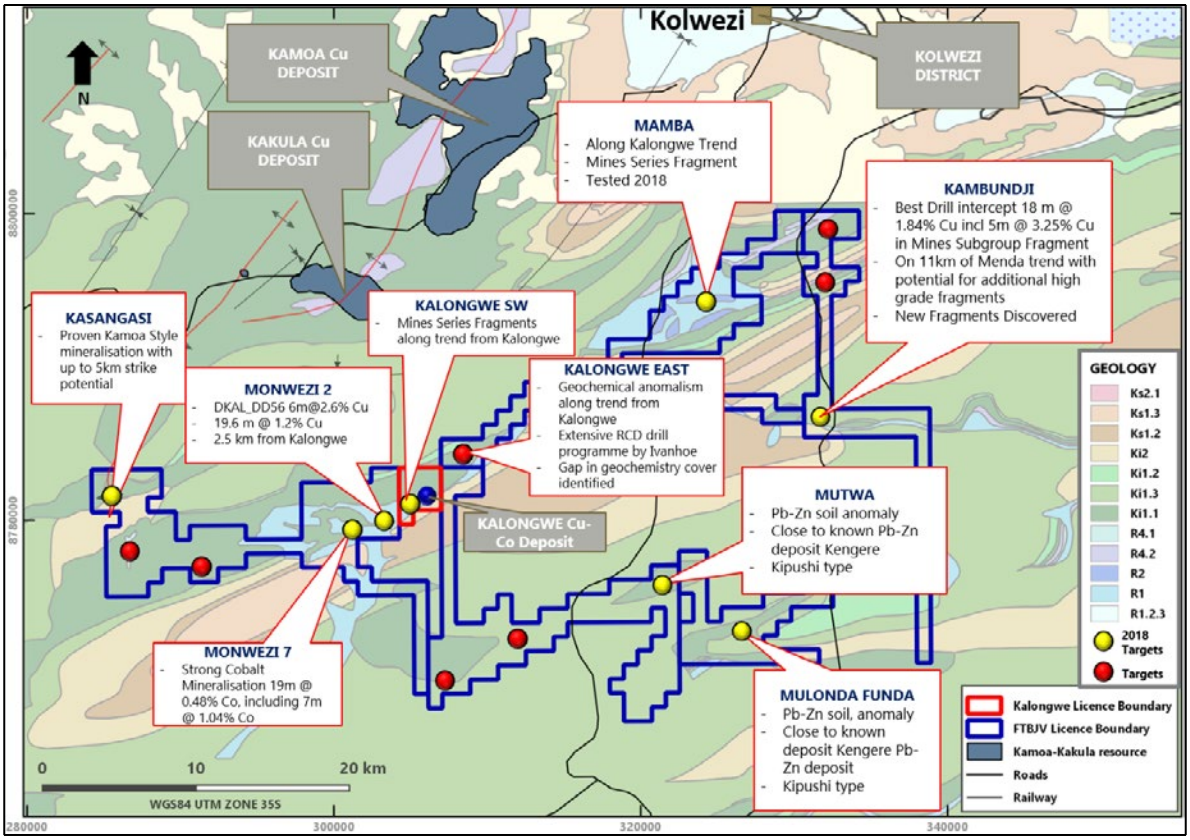

Figure 2-13: Key targets tested by Nzuri around the Kalongwe deposit

Source: Nzuri Management Information

A summary of the significant findings of the exploration work completed to date is outlined below.

2.8.1 Monwezi Prospect

The Monwezi Prospect coincides with the southwestern extension of the Kalongwe Diapir, which is host to the Kalongwe deposit within Mines Subgroup rocks. Three significant geochemical targets have been identified for follow-up work at Monwezi, these include Monwezi 2, Monwezi 3 and Monwezi 7.

Nzuri has estimated an Exploration Target for the Monwezi 2 occurrence of between 1 Mt and 2.5 Mt grading between 0.8% Cu and 1.5% Cu in accordance with the guidelines of the JORC (2012) Code. The Exploration Target was reported to the ASX on 3 October 2018 and is based on the assay results from 19 diamond drill holes and nine trenches, which enabled the development of a three-dimensional model. The following assumptions were used by Nzuri in the development of the Exploration Target:

- Between 270 m and 400 m strike extent
- A maximum depth of 150 m
- Average thickness of 20 m
- An average grade of between 0.8% Cu and 1.5% Cu.

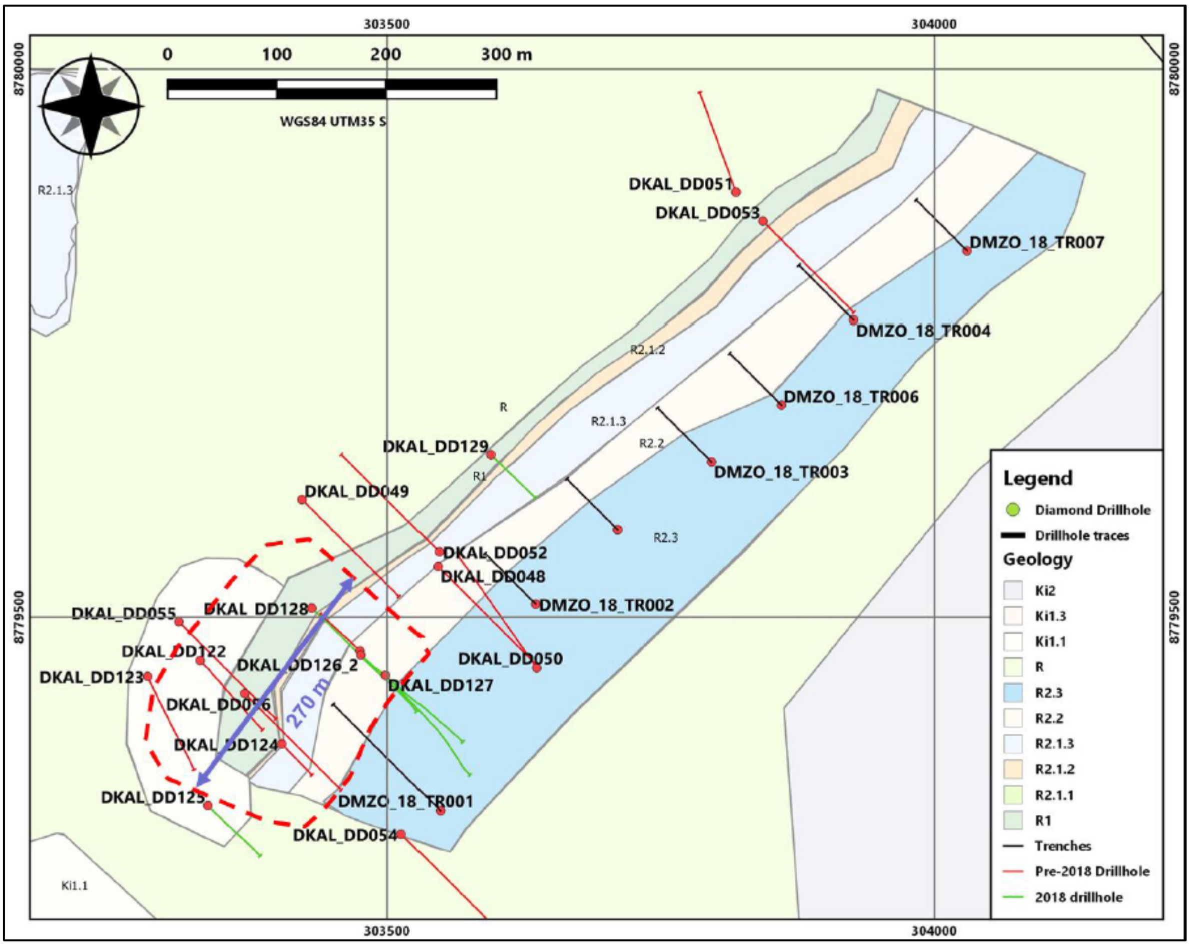

Figure 2-14: Kolwezi 2 Exploration Target

Source: Nzuri Management Information

2.8.2 Mamba Prospect

The Mamba copper prospect consist of several geochemically anomalous fragments collected from the Mines Series located within the core of a diapir structure. Ivanhoe previously targeted this location with geochemical sampling and diamond drilling which resulted in a single significant intercept of 4 m grading 1.80% Cu from a downhole depth of 304 m in hole number DMBA_DD007 (Figure 2-15).

This interval was hosted within a very broad envelope of over 30 m at greater than 0.50% Cu within Mines Series rocks. In preparation for drilling, Nzuri mapped, trenched and delineated about 1.2 km strike length of the Mines Series fragment.

Two drill holes were completed at the Mamba prospect, which intersected Mines Series rocks, though significant mineralisation was not intersected.

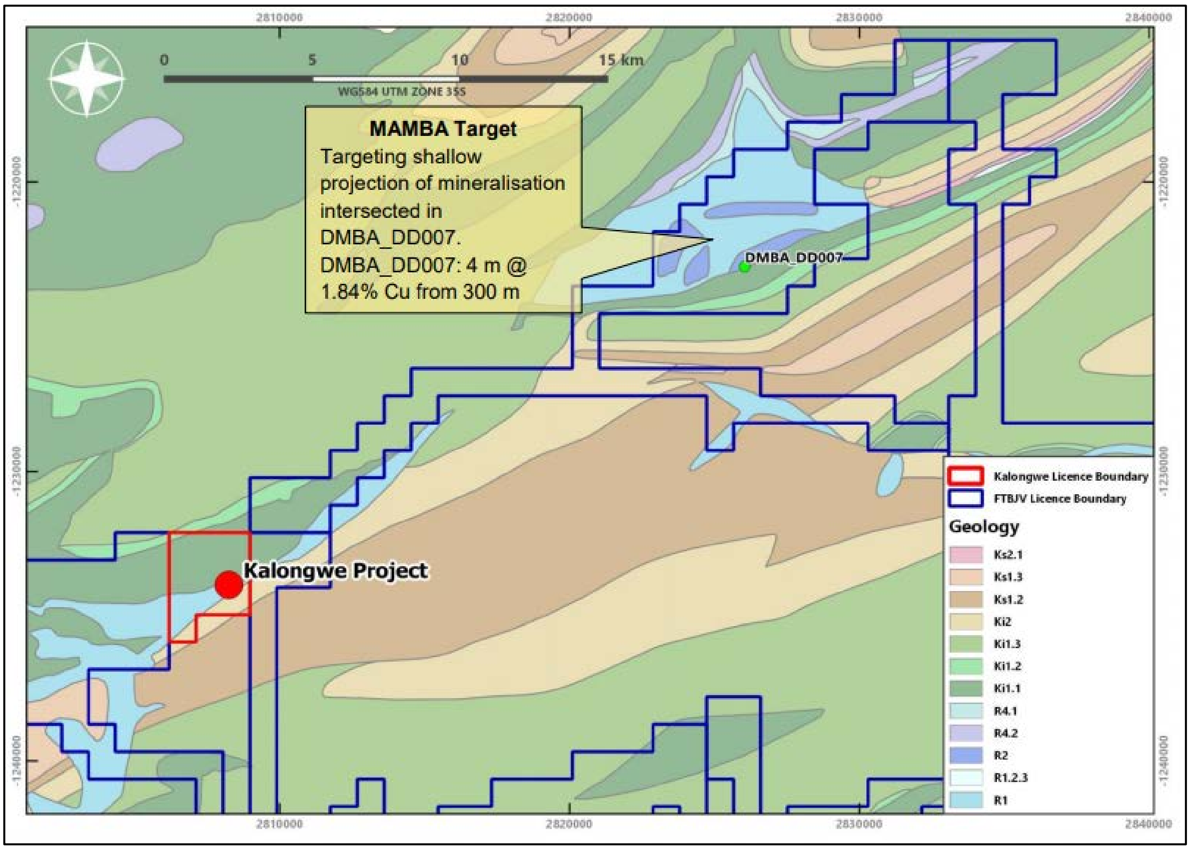

Figure 2-15: Mamba prospect

Source: Nzuri Management Information

2.8.3 Kasangasi prospect

The Kasangasi Prospect is located approximately 20 km west of the Kalongwe project. The mineralised corridor at Kasangasi appears to be preserved over a strike length of approximately 5 km trending east–northeast.

Nzuri completed eight widely spaced diamond drill holes at Kasangasi. The drill program was designed using the structural interpretation of high-resolution aeromagnetic geophysical survey data. Three of these eight drill holes intersected the targeted stratigraphic contact at a vertical depth of between 50 m and 100 m (Figure 2-16). No significant mineralised intersections were reported.

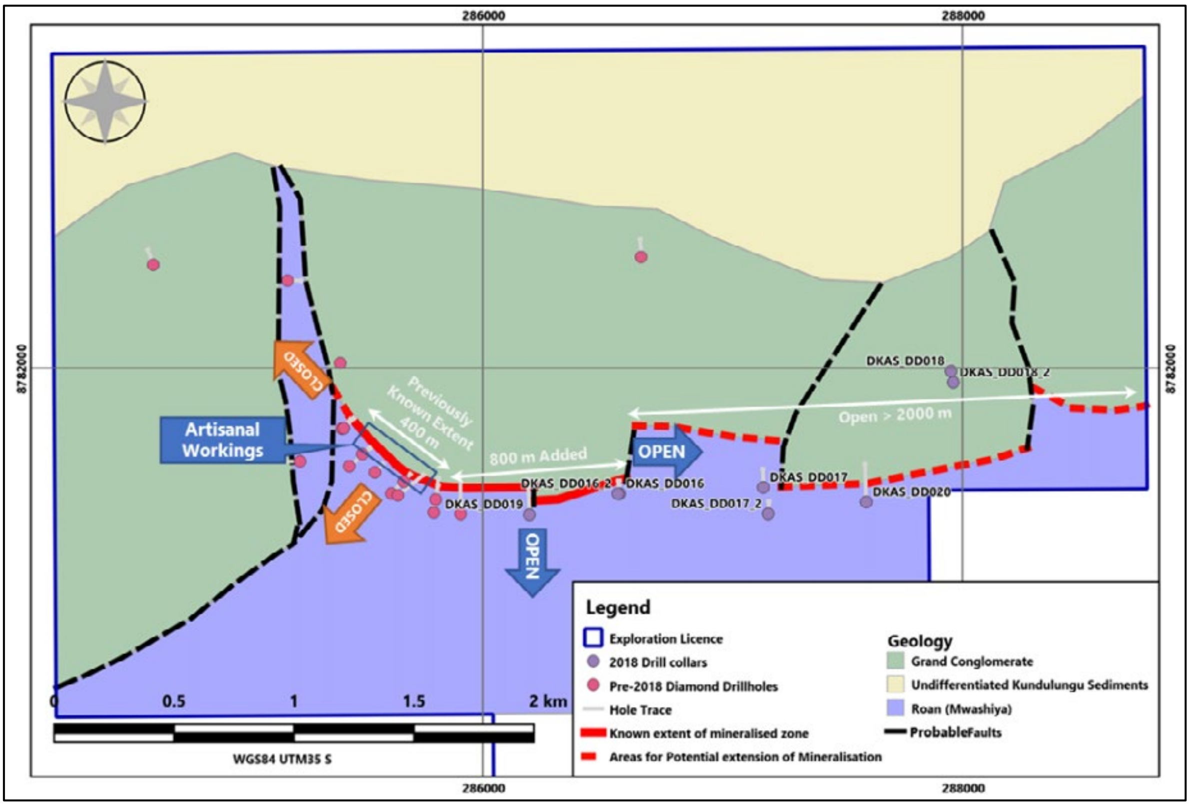

Figure 2-16: Geological interpretation of the Kasangasi prospect

Source: Nzuri Management Information

2.8.4 Kambundji prospect

SRK understands that future drilling will test the continuity of mineralisation intersected in the 2016 field season which was reported to the ASX by Regal on 23 September 2016:

- Drillhole DKJI_RC002, 6 m at 1.15% Cu from 27 m
- Drillhole DKJI_RC002, 8 m at 3.87% Cu from 38 m
- Drillhole DKJI_RC005, 18 m at 1.84% Cu from 42 m.

2.8.5 Mulonda Funda and Mutwa prospects

A historical soil geochemical anomaly defined an area considered prospective for base metal mineralisation with maximum zinc values of 263 ppm and lead values of 141 ppm, which is considered to be up to 14 times higher than regional background soil values.

Nzuri excavated three pit traverses across the core of the zinc-lead anomaly trend and analysed the samples by portable X-ray fluorescence (XRF), which confirmed the soil geochemical anomalies. The anomalies are clustered on a fold anticline, where the Nguba Formation (Grand Conglomerate member) is exposed beneath Kundulungu Formation.

In late 2018, Nzuri began the structural interpretation and exploration planning for the 2019 field season.

