HUNTER CAPITAL ADVISORS

ASX: NZC

NZURI COPPER LIMITED

Equity Research

30th July 2018

SPECULATIVE BUY

Price Target	$0.50*
Share Price	$0.225

* inclusive of assumed capital raising for project development

52-Week Range	$0.14 - $0.48
Market Capitalisation	$66.6m
Shares Outstanding	295.9m
NZCAA Options (90¢, 6 July 2021)	2.0m
Other Options (20¢ to 34¢, Sep-26-> Jul-28)	10.3m
Cash (30th Jun 2018)	$9.5m
Enterprise Value	$57.1m
Director/Major Shareholders:	
Tembo Capital	48.5%
Huayou Cobalt	14.7%
GICC	3.8%
Afrimines	3.3%
Traxys	3.0%
Board & Management	1.9%
Free Float	22.5%

Nzuri Copper Limited is an exploration and development 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.

Research Analyst: J-François Bertincourt

Initiation of Coverage:

Advanced Copper-Cobalt Project: NZC flagship project, Kalongwe, is currently the most advanced copper-cobalt project among companies listed on the ASX with the results of a definitive feasibility study released in April. The project is also fully permitted.

Low initial capital and low capital intensity: Kalongwe initial capital for Stage 1 is only US$53 million (A$71m), which is quite reasonable compared to HPAL projects. This means that development funding should be easily accessible.

Development Timing: project construction is expected to be rapid (12 months) with a short payback period (17 months). As such, NZC is the best positioned ASX-listed company to benefit from the cobalt price upturn.

News Flow: The key share price catalyst is one of more corporate transactions (joint venture, off-take, strategic investment) to the secure the development funding.

Board and management has extensive mineral industry experience, and substantial shareholding in the company. Importantly, board and management has significant in country experience to mitigate sovereign risk.

Share Register Tightly Held: less than 23% of free float and less than 300m shares.

Funding: The recent $6 million placement has strengthen the balance while negotiations with potential financiers are progressing.

Robust Economics: Various metal price scenarios have been run, including a Global Trade War (GTW) scenario with copper and cobalt prices sinking to $2.0/lb and $15/lb from 2019 to 2022, before reverting to long-term means. Even under this doom scenario the NPV is positive and well above the capex.

Kalongwe Stage 1 project returns using different metal prices scenarios

Scenario	GTW	Base	NZC	High Cycle	Super Cycle
Initial Capex	$52.5m	$52.5m	$52.5m	$52.5m	$52.5m
Copper Price	$2->3/lb	$3.0/lb	$3.0/lb	Refer to	Refer to
Copper Price		$6,614/t	$6,614/t	Section 5	Section 5
Cobalt Price	$15->23	$23.3/lb	$36.9/lb	Refer to	Refer to
Cobalt Price		$51,345/t	$81,417/t	Section 5	Section 5
NPV (post tax)	$75m	$116m	$133m	$162m	$179m
IRR (post tax)	40%	69%	77%	88%	93%
NPV (post tax)	A$100m	A$155m	A$177m	A$216m	A$239m
Initial Capex	A$71m	A$71m	A$71m	A$71m	A$71m
Stage 1 Value /sh post financing	A$0.23	A$0.35	A$0.41	A$0.50	A$0.55

Valuation: Considering the robustness of its flagship project and the excellent prospectivity of its project portfolio, we consider that NZC should reach a market value in the order of $212 million within the next eighteen months or $0.50 per share. This price target is inclusive of the capital raising required to develop the Kalongwe project.

Upside: A Preliminary Economic Analysis of SX-EW processing (Stage 2) highlights further potential increases to the returns and mine life from higher copper-cobalt output and revenue. Furthermore, the Stage 2 expansion option can be funded from cash-flows from the Stage 1 DMS.

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1. NZC Valuation

Asset Summary

The table below summarises the assets own by Nzuri Copper Ltd.

NZC Portfolio of Copper Cobalt Mineral Assets

Asset	Ownership	Stage	Notes
Kalongwe project, DRC	85% attributable	Stage 1: DMS DFS complete Stage 2: SX-EW	Open pit. Ore reserve of 8 Mt at 2.94% Cu and 0.34% Co Stage 1: 1 mtpa DMS capex US$53m (12 month construction) producing 18,600 tpa of copper in concentrates and 1,370 tpa of cobalt in concentrates for 8 years. C1 cost US$0.85/lb Stage 2: SX-EW funded by Stage 1 cashflows. PEA indicates US$270m capex for 1.1 Mtpa producing copper cathodes and cobalt hydroxide for a further 6 years on top of that presented in the DMS
Fold and Thrust Belt JV with Ivanhoe Mines, DRC	80% earn in achieved in 2017 a furtherUS$3m exploration spend will achieve 90% by July 2021 98% achievable at agreed price	Exploration RC and diamond drilling	Five highly prospective tenements covering 343 km^2, contiguous to the Kalongwe copper-cobalt deposit offering high quality exploration targets for: • Kamoa-Kakula type mineralisation hosted on redox boundaries and • structurally controlled copper deposits.

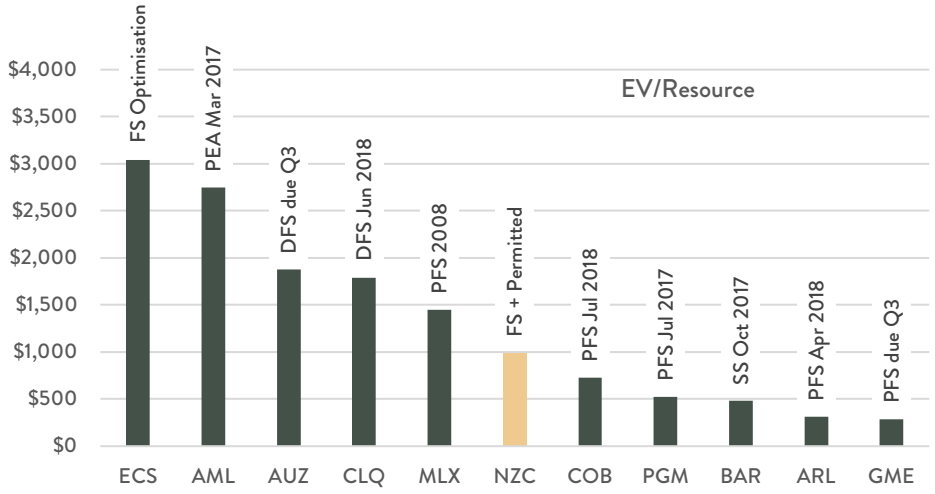
Source: Terra Studio.

Peer Comparison

Figure 1.1 displays the ratio of Enterprise Value / Mineral Resource of Nzuri Copper Ltd against some ASX-listed peers. eCobalt Solutions (ECS) listed on the TSX has been added.

NZC appears undervalued on the basis of the Kalongwe mineral resource, especially considering feasibility studies are complete and the project is fully permitted

Figure 1.1 – Enterprise Value / Mineral Resource multiple



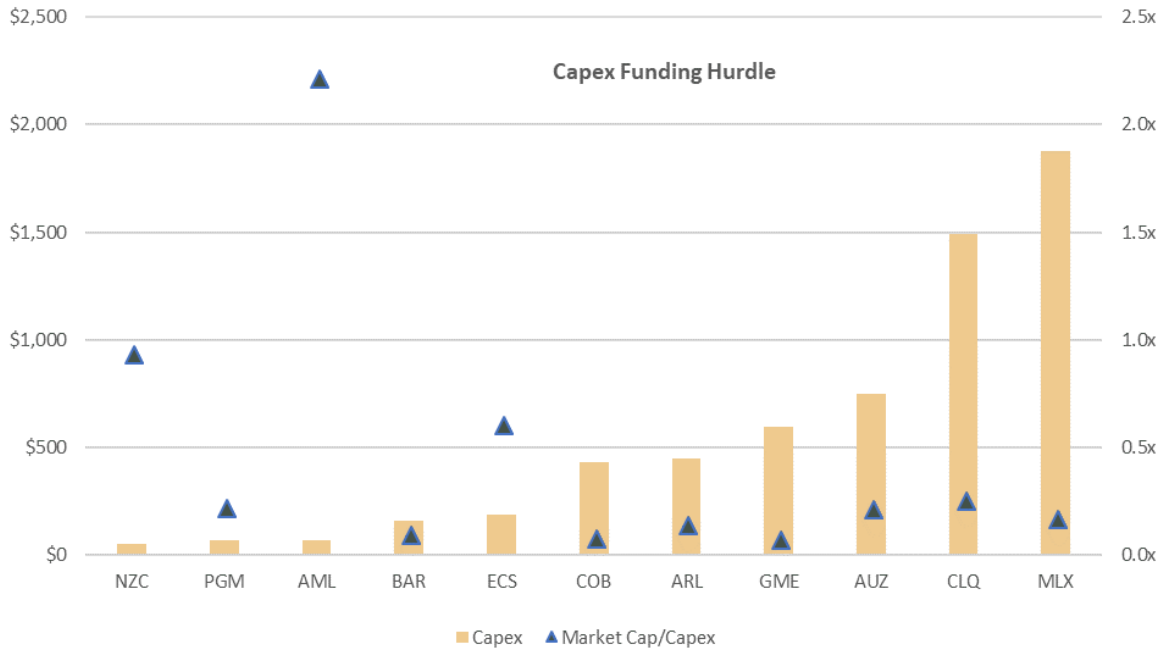
Source: S&P, Terra Studio. DFS = Definitive Feasibility Study, PEA = Preliminary Economic Assessment, PFS = Pre-feasibility Study, SS = Scoping Study.

We acknowledge that this multiple is quite imperfect. In this instance, the mineral resource of the key project of interest has been retained. In calculating the cobalt metal equivalent content, only cobalt, nickel, copper and gold have been considered. The label for each bar indicates approximatively where is the project along the project development timeline.

Considering the stage of development reached by NZC and the quality of the Kalongwe project, the company appears undervalued compared to companies with HPAL Ni-Co projects (AUZ, CLQ). It is also undervalued against ECS (3x factor), which is at a similar stage of development.

Figure 1.2 displays the initial capex required to develop some copper-cobalt and nickel-cobalt projects from companies listed on the ASX. ECS has also been added here.

Figure 1.2 – Capex and Market Cap / Capex Ratio



NZC undeniably has a market capitalisation which allows project financing without generating excessive dilution

Source: S&P, Terra Studio.

The ratio market capitalisation vs. capital expenditure has also been plotted with the axis on the right hand side. This ratio can be seen as a proxy for the likelihood of seeing the project getting fully funded by financiers, particularly bankers, as well as the level of potential shareholding dilution. NZC has the smallest capital funding requirement among this group and its current market capitalisation augurs well for successfully raising finance while maintaining a relatively tight capital structure.

We assumed a 50/50 split debt/equity capital raising as part of our valuation.

Financial

NZC cash balance stands at $9.5m as at 30 June 2018.

NZC capital structure includes some options (total about 4% of the current capital structure) which are due to expire from 21 Sep 2021 onwards to 2028. Considering that the expiry dates of those options are a few years away, those have been excluded in our valuation.

For the development of the Kalongwe project, we assumed that A$70 million is raised 50% debt and 50% equity. The equity is assumed to be raised at $0.25/share resulting in 140 million additional shares.

Valuation

As part of a sum of the parts valuation, we first valued the Kalongwe Stage 1 project under different price scenarios:

Kalongwe Stage 1 project returns using different metal prices scenarios

Scenario	GTW	Base	NZC	High Cycle	Super Cycle
Initial Capex	$53.1m	$53.1m	$53.1m	$53.1m	$53.1m
Copper Price	$2 -> 3/lb	$3.0/lb	$3.0/lb	Refer to	Refer to
Copper Price		$6,614/t	$6,614/t	Section 5	Section 5
Cobalt Price	$15->23/lb	$23.3/lb	$36.9/lb	Refer to	Refer to
Cobalt Price		$51,345/t	$81,417/t	Section 5	Section 5
NPV (pre tax)	$102m	$163m	$186m	$228m	$253m
IRR (pre tax)	46%	87%	99%	113%	119%
NPV (post tax)	$75m	$116m	$133m	$162	$179m
IRR (post tax)	40%	69%	77%	88%	93%
NPV (pre tax)	A$100m	A$155m	$178m	A$216m	A$239m
Initial Capex	A$71m	A$71m	A$71m	A$71m	A$71m
Stage 1 Value/sh post financing	A$0.23	A$0.35	A$0.41	A$0.50	A$0.55

Source: Terra Studio, in US$ unless otherwise stated. GTW = Global Trade War
GTW scenario: copper $2/lb during 2019-22, then $3/lb; cobalt $15/lb for 2019-22, then $23/lb
High Cycle scenario: see section 5. Copper and Cobalt Metal Prices
Super Cycle: scenario: see section 5. Copper and Cobalt Metal Prices

The Global Trade War (GTW) scenario assumes copper and cobalt prices sinking to US$2/lb and $15/lb for a period of four years before reverting to their long term average ($3/lb and $23/lb). Even in this doom scenario, the Kalongwe Stage 1 project returns are very healthy and the NPV remains above the initial capex.

