

ASX Announcement | ASX: TNC

23 May 2024

Launch of underwritten \$24.3M equity raising

True North Copper Limited (ASX: TNC) is pleased to announce a fully underwritten \$24.3 million equity raising (**Equity Raising**) to fund TNC through to steady state production at the Cloncurry Copper Project (including contingency, working capital, and other corporate expenses), strengthen its financial position and fund exploration to grow resources and reserves at Cloncurry and target new discoveries at its Mt Oxide Project in 2024.

The Equity Raising will comprise of:

- an institutional placement of approximately 135.2 million new fully paid ordinary shares (**New Shares**) utilising the Company's available capacity under ASX Listing Rules 7.1 and 7.1A, to raise A\$7.6 million (**Placement**); and
- a 1-for-2 pro rata accelerated non-renounceable entitlement offer of 298.2 million New Shares to raise \$16.7 million (**Entitlement Offer**).

Up to approximately 433.4 million New Shares are to be issued under the Equity Raising, representing approximately 77% of the existing shares on issue.

The Equity Raising is being conducted pursuant to a transaction specific prospectus, released to the ASX today, 23 May 2024 (**Prospectus**).

New Shares issued under the Equity Raising will rank equally with the Company's existing fully paid ordinary shares on issue.

Tembo Capital Holdings UK Limited (the Company's largest shareholder) has committed to participate up to \$6.0 million through the Institutional Entitlement Offer and Priority Sub-Underwriting of the Retail Entitlement Offer.

Nebari Natural Resources Credit Fund II, LP (the Company's debt provider) have committed to sub-underwrite the Retail Entitlement Offer for up to \$0.5 million (**Sub-Underwriting Commitments**).

True North Copper Executive Chairman Ian McAleese said:

"It is our goal to restart operations at Cloncurry to become Australia's next copper producer and this Equity Raising will strengthen our balance sheet through to steady state production at the CCP. Backed by our binding offtake and toll milling agreements with Glencore, we are ready to transform our Cloncurry Project into a profitable mining operation. First copper concentrate sales from commercial mining at CPP is expected in 2H 2024 at a time when copper prices are at 10 year highs. Cash flow from mining will fund extensive exploration at both Mt Oxide and the Cloncurry district. We are grateful for the support from our new and existing Shareholders in this – in particular Tembo Capital and Nebari who have committed to sub-underwrite our Retail Entitlement Offer.

In addition to restarting Cloncurry, we have vast potential to grow resources and reserves for this project as well as further build our inventory at the Mt Oxide Project, with a +10km prospective trend we are keen to explore in addition to our Vero Resource which hosts a resource of nearly 16 million tonnes at 1.43% copper and 6.91 g/t silver total combined Measured, Indicated and Inferred resource."

The Offer Price of \$0.056 per share, represents a:

- 25% discount to the last closing price of \$0.075 per share on 22 May 2024;
- 21.8% discount to the 5-day volume weight average price of \$0.07162 per share up to and including 22 May 2024; and
- 16.4% discount to the TERP¹ of \$0.067 per share on 22 May 2024.

Entitlement Offer

Under the Entitlement Offer, shareholders will have the opportunity to subscribe for 1 New Shares for every 2 existing shares held as at 7:00pm (AEST) on 27 May 2024 (**Record Date**).

The Entitlement Offer is non-renounceable and entitlements will not be tradable or otherwise transferable.

The Entitlement Offer comprises:

- an accelerated offer to eligible institutional shareholders in Australia, Canada (British Columbia, Ontario and Quebec provinces only), Hong Kong, Singapore, the United States, the United Kingdom, the European Union (excluding Austria), Switzerland, British Virgin Islands, Guernsey and Papua New Guinea (**Institutional Entitlement Offer**); and
- an offer to eligible retail shareholders, being shareholders who are not eligible institutional shareholders (**Eligible Retail Shareholders**) (**Retail Entitlement Offer**).

The Entitlement Offer is being extended to all Shareholders at the Record Date.

Entitlements not taken up in the Institutional Entitlement Offer will be offered to eligible institutional investors concurrently with the Placement by way of an institutional bookbuild.

Eligible Retail Shareholders may elect to take up all or part of their entitlement prior to 5.00pm (AEST) on 11 June 2024 or do nothing and let their retail entitlements lapse. Eligible Retail Shareholders may also apply for additional New Shares up to a maximum of 100% of their existing entitlements. There is no guarantee that applicants for additional New Shares in addition to existing entitlements will receive all or any of the additional New Shares applied for. Refer to the Prospectus for further details.

