

12 June 2019

ASX: NZC

SCHEME OF ARRANGEMENT – SUPPLEMENTARY DISCLOSURE

Nzuri Copper Limited (**Nzuri** or the **Company**) (ASX: NZC) refers to the proposed scheme of arrangement as detailed in the scheme booklet dated 31 May 2019 (**Scheme Booklet**), pursuant to which it is proposed that Xuchen International Limited, a subsidiary of Chengtun Mining Co., Ltd will acquire all of the issued capital of Nzuri (**Scheme**).

The Supreme Court of Western Australia has today approved the despatch of the attached letter to Nzuri shareholders to supplement the disclosure in the Scheme Booklet.

The letter will be despatched to Nzuri shareholders either by post or by email on or before 14 June 2019.

Nzuri shareholders are encouraged to read the Scheme Booklet, as supplemented by the attached letter, in full. These documents contain important information in relation to the Scheme and will assist shareholders in making an informed decision on how to deal with their Nzuri shares, including whether or not to vote in favour of the Scheme. If shareholders are in any doubt as to how to deal with the Scheme Booklet, including the attached letter, they should consult their financial, legal or other professional adviser.

END

For further information please contact:

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NZURI

COPPER LIMITED

An emerging copper and cobalt company

12 June 2019

Dear Nzuri Shareholder

Proposed Scheme of Arrangement - Supplementary Disclosure

We refer to the proposed acquisition of Nzuri Copper Limited (**Nzuri**) by Xuchen International Limited by way of a scheme of arrangement (**Scheme**) as detailed in the scheme booklet dated 31 May 2019 (**Scheme Booklet**). Capitalised terms not otherwise defined in this letter shall have the same meanings as in the Scheme Booklet.

By now you should have received, or viewed online, the Scheme Booklet containing information that will assist you in making an informed decision whether or not to vote in favour of the Scheme at the Scheme Meeting to be held at 3.00pm (Perth time) on Monday, 8 July 2019 at The Subiaco Hotel, Mezzanine Level, 465 Hay Street, Subiaco WA 6008.

The purpose of this letter is to provide supplementary information to Nzuri Shareholders.

Supplementary information

It is stated in Section 6.3(c) of the Scheme Booklet that as at the date of the Scheme Booklet, Nzuri is not party to any legal claims and is not aware of any potential legal claims.

Nzuri wishes to clarify the above statement by noting the following two matters:

- As announced by Nzuri on 28 October 2016, Nzuri has had a claim made against it by Trevor John Dixon (**Dixon**) in the Magistrates Court of Western Australia. Dixon's claim is for damages for an alleged breach of contract in relation to a number of tenements (Prospecting Licences 39/4622-23 and 39/4636 and Mining Leases 39/914, 39/966, 39/969, 39/991 and 39/1064) and for interest and costs. The claim relates to alleged conduct and events in 2010.

On 20 February 2017, Dixon filed and served his Statement of General Procedure Claim. On 13 March 2017, the Company filed and served its Defence to Statement of General Procedure Claim. Solicitors for Dixon foreshadowed an intention to increase the amount of the claim and a potential application to transfer the matter to a higher court. No steps of any substance have been taken by or on behalf of Dixon in the proceedings since 9 June 2017. This matter is due to be transferred to the inactive cases list of the Magistrates Court if no further steps are taken by 27 July 2019.

Given the lack of progress taken by or on behalf of Dixon to date, Nzuri considers there is a low likelihood of this matter progressing any further. It remains Nzuri's intention to

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vigorously defend this matter if any further action is taken before the Scheme is implemented. Following the implementation of the Scheme, it will be for the reconstituted Board of Nzuri to determine its intentions as to this matter.

- As announced by Nzuri on 22 October 2018, Nzuri settled its ongoing dispute with Eucalyptus Gold Mines Pty Ltd (**EGM**) (Supreme Court of WA proceeding CIV 1885 of 2016) and with EGM and Murray James Longman (Supreme Court of WA proceeding CIV 2675 of 2017), prior to the trial. Nzuri agreed to pay a cash settlement amount and costs, both of which are not considered to be material. The settlement of CIV 1885 of 2016 has been finalised.

Nzuri is finalising its objections to the bill of costs filed in respect of CIV 2675 of 2017. A taxation hearing is listed on 25 June 2019, at which a taxing officer will determine the costs allowed and the objections to the bill of costs.

Independent Expert's conclusions

The Independent Expert's conclusions remain unchanged, that the Scheme is fair and reasonable and is therefore in the best interests of Nzuri Shareholders, in the absence of a Superior Proposal.

Nzuri Directors recommendation

The Nzuri Directors continue to unanimously recommend that you 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.¹

Proxy forms

There are no changes to the proxy form for the Scheme Meeting previously dispatched to Nzuri Shareholders. Nzuri Shareholders are advised that:

- If you have already completed and returned the proxy form which was provided with the Scheme Booklet and you wish to change your vote, you must complete and return a new proxy form. Please contact Nzuri if you require a new proxy form.
- If you have already completed and returned the proxy form which was provided with the Scheme Booklet and you do not wish to change your vote, you do not need to take any action as the earlier submitted proxy form will be accepted by Nzuri unless you submit a new proxy form.
- If you have not yet completed and returned a proxy form and you wish to vote on the Scheme Resolution, please complete and return the proxy form. To vote in person or by corporate representative or attorney, please follow the directions in the Scheme Booklet.

¹ 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) of the Scheme Booklet for additional details.

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.

Yours faithfully



Tom Borman
Non-Executive Chairman