For Stage 2 starting production from 2026, we have retained two scenarios:

1. base case with copper at $3/lb flat and cobalt at $23/lb flat and
2. NZC scenario using the same copper price assumption $3/lb and a cobalt price of $37/lb.

Using essentially the conservative base case price scenario (copper at US$3/lb and cobalt at $23/lb) and the other assumptions and scenarios, we have derived a sum of the parts valuation for Nzuri Copper Ltd as follows:

NZC Valuation

Asset	Value Range	Preferred	Risk	Interest	Pre-Financing per share	Post-Financing per share
Kalongwe Stage 1	$100-$239m	$155m	90%	85%	$0.40	$0.29
Kalongwe Stage 2	$300-$449m	$300m	40%	85%	$0.34	$0.23
Kalongwe exploration		$20m	-	85%	$0.06	$0.04
Fold & Thrust Belt JV		$16m	-	80%	$0.04	$0.03
Cash		$9.5m			$0.03	$0.02
Exploration spent		($6.0m)			($0.02)	($0.01)
Debt		($35.0m)				($0.08)
Corporate costs		($2.3m)			($0.01)	($0.01)
Total		$451m		**$212m ***	$0.85	**$0.50**

*Source: Terra Studio. * post-financing valuation.*

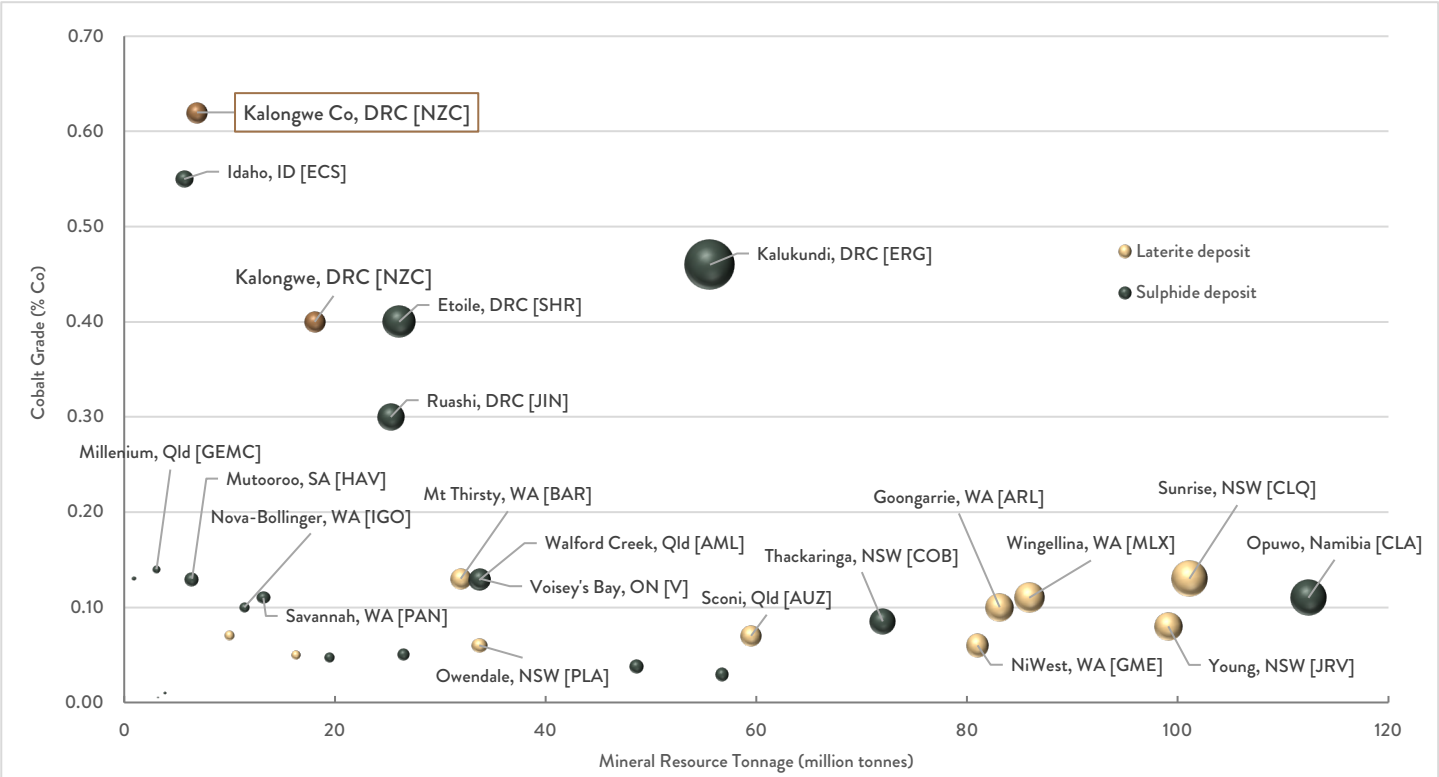
Within the next twelve to eighteen months (i.e. time to finance and build the project), NZC should reach a market capitalisation in the order of $212 million or a share price of $0.50 post-financing.

2. Kalongwe Project Benchmarking

Mineral Resource

Figure 2.1 displays cobalt grade vs mineral resource tonnage, with the bubble size indicating the cobalt metal content.

Figure 2.1 – Mineral Resource Cobalt Grade vs Tonnage



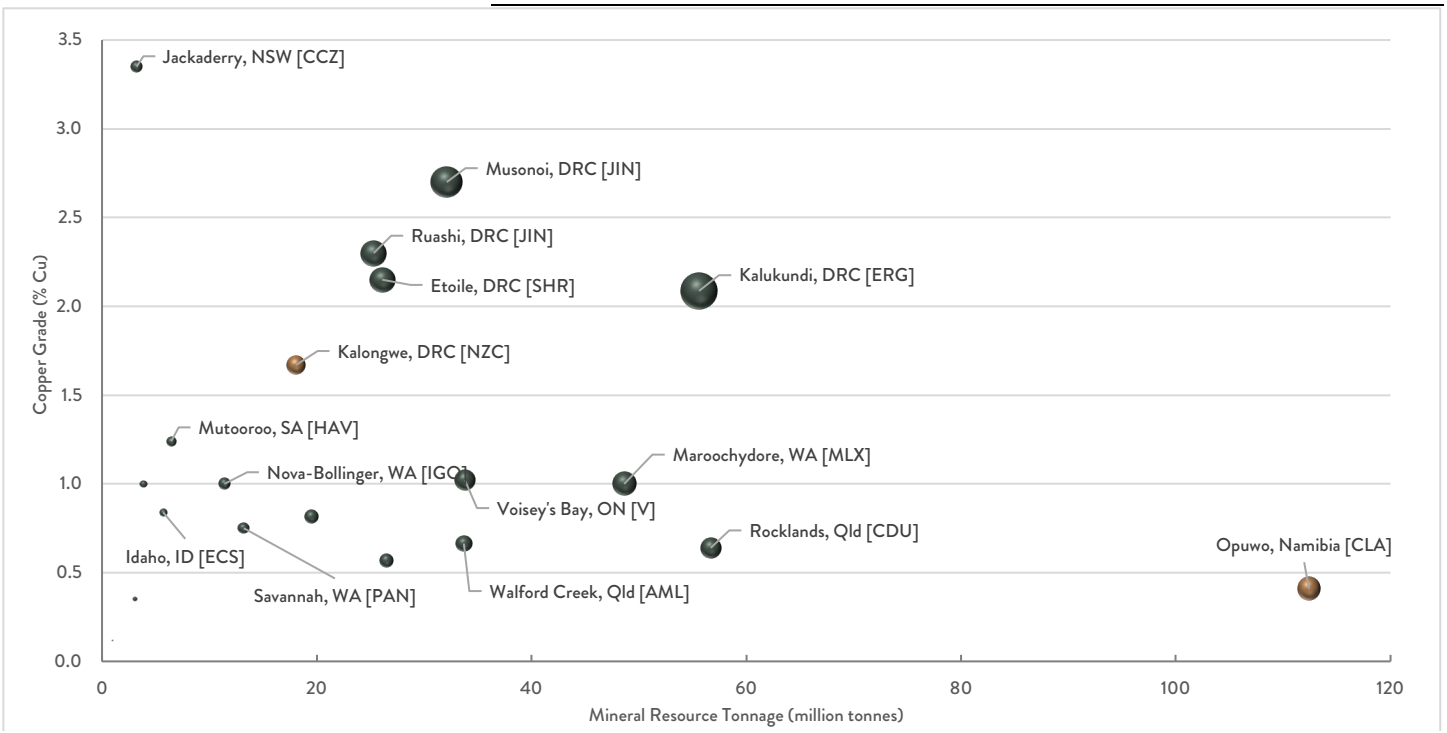
Source: Terra Studio. Bubble size relates to copper metal content in mineral resources

The cobalt grade places the Kalongwe project in a different league compared to all the cobalt related projects (either Ni-Co laterite or Cu-Co sulphide) from companies listed on the ASX. Among the DRC projects, Kalongwe is already quite significant and has the opportunity to grow further given the recent exploration success and prospectivity of the immediate surroundings.

Figure 2.2 displays copper grade vs mineral resource tonnage, with the bubble size indicating the copper metal content.

This time the focus is on sulphide deposits. Kalongwe has a significant oxide copper resource with a copper grade again well above most of its ASX-listed peers.

Figure 2.2 – Mineral Resource Copper Grade vs Tonnage

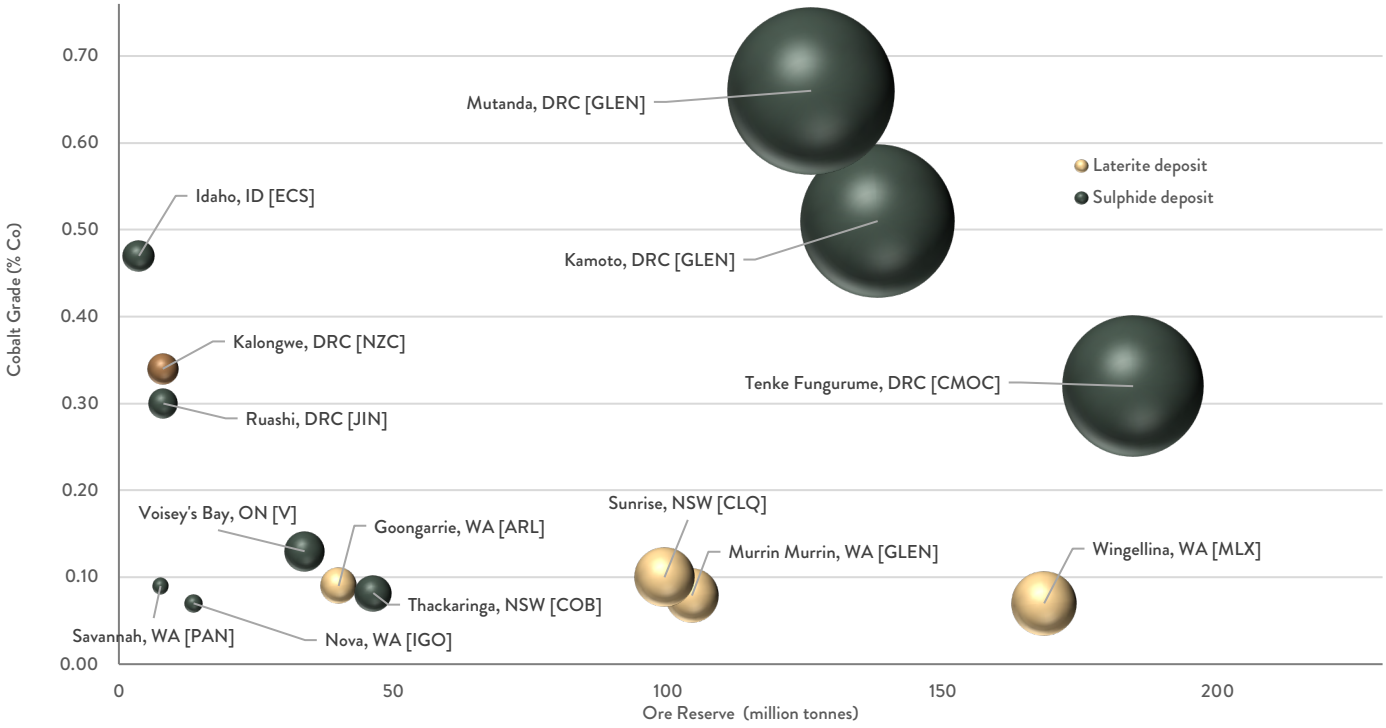


Source: Terra Studio. Bubble size relates to copper metal content in mineral resources

Ore Reserve

Figure 2.3 displays the cobalt grade against the ore reserve tonnage.