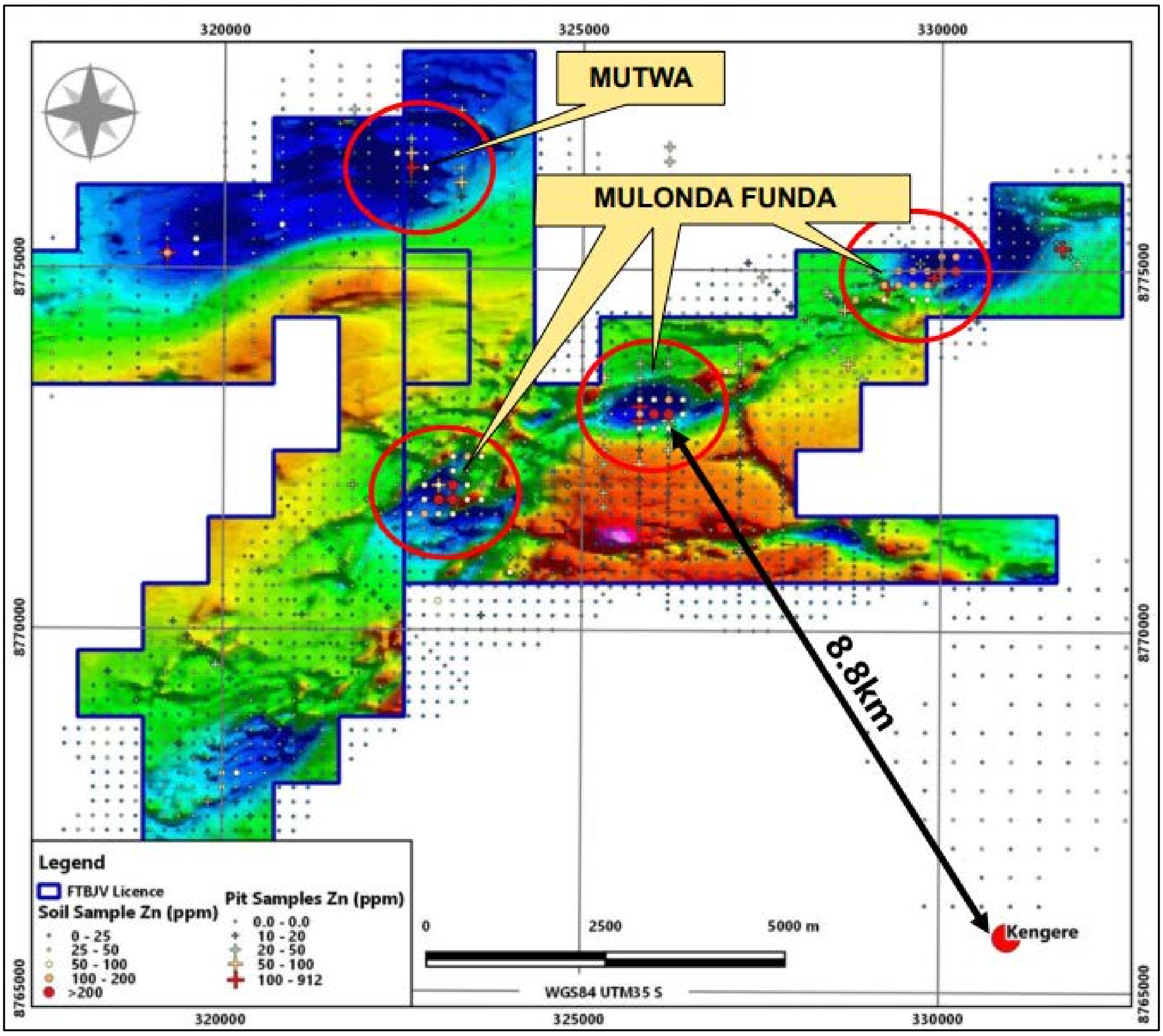

Figure 2-17: Mulonda Funda and Mutwa target outline

Source: Nzuri Management Information

2.9 SRK site inspection

In accordance with Section 11.1 of the VALMIN Code (2015), a site inspection to the Project was undertaken by SRK's representative, Mr Susa Maleba in March 2019. Mr Adam Smits from Nzuri accompanied SRK during the site inspection.

The site inspection included:

- A discussion with Nzuri personnel regarding the key opportunities and risks
- A tour of the Project and FTBJV area
- An inspection of the access road
- An inspection of the evidence of historical artisanal mining
- An inspection of the site communications tower and associated infrastructure
- An inspection of the diamond drill core from the resource drilling area
- An inspection of the site pre-works including accommodation area.

Photographs taken during the site visit are shown in Figure 2-18.

Landscape and vegetation

Access road

Diamond drilling collar

Artisanal workings

Site works

Figure 2-18: Site inspection photographs

2.10 Feasibility Studies

The Kalongwe Stage 1 project feasibility study (Feasibility Study) was compiled by Lycopodium Minerals Pty Ltd (Lycopodium) based on an owner-operated open pit mining operation using an on-site 1 Mtpa dense media separation (DMS) processing plant to produce copper and cobalt concentrates suitable as a feedstock for off-site solvent extraction–electrowinning (SX-EW) processing. Nzuri reported the results of the Feasibility Study to the ASX on 16 October 2017 and an update on 16 April 2018. The information presented herewith relates to the updated Feasibility Study. Key contributors to the Feasibility Study are presented in Table 2-2.

Table 2-2: Feasibility Study contributing companies

Contributing Company	Scope Item
Lycopodium Minerals Pty Ltd	Principal Updated Feasibility Study Contractor
Knight Piésold	Tailings Dam and Water Balance
Orelogy Pty Ltd	Mine Plan and Ore Reserve Estimation
CSA Global Pty Ltd	Geology
Bureau d'Etudes Environnementales du Congo (BEEC)	Environmental and Social
Miller Metallurgical Services	Metallurgical Testwork and Analysis

Table 2-3 presents the key Feasibility Study metrics, which are based on a ± 15% estimate basis which SRK deems to be reasonable for this level of study.

Table 2-3: Feasibility Study key metrics

Item	Value
Mining method	Open pit
Processing rate	1 Mtpa
Processing method	2-stage crushing with scrubber to DMS plus a fines stream processed via gravity spirals producing two concentrate products plus lower grade rejects/ tailings
Ore Reserve (Proved and Probable)	7.99 Mt at 2.94% Cu and 0.34% Co
Mine Life	8 years (2.1:1 waste-to-ore stripping ratio)
Metallurgical recovery (average)	64% Cu and 40% Co
Average annual concentrate/s production	137,848 tpa of DMS & Spiral concentrate products containing: • 117 ktpa of DMS product average grading 15% Cu and 1% Co • 20.5 ktpa of Spiral product average grading 5.2% Cu and 0.9% Co
Copper production in concentrate (LOM) Cobalt production in concentrate (LOM)	149,258 t (Average annual production: 18,657 tpa Cu) 10,964 t (Average annual production: 1,370 tpa Co)
C1 cash operating costs (LOM)	US$0.85/lb (including by-product credits)
Project construction	12 months

Table 2-4 presents the key Feasibility Study metrics which are based on a ± 15% estimate basis.

Table 2-4: Feasibility Study financial estimates

Item	Estimate
LOM Project revenue	US$596 M
Project Capital	US$53.12 M
$NPV_{10\%}$ (Pre-Tax)	US$186 M
Internal Rate of Return (IRR% Pre-Tax/Post-Tax)	99%
Project payback	17 months
LOM assumed copper concentrate price	US$3.00/lb
LOM assumed cobalt price	US$36.93/lb

Source: Nzuri ASX release, 16 April 2018

2.10.1 Ore Reserve Estimate

SRK understands that Orelogy has undertaken sufficient study work to address all material Modifying Factors required for the conversion of the Mineral Resource estimate into an Ore Reserve estimate. While SRK has not independently verified the Ore Reserve estimate by means of recalculation, in SRK's opinion, the Ore Reserve estimates for the Project have been prepared to a sufficient quality standard and reported in accordance with the guidelines of the JORC Code (2012) and are considered to be reasonable.

Orelogy classified the Ore Reserve estimate in accordance with JORC Code (2012) guidelines (Table 2-5).

Table 2-5: Ore Reserve estimate (Orelogy)

Category	Tonnage (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)	16.65		
Total (Mt)	24.63		

To establish revised mineable quantities and grades, Orelogy completed a number of optimisations on the resource model using Whittle™ Four-X pit optimisation software to identify a preferred pit shell on which to base a pit design. The pit was designed using optimal ultimate pit shell (Shell 27) derived from Measured and Indicated material only.

Inputs used for the optimisation were based on current information provided to Orelogy by Nzuri. A detailed open pit mine design (Figure 2-19) was developed from the initial optimised pit shells to confirm the mined volumes and inform a mining schedule.

The LOM schedule was completed using Maptek Evolution™ software. The 3-stage pit schedule was designed to minimise the pre-strip period, minimise uranium feed to the processing facility (target no higher than 80 ppm), support a stable mobile equipment fleet size, and satisfy a 1.0 Mtpa processing throughput rate.

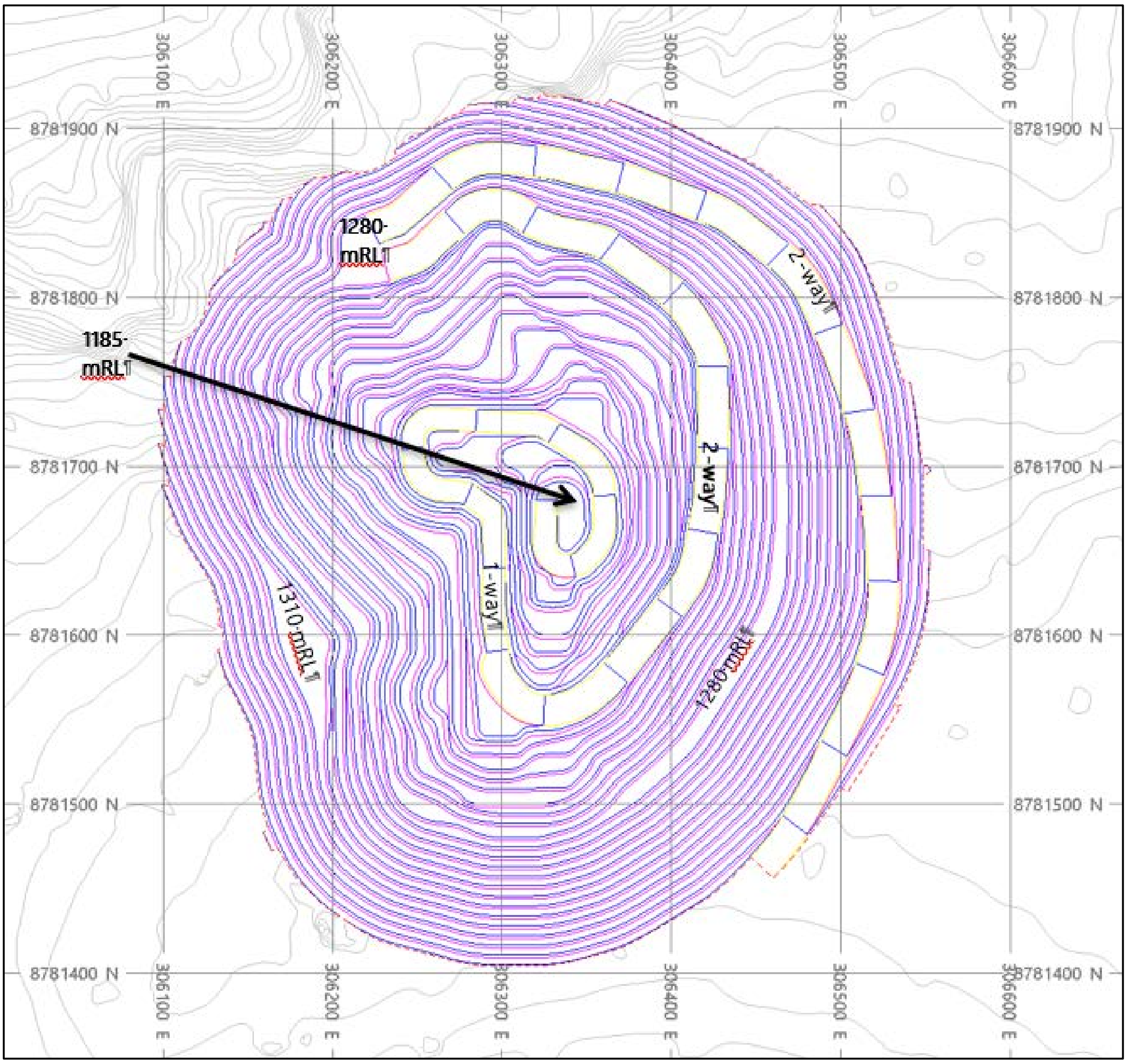

Figure 2-19: Pit design (Orelogy)

Table 2-6 presents the mining schedule, with material movements, presented as Figure 2-20.

Table 2-6: Mining schedule

Metric	Units	Total	Year								
			-1	1	2	3	4	5	6	7	8
Ore	Mt	**7.99**	0.08	1.08	1.00	1.00	1.00	1.00	1.00	1.00	0.81
	%	**2.94**	3.49	3.21	3.24	2.88	2.97	2.66	2.68	2.67	3.21
	%	**0.34**	0.36	0.34	0.45	0.37	0.40	0.23	0.36	0.27	0.27
Waste	Mt	**16.65**	0.56	2.48	3.42	1.51	2.95	3.40	1.27	0.63	0.43
Total	Mt	**24.63**	0.63	3.56	4.42	2.52	3.95	4.40	2.27	1.64	1.23
Stripping ratio	Mt	**2.08**	6.96	2.29	3.41	1.51	2.95	3.39	1.26	0.63	0.53

Source: Nzuri Updated Feasibility Study.

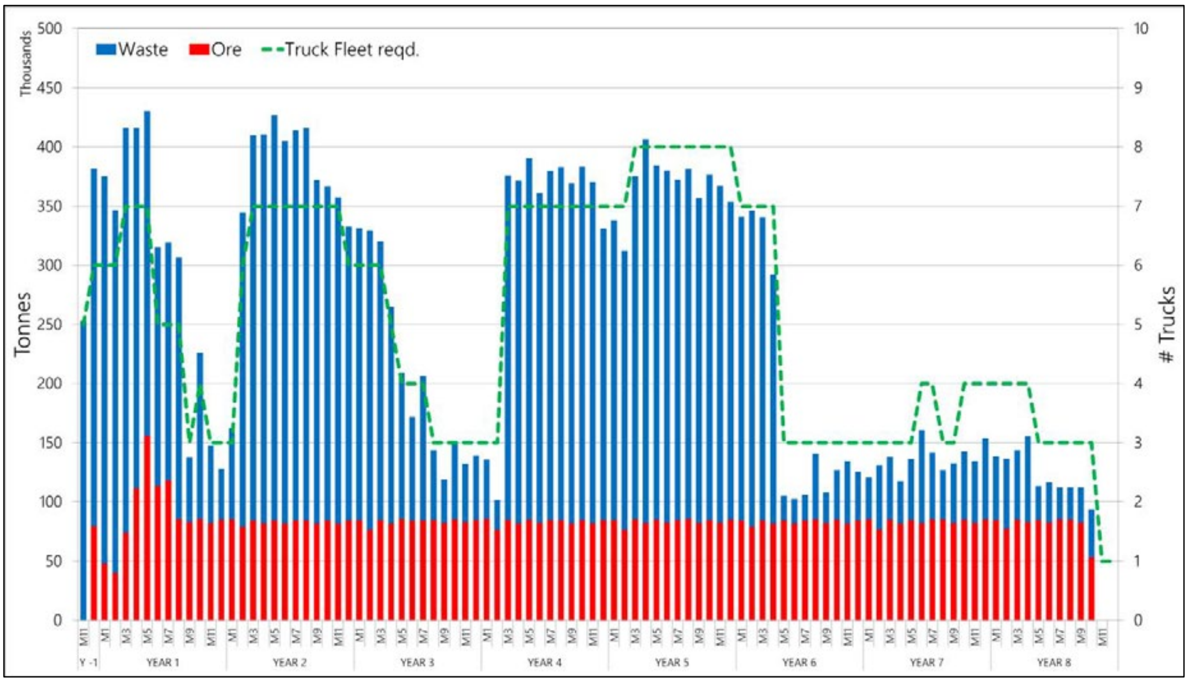

Figure 2-20: Material movements

Source: Nzuri updated feasibility study.

2.11 Mineral processing

Section 2.11 presents the factual parameters relating to mineral processing which are contained in the feasibility study. Section 7 (Valuation) details SRK's opinion on the reasonableness of these parameters.

Two stages of processing development are planned at the Project:

Stage 1: Construction of a 1 Mtpa DMS processing plant designed to produce mixed copper and cobalt concentrates from Dense Media Separation and spiral circuits over a planned 8-year Stage 1 production LOM (10 years including construction).

Stage 2: If the Project progresses to a Stage 2 expansion, the addition of acid leaching, solvent extraction, and electrowinning (SX-EW) circuits will produce copper cathode, and cobalt hydroxide precipitation to produce a separate cobalt salt, in addition to the DMS concentrate. Stage 2 also includes an expansion to the supporting infrastructure including a high voltage (HV) power supply on the basis that a power allocation is available from the DRC power utility, Société Nationale d'Électricité (SNEL). If the Project progresses to Stage 2, it is intended that this expansion will be funded from the Stage 1 project cashflows.

The forecast production LOM including Stage 2 is 16 years, with the second stage of processing expected to commence operation in the eighth production year. As the second stage of the Project is not expected to operate for several years, the level of study detail for this the second stage is less advanced than for the first stage. The study levels are:

Stage 1: Feasibility study supported by Front End Engineering and Design (FEED) phase

Stage 2: Scoping level studies. No requirement for additional Mineral Resource or Ore Reserve estimates to cover the planned LOM.

2.11.1 Metallurgical testwork

Composite sample testwork results from three metallurgical diamond drill holes was used to support the process flowsheet design for the Stage 1 Feasibility Study.

The testwork included:

- Comminution testwork to determine crushing (4.0–7.5 kWh/t) and abrasion (abrasive to highly abrasive, average Ai 0.24 and maximum Ai 0.52) indices and particle size distribution on ore crushed to -12 mm
- Mineralogical analysis of ROM copper ore (predominantly malachite, pseudomalachite followed by chrysocolla) with pseudomalachite and chrysocholla noted as being more prevalent with depth
- Mineralogical analysis of ROM cobalt ore (heterogenite); this had notably low clay content (less than 5%), with the main gangue minerals being quartz and muscovite
- Heavy liquid separation testwork on crushed and screened ore
- Concentrate product analysis indicating grades up to 20% Cu were possible from all samples, a target grade of 15% Cu was adopted for plant design to improve recovery (low acid-consuming and deleterious elements were noted, some low levels of uranium of up to 22 ppm were present)
- Thickening, flocculant screening and rheology (40, 50 and 60%w/w solids) on slimes (0.38 $t/m^2.h$ at 10–30 g/t Magnafloc 10 dose with 44%–47% w/w underflow solids concentration)
- Preliminary acid leaching tests including, iso-pH tests at 1.5 and 1.8 on concentrate samples, bottle roll leaches for seven days on whole of ore samples and agitated leach tests on slimes fractions.

