

19 August 2019

ASX: NZC

CHAIRMAN'S ADDRESS TO THE SCHEME MEETING

Nzuri Copper Limited (**Nzuri or Company**) is pleased to provide the following extract from the Chairman's Address to the scheme meeting of shareholders to be held this morning (**Scheme Meeting**).

"Good morning ladies and gentlemen, my name is Robyn Ferguson and I have been appointed by the Directors, and by orders of the Honourable Justice Vaughan of the Supreme Court of Western Australia, to Chair this Scheme Meeting of Nzuri Copper Limited.

I would like to begin by welcoming you to today's Scheme Meeting and thank you for your attendance.

Today is a significant day in the history of Nzuri. Today, shareholders will be asked to vote on a proposed Scheme of Arrangement under which Xuchen International Limited (**Xuchen**), a subsidiary of Chengtun Mining Group Co., Ltd (**Chengtun Mining**), proposes to acquire all of the issued ordinary shares in Nzuri.

Under this proposal, Nzuri shareholders will receive cash consideration of \$0.37 per share held on the Record Date, representing a significant premium on recent trading prices.

With those brief introductory remarks, please allow me to proceed with the formal part of today's Scheme Meeting.

Business of meeting

The purpose of the Scheme Meeting is to seek the agreement of Shareholders to the Scheme.

It is past 3pm (being the scheduled start time for the meeting) and now time to commence the Scheme Meeting. I am advised that a quorum is present and I therefore declare the Scheme Meeting open.

Before I introduce your Directors, I will outline the conduct of today's meeting.

I remind everyone that this is a shareholders' meeting and only shareholders, appointed proxies, corporate representatives and attorneys have the right to speak at the meeting. We have allowed visitors into the meeting.

I would be grateful if you could all please check that your mobile phone is switched off and note that the taking or recording of photographs, video or audio of the meeting or its proceedings (by whatever means) is not permitted.

Board and Company Secretary

I would now like to introduce you to:

- Mark Arnesen – Chief Executive Officer & Executive Director;
- Adam Smits – Chief Operating Officer & Executive Director;
- Ean Alexander – Non-Executive Director; and
- Hannah Hudson – Company Secretary.

I pass on the apologies from the following directors, who are not able to be here today:

- Tom Borman – Chairman & Non-Executive Director;

- Hongliang Chen – Non-Executive Director; and
- Peter Ruxton – Non-Executive Director.

Brief overview of the Scheme

The proposed acquisition of Nzuri by Xuchen is to occur by way of a scheme of arrangement under Part 5.1 of the Corporations Act (**Scheme**).

If the Scheme is not approved today, the Scheme will not proceed and you will not receive the cash consideration. Instead, you will retain your Nzuri shares and Nzuri will continue to operate as a standalone entity.

If the Scheme is approved and implemented, Nzuri shareholders will receive \$0.37 for every Nzuri share held by them on the Record Date for the Scheme (expected to be 5.00pm on 11 September 2019). If the Scheme is implemented, Nzuri will be removed from the official list of the ASX, and Nzuri will ultimately be owned by Xuchen.

About Xuchen and Chengtun Mining

Information regarding Xuchen and Chengtun Mining is set out in the Scheme Booklet dated 31 May 2019, as amended and supplemented by the additional disclosures dated 12 June 2019 and 1 August 2019.

By way of brief summary, 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. 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.

The Board's recommendation

As set out in the Scheme Booklet and the supplementary disclosures mentioned, the Nzuri Board has unanimously recommended that Nzuri shareholders vote in favour of the Scheme in the absence of a superior proposal.

The Scheme Booklet includes additional information regarding the reasons for the Board's recommendation, as well as reasons why you may choose to vote against the Scheme.

It must also be noted that under their employment agreements, Nzuri's two executive directors, Mark Arnesen and 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, to be paid on the Implementation Date.

Independent expert's recommendation

The Nzuri Board appointed BDO Corporate Finance (WA) Pty Ltd (**BDO**) as the independent expert to assess the merits of the Scheme. The independent expert has concluded that in the absence of a superior proposal the Scheme is fair and reasonable and in the best interest of Nzuri shareholders. A full copy of BDO's report is set out in Annexure A of the Scheme Booklet.

Conditions

The Scheme is subject to certain conditions, as outlined in section 8.1 of the Scheme Booklet, clause 3.1 of the Scheme Implementation Deed and section 2.1 of the Scheme of Arrangement (set out in full in Annexure B of the Scheme Booklet).

The Nzuri Board is not currently aware of any reason as to why the remaining conditions will not be resolved prior to the Second Court Hearing for the Scheme, which is listed for 8.30am on 5 September 2019.

The Nzuri Board does however caution that two of the remaining conditions are subject to the actions of foreign governments and regulatory authorities and therefore are to a certain extent outside of the control of Nzuri, namely:

- the receipt of the regulatory approvals required in China by Xuchen; and
- the completion of the transfer of certain permits held by Ivanhoe to the Ivanhoe/Nzuri joint venture holding company.

Resolution proposed to be agreed to

We will now commence the formal part of this meeting.

The purpose of this meeting is to consider and, if thought fit, to pass a resolution to agree to the Scheme. This resolution is set out in the Notice of Meeting which is contained in Annexure A of the supplementary disclosure dated 1 August 2019. The resolution is as follows:

"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."

The proposal has also been outlined in detail in the Scheme Booklet which was as amended and supplemented by the two previously mentioned further disclosures, each of which were made available to shareholders in accordance with Court orders.

In order for this resolution to be passed, it must be agreed to by:

- a majority in number of shareholders of Nzuri present and voting at the meeting (either in person or by proxy, attorney or body corporate representative); and
- at least 75% of the total number of votes cast on the resolution.

As stated in the Notice of Meeting, the resolution will be decided by poll.

Second Court Hearing

If the resolution is passed by the requisite majorities, and all other remaining conditions are satisfied or waived, then Nzuri will apply to the Court for orders approving the Scheme. The Second Court Hearing is scheduled to be held on 5 September 2019 at 8.30am (Perth Time). This hearing is open to all Nzuri shareholders."

END

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