Figure 2.3 – Ore Reserve Cobalt Grade vs Tonnage



Source: Terra Studio. Bubble size relates to cobalt metal content in ore reserve

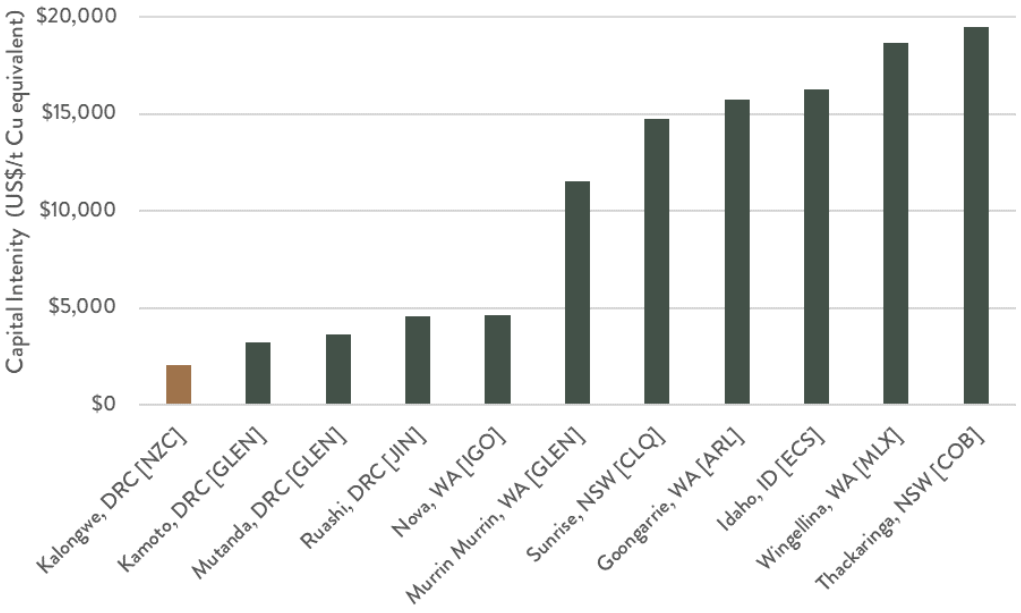
Importantly, the cobalt only domains (2.29 Mt @ 0.57% Co for 13,000 t cobalt) are currently reported as waste in the ore reserve. Despite this, the cobalt grade is two to three times the ore reserve grade observed among Australian peer projects. The size of the reserve is also significant. Of note, are the significant existing reserves own by Glencore and China Molybdenum among others in the DRC.

Capital Intensity

Figure 2.4 displays the capital intensity of the Kalongwe project compared to some of its peers.

The low capital expenditure (US$53 million) and the associated low capital intensity is the lowest among the Australian and Congolese peers. This derives from a combination factors including: high ore grades (cobalt and copper), low strip ratio, simple processing method (DMS and spirals), distance for concentrate delivery (Kolwezi ~77km by road).

Figure 2.4 – Capital Intensity



Source: Terra Studio

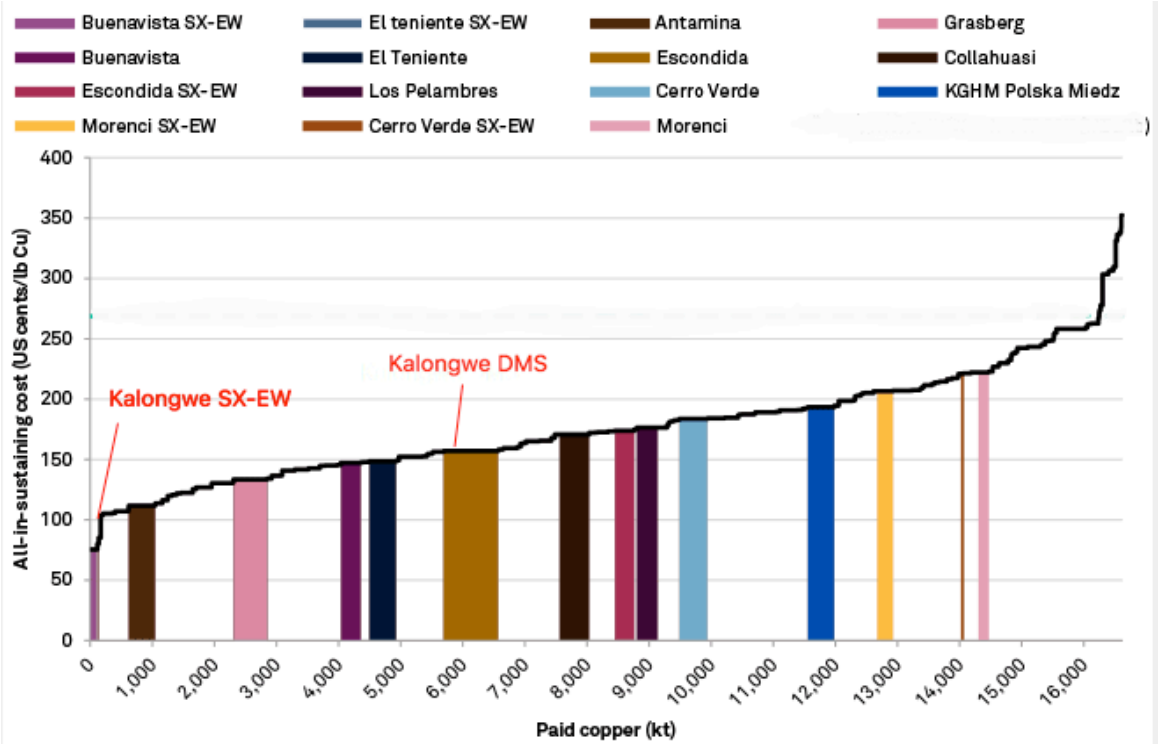
Position on Cost Curve

Figure 2.5 displays the forecast 2018 AISC copper cost curve. The top ten copper producing mines have been highlighted.

The curve has the advantage of removing the potential bias caused by by-products credits from metals such as cobalt when the price is currently booming.

Despite this conservative assumption, the operating costs of both stages of the Kalongwe project are very placed among their global peers.

Figure 2.5 – Forecast 2018 All-In Sustaining Cost Curve on a Co-product Basis



Source: S&P as at Oct 2017

3. NZC Corporate Overview

Overview

The Company has significant interest in a portfolio of permits that collectively cover some 350 km² of a highly prospective part of the western Katangan Copperbelt. At Kalongwe, the Company's flagship project, a near surface oxide resource of 302,000t contained Cu at an average grade of 2.72% Cu that also includes 42,000t contained Co at an average grade of 0.62% Co has been delineated.

Nzuri has released the results of a Definitive Feasibility Study for the Kalongwe Cu-Co Project. The study outcomes are highly positive and indicate the strong economic viability for developing a stand-alone, low CAPEX, open pit mining operation.

The Kalongwe Copper Cobalt Project is owned by Kalongwe Mining SA (KMSA) under a joint venture agreement between Nzuri Copper Limited (Nzuri) (85%), La Générale Industrielle et Commerciale au Congo (GICC) (10%) and the Democratic Republic of the Congo Government (5%). GICC is a Congolese company which is 90%-owned by Theo Mahuku, a respected Congolese businessman.

In March 2015, KMSA filed an application for the conversion of the Exploration Permit to an Exploitation Permit based on a technical study and an approved environmental/social assessment (EIE). Ministerial approval was received in October 2015 with an initial term of 30 years and renewal periods of 15 years.

Strategy

Nzuri is currently focused on fast tracking the development of the Kalongwe Project and on drill testing high priority exploration targets already identified on its other permits so as to increase further the existing substantial resource base.

Capital Structure

NZC capital structure is relatively tight with currently 295.9 million shares on issue. The total number of options is about 12 million or 4.1% of the total number of shares.

NZC capital structure is tight...

NZC Capital Structure

Security	Exercise Price	Expiry	Number
Shares	-	-	295,905,492
NZCAA options	$0.9000	6 Jul 2021	2,000,000
NZCAB ESOP options (1/3 vested)	$0.2055	21 Sep 2026	2,000,000
NZCAR ESOP options (1/3 vested)	$0.2133	14 Nov 2026	3,000,000
ESOP options (unvested)	$0.1996	6 Sep 2027	500,000
Options (unvested)	$0.2133	6 Sep 2027	500,000
ESOP options (unvested)	$0.3041	1 Mar 2028	945,000
ESOP options (unvested)	$0.3395	4 Apr 2028	675,470
ESOP options (unvested)	$0.3395	16 Jul 2028	1,403,760
ESOP options (unvested)	$0.2492	25 Jul 2028	1,250,230
Total options			**12,274,230**

Source: NZC Appendix 3B

Share Register

and NZC shares are tightly held

NZC shares are also tightly held, with the free float making only 22.5% of the share register.

NZC Share Register

Entity	Shares	% Interest
Tembo Capital	143.6m	48.53%
Huayou Cobalt	43.4m	14.65%
GICC	11.1m	3.75%
Afrimines	9.7m	3.29%
Traxys	8.9m	3.01%
Exploration Capital Partners (Sprott)	7.1m	2.4%
Board & Management	5.6m	1.88%
Free float	66.5m	22.88%
Total	295.9m	**100.0%**

Source: NZC as at 17 July 2018

Huayou Cobalt principal business includes the manufacture of lithium-ion battery materials, particularly cobalt. The main products include cobalt tetroxide, cobalt oxide, cobalt carbonate, cobalt hydroxide, cobalt oxalate, cobalt sulfate and cobalt monoxide. It has aggressive expansion plans in terms of refined cobalt capacity, aiming at being a leader in the global cobalt industry. Huayou Cobalt is China's leading cobalt producer and produced over 20,000 tonnes of refined cobalt in 2017. In the past six months Hyayou Cobalt has set up two joint ventures with POSCO (Jan) and LG Chem (May).

With a total investment of 1 billion yuan (US$154 million), Zhejiang Huayou-POSCO New Energy Co, Ltd will be dedicated to the research and development, production, as well as sales of lithium-ion battery precursor materials. Huayou Cobalt and Posco will hold 60% and 40% stakes respectively in the new company.

LG Chem subsidiary of LG Group is a major electric car battery supplier for the world. If the company wants to maintain market share in the sector, it will need to lock in as many battery minerals and materials supply contracts as possible over the coming years — as the competition will be increasingly serious.

GICC is a Congolese company which is 90%-owned by Theo Mahuku, a respected Congolese businessman who works with multiple listed companies. GICC also owns 10% of the Kalongwe project itself.

4. DRC New Mining Code

President Joseph Kabila of the Democratic Republic of Congo (DRC) promulgated the law updating the 2002 National Mining Code in Kinshasa on 09 March. Regulations to immediately implement a new mining code were signed into law on Friday 8th June 2018 by Kabila.

The new Mining Code increases royalties payable to the DRC government, on copper from 2% to 3.5%, on gold from 2.5% to 3.5% and could potentially increase royalties on cobalt from 2% to 10%, if the metal is classified as a "strategic mineral".

Other key changes include a provision that doubles the state's free share in new mining projects to 10% and a reduction on the period during which contract stability is guaranteed down to five years, from 10 years stipulated in the previous mining law.

Finally, the DRC has also implemented a 50% "super-profits tax" which comes into play if commodity prices rise by 25% over-and-above what was estimated in resource feasibility studies.

The new mining code is likely to trigger a legal battle between Congo and major mining companies, including Glencore and Randgold. The miners say the tax hikes and the removal of exemptions for pre-existing operations are a breach of their agreements with the government.