No variability tests or tests to support the spiral concentrate were conducted, although it is understood that a dedicated SXEW/ DMS variability program has been carried by Nzuri over the past 12 months using the testwork results from four metallurgical test holes. These programs have not been finalised and the results are not available to review at the publication date of this Report.

2.11.2 Processing flowsheet

Stage 1

The process design criteria were informed by the results of the metallurgical testwork and comminution circuit modelling. Detailed flowsheets, plant layouts and the plant design basis were also prepared.

The Stage 1 process flowsheet includes primary jaw crushing to -120 mm, surge bin and dead stockpiling, drum scrubbing, wet screening and secondary cone crushing to -12 mm in a closed circuit to generate feed to the DMS circuit.

The DMS circuit consists of two, single-stage units with sinks forming the copper-cobalt concentrate and a reject stream (floats to rejects). The scrubber wet screen undersize is deslimed via cyclone with slimes reporting to the tailings thickener and the coarse fraction to gravity spirals to produce concentrate (Figure 2-21).

The DMS coarse reject stream will be conveyed and stacked in a waste storage area for potential Stage 2 processing.

Tailings will be thickened prior to being pumped to a tailings storage facility (TSF).

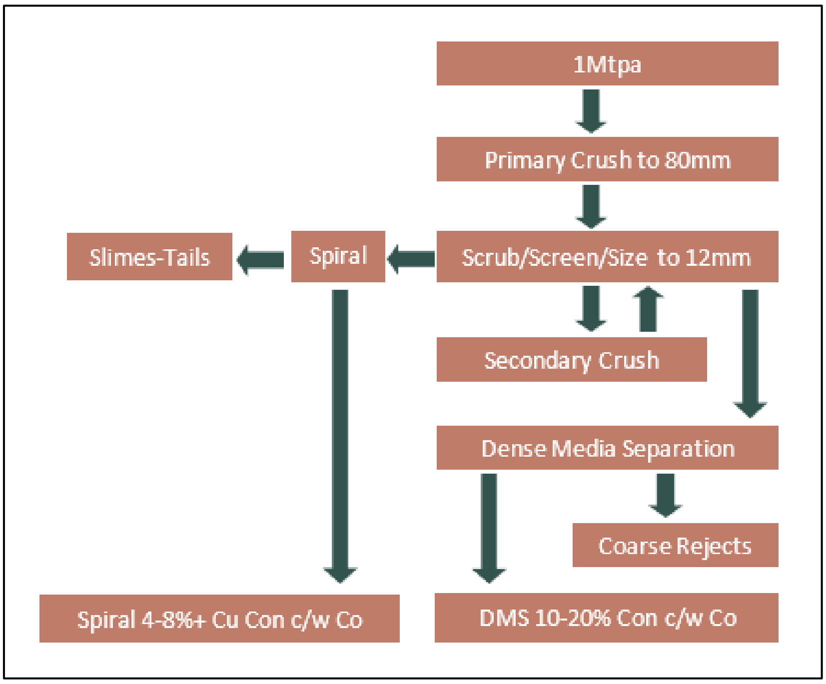

Figure 2-21: Stage 1 process flowsheet

Source: Nzuri Updated Feasibility Study.

Stage 2

Further to the consideration of several processing flow options, a conventional standalone copper-cobalt oxide hydrometallurgical flowsheet was adopted for the Stage 2 processing design. The hydrometallurgical plant will be built and operated in parallel with the DMS will process the Stage 1 coarse rejects.

Stage 2 process flowsheet involves single-stage ball milling and sulphuric acid leaching in atmospheric leach tanks, with sodium metabisulphite (SMBS) used to promote reducing conditions for the cobalt.

Counter current decantation (CCD) and clarification followed by neutralisation and tails disposal will allow copper solvent extraction (SX) in two separate trains (high grade and low grade) and copper electrowinning (EW).

2.11.3 Products

The Stage 1 Project will produce two copper-cobalt concentrate products: a DMS product containing 15% Cu and between 0.3% Co and 2.5% Co and a Spiral product containing 4%–8% Cu and between 0.3% and 2.0% Co.

If the Project progresses to Stage 2, the Stage 2 Project will produce copper cathode.

2.12 Infrastructure

Section 2.12 presents the factual parameters relating to Infrastructure which are contained in the feasibility study. Section 7 (Valuation) details SRK's opinion on the reasonableness of these parameters.

Infrastructure and services required for the development of the Project will include access and site roads, an accommodation camp, a power station with liquid fuel storage facilities, storage facilities, communications and information technology, a water storage dam and diversion channel and a mine dewatering borefield.

2.12.1 Water supply

To support the planned mining and processing operation, dewatering of the pit area will be required and straightening of the river course will be undertaken by building a watercourse diversions; a portion of which currently flows over the proposed open pit footprint. (Note that as part of detailed design for the tailings dam, water balance and river course optimisation/ design work by Knight Piésold conducted after the Lycopodium FEED works, the water storage dam and diversion channel were reduced to a straightening of the existing river course with the water storage dam removed from scope). To reduce overall water make-up requirements, process plant water will be recycled through the TSF decant system utilising a thickener and a series of pumps and overland pipelines. Potable water will be generated by a water treatment plant located at the camp.

2.12.2 Power and fuel supply

Stage 1

The continuous power demand for the Phase 1 Project is estimated at 2.2 MW. No current opportunities exist for connection to the national power grid and power allocation is currently provided by the DRC Government power utility.

Power will be provided by an on-site hybrid power station located adjacent to the process plant.

The power station will utilise eight 0.8 MW prime rated high-speed diesel generators. In addition to the generators, a photovoltaic array rated at approximately 800 kilowatt peak (kWp) will supplement the on-site power station to provide fuel savings to daytime generation.

Five 50 KL tanks (container-sized) are required to meet a 10-day diesel consumption criterion for the Project. The tanks will be located adjacent to the power station.

The power station fuel storage will comprise a vendor-supplied package made up of double-skinned self-bunded fuel storage tanks and pump skids. Two similar 58 KL packages will be positioned at the mine services area to supply the mining and the light vehicle fleets.

Stage 2

Power consumption for Stage 2 will rise to 7.4 MW. To provide this capacity, the construction of a HV overhead transmission line from either Kamoa or the national grid directly will be required.

2.12.3 Accommodation

Given the remote location of the Project, a temporary 170-bed village will be built to accommodate workers during the construction period. A permanent 256-bed village will be built to accommodate the operational personnel.

2.12.4 Other

Other infrastructure to be constructed on-site includes a tailings dam, a mine services area, explosives storage facilities, electrical buildings, site laboratory, administration and process plant offices, mess and kitchen facilities, sewage treatment, car park and laydown areas.

2.13 Capital and Operating Estimates

Section 2.13 presents the factual parameters relating to the Capital and Operating Estimates which are contained in the feasibility study. Section 7 (Valuation) details SRK's opinion on the reasonableness of these parameters.

2.13.1 Stage 1 Capital estimate

The FEED report prepared by Lycopodium in July 2018 provides a Stage 1 capital estimate on a ± 10% basis. The estimate is based on a single contract for engineering and procurement, direct Owner contractor management and Owner mining (Table 2-7) and revises the feasibility study estimate.

Table 2-7: Stage 1 FEED capital cost estimate summary

Area	US$ M
Construction Distributable/s	3.2
Treatment Plant Costs	12.0
Reagents and Plant Services	2.8
Infrastructure	11.5
Mining	7.4
Management Costs	1.3
Owner's Project Costs	6.1
Subtotal	**44.3**
Contingency	4.3
Taxes and Duties (including Contingency amount)	5.0
Total Project Build Cost	**9.3**
Escalation	Excl.
Working Capital	7.1
Total	**61**

2.13.2 Stage 2 Capital estimate

The Stage 2 (cathode production) desktop study report was prepared by Lycopodium in May 2018. The report provides a Stage 2 capital estimate on a ± 50% basis (Table 2-8).

Table 2-8: Stage 2 capital cost estimate summary (coarse rejects processing option)

Area	US$ M
Treatment Plant Costs	117.4
Supporting infrastructure (including HV transmission line)	14.7
EPCM	19.8
Owner's team costs	9.39
Pre-production costs and spares	10.3
Subtotal	**172.1**
Contingency	41.6
Total	**214**

2.13.3 Stage 1 Operating estimate

The FEED report prepared by Lycopodium in July 2018 provides a Stage 1 operating estimate on a ± 10% basis. The estimate in Table 2-9 revises the FS estimate.

Table 2-9: Stage 1 FEED operating cost estimate summary

Item	US$/year	US$/t feed	US$/lb Cu
Mobile Equipment	340,402	0.34	0.009
Labour Processing	1,393,457	1.39	0.038
Operating Consumables	2,196,566	2.20	0.060
Power	4,819,551	4.82	0.132
Maintenance and Repairs	1,061,315	1.06	0.029
Laboratory	343,259	0.34	0.009
Subtotal Processing	10,154,550	10.15	0.278
Labour - Administration	2,045,358	2.05	0.056
General & Administration	1,156,530	1.16	0.032
Labour - Kolwezi	30,917	0.03	0.001
Concentrate Transport	1,589,353	1.59	0.044
Subtotal Admin	4,822,158	4.82	0.13
Total	**14,976,707**	**14.98**	**0.41**

2.13.1 Stage 2 Operating estimate

The Stage 2 (cathode production) desktop study report was prepared by Lycopodium in May 2018. The report provides a Stage 2 capital estimate on a ± 40% basis (Table 2-10).

Table 2-10: Stage 2 operating cost estimate summary (coarse rejects processing option)

Item	US$/year	US$/t feed	US$/lb Cu
Labour	6,419,650	7.13	0.33
Power	7,383,927	8.20	0.38
Reagents	41,148,440	45.72	2.09
Maintenance Materials	2,919,454	3.24	0.15
Consumables	373,648	0.42	0.02
Miscellaneous	1,739,438	1.93	0.09
Total	**59,984,556**	**66.6**	**3.05**

2.14 Environment

Nzuri undertook geochemical testing to assess the acid generation potential, element enrichment and supernatant/ seepage water quality of the DMS tailings and coarse rejects solids, supernatant (tailings), and distilled water extract (coarse rejects) against reference standards.

SRK understands that the samples tested recorded very low sulphur and sulphide contents, resulting in very low maximum potential acidity (MPA) values. Conversely, the samples were found to contain moderate acid neutralising capacity (ANC), resulting in negative net acid producing potential (NAPP) and circum-neutral pH values in the net acid generation (NAG) test. SRK has not reviewed this testwork.

High-levels of radioactivity have been identified where material has been brought to the surface by artisanal miners. SRK understands that a high-level Radiation Management Plan has been developed for the Project; however, Nzuri notes that a more detailed risk assessment is required to assess this risk appropriately. SRK does not consider the radiation risk to be a material risk which is likely to affect the market valuation of the Project or the FTBJV.

2.14.1 Mine Closure

Section 2.14.1 presents the factual parameters relating to Mine Closure which are contained in the feasibility study. Section 7 (Valuation) details SRK's opinion on the reasonableness of these parameters.

A preliminary Mine Closure Plan is presented in the EIE finalised during the construction phase. The Mine Closure Plan includes demolition of surface infrastructure; remediation of contaminated land; capping of tailings dams; final landform establishment; geotechnical stabilisation; sealing of mine entries and boreholes; removal of ore pads; amelioration of soils for revegetation, and revegetation works and post-closure monitoring.

The extent of post-closure monitoring is unclear from the EIE, but the longest timeframe described is five years for groundwater monitoring.

The mine closure provision has been estimated at US$534,601. This sum has informed a financial assurance deposit payment made to the DRC Government.

Nzuri has obtained the primary permit required to commence construction activities, the extraction permit and approval of the EIE/ PGEP.

2.15 Other considerations

2.15.1 Commodity prices

SRK has carried out a limited analysis of the copper and cobalt markets to provide an understanding of price trends for the consideration of the market value. This analysis considers the prevailing conditions as at March 2019 and is considered reasonable to support the opinions and conclusions presented in this Report.

Copper

According to S&P Global Platts (accessed 23 March 2019), trade tensions have hit copper prices in recent months, but rising demand is expected to gradually reverse this fall (Figure 2-23).

There are signs that copper markets may be shifting to a more long-term view in light of emerging issues with supply, which is expected to be in deficit in 2019 and 2020. Copper supply is expected to remain relatively flat over a 5-year outlook period, while the copper market evolves on the back of electric vehicle production.

Copper prices are expected to rise to US$6,434/t in 2019 and US$8,013 in 2020. This would effectively bring prices back above the 2018 peak of just over US$7,000/t in early 2018.

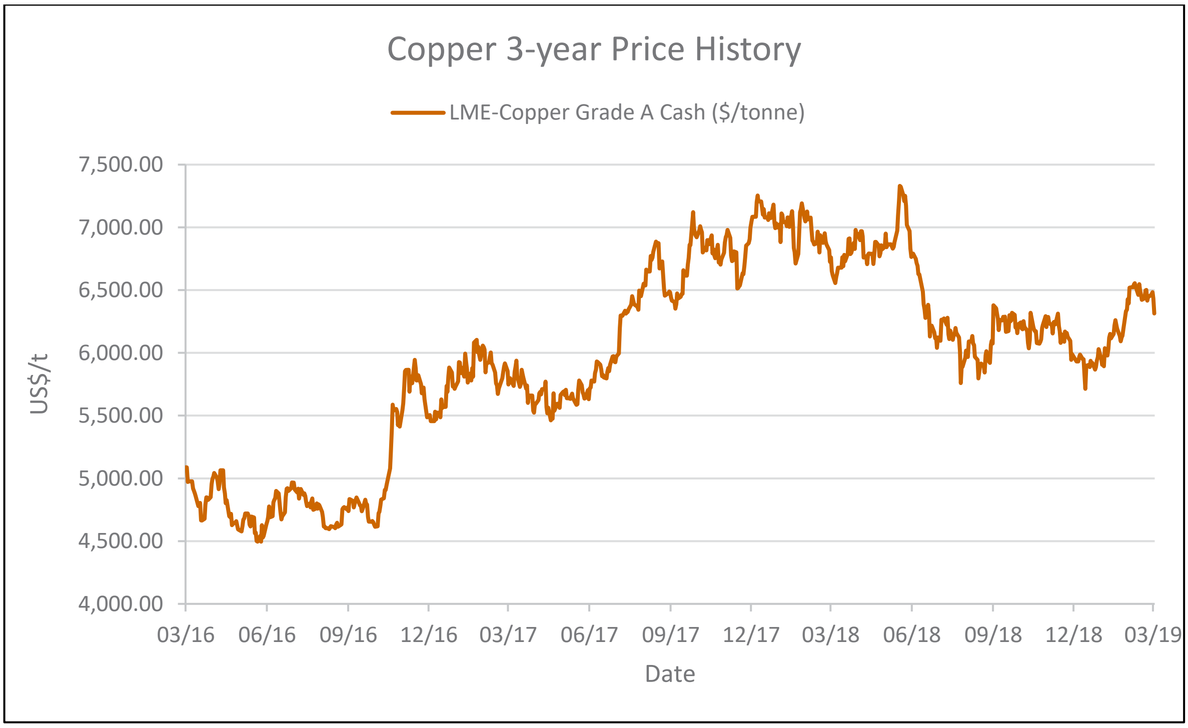

Figure 2-22: Copper price

Source: S&P Global Market Intelligence (accessed 1 May 2019).

Cobalt

According to S&P Global Platts (accessed 23 March 2019), cobalt has seen the steepest price drop of all commodities over the past six months as supply grows and consumers seek substitution metals. The downtrend was largely due to the increase in the price basis of raw material feedstocks from the DRC and issues around credit availability and cash flow into China as a result. Additionally, the new mining code in the DRC raises taxes and royalties for cobalt to 10% which has given the market cause for some concern.

Despite continued price weakness there may be limited room for further declines due to the increased spot buying activity on Chinese market on the recent down-ticks.

A cut to the value added tax (VAT) rate paid by Chinese manufacturers from 1 April 2019 has also triggered an increase in buying appetite from consumers looking to lock in arbitrage profits once the rate is lowered. The VAT rate was cut from 16% to 13%.

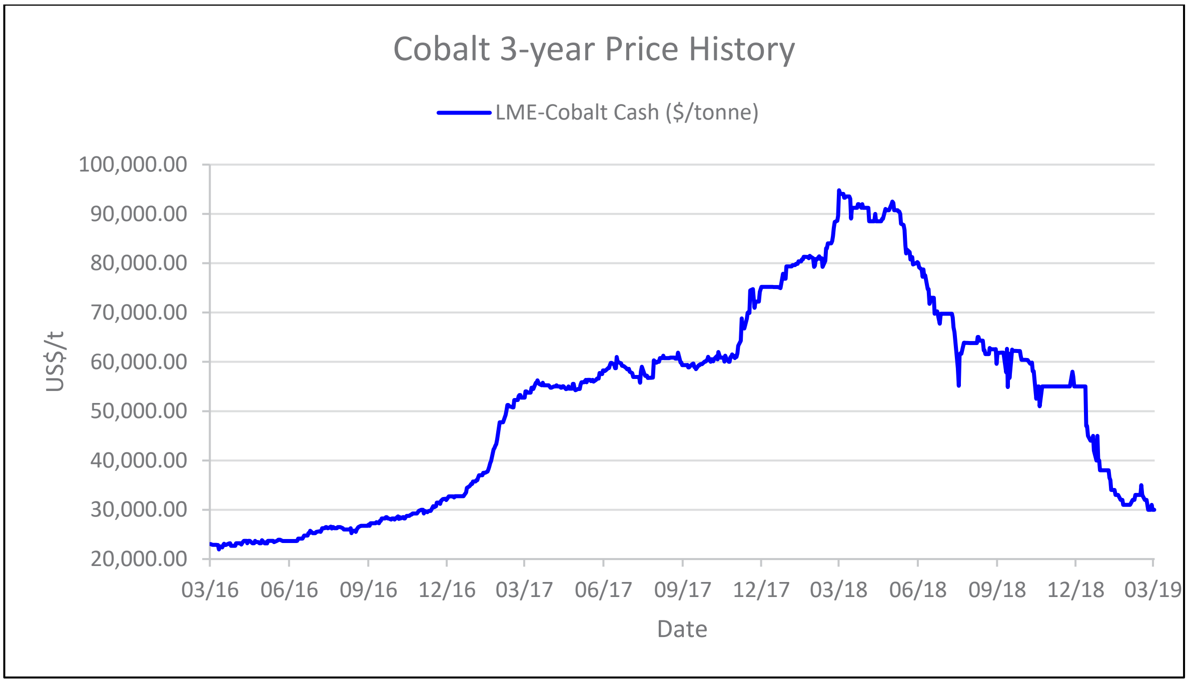

Figure 2-23: Cobalt price

Source: S&P Global Market Intelligence (accessed 1 May 2019).