The Retail Entitlement Offer is expected to open on 30 May 2024 and close at 5:00pm (AEST) on 11 June 2024. Eligible Retail Shareholders will receive a copy of the Prospectus, including a personalised entitlement and acceptance form, which will provide further details of how to participate in the Entitlement Offer.

Canaccord Genuity (Australia) Limited (**Canaccord**) and Morgans Corporate Limited (**Morgans**) are acting as Underwriters and Joint Lead Managers to the Equity Raising. The material terms of the Underwriting Agreement, including the fees payable to Canaccord and Morgans consideration for underwriter and lead manager services are set out in the Prospectus.

¹ TERP (theoretical ex rights price) is the theoretical price at which TNC's ordinary shares should trade at immediately after the ex-date for the Entitlement Offer based only on the last traded price and issuance of TNC's ordinary shares at the offer price under the Equity Raising.

Placement

As mentioned above, the Placement is fully underwritten.

New Shares issued under the Placement will be issued out of the Company's existing placement capacity as follows:

- 84,906,102 New Shares to be issued under the Company's available 15% placement capacity under Listing Rule 7.1 which has been upsized by a 'supersize' placement waiver granted by ASX; and
- 50,331,402 New Shares to be issued under the Company's available 10% placement capacity under Listing Rule 7.1A.

Use of funds

The funds raised from the Equity Raising are intended to fund TNC through to steady state production at the Cloncurry Copper Project (including contingency, working capital, and other corporate expenses), strengthen its financial position and fund exploration to grow resources and reserves at Cloncurry and target new discoveries at its Mt Oxide Project in 2024.

Refer to section 6.1 of the Prospectus for further details.

Indicative Equity Raising Timetable

Event	Date
Trading Halt and announcement of the Offer	23 May 2024
Placement and Institutional Entitlement Offer opens	23 May 2024
Placement and Institutional Entitlement Offer closes	24 May 2024
Announcement of results of Placement and Institutional Entitlement Offer	27 May 2024
Trading Halt lifted and shares recommence trading on ASX on an ex-entitlement basis	27 May 2024
Record date for Entitlement Offer	27 May 2024
Settlement of the Placement and Institutional Entitlement Offer	30 May 2024
Retail Entitlement Offer opens, Prospectus and Acceptance Form made available	30 May 2024
Allotment of trading of New Shares issued under the Placement and Institutional Entitlement Offer	31 May 2024
Commencement of trading of New Shares issued under the Placement and Institutional Entitlement Offer	3 June 2024
Retail Entitlement Offer closes	11 June 2024
Announce results of the Retail Entitlement Offer	13 June 2024
Allotment of New Shares under the Retail Entitlement Offer	18 June 2024
Commencement of trading of New Shares issued under the Retail Entitlement Offer	19 June 2024

*All dates are indicative and subject to change. The Company reserves the right to alter this timetable at any time.

Nebari Loan Waivers and Variations

The Company refers to the senior secured loan facility (**Loan Facility**) with Nebari Natural Resources Credit Fund II LP (**Nebari**) announced on 31 January 2024. As previously announced, drawdown of Tranche 1 of the Loan Facility (USD18 million) occurred in early February 2024, and 46,383,038 Warrants exercisable at A\$0.1177 each and expiring on 15 February 2028 (**Tranche 1 Warrants**) were issued to Nebari or its nominees on 15 February 2024.

Pursuant to the terms of the loan documentation for the Loan Facility (**Loan Agreement**) and related Warrant Subscription Deed (**Nebari Agreements**), and as permitted by the ASX Listing Rules, the exercise price for the Tranche 1 Warrants will change to A\$0.1127 each as a result of the Entitlement Offer.

As previously announced, under the Nebari Agreements, the Company has agreed to issue Nebari or its nominees additional warrants (**Tranche 2 Warrants**) on first draw down for Tranche 2 of the Loan Facility (USD10 million (**Tranche 2 Funded Amount**)), subject to shareholder approval under ASX Listing Rule 7.1. The number of Tranche 2 Warrants to be issued will be equal to 20% of the Tranche 2 Funded Amount drawn on the first drawdown for the Tranche 2 loan, divided by the Tranche 2 Warrant Exercise Price (defined below).

