



13th December 2017

ASX: NZC

NZURI SECURES A\$10M CORNERSTONE INVESTMENT FROM MAJOR COBALT PLAYER, HUAYOU COBALT

Leading Chinese group Zhejiang Huayou Cobalt Co. (Huayou Cobalt), through its wholly owned subsidiary, Huayou International Mining (Hong Kong) Limited (Huayou HK), to emerge with a 14.76% stake in Nzuri, with the proceeds to be used to develop and optimise the Kalongwe Copper-Cobalt Project whilst continuing aggressive exploration programs

Highlights

- **Huayou HK to acquire cornerstone 14.76% shareholding in Nzuri Copper by investing a total of A\$10M.**
- **Huayou Cobalt has established operations and track record within the DRC and is the largest cobalt chemicals producer in the world.**
- **Proceeds will primarily fund ongoing development and optimisation studies on the Kalongwe Copper-Cobalt Project and allow it to pursue an aggressive ongoing exploration campaign within its Fold & Thrust Belt JV.**

Nzuri CEO Mark Arnesen commented:

"We have received an overwhelming level of interest from potential strategic investors in the Company since completing the Kalongwe Feasibility Study in October. After extensive discussions with several groups in recent weeks, we are delighted to have finalised this agreement with a strategic partner of the calibre of Huayou Cobalt – which is the largest cobalt chemicals producer in the world and already has a strong and successful track record of operations and investment in the DRC.

We believe that the involvement of Huayou HK will enable Nzuri to unlock value from the high-grade cobalt at Kalongwe which would significantly improve the already robust economics of the Project.

Huayou HK is ideally placed to assist Nzuri in realising our objective of becoming a leading copper-cobalt producer in the African Copper Belt while at the same time continuing to pursue a multi-pronged exploration effort within our Fold & Thrust Belt JV with Ivanhoe which we believe has the potential to deliver some exciting results in 2018."

Mr Chen Hongliang, Huayou HK's Director, commented:

"Huayou HK is extremely happy to invest in Nzuri Copper and we look forward to working closely with the Company to bring the Kalongwe Copper-Cobalt Project into production and to progressing its exciting portfolio of copper-cobalt projects in the DRC. We believe that Huayou can significantly contribute to realising the full value of the Kalongwe Copper – Cobalt Project."

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Nzuri Copper Limited (**ASX: NZC**) (**Nzuri** or the **Company**) is pleased to announce that it has secured a cornerstone A\$10 million strategic investment by Huayou Cobalt through Huayou HK to advance its portfolio of copper-cobalt projects in the Democratic Republic of Congo (**DRC**), including expansion and optimisation studies on its flagship Kalongwe *Copper-Cobalt* Project.

Huayou Cobalt is listed on the Chinese stock exchange with a market capitalisation of approximately US\$8B. Huayou Cobalt has established Copper/ Cobalt operations within the DRC.

The strategic investment is at a price of A\$0.2507 per share, being the undiscounted volume weighted average price of the Company's shares over the 30 trading days prior to the commercial terms being agreed and the Subscription Agreement signed.

The investment is comprised of two tranches:

- **Tranche 1:** A placement raising A\$6,637,462 by the issue of 26,475,716 shares; and
- **Tranche 2:** A convertible loan in the amount of A\$3,362,538 convertible into shares upon the receipt of prior shareholder approval.

Tranche 1 is to be completed on or before 20 December 2017 at which time 26,475,716 shares will be issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1. An Appendix 3B and Cleansing statement in respect of the Tranche 1 shares will be issued at the same time.

While the Company is due to receive the loan funding for Tranche 2 on or before 10 January 2018, conversion of the loan is due to occur within two business days of the receipt of Nzuri shareholder approval. Nzuri anticipates dispatching a notice of meeting seeking the necessary shareholder approvals shortly, with the meeting to be held in January 2018.