2.15.2 Geopolitical environment

In mid-February 2019, the DRC imposed a ban on the export of metal concentrates aimed at increasing domestic refined metal output. The ban was lifted in March 2019. SRK understands that in a letter dated 20 March 2019, the National Federation of Enterprises (FEC) Minister of Mines, Henri Yav Mulang, states that the DRC Government will review every six months whether to reimpose the ban.

2.15.3 Historical valuations

The VALMIN Code (2015) requires that an Independent Valuation report should refer to other recent valuations or Expert Reports undertaken on the mineral properties being assessed.

SRK is aware of a previous valuation prepared by Ravensgate International Pty Ltd (Ravensgate). Ravensgate was commissioned by BDO and Regal to provide an Independent Technical Project Review and Independent Valuation to accompany the Explanatory Memorandum relating to the July 2016 KMSA transaction.

Ravensgate prepared its valuation on a 28.5% equity basis as presented in Table 2-11. The valuation was supported using only a single valuation method (comparable transactions) on an area basis only.

Table 2-11: Ravensgate valuation summary (area based as at 21 April 2016)

Item	Value	Equity (%)	Area (km^2)	Low (US$ M)	Preferred (US$ M)	High (US$ M)
Kalongwe	Pre-Development Project	28.5	8.4	6.40	8.23	10.05

Given the Project has now progressed through Ore Reserve estimation and feasibility studies, this historical valuation is not comparable to the valuation given in this Report.

3 Valuation

The objective of this section is to provide BDO with an assessment of the reasonableness of the techno-economic assumptions used to inform an income-based discounted cashflow valuation of the Project by BDO and to provide a valuation of the related tenure (including the FTBJV) where there is not a sufficient basis to prepare a valuation using an income-based approach.

SRK has not valued either Nzuri or its joint venture partners, these being the corporate entities, which are the beneficial owners of the mineral assets considered in this Report.

In assessing the technical aspects relevant to this Report, SRK has relied on material information provided by Nzuri, as well as information sourced from the public domain. Nzuri consents to the use of the information presented in this Report.

In determining the appropriate parameters for valuation, SRK has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing the value of the Project and the Project's associated tenure.

3.1 Valuation approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, SRK considers a number of methods.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted Valuation approaches:

1 Market Approach
2 Income Approach
3 Cost Approach.

The *Market Approach* is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets, transacted in an open market (CIMVAL, 2003). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The *Income Approach* is based on the principle of anticipation of economic benefits and includes all methods that are based on the income or cashflow generation potential of the mineral asset (CIMVAL, 2003). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The *Cost Approach* is based on the principle of contribution to value (CIMVAL, 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the mineral asset, and hence the amount and quality of the information available on the mineral potential of the assets. Table 3-1 presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

Table 3-1: Suggested valuation approaches according to development status

Valuation Approach	Exploration Projects	Pre-Development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015).

An income-based method, such as a DCF model is commonly adopted for assessing the Value of a Tenure containing a deposit where an Ore Reserve has been reported following an appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is not considered an appropriate method for deposits that are less advanced, i.e. where there is no reported Ore Reserve and supporting mining and related technical studies.

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties, (i.e. prior to estimation of Mineral Resources). As current Mineral Resources have been declared for the Company's Pre-Development and Advanced Exploration projects, cost-based methods of valuation are considered less suitable than market-based methods of valuation for these projects.

In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market-derived data.

The **"Market Value"** is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Committee's (IVSC) term of the same name. This has the same meaning as Fair Value in Regulatory Guide (RG) 111. In the 2005 edition of the VALMIN Code this was known as Fair Market Value.

The **"Technical Value"** is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

Valuation methods are, in general, subsets of valuation approaches. For example, the income-based approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb that are considered suitable only to benchmark valuations completed using primary methods.

The methods traditionally used to value exploration and development properties include:

- Multiples of Exploration Expenditure (MEE)
- Joint Venture Terms (expenditure-based)
- Geoscience Ratings (e.g. Kilburn – area-based)
- Comparable Market Value (real estate based)
- Metal Transaction Ratio (MTR) Analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage - real estate based)
- Yardstick/ Rule of Thumb (e.g. $/resource or production unit, percentage of an in-ground value)
- Geological Risk.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the project value in each of the various categories of development. In some instances, a particular mineral asset or project may comprise assets which logically fall under more than one of the previously discussed development categories.

3.2 Valuation basis

In preparing this Report, SRK has considered various valuation methods within the context of the VALMIN Code (2015). SRK has considered the Mineral Resources and Ore Reserves associated with the Project, as well as the extent and exploration potential of the granted tenure associated with the Project and the FTBJV.

The valuation method applied depends on the relative maturity of assessment for each asset, as well as the amount of available data supporting the project. SRK has considered the three main approaches (income, market, and cost) as well as the available methodologies under each approach.

Based on its assessment of the available techno-economic information, SRK notes that there is a reasonable basis to use an income-based discounted cashflow (DCF) approach to the valuation of the Ore Reserve estimates at the Project. SRK has undertaken a comparable market sales analysis for use by BDO as a cross-check on the DCF valuation. The Project is considered to be a Pre-Development project.

The Inferred Mineral Resource estimates which do not inform the Ore Reserve estimates, and which have not been estimated to a geological confidence level to allow the application of appropriate modifying factors to estimate future income, have been valued by SRK using a comparable market sales approach with a benchmarking cross-check against metal yardstick factors.

The FTBJV is considered to be an Advanced Exploration project where no Exploration Targets, Mineral Resource or Ore Reserve estimates have been prepared. On this basis, SRK has valued the FTBJV using a comparable market sales approach and a geoscientific rating (cost) approach.

Table 3-2 presents the valuation basis for the Project and the FTBJV.

Table 3-2: Valuation basis

Development Stage	Description	Valuation basis
Pre-Development	Stage 1 and Stage 2 throughput (the Ore Reserves are considered to encapsulate all the value of the Measured and Indicated Mineral Resources at the Project)	Income: Cashflow model (Ore Reserves) Market: Comparable transactions
	The Inferred Mineral Resources (not considered in the cashflow model) have been valued separately using the comparable sales method and cross-checked using Yardstick factor estimates.	Market: Comparable transactions Cross-check: Yardstick factor estimates
Advanced Exploration	FTBJV	Market: Comparable transactions Cost: Geoscientific rating

3.3 Valuation of Kalongwe Project

3.3.1 Income approach – discounted cashflow model

SRK received a discounted cash flow model from BDO (Model). SRK has reviewed the production and cost projections and, further to discussions with Nzuri personnel to clarify and modify some elements, has advised BDO that the technical assumptions and projections for Stage 1 and Stage 2 are reasonable for valuation purposes.

Mineral Resources and Ore Reserves

In SRK's opinion, the Mineral Resource and Ore Reserve estimates considered in the Model are deemed to have been prepared and reported to a sufficient quality standard in accordance with the JORC Code (2012) guidelines. The Mineral Resource and Ore Reserve estimates are reasonable for use in the Model.

In SRK's opinion, the proposed mine plan and design is based on sound logic and methodology using appropriate Modifying Factors and is reasonable for valuation purposes.

Mining Method and Equipment Selection

The mining method and equipment selection is reasonable considering the geometry of the orebody, local weather and environment conditions, available land for dumps and facilities and the planned production. Ore control based on reverse circulation drilling is appropriate considering physical conditions and the type of blasthole drill used.

Pit Optimisation, Pit Design and Mining Schedule

Pit optimisation procedures appear to meet prevailing mining industry standards. A reasonable optimised pit was selected as the basis of pit design for the LOM. Pit and dump design parameters are appropriate for the selected equipment.

The pit design has a good correlation to the optimised pit shell (102% ore tonnes, 106% waste tonnes and 99% grade), which is well within industry accepted design limits.

In SRK's opinion, the mining schedule will require some minor smoothing prior to operational readiness to improve machine productivity and facilitate optimal material movements. This is not considered to be material from a valuation perspective and no change to the schedule considered in the Model is warranted.

In SRK's opinion, the machine productivity and drill penetration rates are reasonable.

Use of Refurbished Equipment in Capital Estimate

The capital cost estimate of much of the primary mining fleet is based on a 2017 quotation for a refurbished equipment fleet which has not been factored for escalation. All costs referred to in this Report are presented on a real basis. The capital allocation for the mobile mining fleet to be adopted in BDO's DCF analysis is US$8.25 M.

SRK has carried out a benchmarking exercise using information from the InfoMine online subscription database to compare the prices of a new mobile mining fleet relative to the cost estimate provided in Nzuri's Feasibility Study. The results of this exercise are summarised in Table 3-3.

Table 3-3: Comparison of equipment purchase cost

Item	Model	Unit	DFS cost/unit[1]	InfoMine cost/unit[2]
Main Excavator	390D	US$/unit	US$713,636	US$1,020,500
Ancillary Excavator	345D	US$/unit	US$357,000	US$566,200
Truck	740B	US$/unit	US$387,637	US$799,400
Loader	980H	US$/unit	US$345,637	US$763,200
Dozer	D9R	US$/unit	US$672,272	US$1,140,700

Source:
1. Orelogy
2. InfoMine, taxes and delivery not included.

On this basis, SRK recommends a 40% increase in the capital allocation within the Model to provide for a new mobile mining fleet (increase to US$8.25 M)

Processing

Flowsheet Selection

SRK considers that the flowsheet selection is reasonably premised on the metallurgical testwork results. SRK considers it to be a conventional processing flowsheet. The process technology selected is well proven and is technically low risk and reasonable for concentrate and cathode production.

Metallurgical Testwork

The level of engineering and metallurgical testwork completed for Stage 1 FEED Study is considered reasonable and consistent with industry expectations for a project of this nature.

The available data appears to be thoroughly prepared and to a detailed standard, particularly the engineering data, which is to a high standard for this stage of the Project.

In SRK's opinion, sufficient testwork was completed to support the process design for the Stage 1 Project.

Product grade and metal recoveries have been demonstrated on suitably representative samples, although additional variability testwork would de-risk the Project further by providing further confidence in the range of concentrate grades and metal recoveries. The copper and cobalt recoveries applied in the project analysis are reasonable.

The forecast plant throughput of 1 Mtpa should be achievable with the specified equipment. The assumed plant availability of 85% in primary crushing and 91.3% for the scrubbing, screening, secondary crushing and DMS plant are within normal industry expectations, although the crushing circuit up-time is at the high end of the likely range relative to industry norms.

SRK does not consider it appropriate to adjust the construction or development timing included in the Model.

Stage 1 Cost estimates

A benchmarking review and assessment of the capital and operating costs for processing aspects associated with the Stage 1 Project confirmed these costs are consistent with similar projects completed in the region and that Stage 1 cost estimates are considered to be reasonable.

Use of Stage 2 in the DCF

In SRK's opinion, there is a reasonable basis to include Stage 2 in BDO's DCF analysis. A benchmarking review and assessment of the capital and operating costs for processing aspects associated with the Stage 2 Project confirmed these costs are consistent with similar projects completed in the region and that Stage 2 cost estimates are considered to be reasonable.

The strategy and technical approach for the Stage 2 processing data collection is considered reasonable and conventional and in SRK's opinion, it is reasonable to assume that this sighter testwork will support the Stage 2 design criteria.

Mine Closure

As mandated under the EIE, Nzuri has allocated a total LOM allowance of US$0.53 M for rehabilitation fund contributions in the Company's DCF Model. In the absence of a definitive cost estimate based on a bill of quantities, SRK recommends an allowance of US$5 M be included for rehabilitation costs during the final operating year of the Stage 2 Project.

Summary

The narrative given in Section 3.3.1 as well as Table 3-4, Table 3-5 and Table 3-6 provide a summary of SRK's recommendations on the technical inputs for use in cashflow modelling by BDO.

Table 3-4: SRK technical input recommendations (Stage 1 Physicals)

Item	Units	Model	SRK Recommendation / Comment
Total ore mined	kt	7,929	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Total waste mined	kt	16,645	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Total mined	kt	24,574	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Average strip ratio (waste: ore)	ratio	2.1	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Total Ore processed	kt	7,987	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Average copper grade	%	2.94	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Average Cobalt grade	%	0.34	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Average DMS Cu recovery	%	59.93	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Average DMS Co recovery	%	34.97	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Average spiral Cu recovery	%	3.62	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.

Item	Units	Model	SRK Recommendation / Comment
Average spiral Co recovery	%	5.48	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Total DMS concentrate	t	938,404	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Average DMS Cu concentrate grade	%	15	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Average DMS Co concentrate grade	%	1.01	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Total spiral concentrate	t	164,382	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Average spiral Cu concentrate grade	%	5.17	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Average spiral Co concentrate grade	%	0.90	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.

Table 3-5: SRK technical input recommendations (Stage 1 Costs)

Item	Units	Model Total	SRK Recommendation
Direct costs - process plant	US$ M	12.0	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Direct costs - plant infrastructure	US$ M	13.1	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Mining fleet capital cost	US$ M	6.6	SRK suggests a revision to US$8.25M to accommodate the use of a new mining fleet rather than the refurbished mining fleet proposed in the feasibility study.
Indirect capital cost	US$ M	12.4	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Capital contingency	US$ M	5.0	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Mining costs	US$ M	82.0	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Total processing costs	US$ M	81.9	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
General and administrative costs	US$ M	25.8	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Sustaining capital costs	US$ M	0.5/annum	Reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.
Closure cost	US$ M	0.53	SRK suggests a revision to US$5 M. In the absence of a definitive cost estimate based on a bill of quantities, SRK recommends an allowance of US$5 M be included for rehabilitation costs during the final operating year of the Stage 2 Project.

Table 3-6: SRK technical input recommendations (Stage 2 inputs)

Item	Units	SRK Recommendation
SRK option selected	DMS+ rejects processing in Year 8 of Operation	
SRK comment on inputs selected	Consideration given to the testwork outcomes presented in the Stage 2 Scoping study and recommendations by Lycopodium. Input reasonable based on SRK's review and assessment of the recent technical work conducted at the Project and SRK's experience working on similar projects in similar jurisdictions.	
Rejects Processing	t	5,432,229
Capital cost including contingency	US$ M	212
CoOH payability	%	70
Cu Cathode payablity	%	96
Cobalt recovery	%	70
Copper recovery	%	90
Rehandle operating cost	US$/t ROM	1.23
General and administration per DMS tonne	US$/t ROM	4.85

3.3.2 Market approach – comparable transactions

As a cross-check on the cashflow model valuation, SRK used its internal databases and the S&P Global Market Intelligence subscription database, transactions involving copper and cobalt were compiled and researched, with transaction values normalised to the London Metal Exchange (LME) copper metal equivalent Grade A Cash price of A$9,187/t and analysed to assess the comparability of the mineral assets relative to the Project. The mineral assets incumbent within these transactions were assessed according to the project development categories outlined in the VALMIN Code (2015). In all, 24 transactions involving copper-cobalt projects in the DRC and Zambia were analysed for comparability.

Three transactions were assessed to have been undertaken on tenure comparable to the Kolwezi Project:

Kalaba project transaction

In May 2018, Arc Minerals Ltd issued 102,083,333 shares of its common stock to acquire a 35% interest in the Kalaba (also known as Zamsort) project from Terra Metals Ltd on an implied multiple (normalised) deal value of A$199 per contained resource tonne.

The Kalaba project is located in the northwestern area of the Zambian Copper Belt, which forms part of the Central African Copper Belt, where the Kalongwe Project is located. At the time of the transaction, the Kalaba project comprised a single granted Exploration Licence with a copper-cobalt oxide resource of 16.6 Mt at 0.94% copper equivalent (0.5% Cu cut-off) reported under Zambian regulation. Construction had commenced on a commercial-scale demonstration plant. Historical artisanal mining had been taking place over a 4 km^2 area where mining had focused on malachite ($Cu_2(CO_3)(OH)_2$) and hydrogenite, a cobalt oxide (Co_3O_4).

Kamoa project transaction

In December 2015, Zijin Mining Group Co. Ltd paid a cash consideration of A$566 M to acquire a 47.03% interest in the Kamoa project, which is located 30 km north of the Kalongwe Project for an implied multiple (normalised) of A$153 per contained resource tonne.

At the time of the transaction, the Kamoa project comprised an Indicated Mineral Resource estimate of 739 Mt at 2.67% Cu (19.7 Mt contained copper) and an Inferred Mineral Resource estimate of

227 Mt at 1.96% Cu (4.46 Mt contained copper). These estimates were reported at a 1% Cu cut-off under NI 43-101 reporting guidelines (S&P Global Market Intelligence). No Ore Reserve estimates had been reported.