5. Copper and Cobalt Metal Prices

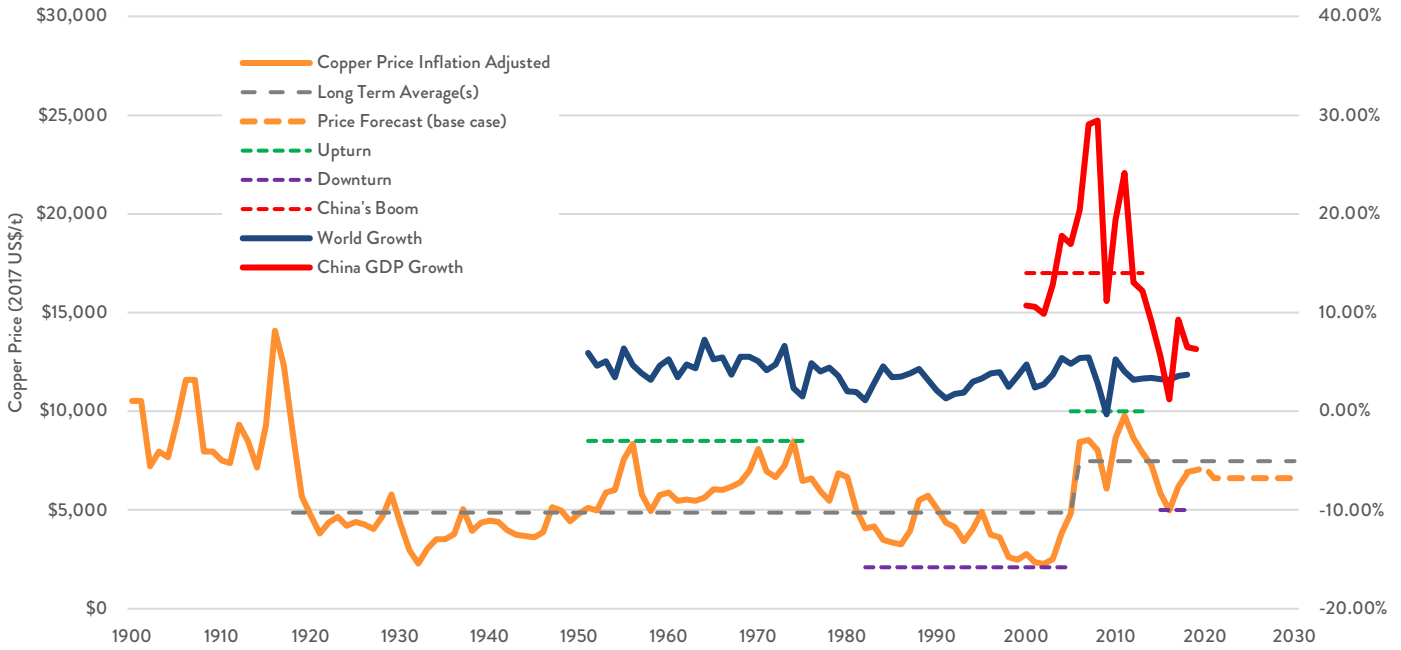
As for any other mining development, metal price assumptions have a strong impact on the economics of the project. Furthermore, the development timing in relation to the commodity cycle is critical (Dry M., 2018).

Copper

Market fundamentals

Figure 5.1 displays the copper price adjusted for inflation against world economic growth as well as China's economic growth from year 2000. Price cycles have been defined as sustained periods of prices either above the long-term average (upturn) or below the long term average (downturn). Note that the long term average includes a step change in 2005-06 as discussed further below.

Figure 5.1 –Copper Prices, World Economic Growth and China's Growth



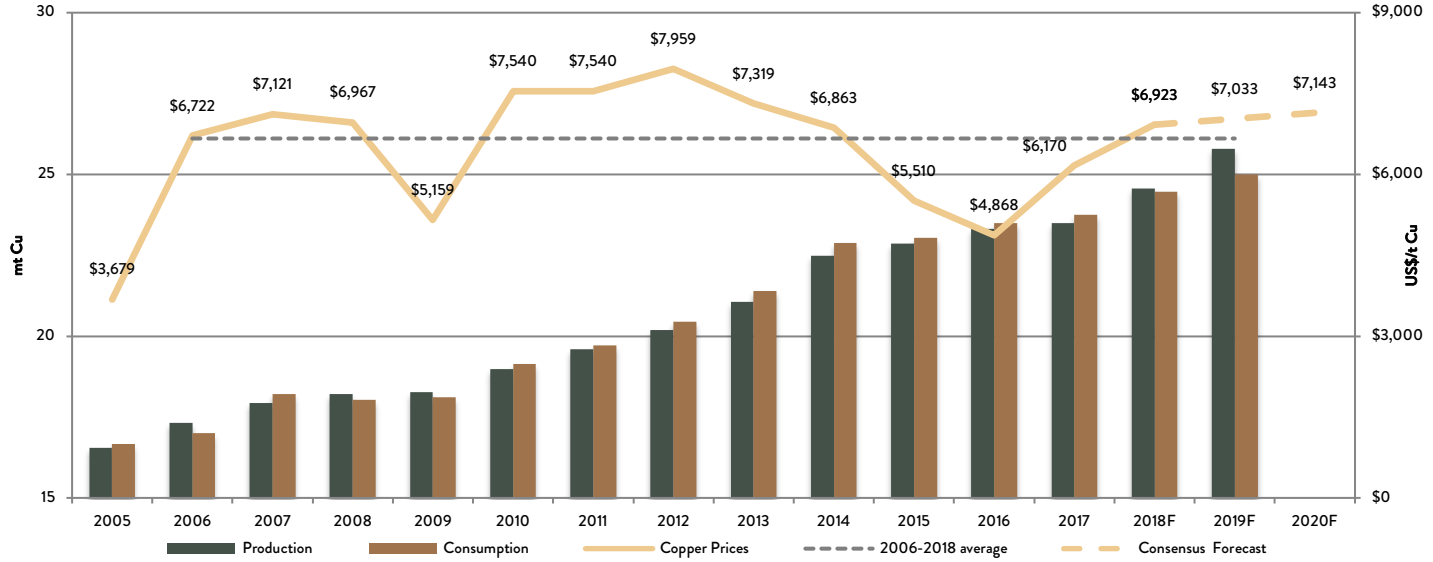
Source: Terra Studio

The first upturn of copper prices, i.e. prices above the long-term average correspond to a period of strong industrialisation (post WWII) in the Western world from the 1950's to mid 1970's, where world economic growth was sustained year on year close to the 5% mark. Following this period, copper prices drifted lower, while world economic growth lost strength. In parallel, supply saw the discovery and development of new large mines such as Escondida and Grasberg.

In 2000, China awakens. From 2000 to 2015, China experienced an unprecedented boom with year-on-year growth between 10% and 30%. Its GDP was multiplied by a factor of 10 in 15 years, with China becoming by far the world largest consumer of copper (around 50%). In parallel, the ore grade of copper mines declined significantly. Overall, this caused a step changed in copper prices from 2006 onwards (see new average price level).

Since 2005, the supply and demand and yearly copper prices are summarised in the Figure 5.2.

Figure 5.2 – Historical Copper Supply & Demand and Annual Price Averages



Source: ICSG, Terra Studio. Copper forecast prices by S&P Capital IQ Consensus Estimates

The three years when copper prices fell significantly below the 2006-2018YTD average are:

- 2009 due to the Global Financial Crisis
- 2015 & 2016 when the Chinese economic stalled at 5.6% and 1.2% respectively

Outside those three years, copper price appear relatively stable in a market finely balanced, i.e. recorded yearly deficits or surpluses are typically estimated at less than 1% of global consumption.

The compound annual growth rate (CAGR) of global copper consumption has been 3.0% over the period 2005-2017.

Downside risks

Beyond China (50%), Asia represents 68% (ICSG, 2016) of the global copper consumption. Any economic weakness in China and its neighbours would quickly translate in weaker copper prices as it did in 2015-16.

With the current policy of the Federal Reserve to gradually increase interest rates (those have increased from 0.25% at the end of 2015 to between 1.75% and 2.00% currently), the US dollar is expected to strengthen further, which is bearish for commodity prices.

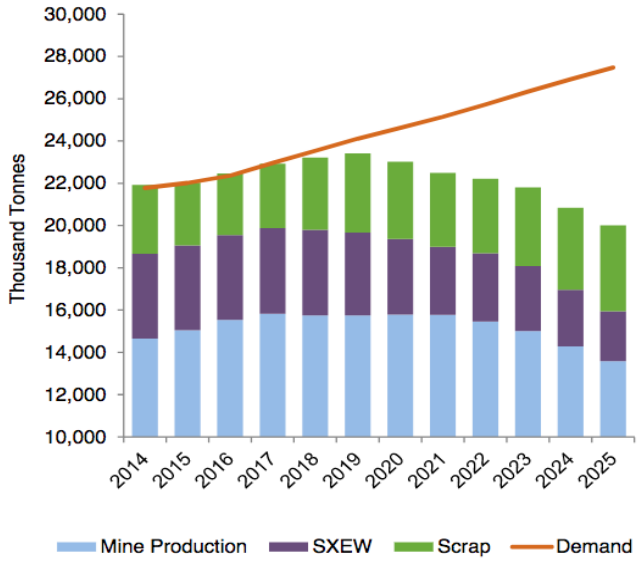
The global trade war initiated by Donald Trump's administration is a cause of concern for business activity and metals consumption. Metal prices have reacted swiftly downwards to the recent start of this war.

Upside risks

In relation to the forecast increased demand from electric vehicles (EV) and energy storage systems (ESS) revolution, transport represented just 13% of global consumption in 2016. ESS could be spread across Infrastructure (16%), Building Construction (29%) and Equipment (31%). While there is no doubt that the energy revolution will have a significant impact on copper demand, it may take some time to play out.

A number of market analysts and resource companies regularly provide charts such as Figure 5.3.

Figure 5.3 – Market Forecast Example 1

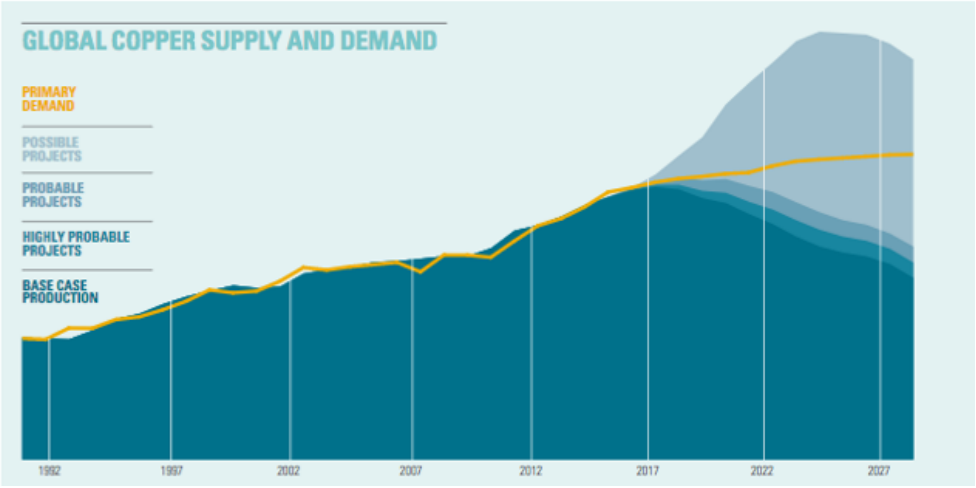


Source: Wood Mackenzie, CRU, ICSG, Teck

This would indicate a peak of supply as soon as next year, with growing supply deficits growing afterwards.

Adding the possible projects gives a different less bullish outlook, see Figure 5.4. The chart indicates that the possible projects can easily fill the supply deficits expected based on base case production and probable projects.