Nzuri's largest shareholder, Tembo Capital (comprised of Tembo Capital Mining Fund LP and Ndovu Capital VI B.V) has provided Nzuri with a written statement confirming its intention to vote all of the 132,089,113 shares it holds in Nzuri (approximately 57.4%) in favour of the issue of the Tranche 2 shares on conversion of the loan. Tembo Capital has consented to the disclosure of its voting intention in this announcement.

On conversion of the loan, Huayou HK will be entitled to nominate one representative to the Board of Nzuri, subject to a consent to act and all other necessary information having been provided in respect of the nominee, and the Board of Nzuri being satisfied that background checks confirm that the nominee has the requisite skills, experience and standing for the position. This Board appointment right shall cease upon Huayou HK holding less than 10% of the shares on issue for 90 consecutive days, or a change of control event occurring with respect to Nzuri.

Use of Funds

Funds raised are intended to be allocated to: -

- SX-EW testwork program and scoping study;
- Overall Kalongwe Cu-Co Project optimization and early stage development activities;
- 2018 Exploration program (or FTBJV Exploration program);
- Costs of the offer; and
- Working capital

The placement is subject to a success fee of 5% of the total funds raised to China Zenith Capital Limited (**CZ**), or its nominee. CZ assisted the Company with its recent roadshow in China.

About Huayou

Huayou HK is a wholly owned subsidiary of Huayou Cobalt. Huayou Cobalt was listed on the Shanghai Stock Exchange Main Board two years ago, its current market capitalisation is approximately RMB Yen 51.8 billion (USD\$8 billion). Huayou Cobalt's primary business is focused on the nonferrous smelting of cobalt, nickel and copper. Huayou Cobalt's main products include cobalt tetroxide, cobalt oxide, cobalt hydroxide, cobalt sulphate etc. with these products being used for Li-ion battery cathode material, high-temperature and cemented carbide, frits and glazes, rubber adhesive and petrochemical catalysts. ***Huayou Cobalt is the largest cobalt chemicals producer in the world, with an annual production of 25,000 tons of these products (approximately 1/4 of total global cobalt production).***

Huayou Cobalt has operated in the DRC for over 10 years and runs several copper/cobalt operations including La Minière de Kasombo (MIKAS), Congo Dongfang International Mining (CDM) plus refining facilities in China. Huayou Cobalt is an independent integrated industrial business incorporating copper/cobalt mining, processing and refining -essential to the downstream production of Li-ion batteries.

For further details refer to: - <http://en.huayou.com/index.html>

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About Nzuri Copper Limited

Nzuri Copper Limited (ASX: NZC) is an ASX-listed copper-cobalt company focused on the identification, acquisition, development and operation of high-grade copper and cobalt projects in the Katangan Copperbelt of the Democratic Republic of the Congo (DRC). The Company has two key projects in the DRC: the Kalongwe Copper-Cobalt development project and the Fold and Thrust Belt JV exploration project with Ivanhoe.

Kalongwe Copper-Cobalt project

The Kalongwe Copper-Cobalt deposit ("Kalongwe") is the Company's 85% owned flagship development project.

Kalongwe is located in the Lualaba Province of the DRC and is situated towards the western end of the world-class Central African Copperbelt (Figure A) less than 15km from where Ivanhoe Mines Ltd (TSX: IVN, "Ivanhoe Mines") has announced a second world class copper discovery at Kakula (See announcement from Ivanhoe Mines Ltd TSX: IVN on 11 August 2016).

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

Fold and Thrust Belt JV project

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

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

The FTBJV project is managed by the Company, covers an area of the western Lufilian Arc, a fold belt that contains the world largest cobalt endowment and some of the richest copper deposits in the world. The project area is considered to offer high-quality exploration targets, for Kamo-a-Kakula type targets hosted on redox boundaries within the Grand Conglomerate Formation, as well as structurally controlled copper deposits hosted within the Kamilongwe thrust akin to Mutanda, Deziwa and the Kansuki deposits which occur 60 km to the North East along the structural trend.

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