Kipoi project transaction

A third transaction was assessed to have been undertaken on project tenure which would be classified as having production status:

In October 2014, Tiger Resources Ltd (Tiger) paid a consideration of A$111 M in cash to acquire a 40% interest in the fully-funded Kipoi project from Gecamines S.A.R.L., bringing its ownership to 100% for an implied multiple (normalised) of A$850 per contained resource tonne. Gecamines retained a 2.5% gross turnover royalty.

The Kipoi project is located in the Katangan Copper Belt approximately 225 km west–southwest of the Kalongwe Project. At the time of the transaction, the Kipoi project comprised two granted Exploitation Permits for a total area of 55 km^2. A Mineral Resource estimate of 72.2 Mt at 1.3% Cu and 0.07% Co (0.3% cut-off) for a contained tonne estimate of 938,888 t Cu and 47,500 t Co.

Fixed plant included a fully funded heavy media separation (HMS) plant and a solvent extraction electrowinning plant (SX-EW). The HMS operation and associated mining operation had been closed and the SX-EW plant was in the commissioning phase using the coarse rejects stockpiles generated by the HMS operation to produce copper cathode (S&P Global Market Intelligence).

Table 3-7: Market comparable transactions per contained resource tonne (DRC and Zambia)

Project	Buyer	Location	Completion date	Contained resource tonnes	Normalised deal value (A$) per contained resource tonne
Kalaba (Zamsort)	Arc Minerals Ltd	Zambia	May-18	54,600	192
Kamoa	Zijin Mining Group Co Ltd	DRC	Dec-15	927,830	147
Kipoi	Tiger Resources Limited	DRC	Oct-14	392,400	818

*The implied transaction multiple of A$850 per contained resource tonne for the Kipoi Project can be considered a high outlier in the comparable transaction dataset. The transaction involved a fully-funded Production project and brought Tiger's interest in the project to 100%. In SRK's opinion, the consideration included a significant control premium.

SRK notes the relative paucity of comparable market transactions involving pre-development or development stage copper-cobalt projects in the DRC and Zambia. As such, SRK used its internal database of Australian copper project transactions to identify 10 further comparable transactions. It is noted that all 10 transactions involve mineral assets where copper-only Mineral Resources have been estimated.

The Australian transactions are considered to have been undertaken in a lower geopolitical risk environment than the Kalaba and Kamoa transactions. SRK has applied a weighting factor of 2 to the Kalaba and Kamoa transactions and a weighting factor of 1 to the Australian transactions to accommodate this difference in geopolitical risk. As such, SRK considers the Australian transactions to be reasonable for use in the comparable transaction analysis.

Table 3-8: Market comparable transactions per contained resource tonne (Australia)

Project	Buyer	Completion date	Contained resource tonnes	Normalised deal value (A$) per contained resource tonne
Stavely	Northern Platinum Pty Limited	Mar-13	18,900	177
Leigh Creek	Phoenix Copper Ltd	Jun-10	23,870	126
Lady Annie Project	China Sci-Tech Holdings Ltd	Mar-10	324,800	449
Leichardt	Cape Lambert Resources Ltd	Nov-09	93,917	110
Ararat	Beaconsfield Gold NL	May-09	18,900	104
Northparkes	CMOC Mining Pty Limited	Jul-13	2,198,130	592
Tennant Creek Project	Evolution Mining Limited	Jun-14	120,968	361
Osborne Project	Ivanhoe Australia Limited	May-10	88,442	221
Prominent Hill	Oxiana Ltd	Nov-04	1,455,000	419
Cloncurry copper Project	Xstrata Plc	Apr-11	399,339	431

Table 3-9 presents the risk-weighted statistics relating to the comparable transaction review.

Table 3-9: Comparable transaction review – descriptive statistics

Statistical analysis	Normalised deal value (A$) per contained tonne copper
Statistics for All Projects (n=12)	
Minimum	104
Median	206
Mean	277
Maximum	592
Weighted average (resource size, Kalaba and Kamoa only)	150
Weighted average (resource size, all transactions)	388

Using the multiples implied by the recent transactions involving comparable copper-cobalt projects in the DRC and Zambia and considering the additional risk-weighted Australian comparative transactions involving copper-only mineral assets in a lower geopolitical risk environment, SRK considers the market would pay within range shown in Table 3-7 for the Kalongwe Project (100% basis).

Table 3-10: Valuation range in A$ per contained tonne (copper equivalent) of the Kalongwe Project

Method	Low (A$) per contained tonne	High (A$) per contained tonne	Preferred (A$) per contained tonne
Comparable transaction analysis	206	388	277

These values were selected using the median, weighted average and mean values respectively. The mean value was selected as the preferred value rather than the weighted average value of all the transactions to accommodate the lower implied multiples given by the most comparable transactions (Kalaba and Kamoa).

On this basis, using the comparable transaction method as applied to the Kalongwe Project (100% basis), the valuation is estimated to lie between A$70 M and A$130 M, with a preferred estimate of A$95 M (Table 3-8).

Table 3-11: Valuation range in A$ M of the Kalongwe Project

Method	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Comparable transaction analysis	70	130	95

Resources not considered in the cashflow

As a cross-check to the value implied by its comparable transaction analysis, SRK has considered the yardstick valuation method for its valuation of the Inferred Mineral Resource material and Cobalt-only material not considered in the discounted cashflow model for Stage 1 (2.03 Mt at 1.70% Cu and 0.27% Co and 1.0 Mt at 0.57% Co)

Under the yardstick method of valuation, specified percentages of the spot prices are used to assess the likely value. SRK has considered typical yardstick ranges and has elected to apply a yardstick measure of 0.5%–1% of current metal prices to the Project.

Using the LME Copper Grade A Cash price of A$8,844/t, the yardstick assumptions for copper are listed in Table 3-9.

Table 3-12: Yardstick assumptions – copper

Percentage of spot price		A$/contained tonne copper	
Low	**High**	**Low**	**High**
0.5%	1%	44	88

Using the LME cobalt cash price of A$49,010/t, the yardstick assumptions for cobalt are listed in Table 3-10.

Table 3-13: Yardstick assumptions – cobalt

Percentage of spot price		A$/contained tonne cobalt	
Low	**High**	**Low**	**High**
0.5%	1%	245	490

On this basis, using the Yardstick method as applied to the Inferred Mineral Resources not considered in the cashflow model, the valuation is estimated to lie between A$4.3 M and A$8.5 M, with a preferred estimate of A$6.4 M which is the midpoint in the valuation range.

The valuation range derived using the yardstick method is three times lower than the range derived using the comparable transactions analysis, indicating a positive sentiment for copper projects similar to the Kalongwe project. SRK has elected to use the valuation range implied by the comparable transactions analysis as its valuation range (Table 3-8).

Table 3-14: Comparison between comparable transaction analysis and yardstick valuation of Inferred Mineral Resources and Cobalt-only material not considered in the cashflow model

Method	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Comparable transaction analysis	5.7	10.8	7.8
Yardstick method	4.3	8.5	6.4
Selected	**5.7**	**10.8**	**7.8**

3.4 Valuation of FTBJV

3.4.1 Market approach – comparable transactions

Transactions involving mineral assets classified as being on Advanced Exploration tenure were compiled and researched, with transaction values normalised to the LME copper metal equivalent Grade A Cash price of A$8,844/t as at 1 May 2019 and analysed to assess the comparability of the mineral assets relative to the FTBJV.

Two transactions were assessed to have been undertaken on Advanced Exploration tenure which SRK considered to be comparable with respect to the geological setting and project maturity in the Central African Copper Belt (Table 3-12). Five other transactions took place between related third parties and these were excluded from the analysis.

Table 3-15: Market comparable transactions on Advanced Exploration tenure (DRC and Zambia)

Project	Buyer	Location	Completion date	Area (ha)	Interest	Consideration (A$ M)	A$/ha multiple
Kasombo	Fe Limited	DRC	Dec-17	620	50%	0.07	162
Lumwana West	Argonaut Resources NL	Zambia	Mar-17	58,894	25%	3.9	218

Source: SRK analysis.

Lumwana West transaction

The Lumwana West project is located at the western end of the Zambian Copper Belt. Argonaut Resources NL (Argonaut) paid a cash consideration equal to approximately A$3.9 M to acquire a 25% interest in the Lumwana West project. This transaction increased Argonauts' beneficial interest in the Lumwana project to 90%.

An Exploration Target of 130–180 Mt at a grade range of 0.45%–0.65% Cu had been reported for the project at time the transaction was completed.

The Lumwana West project comprises 58,894 ha of Advanced Exploration tenure, which can be considered to be comparable with the FTBJV tenure albeit with an Exploration Target reported.

Kasombo transaction

The Kasombo project is located at the eastern end of the Congo Copper Belt in the DRC. The Kasombo project comprises three mineralised areas located within an area of approximately 600 ha located within two granted mining leases. Fe Limited paid A$0.70 M to acquire 100% equity in the Kasombo project.

SRK note the relative paucity of comparable market transactions involving exploration stage copper-cobalt projects in the DRC and Zambia. As such, SRK used its internal database of Australian copper project transactions to identify 6 further comparative transactions.

The Australian transactions are considered to have been undertaken in a lower geopolitical risk environment than the Lumwana West and Kasombo transactions. SRK has applied a weighting factor of 2 to the Lumwana West and Kasombo transactions and a weighting factor of 1 to the Australian transactions to accommodate this difference in geopolitical risk. As such, SRK considers the Australian transactions to be reasonable for use in the comparable transaction analysis.

Table 3-16: Market comparable transactions on Advanced Exploration hectare (Australia)

Project	Buyer	Completion date	Area (ha)	Interest	Consideration (A$ M)	A$/ha multiple
Bullo Downs A	Atlas Iron Limited	Jun-14	89,600	90%	0.55	8.3
Bullo Downs B	Dynasty Resources Limited	Mar-14	21,800	90%	0.42	25.8
Soldiers Cap	Exco Resources	May-07	54,100	80%	5.50	120.8
Osborne JV	Minotaur Exploration Limited	Aug-15	80,000	51%	3.50	47.9
Eloise Exploration Area	Minotaur Exploration Ltd	Jul-13	51,500	50%	6.0	273.8
Borroloola West	Sandfire Resources NL	Jul-13	206,200	80%	7.0	49.9

Table 3-14 presents the risk-weighted statistics relating to the comparable transaction review.

Table 3-17: Comparable transaction review – descriptive statistics

Statistical analysis	Normalised deal value (A$/ha)
Statistics for All Projects (n=8)	
Minimum	8.3
Median	85.3
Mean	113.3
Maximum	274
Weighted average	87.1

Using the multiples implied by the recent transactions involving comparable copper-cobalt Advanced Exploration projects in the DRC and Zambia and considering the additional risk-weighted comparable Australian transactions involving copper-only Advanced Exploration tenure mineral assets in a lower geopolitical risk environment, SRK considers the market would pay within range shown in Table 3-18 for the FTBJV (100% basis).

Table 3-18: Valuation range in A$ per hectare of the FTBJV

Method	Low (A$/ha)	High (A$/ha)	Preferred (A$/ha)
Comparable transaction analysis	85	113.3	87.1

These values were selected using the median, mean and weighted average values respectively. The weighted average value was selected as the preferred value. This is deemed to be reasonable given that the multiples implied by the Lumwana West and Kasombo transactions indicate higher average transaction area multiples than the Australian transactions for the Advanced Exploration tenure.

On this basis, using the comparable transaction method as applied to the FTBJV (100% basis), SRK estimates the market value of a 100% interest in the FTBJV to lie between A$3.3 M and A$4.4 M, with a preferred estimate of A$3.4 M (Table 3-16).

Table 3-19: Valuation range in A$ M of the FTBJV (100% basis)

Method	Area (ha)	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Comparable Transactions	39,100	3.3	4.4	3.4

3.4.2 Cost approach – geoscientific rating

To cross-check its value as implied by comparative transactions, SRK has used the geoscientific rating method as its secondary method to estimate the market value of the Advanced Exploration tenure forming the FTBJV. The geoscientific rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through appropriate Multipliers (factors) applied to an appropriate base (or intrinsic) value. The intrinsic value is referred to as the Base Acquisition Cost (BAC) and is critical because it forms the standard base from which to commence a valuation. It represents the average cost to identify, apply for and retain a base unit of area of title.

Multipliers for Off-property aspects, On-property aspects, Anomaly aspects, and Geology aspects are considered. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement. A further market factor is then considered to derive a Market Value.

A BAC of A$29/ha has been assumed in this valuation, which incorporates annual rental, and administration and application fees for a 5-year exploration permit in addition to nominal indicative minimum expenditure on acquisition. In assuming this BAC, SRK is mindful of the dynamic geopolitical regime in the DRC and has allowed some contingency in arriving at the estimate.

In converting its implied technical values to a market value, SRK considers that market participants would not pay a premium or a discount on the technical value, given the uncertainty around the geopolitical situation in the DRC, together with renewed market interest in raw copper products to supply the battery sector. On this basis, a market factor of 1.0 has been applied to the technical value.

The rating criteria use for assessing the modifying factors are provided in Table 3-17. These rating criteria have been modified by SRK. The assessment is provided in Table 3-18.

Table 3-20: SRK-modified property rating criteria

Rating	Off-property Factor	On-property Factor	Geological factor	Anomaly factor
0.1			Unfavourable geological setting	No mineralisation identified – area sterilised
0.5	Unfavourable district/ basin	Unfavourable area	Poor geological setting	Extensive previous exploration provided poor results
0.9			Generally favourable geological setting, under cover or complexly deformed or metamorphosed	Poor results to date
1.0	No known mineralisation in district	No known mineralisation on lease	Generally favourable geological setting	No targets outlined
1.5	Minor workings	Minor workings or mineralised zones exposed		Target identified; initial indications positive
2.0	Several old workings in district	Several old workings or exploration targets identified	Multiple exploration models being applied simultaneously	
2.5			Well-defined exploration model applied to new areas	Significant grade intercepts evident but not linked on cross or long sections
3.0	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production	Significant mineralised zones exposed in prospective host rock	
3.5				Several economic grade intercepts on adjacent sections
4.0	Along strike from a major deposit	Major mine with significant historical production	Well-understood exploration model, with valid targets in structurally complex area, or under cover	
5.0	Along strike for a world-class deposit		Well-understood exploration model, with valid targets in well understood stratigraphy	
6.0			Advanced exploration model constrained by known and well-understood mineralisation	
10.0		World-class mine		

Source: Modified after Xstract, 2009 and Agricola Mining Consultants, 2011.

Table 3-21: Geoscientific approach – modified Kilburn rating

BAC of A$29/ha, Market Factor of 1.0			Off-property		On-property		Anomaly		Geology		Technical value		Valuation (A$ M)		
Project / Prospect	**Area (ha)**	**BAC**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Preferred***
Kasangasi-Monwezi	9,400	27,263	3.0	3.5	2.0	2.5	2.5	3.0	3.0	3.0	1.23	2.15	1.23	2.15	1.69
Mulonda Funda	7,100	20,685	2.0	2.5	1.0	1.3	1.5	1.8	2.0	2.5	0.12	0.30	0.12	0.30	0.21
Mamba-Kalongwe East	7,200	20,942	3.0	3.5	1.0	1.3	1.5	1.8	2.0	2.5	0.19	0.43	0.19	0.43	0.31
Mutwa	8,100	23,365	2.0	2.5	1.0	1.3	1.5	1.8	2.0	2.5	0.14	0.34	0.14	0.34	0.24
Kambundji	7,300	21,179	2.0	2.5	1.2	1.5	2.0	2.5	2.0	2.5	0.20	0.50	0.20	0.50	0.35
												Total	1.88	3.72	2.45

*Midpoint of high and low values

On this basis, using the geoscientific approach as applied to the FTBJV (100% basis), the valuation is estimated to lie between A$1.9 M and A$3.7 M, with a preferred estimate of A$2.5 M which is the midpoint in the valuation range (Table 3-22).

Table 3-22: Valuation range for the Advanced Exploration tenure using the geoscientific rating approach

Stage	Hectares	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Advanced Exploration	39,100	1.9	3.7	2.5

Source: SRK analysis

The valuation range derived using the geoscientific approach is approximately 40% lower than the range derived using the comparable transactions analysis, indicating a positive sentiment for copper projects similar to the FTBJV. SRK has elected to use the valuation range implied by the comparable transactions analysis (market approach) as its valuation range (Table 3-23) for the FTBJV (100% basis).

Table 3-23: Comparison between comparable transaction analysis and geoscientific rating valuation of the Advanced Exploration tenure

Method	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Comparable transactions analysis	3.3	4.4	3.4
Geoscientific	1.9	3.7	2.5
Selected	**3.3**	**4.4**	**3.4**

Source: SRK analysis

4 Valuation Summary

Table 4-1 and Table 4-2 summarise SRK's opinion regarding the market value of the Inferred Mineral Resources outside those considered in the cashflow model and the FTBJV as at the effective valuation date based on the comparable market transactions and geoscientific rating methods.

Table 4-1: Valuation summary (100% basis)

Stage	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Inferred Mineral Resources and Cobalt-only material not considered in the Stage 1 cashflow model	5.7	10.8	7.8
FTBJV	3.3	4.4	3.4

Table 4-2: Valuation summary (85% Kalongwe, 90% FTBJV basis)

Stage	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Inferred Mineral Resources and Cobalt-only material not considered in the Stage 1 cashflow model	4.8	9.2	6.6
FTBJV	3.0	4.0	3.1

4.1 Discussion on SRK's valuation range

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with early stage to advanced stage exploration assets.

The range in value is driven by the confidence limits placed around the size and grade of mineralised occurrences assumed to occur within each project area. Typically, this means that as exploration progresses, and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Resource categories to Reserve status, there is greater confidence around the likely size and quality of the mineral assets and the mineral assets' potential to be extracted profitably.

Table 4-3 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry.