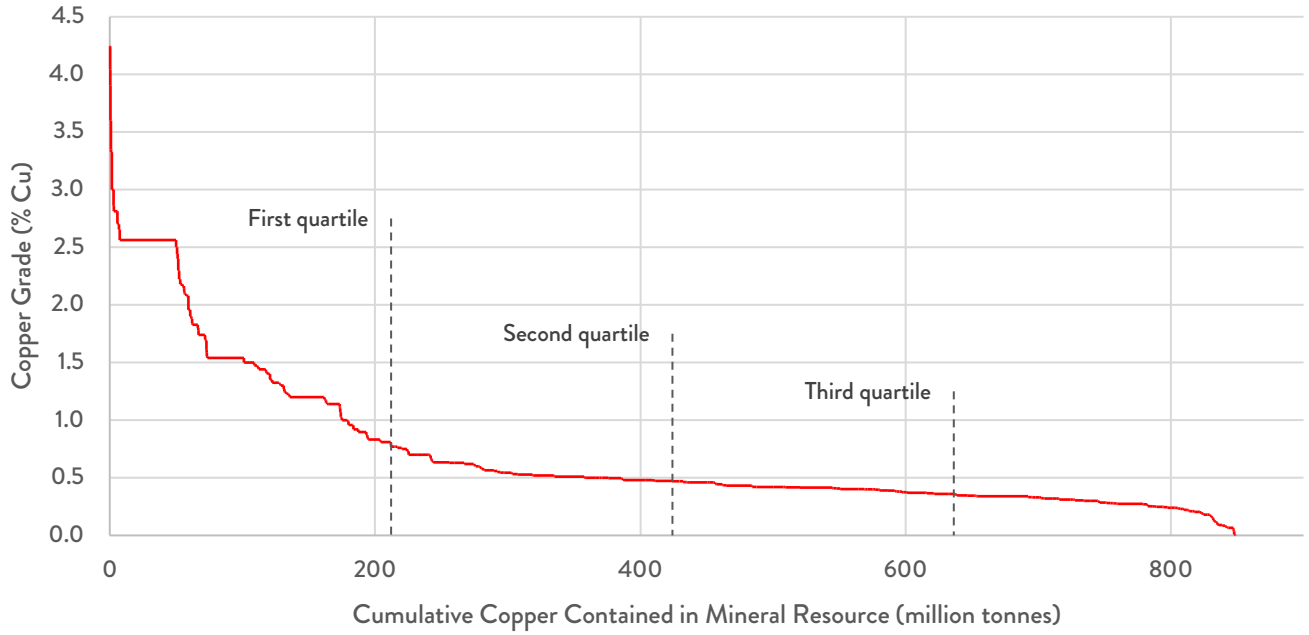
Figure 5.4 – Market Forecast Example 2



Source: Wood Mackenzie

In the longer term, the possible projects can draw from some significant mineral resources already delineated. See Figure 5.5.

Figure 5.5 – Mineral Resources Outside Existing Mines



Source: S&P, Terra Studio.
Notes: Mineral properties with at least 100,000 t of copper in mineral resources
Excludes China and Russia
Mineral resources reported from 1998 onwards
Existing mines excluded

Among the 440 mineral properties included in that chart, 110 million tonnes of copper metal in ore reserves have been estimated.

Price Scenarios

We have selected the following price scenarios:

Copper Price Scenarios

Scenario (US$/t)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Global Trade War	$6,856	$4,409 or $2.0/lb				$6,614 or $3.0/lb								
Base Case	$6,856	$6,614 or $3.0/lb (2006-2018 average)												
NZC	$6,856	$6,614 or $3.0/lb (2006-2018 average)												
High Cycle	$6,856	$7,033	$7,143					$7,910						
Super Cycle	$6,856	$7,033	$7,143					$8,500						

Source: Terra Studio.

The Global Trade War is a doom scenario whereby copper prices would sink to US$4,409/t or US$2/lb as soon as 2019 for a period of four years then recovering to US$3.0/lb.

The NZC and Base Case scenarios are identical for copper metal prices and use the average recorded over the last 12 years including some “incidents” mentioned earlier, i.e. the GFC and the dip in Chinese economic growth in 2015-16. Going forward, the copper market is assumed to remain relatively well balanced, growing at a CAGR of 3% as per observed over the last 12 years, with the slower pace of economic growth in Asia being counter-balanced by supply more difficult to extract keeping upward pressure on prices.

The high cycle scenario considers that copper prices are expected to follow the consensus forecast in 2019 and 2020 then climb to an average of $7,910/t by 2021 as growth in mine supply over coming years falls short of rising demand from the global energy infrastructure.

The super cycle scenario considers that global copper prices are expected to rise further as mine supply is more expensive to produce (lower grades, larger number and deeper underground mines), while the energy revolution accelerates (EV and ESS).

Cobalt

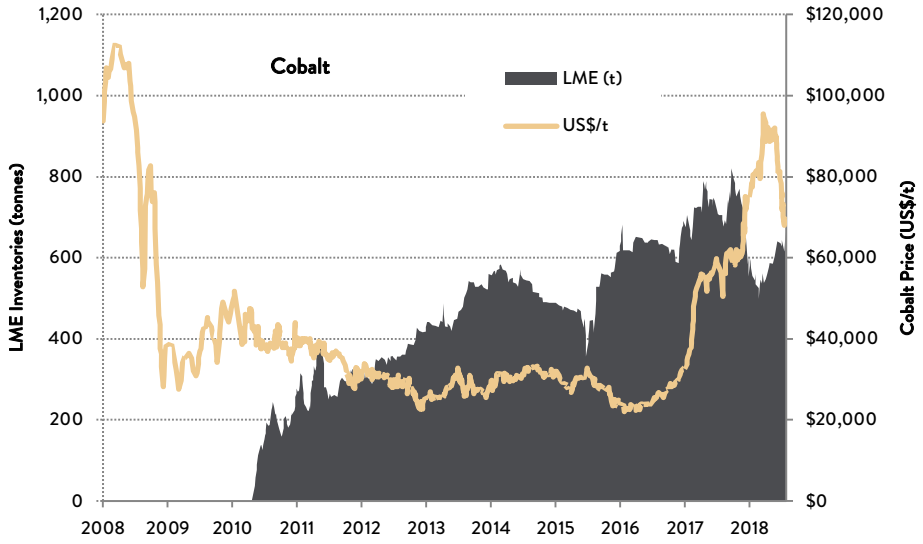
Cobalt contributes up to 60% of the value of lithium ion batteries which in turn accounts for greater than 50% of demand for cobalt. The lithium ion battery is projected to become the world's most significant source of power with the use in EV and ESS being the key drivers.

The cobalt market is experiencing boom times for the last 18 months, as displayed in Figures 5.6 and 5.7. Considering its small market size, concerns about ethical supplies and the tremendous demand expected from lithium-ion batteries, the cobalt market is expected to boom for a number of years, maintaining upward pressure on prices.

A recent report from the International Energy Agency notes that the supply of cobalt was "especially critical" due to the concentration of mining (DRC 60%) and refining (China 90%) in a handful of countries. The energy agency acknowledged ongoing development in reducing the cobalt content of batteries — aimed at higher energy and power density at the expense of lower thermal stability. But even accounting for these efforts, cobalt demand in electric vehicles is expected to be ten to 25 times higher than current levels by 2030.

Cobalt prices are quite volatile

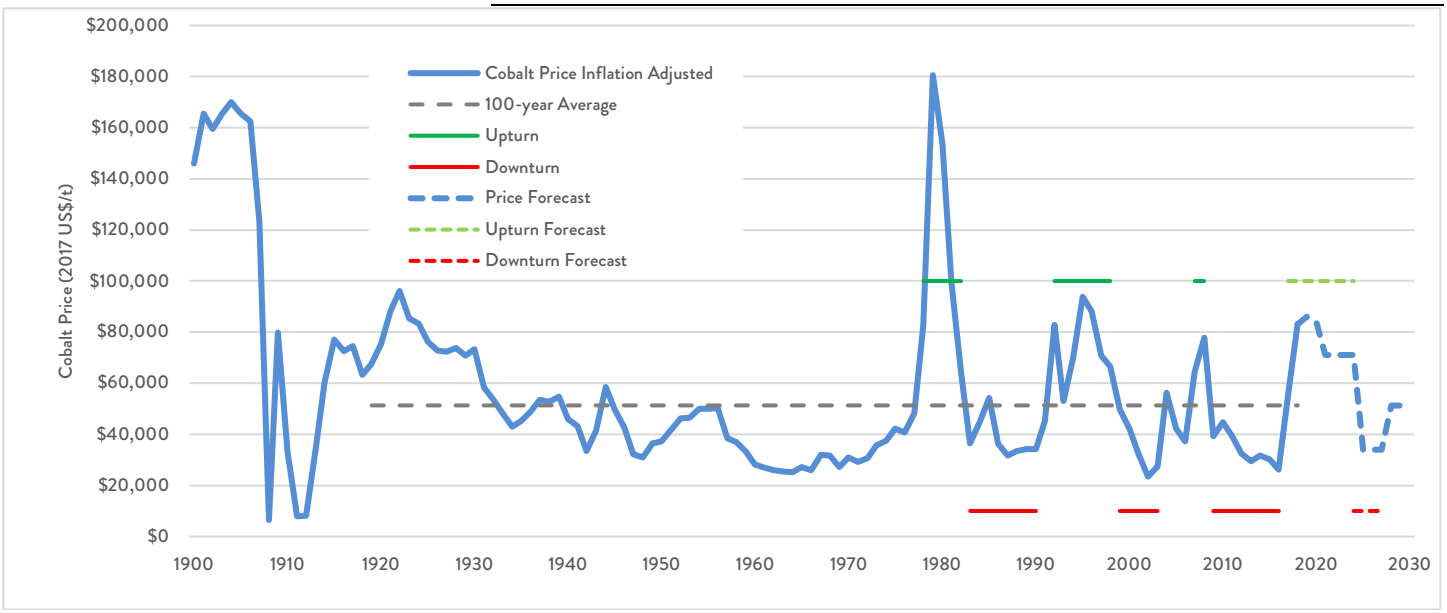
Figure 5.6 – Historical Cobalt Price and Official Inventories



Source: Terra Studio

Figure 5.7 display historical cobalt price adjusted for inflation since 1900. Price cycles have been defined as sustained periods of prices either above the 100-year average (upturn) or below the 100-year average (downturn).

Figure 5.7 – Cobalt Price Cycles



Source: Terra Studio. Cobalt price adjusted for inflation

The table above summarises the various scenarios envisaged.

Cobalt Price Scenarios

Scenario (US$/t)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Global Trade War	$83,151	———	$34,000	———	———	———	———	———	$51,345	———	———	———	———	———
Base Case	$83,151	———	———	———	———	———	———	$51,345 (100-year average)	———	———	———	———	———	———
NZC	$83,151	———	———	———	———	———	———	———	$81,416	———	———	———	———	———
High Cycle	$83,151	$86,024	$83,820	———	———	$71,000	———	———	$34,000	———	———	$51,345	———	———
Super Cycle	$83,151	$86,024	$83,820	———	———	$71,000	———	———	———	———	$34,000	———	$51,345	———

Source: Terra Studio.

The Global Trade War is a doom scenario whereby cobalt prices would sink to US$34,000/t or US$15.4/lb as soon as 2019 for a period of four years then recovering to 100-year average US$51,345/t or US$23.3/lb.

The Base Case uses the 100-year average and can be seen as a conservative scenario, where the current upturn is cut short and the cobalt price is reverting to its long-term average as soon as next year.

The NZC scenario correspond to the cobalt price assumption presented in the updated feasibility study announcement (released on 14th April 2018). The "High Cycle" and "Super Cycle" scenarios are upside cases. The "High Cycle" considers the current upturn continuing until 2024, followed by a three year downturn, then reverting to the long term average. The "Super Cycle" considers two additional years of upturn. The price levels of the forecasted upturn and downturn are related to the average prices recorded previously during upturns and downturns respectively.

6. Kalongwe Copper Cobalt Project

Location and infrastructure

Kalongwe is situated towards the western end of the world-class Central African Copperbelt, less than 15km from where Ivanhoe Mines Ltd (TSX: IVN) has announced a world-class copper discovery at Kamoa (Figure 6.1).

Figure 6.1 – Kalongwe Copper Cobalt Project Location

Source: NZC

The project area is located about 15km from all weather access roads. Nzuri plans to carry out upgrade works in 2018 to improve site access ahead of project financing.

Ownership and Permitting

The 8km^2 mining right is owned by Kalongwe Mining SA (KMSA) under a joint venture between NZC (85%), local company GICC (10%) and the DRC government (5%).

The Kalongwe deposit is situated within an Exploitation Permit (PE 12198) which covers an area of ~8km^2 and includes the entire area proposed for mining and project infrastructure.).

In March 2015, KMSA filed an application for the conversion of the Exploration Permit to an Exploitation Permit based on a technical study and an approved environmental/social assessment (EIE). Ministerial approval was received in October 2015 with an initial term of 30 years and renewal periods of 15 years. This permit allows for mining and processing on site and for the transport and sale of copper / cobalt concentrate product. This initial term could be reduced to 25 years according to the New Mining Code.

Project History

Copper mineralisation was first identified in the area covered by PE12198 (originally PR12198) in 1902, through extensive areas of outcropping high-grade oxide mineralisation. Little further exploration took place until 2005 when the project was acquired by a subsidiary of Ivanplats Ltd.

Over the period 2006/2007, Ivanhoe Mines completed a 54 hole, 10,000m diamond drilling programme to test the outcropping mineralisation.

The results of the drilling programmes demonstrated that broad, coherent zones of high-grade oxide copper and cobalt mineralisation extended down dip from surface to vertical depths of about 150m and as mixed sulphide to over 300m.