As noted in the 31 January announcement, the Loan Agreement includes various financial undertakings, including an undertaking from the Company to ensure, at the end of each calendar month, that it complies with minimum liquidity requirements (including a consolidated cash balance of at least A\$3 million) and aging accounts payable requirements. The Company has entered into a waiver agreement with Nebari to:

- waive the minimum cash covenant and aging accounts payable covenant through to 30 June 2024; and
- temporarily remove the requirement for the Company to hold 1 month operating cash (in addition to minimum cash requirement) over the next 12 months ramp-up.

TNC expects to be able to satisfy the minimum cash covenant and aging accounts payable covenants from the proceeds of the Equity Raising up until commencement of steady state production, and thereafter satisfy all covenants from proceeds of production.

In connection with the above waivers, the Company has agreed the following material variations to the Nebari Agreements with Nebari:

- Should the Company seek to repay any part of the Loan Facility, in addition to any principal, interest and fees payable under the Loan Agreement, the Company will be required pay to Nebari an additional amount equal to the aggregate amount of interest that would have been payable on the prepaid amount for a period of 30 months from the drawdown date of the prepaid amount (calculated using the interest rate applicable to the interest paid on the most recent interest payment date), less the aggregate amount of interest paid by the Company in respect of the prepaid amount from date of the variation until the date of the prepayment.
- If the Tranche 2 loan is drawn requiring the issue of the Tranche 2 Warrants, the Tranche 2 Warrant Exercise Price will be at a 20% premium to the share price that is the lower of:
 - (a) the Offer Price;
 - (b) the 20 day volume weighted average price for Shares as at the date of the first drawdown notice in respect of the Tranche 2 Funded Amount; and
 - (c) the 20 day volume weighted average price for Shares as at the date on which the Company announces its intention to draw the Tranche 2 Funded Amount.

Update on MCP Placement

The Company has terminated the share placement announced on 28 March 2024 with further updates provided on 17 and 29 April 2024.

Under that placement, Millinium Capital Managers Limited as trustee for MP Materials and Mining Group Fund (**MCP**) had agreed to subscribe for a placement of 41,666,667 shares in the Company at an issue price of A\$0.12 per share to raise a total of A\$5 million.

Settlement of the placement to MCP was originally agreed to occur on or before 10 April 2024, and the Company agreed to extend settlement to 26 April 2024. Settlement of 8,333,333 TNC shares for A\$1 million occurred on 26 April 2024, and the Company agreed to a further extension of the balance of A\$4 million (33,333,333 Shares) to no later than 31 May 2024.

MCP has advised the Company that it will not settle the balance of A\$4 million worth of TNC shares by 31 May 2024 as it had previously agreed. Accordingly, the Company has notified MCP that it has terminated the subscription agreement for the balance of A\$4 million worth of TNC shares, effective immediately.

The effect of such termination is that those 33,333,333 shares which the Company had previously agreed to issue to MCP, using its available ASX Listing Rule 7.1A placement capacity, become available for issue by the Company again under its available placement capacity under Listing Rule 7.1A placement capacity.

The Company reserves all legal rights and remedies available in relation to the above.

AUTHORISATION

This announcement has been approved for issue by the True North Copper Limited Board.

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This release includes "forward looking statements" within the meaning of securities laws of applicable jurisdictions. Forward looking statements can generally be identified by the use of the words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" "guidance" and other similar expressions. Indications of, and guidance on, future earning or dividends and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of TNC and its officers, employees, agents or associates, that may cause actual results to differ materially from those expressed or implied in such statement. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and TNC assumes no obligation to update such information. Specific regard (amongst other things) should be given to the risk factors outlined in this release.

This release is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this release nor anything contained in it forms the basis of any contract or commitment.

JORC AND PREVIOUS DISCLOSURE

The information in this release that relates to Mineral Resource Estimates for the Vero Resource is based on information previously disclosed in the Company's 28 February 2023 ASX release "Acquisition of the True North Copper Assets",

available on the Company's website (www.truenorthcopper.com.au) and the ASX website (www.asx.com.au) under the Company's ticker code "TNC".

The Company confirms that it is not aware of any new information as at the date of this release that materially affects the information included in this release and that all material assumptions and technical parameters underpinning the estimates and results continue to apply and have not materially changed.

CONTACT DETAILS

For further information please contact:

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