Table 4-3: General guide regarding confidence levels

Classification	Estimate range (90% Confidence Limit)
Proven/ Probable Reserves	± 5% to 10%
Measured Resources	± 10% to 20%
Indicated Resources	± 20% to 50%
Inferred Resources	± 50% to 100%
Exploration Target	+ 100%

This level of uncertainty with advancing project stages is shown in Table 4-1.

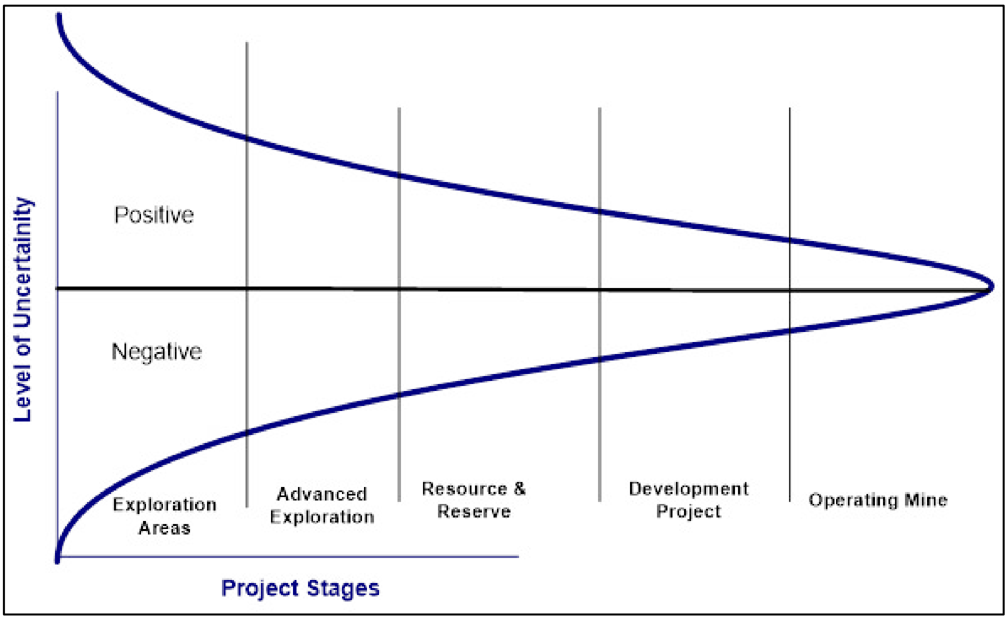

Figure 4-1: Uncertainty by advancing exploration stage

Estimated confidence of ± 60% to 100% or more, is not uncommon for exploration areas and is within acceptable bounds, given the level of uncertainty associated with early stage exploration assets. By applying narrower confidence ranges, one is actually implying a greater degree of certainty regarding these assets than may be the case in reality. Where possible, SRK has endeavoured to narrow its valuation range.

4.2 Valuation risks

SRK is conscious of the risks associated with valuing assets which can impact the valuation range. In defining its valuation range, SRK notes that there are always inherent risks involved when deriving any arm's length valuation. These factors can ultimately result in significant differences in valuations over time. The key risks can include geological and geological prospectivity risk, Mineral Resource and Ore Reserve estimation risk, construction risk including permitting, operational risk including processing risk and marketing risk, geopolitical risk and price forecast risk.

As noted in Section 2, the Mineral Resource and Ore Reserve estimates for the Project have been prepared to a sufficient quality standard and reported in accordance with the guidelines of the JORC Code (2012) and are considered to be reasonable estimates.

In SRK's opinion, the continuity of the new mining operation at the Project is dependent on the provision, the operation and maintenance of the new processing facilities and infrastructure. SRK has no reason to believe that the Project cannot be constructed as planned and considers the construction risk to be low under the current geopolitical regime. However, given that the regulatory framework in the DRC is dynamic, the permitting and operational risks are considered to be moderate.

In mid-February 2019, the DRC imposed a ban on the export of metal concentrates aimed at increasing domestic refined metal output. The ban was lifted in March 2019. SRK understands that in a letter dated 20 March 2019, the National Federation of Enterprises (FEC) Minister of Mines, Henri Yav Mulang, states that the DRC Government will review every six months whether to reimpose the ban.

This facts and opinions presented in this this Report are current at the effective date of 2 April 2019.

Project Number: NZU001

Report Title: Independent Specialist Report on the Kalongwe Project, Democratic Republic of Congo

Compiled by

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Principal Consultant

5 References

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SRK Report Client Distribution Record

Project Number: NZU001

Report Title: Independent Specialist Report on the Kalongwe Project, Democratic Republic of Congo

Date Issued: 8 May 2019

Name/Title	Company
Sherif Andrawes	BDO Corporate Finance (WA) Pty Ltd
Adam Smits	Nzuri Copper Limited

Rev No.	Date	Revised By	Revision Details
0	15/04/2019	Karen Lloyd	Draft Report
1	26/04/2019	Karen Lloyd	Revised Draft Report
2	29/04/2019	Karen Lloyd	Revised Final Report
3	08/05/2019	Karen Lloyd	Revised Final Report

Appendix 4 – Discount Rate

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model ('**CAPM**') is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' weighted average cost of capital ('**WACC**') the CAPM results are combined with the cost of debt funding. WACC represents the return required on the project, whilst CAPM provides the required return on an equity investment.

In our assessment of the appropriate discount rate for Nzuri, we consider the most appropriate discount rate to use is the cost of equity. This is because the Adjusted Model considers cash flows to equity holders.

Cost of *Equity* and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
K_e	$= R_f + ß \times (R_m - R_f) + \alpha$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
ß	= equity beta
α	= inherent risk adjustment

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

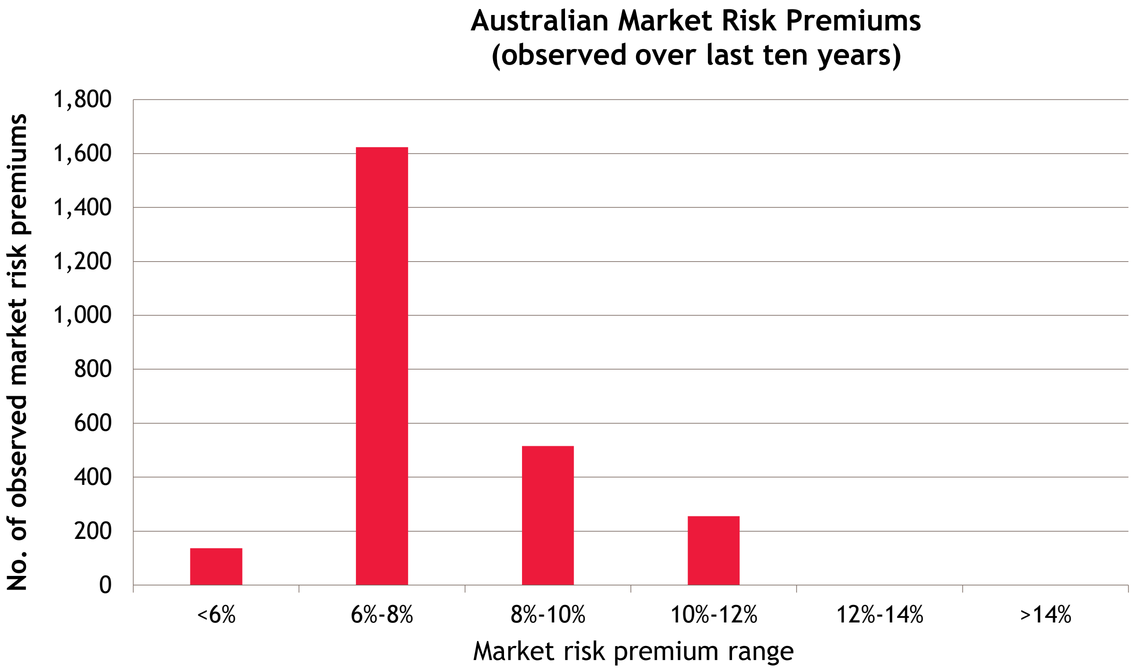
The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received.

We have considered current and implied forward yields for the 10-year Australian Government Bond yield. Based on our analysis, we have adopted a long term estimate of the 10-year Australian Government Bond yield of 3%.

Market Risk Premium (R_m - R_f)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice. In order to determine an appropriate market risk premium in Australia, we analysed historical data. Our sample of data included the daily historical market risk premiums in Australia over the last ten years, from 29 March 2009 to 29 March 2019. Our research indicated the market risk premium in Australia has ranged from a low of 4.01% to a high of 11.89%.

The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate, which is dependent on the 10-year Australian Government Bond rate.



Source: Bloomberg and BDO analysis

The graph above illustrates the frequency of observations of the Australian market risk premium over the past ten years. The graph indicates that a high proportion of the sample data for Australian market risk premiums lie in the range of 6% to 8%. This is supported by the long term historical average market risk premium of between 6% and 8%, which is commonly used in practice. For the purpose of our report we have adopted a market risk premium of between 6% and 8%.

Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole; a beta greater than one implies that an investment's return will outperform the market's average return in a bullish market and underperform the market's average return in a bearish market. On the other hand, a beta less than one implies that the business' will underperform the market's average return in a bullish market and outperform the market's average return in a bearish market.

Equity betas are normally either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and is hence derived from historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors which make the operating risk of the company greater or less risky than comparable listed companies.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. Thus, a more valid analysis of betas can be achieved by "ungearing" the equity beta (β_a) by applying the following formula:

$\beta_a = \beta \ / \ (1+(D/E \times (1-t))$

In order to assess the appropriate equity beta for the Kalongwe Project, we have had regard to the equity betas of listed companies with projects similar in nature to the Kalongwe Project, with respect to commodity type and location. Our analysis includes exploration and development companies as well as companies in production. Given that the Kalongwe Project is likely to move into production in the near term, we consider these companies to represent an appropriate comparator set on which to assess the discount rate. The geared betas below have been calculated against the ASX All Ordinaries Index using weekly data over a three-year period.

Exploration and Development Companies

Company	Market Capitalisation 01-Apr-19 (A$m)	Geared Beta (β)	Gross Debt/Equity (%)	Ungeared Beta (βa)
Nzuri Copper Ltd	90.3	0.99	13%	0.90
Ivanhoe Mines Ltd. (TSX:IVN)	3,337.3	1.37	2%	1.36
NGEx Resources Inc. (TSX:NGQ)	249.0	0.72	37%	0.57
Mean		**1.03**	**17%**	**0.94**
Median		**0.99**	**13%**	**0.90**

Source: Bloomberg and BDO analysis

Producing Companies

Company	Market Capitalisation 01-Apr-19 (A$m)	Geared Beta (β)	Gross Debt/Equity (%)	Ungeared Beta (βa)
OZ Minerals Limited (ASX:OZL)	3,455.7	1.19	0%	1.19
Katanga Mining Limited (TSX:KAT)	953.7	1.18	0%	1.18
Sandfire Resources NL (ASX:SFR)	1,142.4	1.32	0%	1.32
Central Asia Metals plc (AIM:CAML)	436.4	1.00	44%	0.73

Company	Market Capitalisation 01-Apr-19 (A$m)	Geared Beta (β)	Gross Debt/Equity (%)	Ungeared Beta (βa)
Atalaya Mining Plc (AIM:ATYM)	315.2	1.07	0%	1.07
Imperial Metals Corporation (TSX:III)	347.0	1.81	226%	0.70
Taseko Mines Limited (TSX:TKO)	194.1	1.74	102%	1.01
Copper Mountain Mining Corporation (TSX:CMMC)	178.8	1.65	93%	1.00
Mean		**1.37**	**58%**	**1.03**
Median		**1.26**	**22%**	**1.04**

Source: Bloomberg and BDO analysis

Selected Beta (β)

In selecting an appropriate beta for the Kalongwe Project, we considered the similarities between the comparable companies selected above. The comparable similarities and differences noted are:

- the comparable companies all have copper operations or are evaluating copper projects;
- the comparable companies' mining and development assets have varying risk profiles depending on the assets maturity, stage of production and location; and
- the comparable companies tend to have more diversified operations and are located in countries with less political and economic risk, compared to the Kalongwe Project, which is located in the DRC.

Having regard to the above, we consider an appropriate ungeared beta to apply to the Kalongwe Project is between 1.0 to 1.2.

We have regeared this beta to reflect Nzuri's forecast debt to equity ratio of 50%, which is reflective of the approximate capital structure of Nzuri and its funding of the Kalongwe Project.

We have based this assessment of a forecast capital structure based on our analysis of comparable company funding structures and the preliminary funding evidence provided by the Company. We have considered the capital structure of these companies as at the most recent reporting date and the date of initial drawdown to account for the subsequent repayment of debt.

Company Name	D/E at 31-Dec-18	D/E on initial drawdown of debt	Country of Operation	Commodity	Stage
Perseus Mining Limited (ASX: PRU)	9.0%	37%	Cote d'lvoire	Gold	Producing
Resolute Mining Limited (ASX:RSG)	10.0%	41%	Mali	Gold	Producing
Teranga Gold Corporation (TSX:TGZ)	14.0%	116%	Burkina Faso	Gold	Producing
SEMAFAO Inc (TSX:SMF)	19.0%	65%	West Africa	Gold	Producing
Roxgold Inc (TSX:ROXG)	26.0%	68%	Burkina Faso	Gold	Producing

Company Name	D/E at 31-Dec-18	D/E on initial drawdown of debt	Country of Operation	Commodity	Stage
Base Resources Limited (ASX:BSE)	16.0%	82%	Kenya	Precious Metals	Producing
Endeavour Mining Corporation (TSX:EDV)	68.0%	N/A	Cote d'lvoire, Burkina Faso	Gold	Producing
Copper Mountain Mining Limited (TSX:CMMC)	93.0%	183%	Canada	Copper	Producing
Hillgrove Resources Limited (ASX:HGO)	2.0%	52%	Australia	Copper	Producing
Sandfire Resources (ASX:SFR)	0.0%	250%	Australia	Copper	Producing
Central Asia Metals Plc (AIM:CAML)	44.0%	54%	Kazakhstan and Macedonia	Copper	Producing
Imperial Metals Corp (TSX:III)	226.0%	197%	Canada	Copper	Producing
Taskeo Mines Limited (TSX:TKO)	102.0%	190%	Canada and US	Copper	Producing
Ngex Resources Inc (TSX:NGQ)	37.0%		Argentina and Chile	Copper	Exploration and Development
Orion Minerals Limited (ASX:ORN)	15.0%		Australia and South Africa	Zinc, Copper, Gold	Exploration and Development
Theta Gold Mines Limited (ASX:TGM)	101.0%		South Africa	Gold	Exploration and Development
Sabre Resources Limited (ASX:SBR)	4.0%		Nambia and Australia	Copper	Exploration and Development
Peak Resources Limited (ASX:PEK)	24.0%		Tanzania	Rare Earth Metals	Exploration and Development
Vector Resources Limited (ASX:VEC)	24.0%		Democratic Republic of Congo	Gold	Exploration and Development
Ivanhoe Mines Limited (TSX: IVN)	2.0%		South Africa and DRC	Copper	Exploration and Development
Median	**22%**	**75%**			
Average	**42%**	**111%**			
Average (Africa)	**26%**	**68%**			
Median (Africa)	**16%**	**67%**			
Average (Copper)	**57%**	**132%**			

Source: Bloomberg and BDO analysis

We note that Endeavour Mining Corporation commenced operations with a low level of debt but has increased its borrowings over time. Therefore, we have only presented the debt to equity as at the most recent reporting date.

Based on the research summarised above and the evidence of preliminary funding discussions provided by the Company, we consider a debt to equity funding structure of approximately 50% to be reasonable.

Consequently, we consider an appropriate regeared beta for the Kalongwe Project to be between 1.4 and 1.6 (rounded to 1 decimal place).

Cost of Equity

We have assessed the cost of equity to be:

Input	Value Adopted	
	Low	High
Risk free rate of return	3.0%	3.0%
Equity market risk premium	6.0%	8.0%
Beta (ungeared)	1.0	1.2
Beta (regeared)	1.4	1.6
Cost of Equity (rounded)	**11%**	**16%**

Source: BDO analysis

Based on the above inputs, we have determined the cost of equity for the Kalongwe Project to be between approximately 11% and 16%, with a rounded midpoint of 14%. We have adopted the midpoint of 14% as our base case discount rate with which to discount the life of mine cash flows to their present value.

Comparable Listed Companies

Descriptions of comparable listed companies used for our assessment of beta are summarised as follows:

Company	Business Description
OZ Minerals Limited (ASX:OZL)	OZ Minerals Limited engages in the exploration, development, mining, and processing of mining projects in Australia. The company primarily explores for copper, gold, silver, nickel, iron oxide, zinc, and lead deposits. It owns and operates the Prominent Hill mine located in northern South Australia; the Carrapateena project located in South Australia; and the Antas mine located in the state of Pará in the northern region of Brazil. The company also holds interests in the West Musgrave copper-nickel project located in the Musgrave Province, Western Australia; Pedra Branca project located in the southern part of the Carajás in the state of Pará in the North of Brazil; and the CentroGold project located in the state of Maranhão in northern Brazil. In addition, it holds an agreement to acquire interest in the West Musgrave copper-nickel project located in the Musgrave Province, Western Australia. Further, the company has interests in the Paraiso, Pantera, Lannavaara, East Musgrave, Punt Hill, Oaxaca, Coompana, and Eloise properties. The company was founded in 2008 and is headquartered in Adelaide, Australia.