In 2008, Ivanhoe Mines withdrew from the project in order to focus on a resource drill out of the giant Kamoa copper deposit. Ivanhoe Mines sold the permit to a DRC registered company, La Générale Industrielle et Commerciale au Congo SPRL ("GICC").

In November 2013, NZC (formerly named Regal Resources Ltd or RER) and Traxys, a major metals and natural resources marketing, distribution, and trading firm, with excellent local relationships in the DRC entered into an agreement with GICC, to obtain a 60% interest in the then exploration permit PR12198, with a right to acquire a further 20% interest on completion of a bankable feasibility study (BFS). RER and Traxys would contribute on an equal basis to the $1-million acquisition costs, as well as $400,000 for the first phase of the exploration programme.

In July 2014, RER announced a maiden mineral resource of 10.5 Mt @ 2.65% Cu, including 4 Mt @ 0.72% Co and 1.9 Mt @ 0.69% Co for 276,000 t of copper and 42,500t of cobalt. 85% of the resource lies within 150m of surface with an average grade of 2.75% Cu.

In April 2015, RER released the results of a scoping study for 1.03 Mtpa Heavy Media Separation plant producing 21,000 tpa of copper concentrate (>20%Cu). Capex was estimated at US$39 million. Project NPV with 10% discount rate and a copper price of US$3/lb was estimated at US$78 million with an IRR of 81%.

In July 2015, the DRC Ministry of Mines approved the conversion of PR12198 to an exploitation(mining) permit following the review of the Environmental Impact Study (EIS) and Environmental Management Plan of the Project (EMPP) submitted. Subsequently, Kalongwe Mining SA, the local entity holding the permit transferred a 5% share to the DRC government.

In April 2016, RER announced a number of transactions including the acquisition of the 30% interest from Traxys and a 13% interest from GICC, the conversion of a A$2.6m convertible loan into shares to Tembo Capital and a right issue.

Mark Arnesen at the time consultant provided assistance with the negotiation and conclusion of those transactions and became CEO in August 2016. In October, RER acquired an additional 15% in the Kalongwe project for US$3 million, resulting in the following interests: RER 85%, GICC 10% and DRC government 5%.

In January 2017, shares were consolidated and the company changed its name to Nzuri Copper Ltd.

In October 2017, NZC released the results of the Kalongwe Feasibility Study stage 1 for 1 Mtpa processing plant producing 19,000 t Cu and 1,500 t Co. Capex US$53m, C1 cash costs US$1.35/lb, $NPV_{10\%}$ post-tax US$82m, IRR post-tax 55% using metal prices of US$3.00/lb Cu and US$18.14/lb Co and a 100% project basis.

In April 2018, NZC released the results of an updated Stage 1 Feasibility Study. Capex US$53m, C1 cash costs US$0.85/lb, $NPV_{10\%}$ post-tax US$130m, IRR post-tax 76% using metal prices of US$3.00/lb Cu and US$36.93/lb Co as a well as results from a preliminary economic analysis of the SXEW stage 2 of the project which focusses on treating waste streams from Stage 1 and a large stockpile of potential cobalt only ore, mined as part of Stage 1.

The company is currently completing a detailed front end engineering design (FEED) for the Stage 1 of the project with Australian engineering company Lycopodium Minerals the aim being to have 30-40% of the project designed to assist in funding activities.

Geology

Kalowgwe deposit geology is typical of the Central African Copper Belt

The mineralisation at Kalongwe is considered a typical example of a deeply weathered, sediment-hosted copper deposit typical for the Congolese part of the Central African Copper Belt. The Central African Copperbelt (Figure 6.1), hosts some of the world's most continuous, largest and richest sediment-hosted copper and cobalt deposits known, with over 90% of the copper deposits hosted in Mine Series rock of the Lower Roan sequence.

Within the Project area a number of fragments of Mine Series rocks have been identified by regional geological mapping. These occur along the core of a southwest-trending anticline structure. Of the identified fragments the most prominent is the Kalongwe fragment which outcrops and hosts significant supergene mineralisation at surface, and has been tested over a strike length of about 450m. Mineralisation plunges to the north-east at approximately 35° to 40°.

Primary sulphide mineralisation is re-distributed during weathering in ex-dolomitic siltstones and stromatolitic dolostone and siltstones host rocks.

The mineralisation at Kalongwe deposit is predominantly secondary, and is primarily fracture controlled and hosted within two stratigraphic units. The principal copper oxide minerals above the base of oxidation are malachite and chrysocolla, with minor amounts of azurite. Cobalt occurs as heterogenite. Below the base of oxidation chalcocite and minor bornite and chalcopyrite have been observed. The base of oxidation varies from 25m to 180m vertically below the surface, with the depth of weathering deepening from west to east. The mineralisation averages 20m to 40m true width and reaches up to 70m true width in places.

The deposit has distinct high-grade copper zones with copper grades commonly exceeding 3.00% Cu that offers potential to accelerate metal production in early years of mine life.

Mineral Resources

The Kalongwe Mineral Resource Estimate is based on data obtained from 98 historical and recent diamond drill-holes (16,471m) drilled across the deposit footprint. A total of 46 diamond holes (6,016m) were drilled in 2014, including four diamond holes twinning selected historical holes. Drill holes are located on a nominal 50m x 50m grid, and in places 25m x 50m grid. Drill holes are vertical or inclined across the dip of mineralisation.

Kalongwe Mineral Resource (February 2015)

Weathering Profile	Domain	Category	Tonnes	Grade	Total	Cu %	Co %	Cu T	Co T
Oxide	Cu only	Measured	1.24	3.35% Cu					
		Indicated	2.45	2.27% Cu					
		Inferred	1.24	1.60% Cu	4.94	2.37%	-	117,200	-
	Mixed	Measured	2.07	3.76% Cu					
		Indicated	1.67	2.72% Cu					
		Inferred	0.35	1.98% Cu	4.08	3.19%	0.66%	130,000	26,800
Primary	Cu only	Indicated	1.20	2.65% Cu					
		Inferred	0.41	1.63% Cu	1.61	2.39%		38,400	
	Mixed	Indicated	0.51	3.06%Cu					
		Inferred	0.03	2.22% Cu	0.54	3.02%	0.52%	16,400	2,800
	Total Cu	Measured	3.31	3.61% Cu					
		Indicated	5.83	2.55% Cu					
		Inferred	2.03	1.70% Cu	11.17	2.70%		302,000	
	Total Co in mixed domains				4.62		0.64%		29,700
Oxide	Co only	Measured	0.37	0.66% Co					
		Indicated	1.34	0.59% Co					
		Inferred	0.38	0.43% Co	2.09	-	0.57%	-	11,900
Primary	Co only	Indicated	0.18	0.53% Co					
		Inferred	0.02	0.43% Co	0.20	-	0.52%	-	1,000
	Total Co in Co domains	Measured	0.37	0.66% Co					
		Indicated	1.52	0.58% Co					
		Inferred	0.40	0.43% Co	2.29	-	0.57%		13,000
	Total Co				6.91	-	0.62%		42,700

Source: NZC. Notes

1. *The Cu only domains are reported by selecting blocks with Cu>= 0.5%.*
2. *The Co only domains are reported by selecting blocks with Cuo>= 0.2%.*
3. *The mixed domains (blocks located within overlapping Cu and Co domains) are reported by selecting blocks with Cu>=0.5%. The Co grade from these blocks is also reported.*
4. *It is assumed for the purposes of this Mineral Resource that Cu grades in the Co only domains, and Co grades in the Cu only domains are 0%, although low grade mineralisation was recorded in sample assays. Therefore the reported Cu% and Co% grades are diluted, where they are reported in the other domains.*

CSA Global, who completed the resource estimate, accepted the quality of the historical drilling results for inclusion in the current Mineral Resource Estimate, which is set out in the table above.

Ore Reserves

The updated Ore Reserve estimate for Kalongwe completed in April 2018 is set out below:

Ore Reserve (April 2018)

Category	Mt	Cu%	Co%
Proved	3.58	3.42%	0.43%
Probable	4.41	2.56%	0.27%
Total	**7.99**	**2.94%**	**0.34%**
Waste including Co only zones	16.65		
Total Material Mined	24.63		

Source: NZC

The Kalongwe open pit mining area was divided in two geotechnical domains/design sectors, the eastern and western domains, based principally on interpreted rock weathering depth. Open pit design criteria were developed for each sector.

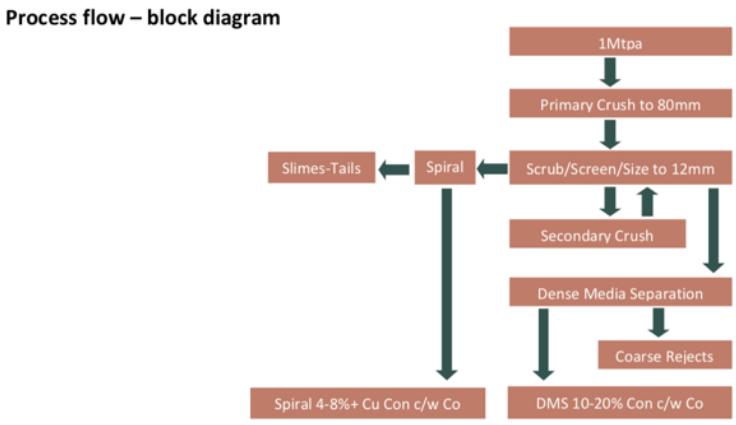
Material from the cobalt-only enriched zone currently reports as waste but is to be stockpiled separately for potential future processing.

Processing

Based on the metallurgical testwork results, a DMS concentrate grade of 15% copper, a spiral concentrate grade of 4-8% copper and accompanying life-of-mine copper recoveries have been used in the process design.

The process flowsheet incorporates tried and proven technology and includes equipment from reputable suppliers. The decoupling of the crushing circuit from the DMS plant will result in higher overall plant availability, as well as providing operation flexibility regarding the crushing circuit.

Figure 6.2 – Kalongwe Process Flow Chart



Source: NZC

The DMS product will be in dry form (5% moisture) as a gravel with an average sizing of approximately 12mm. The spirals product will also be in a dry form (10-15% moisture) as a sand with an average sizing of approximately 0.1-0.85mm.

The products will be assayed prior to loading into 1.5-tonne bags. The bags will be direct loading onto 40-foot semi- trailers for trucking. Approximately 5,000 truck trips per year, or 14 truck trips per day will be required to deliver the products to customers.

Capital Costs

Benchmarking and discussion about the low capital cost of the Kalongwe Stage 1 project have been covered in Sections 1 and 2.

Operating Costs

Benchmarking and discussion of the operating costs of the Kalongwe project have been covered in Sections 1 and 2.

Environmental

An Environmental and Social Impact Assessment for the Kalongwe Project, which in the DRC is termed "Etudes d'Impact Environnemental" (EIE), was completed in 2014 by "Bureau d'Etudes Environnementales du Congo". It aimed at identifying the baseline environmental and social conditions, and determining management of the proposed Project's social and environmental impacts through an Environmental and Social Management Plan, which in the DRC is termed "Plan de Gestion Environnementale du Projet (PGEP)". The EIE was approved by the DRC Government in April 2015.

Additional works as part of the FS were also completed in the first half of 2017. These works focused on an assessment of cultural heritage issues, water, air and soil, and social and environmental assessment work associated with the site access corridor.

Geochemical testing of the DMS tailings and coarse rejects solids, supernatant (tailings), and distilled water extract (coarse rejects) was carried out to assess the acid generation potential, element enrichment and supernatant / seepage water quality against reference standards.

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.

As such, both samples were classed as Non-Acid Forming (NAF). Based on these results, there is no perceived risk of acid generation from the plant coarse rejects or tailings slimes.

Kalongwe SW

NZC has recently identified a new high-grade cobalt prospect at Kalongwe South West (Kalongwe SW), located approximately 800m from the Kalongwe deposit.

