

9 December 2019

ASX: NZC

FUNDING & SCHEME UPDATE

Nzuri Copper Limited (**Nzuri** or the **Company**) (ASX: NZC) provides the following update on its proposed scheme of arrangement (**Scheme**) pursuant to which all of the issued capital in Nzuri is proposed to be acquired by Xuchen International Limited (**Xuchen**), a subsidiary of Chengtun Mining Co., Ltd.

As previously advised to shareholders, the Scheme remains subject to regulatory approval (from the State Administration of Foreign Exchange of China, or 'SAFE') being received in the People's Republic of China.

Nzuri also previously informed shareholders (see ASX announcement on 26 November 2019) that it had been advised by Xuchen that for commercial reasons, its preference is to fund the Scheme consideration by way of a third-party loan, which remains subject to the receipt of certain Chinese provincial government approvals. The receipt of these Chinese provincial government approvals is not a condition precedent to the Scheme. Xuchen informed Nzuri that it expects these approvals to take between one to two months to be received. Xuchen therefore requested for the 'end date' for the Scheme to be delayed from 26 November 2019 to 31 March 2020, with the court hearing for the approval of the Scheme to be on or about 3 February 2020, and implementation of the Scheme to occur on or about 14 February 2020.

Nzuri is pleased to advise that it has agreed to extend the 'end date' for the Scheme as requested by Xuchen, to 31 March 2020. A key reason for Nzuri agreeing to this extension was Xuchen's agreement to amend its existing secured loan facility agreement with Nzuri as described below.

Amendments to secured loan facility agreement

- **Additional funding:** Xuchen has agreed to advance additional loan funding to Nzuri of up to \$3.5 million, in the following tranches:
 - \$800,000 on or before 13 December 2019;
 - \$675,000 on or before 31 December 2019;
 - \$675,000 on or before 7 February 2020;
 - \$675,000 on or before 28 February 2020; and
 - \$675,000 on or before 27 March 2020.

The final tranche of \$675,000 to be advanced on or before 27 March 2020 is only payable in the event that the Scheme is not implemented on or before 14 February 2020.

A total of \$7 million has already been advanced by Xuchen to Nzuri under the existing secured loan facility agreement.

- **Interest rate:** The interest rate applicable to the additional loan funding amounts will be 8% per annum. A 10% interest rate per annum applies to the \$7 million of loan funding previously advanced.
- **Maturity date:** The maturity date of the \$10.5 million total loan has been extended from 26 February 2020 to 26 February 2021.

Court Hearing

The next Court hearing for this matter is listed for 10.30am (AWST) on 13 December 2019 at the Supreme Court of Western Australia. Further details regarding the hearing are included in the Appendix to this announcement.

At this hearing, Nzuri intends to seek an adjournment until on or about 3 February 2020, as outlined above.

An announcement including an updated timetable for the Scheme will be released following the hearing on 13 December 2019.

Financial certainty

In light of the delay to the timetable, Nzuri requested additional information be provided by Xuchen to provide Nzuri with comfort that Xuchen will be in a position to complete the Scheme in accordance with the revised timetable.

Nzuri has received a copy of a stamped letter from Chengtun Mining Group Co., Ltd irrevocably undertaking to Xuchen that, subject to each of the following conditions being satisfied:

- satisfaction or waiver of each of the conditions under the terms of the Scheme Implementation Deed;
- the Court date for approval of the Scheme being no earlier than 3 February 2020;
- the implementation of the Scheme occurring no earlier than 14 February 2020; and
- the Scheme becoming effective,

then to the extent Xuchen does not have the financial capacity to satisfy the obligations to pay the Scheme consideration and consideration payable to holders of Nzuri options, Chengtun will provide (or procure the provision) to Xuchen of such financial support as is required to enable Xuchen to satisfy these payment obligations, up to the maximum of A\$110,732,125.04 (being the total Scheme consideration and consideration payable to holders of Nzuri options).

Chengtun has confirmed to Xuchen in the letter it has the financial ability to make the above undertakings.

END

This announcement was lodged with ASX by Hannah Hudson, Company Secretary & Chief Financial Officer, pursuant to delegated Board authority.

For further information please contact:

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Notice of hearing to approve scheme of arrangement

TO all the members of Nzuri Copper Limited (ACN 106 294 106) (**Nzuri**).

TAKE NOTICE that at 10.30am (AWST) on 13 December 2019 the Supreme Court of Western Australia (situated at the Stirling Gardens, 28 Barrack Street, Perth, Western Australia) will hear an application by Nzuri seeking the approval of an arrangement between Nzuri and its members, as agreed to by resolution by the members of Nzuri at a meeting of such members held at The Subiaco Hotel, Mezzanine Level, 465 Hay Street, Subiaco, Western Australia at 3.00pm (AWST) on 19 August 2019.

If you wish to oppose the approval of the arrangement, you must file and serve on Nzuri a notice of appearance, in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Nzuri at its address for service at least one day before the date fixed for the hearing of the application.

The address for service on Nzuri is HWL Ebsworth Lawyers, Level 20, 240 St Georges Terrace, Perth WA 6000, dcarpenter@hwle.com.au (Reference: Deanna Carpenter).