Company	Business Description
Katanga Mining Limited (TSX:KAT)	Katanga Mining Limited engages in the copper and cobalt mining in the Democratic Republic of Congo. It is involved in the exploration, mining, refurbishment, rehabilitation, development, and operation of the Kamoto/Mashamba East mining complex; the Kamoto Oliveira Virgule copper and cobalt mine; T17 open pit and underground mines; various oxide open pit resources; the Kamoto concentrator; and the Luilu metallurgical plant. The company is based in Zug, Switzerland. Katanga Mining Limited is a subsidiary of Glencore International AG.
Sandfire Resources NL (ASX:SFR)	Sandfire Resources NL explores for, evaluates, and develops mineral tenements and projects in Australia and internationally. The company primarily explores for copper, gold, and silver, as well as volcanogenic massive sulphide deposits. Its flagship project is the 100% owned DeGrussa copper-gold mine located in the Bryah Basin mineral province of Western Australia. Sandfire Resources NL is based in West Perth, Australia.
Ivanhoe Mines Ltd (TSX:IVN)	Ivanhoe Mines Ltd engages in the exploration, development, and recovery of minerals and precious metals located primarily in Africa. The company explores for platinum, palladium, nickel, copper, gold, rhodium, zinc, germanium, and lead deposits. Its projects include the Platreef project located in the Northern Limb of South Africa's Bushveld Complex; the Kipushi project located on the DRC's Copperbelt; and the Kamoa-Kakula project located within the Central African Copperbelt in the Democratic Republic of Congo (DRC). The company was formerly known as Ivanplats Limited and changed its name to Ivanhoe Mines Ltd. in August 2013. Ivanhoe Mines Ltd. was incorporated in 1993 and is based in Vancouver, Canada.
Central Asia Metals plc (AIM:CAML)	Central Asia Metals plc, mines and explores for mineral properties. The company explores for copper, zinc, lead, silver, gold, and molybdenum deposits. The company holds 100% interests in the solvent extraction-electro winning copper plant located near the city of Balkhash in central Kazakhstan; and Sasa mine located in north eastern Macedonia. It also owns an 80% interest in the Shuak exploration project located in northern Kazakhstan. The company was founded in 2005 and is headquartered in London, the United Kingdom.
Atalaya Mining Plc (AIM:ATYM)	Atalaya Mining Plc, together with its subsidiaries, explores for and develops metal properties in Europe. It holds a 100% interest in the Proyecto Riotinto project, an open-pit copper mine located in Andalucía, Spain. The company was formerly known as EMED Mining Public Limited and changed its name to Atalaya Mining Plc in October 2015. Atalaya Mining Plc was incorporated in 2004 and is based in Nicosia, Cyprus.
Imperial Metals Corporation (TSX:III)	Imperial Metals Corporation acquires, explores for, develops, and produces base and precious metals in Canada. The company explores for gold, copper, zinc, and lead. The company's key projects are Red Chris copper/gold mine in northwest British Columbia; Mount Polley copper/gold mine in central British Columbia; and Huckleberry copper mine in west central British Columbia. The company was incorporated in 2001 and is headquartered in Vancouver, Canada.

Company	Business Description
NGEx Resources Inc. (TSX:NGQ)	NGEx Resources Inc. engages in the acquisition, exploration, and development of mineral properties in South America. The company explores for copper, gold, and silver deposits. Its principal assets comprise the Los Helados project located in the Andes Mountains of the Atacama Region, Chile; and the Josemaria project located in northern San Juan province, Argentina. The company was formerly known as Canadian Gold Hunter Corp. and changed its name to NGEx Resources Inc. in September 2009. NGEx Resources Inc. was founded in 1983 and is headquartered in Vancouver, Canada.
Taseko Mines Limited (TSX:TKO)	Taseko Mines Limited, a mining company, acquires, develops, and operates mineral properties in Canada and the United States. The company explores for copper, molybdenum, gold, niobium, and silver deposits. It holds a 75% interest in the Gibraltar copper-molybdenum mine located in south-central British Columbia. The company also has interests in the Aley niobium, Harmony gold, and New Prosperity copper-gold projects situated in British Columbia; and the Florence copper project located in Arizona. Taseko Mines Limited was founded in 1966 and is headquartered in Vancouver, Canada.
Copper Mountain Mining Corporation (TSX:CMMC)	Copper Mountain Mining Corporation operates as a mining company in Canada. The company explores for copper, gold, and silver deposits. It primarily holds 75% interest in the Copper Mountain mine that comprise 135 crown granted mineral claims, 156 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares located to the south of Princeton, British Columbia. The company was founded in 2006 and is headquartered in Vancouver, Canada.

Source: Capital IQ

Scheme of Arrangement

Parties

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth) between:

1 Nzuri Copper Limited (ABN 23 106 294 106) of Unit 13, 100 Railway Road, Daglish WA 6008, Australia (**Nzuri**); and

2 each person who holds one or more Scheme Shares (**Scheme Shareholders**).

Background

A Nzuri is a public company limited by shares and is admitted to the official list of ASX.

B Xuchen International Limited (BVI company number 2006168) (**Xuchen**) is a subsidiary of Chengtun Mining Group Co., Ltd.

C On 26 February 2019, Xuchen and Nzuri entered into the Implementation Deed pursuant to which, amongst other things, Nzuri has agreed to propose this Scheme to the Scheme Shareholders, and each of Nzuri and Xuchen have agreed to take certain steps to give effect to this Scheme.

D If this Scheme becomes Effective, then all the Scheme Shares will be transferred to Xuchen and the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the provisions of this Scheme.

E Xuchen has entered into the Deed Poll for the purposes of covenanting in favour of Scheme Shareholders to perform all actions attributed to it under this Scheme.

The parties agree

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

(a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;

(b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and

(c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this document.

2 Conditions

2.1 Conditions to the Scheme

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following:

(a) as at 8.00am on the Second Court Date, each of the conditions set out in clause 3.1 of the Implementation Deed (other than the condition relating to the approval of the Court set out in clause 3.1(h) of the Implementation Deed) have been satisfied or waived in accordance with the terms of the Implementation Deed;

(b) as at 8.00am on the Second Court Date, neither the Implementation Deed nor the Deed Poll have been terminated in accordance with their terms;

(c) the Court approves this Scheme under section 411(4)(b) of the Corporations Act either unconditionally or on conditions consented to by Xuchen in accordance with clause 8.12;

(d) subject to clause 8.12, such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme have been satisfied or waived; and

(e) the coming into effect of the Scheme Order, on or before the End Date.

2.2 Certificate

Nzuri will provide to the Court on the Second Court Date certificates signed by Xuchen and Nzuri (or such other evidence as the Court requests) stating whether or not the conditions referred to in clause 3.1 of the Implementation Deed (other than the condition relating to the approval of the Court set out in clause 3.1(h) of the Implementation Deed) have been satisfied or waived in accordance with the terms of the Implementation Deed as at 8.00am on the Second Court Date.

3 The Scheme

(a) Subject to clause 2.1, this Scheme takes effect for all purposes on the Effective Date.

(b) This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date.

4 Implementation of the Scheme

4.1 Lodgement of Scheme Order with ASIC

If the conditions in clauses 2.1(a) to 2.1(d) are satisfied, Nzuri must lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Scheme Order approving this Scheme on the first Business Day after the day on which the Court approves this Scheme.

4.2 Transfer of Scheme Shares

Subject to this Scheme becoming Effective, the following actions will occur (in the order set out below):

(a) Xuchen will provide the Scheme Consideration in the manner contemplated by clause 5; and

(b) on the Implementation Date, subject to the payment of the Scheme Consideration to each Scheme Shareholder in accordance with clause 5.2(b):

(i) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Xuchen, without the need for any further act by any Scheme Shareholder (other than acts performed by Nzuri as attorney and agent for Scheme Shareholders under clause 8.5), by Nzuri effecting a valid transfer or transfers of the Scheme Shares to Xuchen under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

(A) Nzuri delivering to Xuchen a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Nzuri; and

(B) Xuchen duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Nzuri for registration; and

(ii) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(b)(i)(B) or the transfer being effected under section 1074D of the Corporations Act (as the case may be), Nzuri must enter, or procure the entry of, the name of Xuchen in the Register in respect of all the Scheme Shares transferred to Xuchen in accordance with this Scheme.

5 Scheme Consideration

5.1 Amount of Scheme Consideration

Each Scheme Shareholder is entitled to receive the Scheme Consideration.

5.2 Payment of Scheme Consideration

(a) Xuchen must, by no later than the Business Day before the Implementation Date, deposit in cleared funds into the Trust Account an amount equal to the aggregate amount of the total Scheme Consideration payable to all Scheme Shareholders, such amount to be held by Nzuri on trust for the Scheme Shareholders and for the purpose of sending the aggregate Scheme Consideration to the Scheme Shareholders (except that any interest on the amount will be for the account of Xuchen).

(b) On the Implementation Date and subject to funds having been deposited in accordance with clause 5.2(a), Nzuri must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the Trust Account by doing any of the following at its election:

(i) sending (or procuring the Nzuri Registry to send) it to the Scheme Shareholder's Registered Address by cheque in Australian currency drawn out of the Trust Account; or

(ii) depositing (or procuring the Nzuri Registry to deposit) it into an account with an Australian ADI (as defined in the Corporations Act) notified to Nzuri (or the Nzuri Registry) by an appropriate authority from the Scheme Shareholders.

(c) To the extent that, following satisfaction of Nzuri's obligations under clause 5.2(b), there is a surplus in the amount held in the Trust Account, that surplus must be paid by Nzuri to Xuchen.

5.3 Joint holders

In the case of Scheme Shares held in joint names:

(a) any cheque required to be paid to Scheme Shareholders will be payable to the joint holders and will be forwarded to the holder whose name appears first in the Register on the Record Date; and

(b) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Nzuri Register as at the Record Date.

5.4 Unclaimed monies

To the extent that a cheque properly dispatched pursuant to clause 5.2(b)(i) is returned to Nzuri as undelivered, or the cheque is not presented by a Scheme Shareholder earlier than six months after the Implementation Date (**Unclaimed Consideration**):

(a) Nzuri must deal with the Unclaimed Consideration in accordance with any applicable unclaimed moneys legislation; and

(b) subject to Nzuri complying with its obligations under clause 5.4(a), Nzuri is discharged from liability to any Scheme Shareholder in respect of the Unclaimed Consideration.

5.5 Order of a court

If:

(a) written notice is given to Nzuri (or the Nzuri Registry) of an order or direction made by a court of competent jurisdiction that requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Nzuri in accordance with clause 5, then Nzuri may procure that payment is made in accordance with that order or direction; or

(b) written notice is given to Nzuri (or the Nzuri Registry) of an order or direction made by a court of competent jurisdiction that prevents Nzuri from making a payment to any particular Scheme Shareholder in accordance with clause 5.2(b), or such payment is otherwise prohibited by applicable law, Nzuri may retain an amount equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as payment in accordance with clause 5 is permitted by that order or direction or otherwise by law, and the payment or retention by Nzuri (or the Nzuri Registry) will constitute the full discharge of Nzuri's obligations under clause 5.2(b) with respect to the amount so paid or retained until, in the case of this clause (b), it is no longer required to be retained.

5.6 Definition of 'sending'

For the purposes of clause 5, the expression 'sending' means, in relation to each Scheme Shareholder:

(a) sending by ordinary pre-paid post or courier to the Registered Address of that Scheme Shareholder as at the Record Date; or

(b) delivery to the Registered Address of that Scheme Shareholder as at the Record Date by any other means at no cost to the recipient.

6 Dealings in Nzuri Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Nzuri Shares or other alterations to the Nzuri Register will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Nzuri Shares on or before the Record Date; and

(b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Record Date at the place where the Nzuri Register is kept,

and Nzuri must not accept for registration, nor recognise for any purpose (except a transfer to Xuchen pursuant to this Scheme and any subsequent transfer by Xuchen or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

(a) Nzuri must register all registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) on or before the Record Date.

(b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that Scheme Shareholder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Nzuri shall be entitled to disregard any such disposal.

(c) For the purpose of determining entitlements to the Scheme Consideration, Nzuri must maintain the Nzuri Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Nzuri Register in this form will solely determine entitlements to the Scheme Consideration.

(d) All statements of holding for Nzuri Shares (other than statements of holding in favour of Xuchen) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from the Record Date, each entry on the Nzuri Register (other than entries on the Nzuri Register in respect of Xuchen) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Nzuri Shares relating to that entry.

(e) As soon as possible on or after the Record Date, and in any event within one Business Day after the Record Date, Nzuri will ensure that details of the names, registered addresses and holdings of Nzuri Shares for each Scheme Shareholder as shown in the Nzuri Register as at the Record Date are available to Xuchen in the form Xuchen reasonably requires.

7 Quotation of Nzuri Shares

(a) Nzuri will apply to ASX to suspend trading of Nzuri Shares on the ASX with effect from the close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by Xuchen, Nzuri will apply:

(i) for termination of the official quotation of Nzuri Shares on the ASX; and

(ii) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Appointment of agent and attorney

(a) On this Scheme becoming Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Nzuri as its agent and attorney for the purposes of:

(i) executing any document or form or doing any other act necessary to give effect to the terms of this Scheme including, without limitation, the execution of the Share Transfer and the giving of the Scheme Shareholder's consent under clause 8.3; and

(ii) enforcing the Deed Poll against Xuchen,

and Nzuri accepts such appointment.

(b) Nzuri, as agent and attorney of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

8.2 Enforcement of Deed Poll

Nzuri undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Xuchen (as applicable on behalf of and as agent and attorney for the Scheme Shareholders).

8.3 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably consents to Nzuri and Xuchen doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of this Scheme.

8.4 Scheme Shareholders' agreements

Under this Scheme:

(a) each Scheme Shareholder agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Xuchen in accordance with the terms of this Scheme;

(b) each Scheme Shareholder agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme; and

(c) each Scheme Shareholder acknowledges that this Scheme binds Nzuri and all Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Nzuri.

8.5 Warranty by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to Xuchen that:

(a) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Xuchen, be fully paid and free from all mortgages, charges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)), liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and

(b) they have full power and capacity to sell and to transfer their Scheme Shares, and all rights and entitlements attaching to those Scheme Shares, to Xuchen.

8.6 Title to Scheme Shares

(a) Immediately upon provision of the Scheme Consideration to the Scheme Shareholders in accordance with clause5.2(b), Xuchen will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Nzuri of Xuchen in the Register as the holder of the Scheme Shares.

(b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Xuchen will, at the time of transfer of them to Xuchen, vest in Xuchen free from all mortgages, charges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)), liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.

8.7 Appointment of sole proxy

Immediately upon provision of the Scheme Consideration in accordance with clause 5.2, and until Nzuri registers Xuchen as the holder of all Scheme Shares in the Nzuri Register, each Scheme Shareholder:

(a) is deemed to have appointed Xuchen as attorney and agent (and directed Xuchen in each such capacity) to appoint any director, officer, secretary or agent nominated by Xuchen as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;

(b) acknowledges that no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.7(a));

(c) must take all other actions in the capacity of a registered holder of Scheme Shares as Xuchen reasonably directs; and

(d) acknowledges and agrees that in exercising the powers conferred in clause 8.7(a), Xuchen and any director, officer, secretary or agent nominated by Xuchen under that clause may act in the best interests of Xuchen as the intended registered holder of the Scheme Shares.

8.8 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Nzuri, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Nzuri's registered office or at the Nzuri Registry as the case may be.

8.9 Inconsistencies

This Scheme binds Nzuri and all Nzuri Shareholders, and to the extent of any inconsistency, overrides the Nzuri constitution.

8.10 No liability when acting in good faith

None of Xuchen, Nzuri nor any director, officer, secretary or employee of Nzuri will be liable for anything done or omitted to be done in good faith in the performance of this Scheme or the Deed Poll.

8.11 Further assurance

Nzuri will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, this Scheme.

8.12 Alterations and conditions

If the Court proposes to approve this Scheme subject to any conditions or alterations under section 411(6) of the Corporations Act, Nzuri may, by its counsel on behalf of all persons concerned consent to only such of those conditions or alterations to this Scheme to which Xuchen has consented, such consent not to be unreasonably withheld or delayed.

8.13 Stamp Duty

Xuchen will pay any stamp duty payable on the transfer by Scheme Shareholders of the Scheme Shares to Xuchen.

8.14 Governing Law

(a) This Scheme is governed by and will be construed according to the laws of Western Australia.

(b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts.

Schedule 1 Dictionary

1.1 Defined terms

In this Scheme, except where the context otherwise requires, the following words and expressions have meanings as follows:

ASX means ASX Limited (ABN 98 008 624 691) or, if the context requires, the financial market operated by it.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Western Australia, or the PRC.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.

Conditions means the conditions set out in clause 3.1 of the Implementation Deed and **Condition** means any one of them.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of Western Australia or any other court of competent jurisdiction under the Corporations Act as Nzuri and Xuchen may agree in writing.

Deed Poll means the deed poll under which Xuchen covenants in favour of the Scheme Shareholders to perform all actions attributed to it under this Scheme.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme.

Effective Date means the date on which the Scheme becomes Effective.

End Date means the later of:

(a) 9 months after the date of the Implementation Deed; and

(b) such other date and time agreed in writing between Xuchen and Nzuri.

Excluded Shareholder means any Nzuri Shareholder who is Xuchen or a wholly-owned subsidiary of Xuchen.

First Court Date means the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act.

GST Law has the meaning given to it the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Implementation Date means the fifth Business Day, or such other Business Day as Nzuri and Xuchen agree in writing, following the Record Date for the Scheme.

Implementation Deed means the scheme implementation deed dated 26 February 2019 between Xuchen and Nzuri, as amended or varied from time to time.

Listing Rules means the official listing rules of ASX as amended from time to time.

Nzuri Register means the register of members of Nzuri maintained by or on behalf of Nzuri in accordance with section 168(1) of the Corporations Act.

Nzuri Registry means the share registry of Nzuri, being Advanced Share Registry Ltd (ABN 14 127 175 946).

Nzuri Share means a fully paid ordinary share in the capital of Nzuri.

Nzuri Shareholder means each person who is registered in the Nzuri Register as a holder of Nzuri Shares.

PRC means the People's Republic of China.

Record Date means, in respect of the Scheme, 5.00pm on the third Business Day (or such other Business Day as Nzuri and Xuchen agree in writing) following the Effective Date.