Recent results (ASX release dated 20 June 2018) include:

Diamond drilling:

- 5.4m @ 0.45% Co from 37m; and 2.7m @ 0.25% Co from 48.75m (DKALSW_DD006)
- 12m @ 0.20% Co from 34m; and 12m @ 0.33% Co from 49m (DKALSW_DD008)
- 23m @ 0.21% Co from 13m and 3.2m @ 0.24% Co and 0.44% Cu from 43.8m (DKALSW_DD005);
- 14m @ 0.12% Co from 39m (DKALSW_DD003)

Trenching:

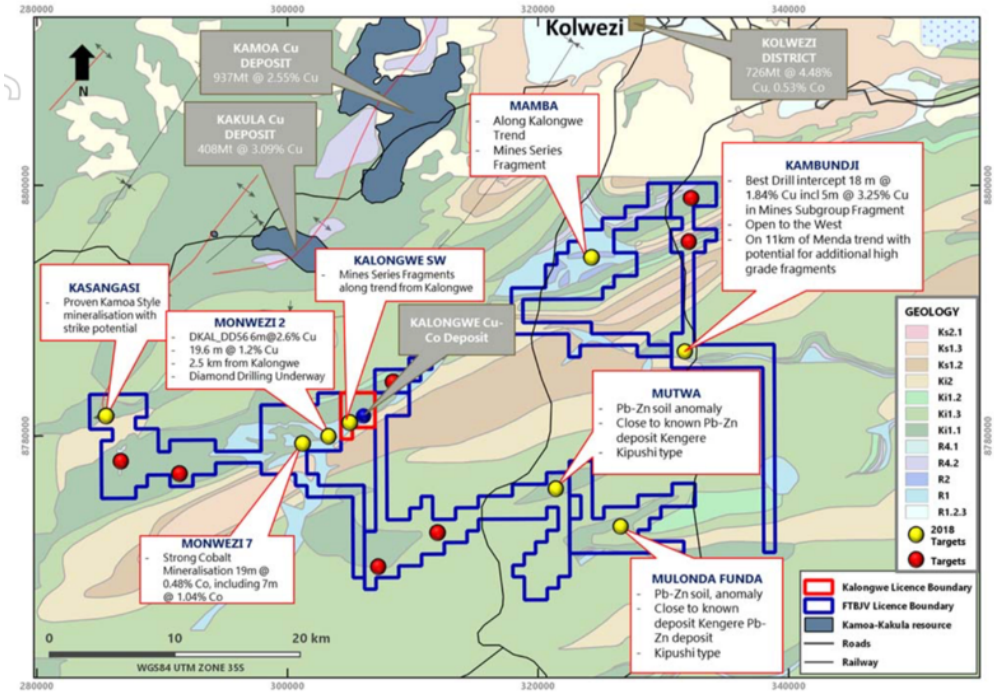
- 10m @ 1.28% Co (KAL_17_TR001)1
- 10m @ 0.58% Co, including 2m at 1.6% Co in trench (KAL_18_TR001)
- 14m @ 0.36% Co in trench (KAL_18_TR003)
- 6m @ 0.20% Co and 4m @ 0.22% Co in trench (KAL_18_TR002)
- 12m @ 0.18% Co in trench (KAL_18_TR008)

Resource drilling at Kalongwe SW will be undertaken in 2018.

7. Fold and Thrust Belt JV Exploration Project

In April 2015, the company entered into an agreement with Ivanhoe Mines to acquire up to 98% interest in a package of five highly prospective tenements covering an area of approximately 343 km² and located near the Kalongwe copper cobalt deposit. See Figure 7.1.

Figure 7.1 – Location of the Fold & Thrust Belt JV Licenses



Source: NZC

The FTBJV Project, which is managed by Nzuri, covers an area of the western Lufilian Arc, a fold belt that contains the world's largest cobalt endowment and some of its richest copper deposits.

At this time, NZC has completed its earn-in requirements and has an entitlement of 80% in the joint venture.

NZC can earn 90% by expending a further US$3m expenditure within 2 (two years). Then NZC will have the option to acquire a further 8% at an agreed price.

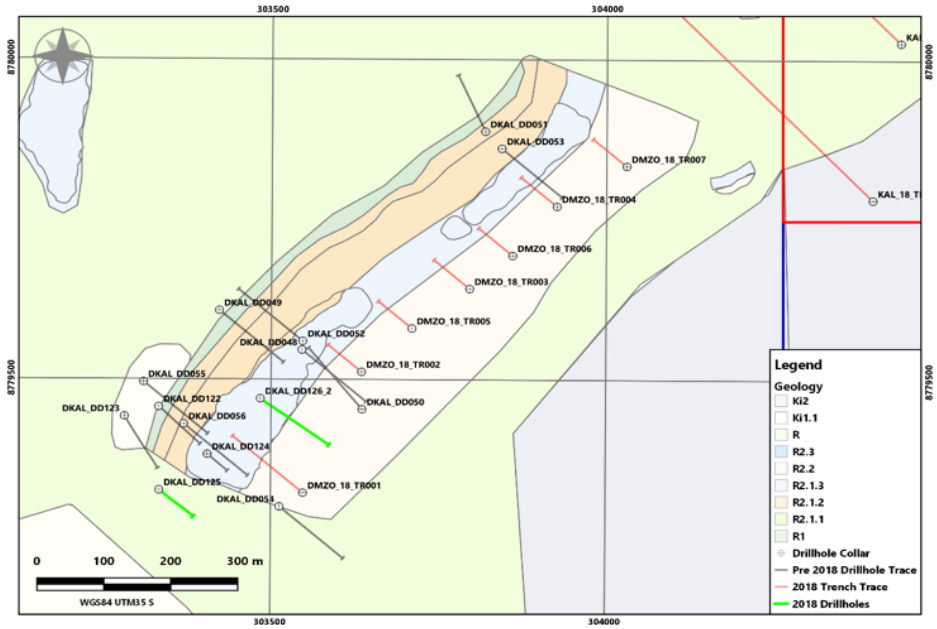
Monwezi 2 Prospect

The Monwezi Target Area is located 2-5km directly along strike from Kalongwe.

DKAL_DD124 has delivered the best intercept returned from this area to date, with a thick zone of 20.2m grading 1.85% Cu intersected from 47m down-hole. The intercept includes a high-grade zone of 7.5m @ 2.39% Cu. This hole was designed to test the shallow portion of the deposit, commencing at a vertical depth of 35m, and has proved that upgrading of copper occurs in the shallow (supergene) areas.

Drilling and trenching has now confirmed that the mineralisation at Monwezi 2 commences from close to surface and extends over a strike length of approximately 300m to a vertical depth of at least 150m (Figure 7.2). An additional 300m of strike extent has been sporadically and ineffectively tested by historical drill holes and Nzuri considers that the mineralised zone remains open to the south-west. The mineralised zone is approximately 20m true thickness and dips at 40 degrees to the north-west (Figure 7.3).

Figure 7.2 –Monwezi 2 Drill Hole Collar Locations

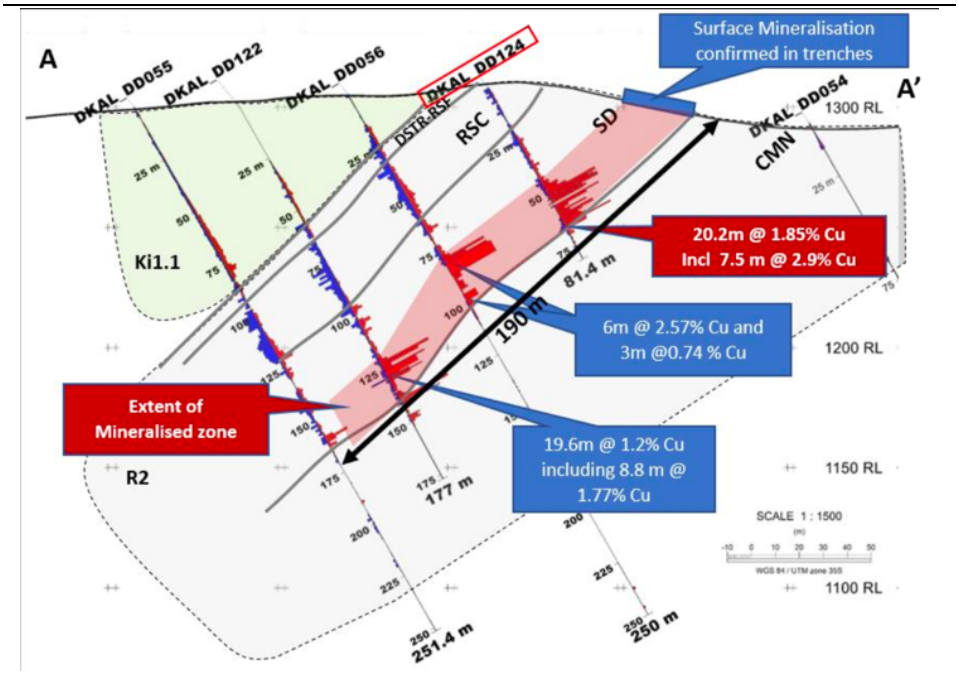


Source: NZC

The cross-section in Figure 7.3 shows the excellent down-dip continuity of copper mineralisation (red bars) and cobalt mineralisation (blue bars).

The mineralisation style is typical of the Congolese Copperbelt and is similar to that found at the Kalongwe deposit, located 2km to the north-east. Primary sulphide mineralisation at Monwezi 2 occurs as chalcopyrite blebs and veins hosted by the Shale Dolomitique (SD) unit of the Mines Subgroup. Within the supergene- enriched zone, sulphides converted to malachite, chrysocolla and chalcocite occur within the SD, RSF and occasionally in the RSC.

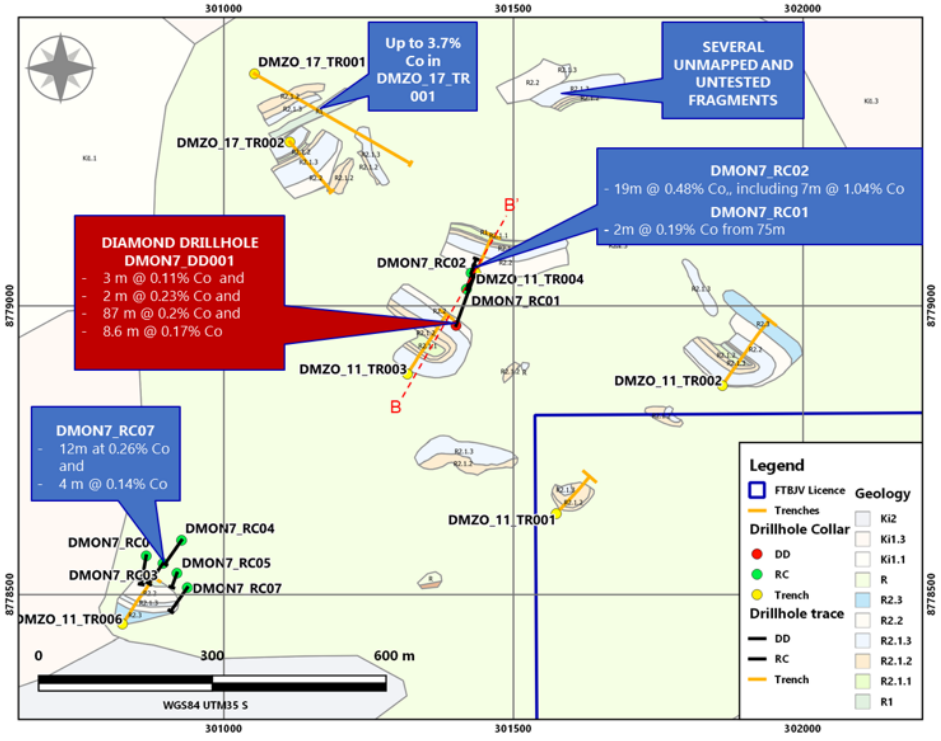
Figure 7.3 – Cross Section for Monwezi 2 Target



Source: NZC

Monwezi 7 Prospect

Figure 7.4 – Geological Map of Monwezi 7 Area

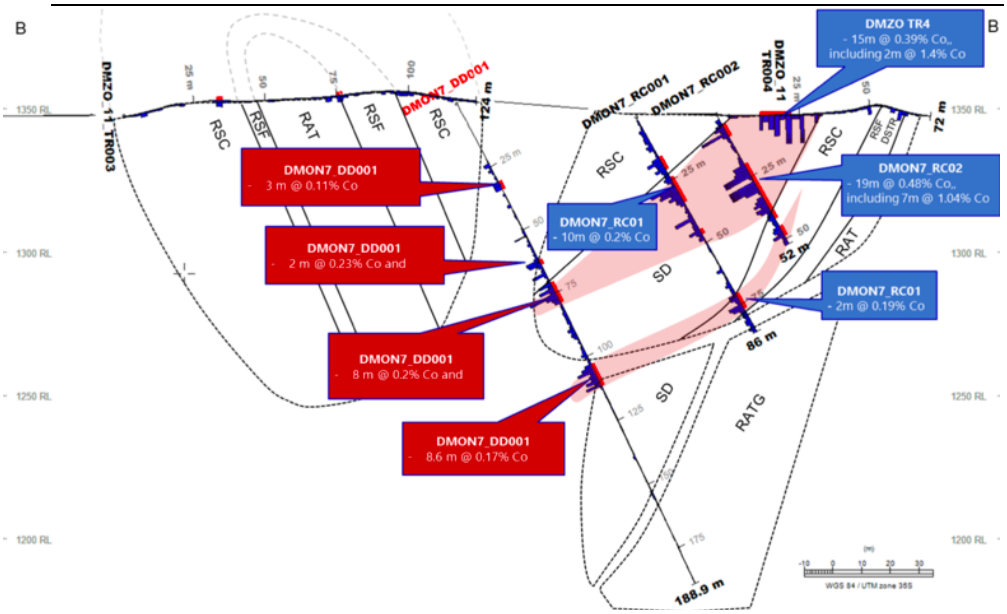


Source: NZC

The Monwezi 7 prospect comprises a cluster of several Mines Series Fragments (Figure 7.4). Nzuri followed up historical trenches with RC drill holes which intersected high-grade cobalt mineralisation (hole DMON7_RC02 reported significant cobalt intercepts including 19m @ 0.48% Co, and 7m @ 1.04% Co).

The assays received to date demonstrate strong cobalt enrichment in mine series units from surface to depths below 100m with results including (Figure 7.5).

Figure 7.5 – Cross Section of Monwezi 7



Source: NZC

Kasangasi Prospect

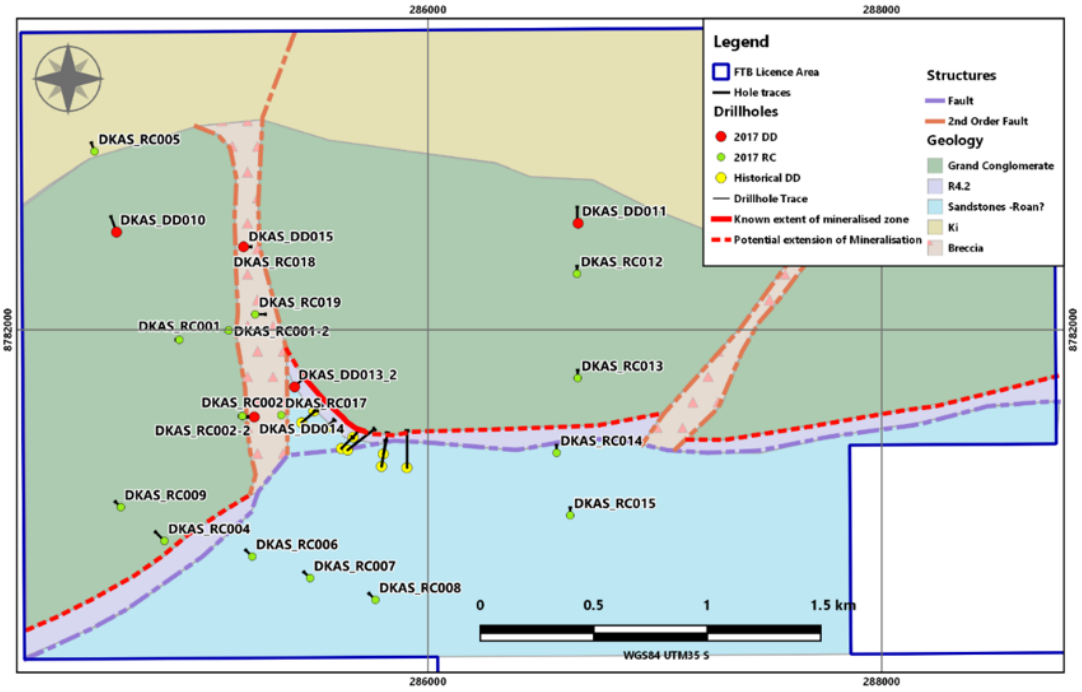
The Kasangasi Prospect is located 17km south west of the Ivanhoe Mines giant Kamoa- Kakula deposits. The Kasangasi area remains a priority exploration target for Nzuri because of its proximity and similarity to the giant Kamoa-Kakula copper deposit, owned by Ivanhoe Mines (Figure 7.1).

Kamoa-type mineralisation is high-grade, strata-bound and laterally extensive, providing the potential for large-scale deposits – and is therefore considered a prime target by the Company. Mineralisation at Kasangasi is considered to be the same style as that found at Kamoa-Kakula on the basis of a shared stratigraphic position at the base of the Grand Conglomerate, as well as textural aspects such as replacement of diamictite clasts with copper minerals and wing structures around clasts – both of which are characteristics of Kamoa and Kakula.

Initial drilling (1,550m RC and 693m diamond) has intersected the same rock sequence that hosts the Kamoa-Kakula deposits. Mineralisation was also observed, although only minor quantities.

Nzuri is currently interpreting data from its 2017 exploration campaign and updating and revising its exploration model for the target area with plans to drill again at Kasangasi in the 2nd half of 2018. Significant and laterally continuous mineralisation has been intersected in the core area of the prospect, which is open at depth (Figure 7.6). However, more than 3km of strike length still remain to be tested.

Figure 7.6 – Kasangasi Drill Hole Loaction Map



Source: NZC

8. Directors & Management Team

Tom Borman, Chairman

Mr Borman is a respected and highly experienced global mining executive who served more than 11 years working for the BHP Billiton Group in various senior managerial roles in strategy and business development, including serving as the project manager for the merger integration transaction between BHP Limited and Billiton. His wide-ranging experience in project development spans a range of commodities and countries across Africa, including the DRC, with previous roles including as Vice President, Strategy and Business Development and Chief Commercial Officer of BHP Billiton's Diamond Division between 2003 and 2006. Before this, he held other senior roles within BHP Billiton including Chief Financial Officer of QNI Pty Ltd and Financial Manager and Assistant Group Controller with the Billiton Group in the Netherlands.

The Directors have strong backgrounds in mineral exploration, mining engineering, mine management, finance and accounting, with considerable international experience, particularly in French speaking Africa where all NZC projects are located

After leaving BHP Billiton in 2006, Mr Borman joined Warrior Coal Investments (Proprietary) Limited, where he formed part of the executive team which established and consolidated the portfolio of assets which became the Optimum Group of companies. Optimum listed on the Johannesburg Stock Exchange in 2010 and was subsequently acquired by Glencore for R8.5 billion in March 2012.

Mr Borman was also a Director of Alphamin Resources Corp. (TSXV: AFM) from March 2013 until January 2016, where he made a significant contribution to the Company's development strategy for the first large commercial tin mine in the DRC, the Alphamin Bisie Tin Mine, which is on track to commence production in 2019.

Mark Arnesen, CEO / Executive Director

Mr Arnesen has extensive expertise in the structuring and negotiation of finance for major resource projects. He is a Chartered Accountant with over 20 years of experience in the international resources industry, including a role with the Billiton/Gencor group of companies where he was a corporate Treasurer from 1996 to 1998. In 2000 Mr Arnesen joined Ashanti Goldfields Company Limited as Managing Director – International Treasury and held the position until 2004. From 2004 until 2006 he worked with Equinox Minerals Limited and put in place the Lumwana project financing. In November 2006 he joined Moto Goldmines Limited (the Kibali Project in the DRC) as the Financial Director and held the position until the company was taken over by Randgold Resources Limited (and held through a joint venture with AngloGold Ashanti Limited) in late 2009.

Mr Arnesen was a Non-Executive Director of Natasa Mining Limited (2006 to 2010) and a Non-Executive Director of Asian Mineral Resources during 2010. He was Chief Executive Officer of Gulf Industrials Limited (February 2012 to March 2014). Mr Arnesen is currently the sole director of ARM Advisors Proprietary Limited. He was appointed as a Non-Executive Director of Centamin PLC (the Sukari Gold Mine in Egypt) in February 2011. Mr Arnesen holds a Bachelor of Commerce and Bachelor of Accounting degrees from the University of the Witwatersrand.

Adam Smits, COO / Executive Director

Mr Smits is a mechanical engineer with a successful 20 year career across Australia and for the past 10 years in francophone West Africa where he has held a variety of project development and operational roles, most recently guiding the Sissingue project in Côte d'Ivoire (owned by Perseus Mining Ltd) to construction commencement.

An experienced and successful project director, Mr Smits led the successful DFS through to development of TiZir Ltd's US$650m Grand Côte mineral sands project and played a pivotal role in Mineral Deposits Ltd's US$330M Sabodala Gold Mine (now owned by Teranga Gold Corporation). Mr Smits has also held roles with Placer Dome Asia Pacific and Lycopodium Engineering.

Peter Ruxton, Non-Executive Director

Dr. Ruxton is a nominee and the co-founder of Tembo Capital Mining Fund LP, a private equity, mining fund group, which specializes in investment in Africa and other Emerging Markets. Peter has a strong technical background having spent 35 years in the mining industry, including 15 years as an Exploration Geologist in Australasia with Billiton and Ross Mining. In 2000, he joined CDC Capital Partners, later transitioning into Actis, where he became a Partner in 2006, working in mining finance in Africa and Emerging Markets.

Dr. Ruxton has held a number of Directorships with numerous private, ASX, TSX.V, AIM, JSE, OTCBB and AMEX listed companies. He has served on the boards of two DRC focused exploration and mining companies in recent years.

Dr. Ruxton trained as a Geologist at the University of Leeds, UK where he obtained a BSc in Geological Sciences and a PhD in Economic Geology, before going on to complete his MBA at the University's of Manchester and Bangor. Peter's PhD thesis focused on sedimentary copper deposits in Namibia and Botswana.

Dr. Ruxton is a Professional Member of the Institute of Mining, Metallurgy and Materials (MIMM) and is a Fellow of both the Geological Society of London (FGS) and the Society of Economic Geologists (FSEG). In addition, he is a Member of the Association of Mining Analysts (AMA).

Hongliang Chen, Non-Executive Director

Mr Chen is a nominee of the Huayou Cobalt Group, which he joined in May 2002, and is currently serving as both the Director and General Manager of Zhejiang Huayou Cobalt Co. Ltd and the Executive Director of Huayou International Mining (Hong Kong) Limited. Previously, Mr Chen has worked at the Tongxiang Branch of Agricultural Bank of China, Tongxiang Securities Department of Zhejiang Trust and Investment Corporation of Agricultural Bank of China, Tongxiang Branch of Shenyin & Wanguo Securities Co. Lt and the Tongxiang Huaxin Chemical Factory.

Mr Chen has also served as a non-executive Director of ASX-listed lithium explorer AVZ Minerals Limited since August 2017.

Ean Alexander, Non-Executive Director

Mr Alexander is a nominee of Tembo Capital Mining Fund LP and has over 15 years of corporate finance, investment, and operational experience across a variety of sectors. Mr Alexander has developed business valuation, M&A, deal structuring, due diligence, and asset management skills with a focus on the Asia-Pacific region. Mr Alexander's financial experience has been gained through investment banking, private equity, and direct industry experience. He has experience operating across a broad range of jurisdictions including both developed and emerging markets. Mr Alexander is a nominee of Tembo Capital.

9. Investment Risks

NZC is exposed to a number of risks including:

- **Geological risk**: the actual characteristics of an ore deposit may differ significantly from initial interpretations.
- **Resource risk:** all resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.
- **Feasibility risk**: once mineral deposits are discovered, it take a number of years from the initial phases of drilling until production is possible, during which the economic feasibility of production may change. Substantial time and expenditures are required to:
    - establish mineral reserves through drilling;
    - determine appropriate mining and metallurgical processes for optimizing the recovery of metal contained in ore;
    - obtain environmental and other licenses;
    - construct mining, processing facilities and infrastructure required for greenfield properties; and
    - obtain the ore or extract the minerals from the ore.
- **Commodity price risk:** the revenues NZC will derive through the sale of copper and cobalt concentrate expose the potential income to copper and cobalt price risks. The copper and cobalt prices fluctuate and are affected by many factors beyond the control of NZC. Such factors include supply and demand fluctuations, technological advancements and macro-economic factors.
- **Exchange Rate risk:** The revenue NZC derives from the sale of metal concentrates products exposes the potential income to exchange rate risk. International prices of various commodities are denominated in United States dollars, whereas the costs base is in Congolese Franc and USD and the financial reporting currency of NZC is the Australian dollar, exposing the company to the fluctuations and volatility of the rate of exchange between the USD, CDF and AUD as determined by international markets.
- **Mining risk:** A reduction in mine production would result in reduced revenue.
- **Processing risks:** A reduction in plant throughput would result in reduced revenue. In all processing plants, some metal is lost rather than reporting to the valuable product. If the recovery of metal is less than forecast, then revenue will be reduced.
- **Operational cost risk:** an increase in operating costs will reduce the profitability and free cash generation of the project.

- **Management and labour risk**: an experienced and skilled management team is essential to the successful development and operation of mining projects.

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