Registered Address means, in relation to a Nzuri Shareholder, the address shown in the Nzuri Register as at the Record Date.

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Nzuri and the Nzuri Shareholders as set out in this document together with, subject to clause 8.12, any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act.

Scheme Consideration means the consideration payable to Scheme Shareholders under the Scheme, being $0.37 per Scheme Share.

Scheme Meeting means the meeting of Nzuri Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Order means the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable and subject to clause 8.12, section 411(6) of the Corporations Act) in relation to this Scheme.

Scheme Share means a Nzuri Share on issue as at the Record Date other than any Nzuri Share then held by an Excluded Shareholder (but including any such Nzuri Share held on behalf of one or more third parties or otherwise in a fiduciary capacity).

Scheme Shareholder means each person who holds one or more Scheme Shares.

Scheme Transfer means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

takes effect or taking effect means on and from the first time when an office copy of the Scheme Order approving the Scheme is lodged with ASIC.

Trust Account means an Australian dollar denominated trust account operated by Nzuri as trustee for the benefit of Scheme Shareholders.

Xuchen means Xuchen International Limited (BVI company number 2006168) of OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

1.2 Interpretation

In this Scheme, except where the context otherwise requires:

(a) headings are for convenience only and do not affect the interpretation of this Scheme;

(b) the singular includes the plural and vice versa;

(c) words that are gender neutral or gender specific include each gender;

(d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;

(e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;

(f) a reference to:

(i) a person includes a natural person, partnership, joint venture, government agency, association, corporation, trust or other body corporate;

(ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;

(iii) a party includes its agents, successors and permitted assigns;

(iv) a document includes all amendments or supplements to that document;

(v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this Scheme;

(vi) this Scheme includes all schedules and attachments to it;

(vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;

(viii) a statute includes any regulation, ordinance, by-law or other subordinate legislation made under it;

(ix) an agreement other than this Scheme includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and

(x) a monetary amount is in Australian dollars;

(g) an agreement on the part of two or more persons binds them jointly and each of them severally;

(h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;

(i) a reference to time is to Perth, Western Australia time; and

(j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Scheme or any part of it.

Deed Poll

Parties

This deed poll is made by:

Name	Xuchen International Limited (BVI company number 2006168)
Short name	Xuchen
Address	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands

in favour of:

Each Scheme Shareholder.

Background

A On 26 February 2019, Xuchen and Nzuri Copper Limited (**Nzuri**) entered into a scheme implementation deed with respect to the Scheme and associated matters (**Implementation Deed**).

B The effect of the Scheme will be to transfer all Scheme Shares to Xuchen in exchange for the Scheme Consideration.

C Xuchen is entering into this deed poll to covenant in favour of the Scheme Shareholders that it will perform all actions attributed to it under the Scheme.

The parties agree

1 Defined terms and interpretation

1.1 Defined terms

In this deed poll, unless otherwise defined, capitalised words and phrases have the same meaning as given to them in the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Nzuri and Scheme Shareholders in respect of all Scheme Shares (**Scheme**).

1.2 Interpretation

In this deed poll, headings are for convenience only and do not affect its interpretation and, unless the context requires otherwise:

(a) words importing the singular include the plural and vice versa;

(b) a reference to any document (including the Scheme) is to that document as varied, novated, ratified or replaced; and a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to, this deed poll and a reference to this deed poll includes any annexure and schedule.

1.3 Nature of deed poll

Xuchen acknowledges that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholder is not party to it; and

(b) each Scheme Shareholder irrevocably appoints Nzuri and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this deed poll against Xuchen on behalf of that Scheme Shareholder.

2 Condition precedent and termination

2.1 Condition precedent to obligations of the Scheme

The obligations of Xuchen under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Xuchen under this deed poll will automatically terminate, and the terms of this deed poll will be of no force or effect, if:

(a) the Implementation Deed is terminated in accordance with its terms; or

(b) the Scheme is not Effective by the End Date.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

(a) Xuchen is released from its obligations to further perform this deed poll, except those obligations under clause 6.7; and

(b) each Scheme Shareholder retains the rights it has against Xuchen in respect of any breach of this deed poll which occurs before it is terminated.

3 Scheme obligations

Subject to clause 2, Xuchen covenants in favour of each Scheme Shareholder to perform all actions attributed to it under, and otherwise comply with, the Scheme as if it were a party to the Scheme.

4 Warranties

Xuchen represents and warrants in favour of each Scheme Shareholder that:

(a) it is a corporation validly existing under the laws of its place of incorporation;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;

(d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and

(e) this deed poll does not conflict with, or result in the breach of or default under, any provision of the constitution of Xuchen or any material term or provision of any agreement, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) Xuchen has fully performed its obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2.

6 General

6.1 Notices

Any notice or other communication to Xuchen in respect of this deed poll (**Notice**):

(a) is only effective if:

(i) it is in writing, signed by or on behalf of the party giving it;

(ii) it is directed to the recipient's address for notices as follows:

Address: Level 32, Zhonghang Centre Building, 1018 Huafu Road, Futian District, Shenzhen, 518000, China
E-mail: fengk@600711.com
Attn: Kai Feng

with a copy to Gilbert + Tobin:

Address: Level 35, Tower 2, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo, NSW 2000
E-mail: schen@gtlaw.com.au
Attn: Sophie Chen

(b) must be signed by the person making the communication or by a person duly authorised by that person;

(c) takes effect when received (or at a later time specified in it), and is taken to be received:

(i) if hand delivered, on delivery;

(ii) if sent by prepaid post, the second Business Day after the date of posting (or the seventh Business Day after the date of posting if posted to or from outside Australia); or

(iii) if sent by email:

(A) when the sender receives an automated message confirming delivery; or

(B) 2 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first,

but if the delivery or transmission under clause 6.1(c)(i) or 6.1(c)(ii) is not on a Business Day or after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the Business Day after that delivery or receipt.

6.2 Governing law

(a) This deed poll is governed by and will be construed according to the laws of Western Australia.

(b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts.

6.3 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise by a party of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

6.4 Variation

This deed poll may not be varied unless:

(a) if before the First Court Date, the variation is agreed to by Nzuri; or

(b) if on or after the First Court Date, the variation is agreed to by Nzuri and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Xuchen will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

6.5 Cumulative rights

The rights, powers and remedies of Xuchen and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

6.6 Assignment

The rights created by this deed poll are personal to Xuchen and each Scheme Shareholder and may only be assigned with the prior written consent of Xuchen.

6.7 Stamp duty

Xuchen must pay any stamp duties and any related fines and penalties in respect of this deed poll, the performance of this deed poll and each transaction effected by or made under or pursuant to this deed poll.

6.8 Further assurances

Xuchen must promptly do all things necessary or expedient to be done by it in connection with the matters referred to in this deed poll and to implement the Scheme.

Executed as a **deed poll**.

Signed, sealed and delivered by **Xuchen International Limited** in the presence of:

林泽剑	陈东 Seal
Signature of witness	Signature of authorised signatory
林泽剑 LIN Zejian	陈东 CHEN Dong
Name of witness (print)	Name of authorised signatory (print)
9 May 2019	9 May 2019

Annexure D - Notice of Meeting

Notice of Court Ordered Meeting of Nzuri Shareholders

Notice is given that, by order of the Supreme Court of Western Australia (**Court**) made on 28 May 2019 pursuant to section 411(1) of the Corporations Act, a meeting of Nzuri Shareholders will be held at 3.00pm (WST) on 8 July 2019 at The Subiaco Hotel, Mezzanine Level, 465 Hay Street, Subiaco WA 6008 (**Scheme Meeting**).

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement (the **Scheme**) proposed to be made between Nzuri and the Nzuri Shareholders.

Copies of the Scheme and the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this Notice forms part. Terms used (and not otherwise defined) in this Notice have the same meaning as set out in the glossary of defined terms in Section 10 of the Scheme Booklet of which this notice forms part.

Resolution

The Scheme Meeting will be asked to consider and, if thought fit, to pass, with or without modification, the following resolution:

"THAT, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed to be entered into between Nzuri and the holders of its fully paid ordinary shares (other than any Excluded Shareholders), as contained in and more particularly described in the booklet of which the notice convening this meeting forms part, is agreed to (with or without modification as approved by the Supreme Court of Western Australia (Court)) and FURTHER that, the Nzuri Directors are authorised to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the scheme of arrangement by the Court, the Nzuri Directors are authorised to implement the scheme of arrangement with any such alterations or conditions".

Voting exclusion

Nzuri will disregard any votes cast on the Scheme Resolution in respect of any Nzuri Share held by an Excluded Shareholder. As at the date of this Scheme Booklet, there are no Excluded Shares, and therefore no Excluded Shareholders.

BY ORDER OF THE COURT

Ms Hannah Hudson
Company Secretary & Chief Financial Officer
NZURI COPPER LIMITED
Dated: 31 May 2019

Notes to the Notice of Court Ordered Scheme Meeting

1. **Required voting majority**

In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution to approve the Scheme must be passed at the Scheme Meeting by:

a. unless the Court orders otherwise, a majority in number of Nzuri Shareholders (other than any Excluded Shareholders) present and voting (either in person or by proxy, attorney, or, in the case of bodies corporate, body corporate representative) at the Scheme Meeting; and

b. at least 75% of the votes cast on the resolution.

The Court has a discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution, but not by a majority in number of Nzuri Shareholders (other than any Excluded Shareholders) present and voting at the Scheme Meeting.

2. **Court approval**

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) is subject to the approval of the Court. If the resolution put to the Scheme Meeting is passed by the requisite majority and the other conditions precedent to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, Nzuri intends to apply to the Court for the necessary orders to give effect to the Scheme.

3. **Entitlement to vote and voting exclusion**

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining eligibility to vote at the Scheme Meeting is 4pm (WST) on 6 July 2019. Only those Nzuri Shareholders entered on the Register at that time will be entitled to attend and vote at the Scheme Meeting.

For the purposes of the voting exclusion statement in this notice, the meaning of Excluded Shareholders is as defined in Section 10 of the Scheme Booklet.

The remaining comments in these explanatory notes are addressed to Nzuri Shareholders entitled to attend and vote at the Scheme Meeting.

4 **How to vote**

Voting at the Scheme Meeting will be by poll rather than by show of hands.

You may vote at the Scheme Meeting by:

a. attending and voting in person;

b. appointing one or two proxies to attend and vote on your behalf, using the proxy form that accompanied this Scheme Booklet;

c. appointing an attorney to attend and vote on your behalf, using a power of attorney; or

d. in the case of a body corporate, appointing a body corporate representative to attend and vote on your behalf, using a certificate of appointment of body corporate representative.

Refer to paragraph 6 below for further voting instructions.

5 **Attendance**

If you or your representative(s) plan to attend the Scheme Meeting, please arrive at the venue at least 30 minutes prior to the scheduled time for commencement, so that your shareholding can be checked against the Register, any power of attorney or certificate of appointment of a body corporate representative verified and you or your representative's attendance noted.

6. **Additional instructions and information regarding voting by proxy, attorney or corporate representative**

Voting by Proxy

- You may vote by proxy by returning a completed and duly executed proxy form (and any required original or certified copies of a power of attorney) by:
  - lodgement online at www.advancedshare.com.au/investor-login or scanning the QR code on your proxy form with your smartphone and follow the prompts; or
  - posting it or delivering it by hand or facsimile to the address below:

    Advanced Share Registry Limited
    110 Stirling Hwy, Nedlands WA 6009; or
    PO Box 1156, Nedlands WA 6909
    Facsimile: +61 8 9262 3723
- The completed and duly executed proxy form (and if the proxy form is executed by an attorney, an original or certified copy of the power of attorney) must be received by the Registry by no later than **Saturday, 6 July 2019** at **3.00pm WST**.
- A Nzuri Shareholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where two proxies are appointed, and unless the appointment specifies the proportion or number of the Nzuri Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (fractions will be disregarded).
- A proxy need not be a Nzuri Shareholder.
- If a proxy is instructed to abstain from voting on any item of business, that person is directed not to vote on the Nzuri Shareholder's behalf on a poll and the Nzuri Shares the subject of the proxy appointment will not be counted in computing the required majority.
- If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting, as that person thinks fit.
- Nzuri Shareholders who return their proxy forms with a direction on how to vote but without nominating the identity of their proxy will be taken to have appointed the chairperson of the Scheme Meeting as their proxy to vote on their behalf.
- If a proxy form is returned but the nominated proxy does not attend the Scheme Meeting, the chairperson of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairperson of the Scheme Meeting, the secretary or any director which do not contain a direction will, in the absence of a change in circumstances, be used to vote in favour of the Scheme.
- A vote given in accordance with the terms of a proxy is valid despite the revocation of the proxy, unless notice in writing of the revocation has been received by Nzuri or the Registry before commencement of the Scheme Meeting.
- Appointing a proxy will not preclude you from attending the Scheme Meeting in person and voting at the Scheme Meeting instead of your proxy.

Voting by power of attorney	You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Nzuri Shareholder. Each attorney will have a right to vote on the poll and also speak at the Scheme Meeting. The power of attorney appointing your attorney to attend and vote at the Scheme Meeting must be duly executed by you and specify your name, the company (Nzuri) and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one. The power of attorney, or a certified copy of the power of attorney, should be lodged with the Registry at the address or fax number provided on the proxy form before the Scheme Meeting. Attorneys of eligible Nzuri Shareholders will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the meeting written evidence of their appointment, their name and address, and the name of their appointor(s). Your appointment of an attorney does not preclude you from attending in person and voting at the Scheme Meeting.
Voting by corporate representative	A Nzuri Shareholder that is a body corporate may appoint an individual to act as its representative at the Scheme Meeting. If a representative of the body corporate is to attend the Scheme Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Registry. This certificate should be lodged with the Registry before the Scheme Meeting or at the registration desk on the day of the meeting. The certificate will be retained by the Registry. If a certificate is completed by an individual or a corporation under power of attorney, the power of attorney or a certified copy, must accompany the completed certificate unless the power of attorney has been previously noted by the Registry. Body corporate representatives of eligible Nzuri Shareholders will be admitted to the Scheme Meeting and given a voting card at the point of entry to the meeting on providing written evidence of their appointment, their name and address, and the name of their appointor(s). The chairperson of the Scheme Meeting may permit a person claiming to be a representative to exercise the body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.

7. Jointly held Nzuri Shares

If you hold Nzuri shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote, only the vote of the holder whose name first appears on the Register will be counted.

Any inquiries in relation to the resolution or the Scheme Booklet should be directed to:

- the Company Secretary of Nzuri, Ms Hannah Hudson on (08) 6424 8100 (within Australia) or +61 8 6424 8100 (outside Australia) between 8.30 am and 5.30 pm (Perth time), Monday to Friday, excluding public holidays; or
- your legal, financial or other professional adviser.

NZURI COPPER LIMITED

LODGE YOUR PROXY APPOINTMENT ONLINE

ONLINE PROXY APPOINTMENT
www.advancedshare.com.au/investor-login

MOBILE DEVICE PROXY APPOINTMENT
Lodge your proxy by scanning the QR code below, and enter your registered postcode.
It is a fast, convenient and a secure way to lodge your vote.

SCHEME MEETING – PROXY FORM

I/We being shareholder(s) of Nzuri Copper Limited and entitled to attend and vote hereby:

STEP 1

APPOINT A PROXY

☐ The Chairperson of the meeting **OR** ______________________

PLEASE NOTE: If you leave the section blank, the Chairperson of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) are named, the Chairperson of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Scheme Meeting of the Company to be held **at The Subiaco Hotel, Mezzanine Level. 465 Hay Street, Subiaco WA 6008 on 8 July 2019 at 3.00pm WST** and at any adjournment or postponement of that Meeting.

CHAIRPERSON'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES:
The Chairperson intends to vote undirected proxies in favour of the item of business. In exceptional circumstances the Chairperson may change his/her voting intention on the Resolution, in which case as ASX announcement will be made.

STEP 2

ITEM OF BUSINESS

If you mark the Abstain box for the item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority.

Resolution	For	Against	Abstain*
THAT, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed to be entered into between Nzuri and the holders of its fully paid ordinary shares (other than any Excluded Shareholders), as contained in and more particularly described in the booklet of which the notice convening this meeting forms part, is agreed to (with or without modification as approved by the Supreme Court of Western Australia (Court)) and FURTHER that, the directors of Nzuri are authorised to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the scheme of arrangement by the Court, the directors are authorised to implement the scheme of arrangement with any such alterations or conditions.	☐	☐	☐

For your vote to be effective your completed proxy form must be received by 3.00pm WST on 6 July 2019.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, all the shareholder should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address ______________________

☐ Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chairperson as your proxy, mark the box in Step 1. If you wish to appoint someone other than the ChairPERSON, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIRPERSON OF THE SCHEME MEETING

If you leave Step 1 blank, or if your appointed proxy does not vote on a poll in accordance with your directions or does not attend the Scheme Meeting, then the proxy appointment will automatically default to the Chairperson of the Scheme Meeting, who is required to vote the proxies as directed.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on an item, your vote on that item will be invalid.

PLEASE NOTE: If you appoint the Chairperson as your proxy (or if he is appointed by default) but do not direct him how to vote on an item (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that item), the Chairperson may vote as he sees fit on that item.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) Return both forms together.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:
Where the holding is in one name, the security holder must sign.

Joint Holding:
Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:
If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:
Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

VOTING ENTITLEMENT

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining eligibility to vote at the Scheme Meeting is 4.00pm on 6 July 2019. Only those Nzuri Shareholders entered on the Nzuri Register at that time will be entitled to attend and vote at the Scheme Meeting.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 3.00pm WST on 6 July 2019, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.

ONLINE PROXY APPOINTMENT
www.advancedshare.com.au/investor-login

BY MAIL
Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909

BY FAX
+61 8 9262 3723

BY EMAIL
admin@advancedshare.com.au

IN PERSON
Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009

ALL ENQUIRIES TO
Telephone: +61 8 9389 8033