

ASX Announcement | ASX: TNC

31 July 2024

True North Copper June 2024 Quarterly Report

True North Copper Limited (ASX:TNC) (True North Copper, TNC or the Company) is pleased to provide the following quarterly update and Appendix 5B for Q4 FY24.

HIGHLIGHTS

Cloncurry Copper Project (CCP)

- TNC is on track to become Australia's next copper producer and critical metals supplier via its restart of CCP.
- Mining activities commenced at Wallace North deposit, part of TNC's Cloncurry Copper Project in Queensland, with clearing and blast hole drilling underway.
- CCP is estimated to generate free cash flow of ~\$200 million at current copper spot prices over its initial 4.6-year mine life¹.
- TNC has binding offtake and toll milling agreements with Glencore International AG (Glencore)² for 100% of copper concentrate from CCP and for toll milling of up to 1Mt of ore per year.

Funding

- Fully underwritten \$24.3 million capital raising completed.
- Capital raising strengthens TNC's financial position and will fund exploration to grow resources and reserves at Cloncurry and target new discoveries at Mt Oxide in 2024.

Corporate

- Bevan Jones appointed as Managing Director, bringing almost 30 years of experience in mine management, with previous senior leadership roles at global mining company Gold Fields (JSE: GRI) and Karora Resources (TSX: KRR).
- Chartered Accountant Craig Gouws joins TNC as Chief Financial Officer, with extensive Australian and international experience in CFO and company secretary roles.

¹ TNC Investor Presentation, 23 May 2024, see the Cloncurry Copper Project Economics table (Spot Prices) on page 14 of the presentation.

² TNC ASX Announcement, 23 January 2024, TNC secures Glencore partnership for Cloncurry Copper Project.

Development & Operations

TNC's two principal assets located in northwest Queensland, a Tier 1 Jurisdiction:

- **Cloncurry Copper Project (CCP)** - IOCG and ISCG copper-gold deposits proposed for open pit mining operations, with extensive surrounding exploration tenure.
- **Mt Oxide Project (Mt Oxide)** - IOCG high-grade, globally significant, copper-cobalt-silver deposit subject to reoptimisation studies, and exploration in surrounding tenure.

The Cloncurry Operations Hub (COH) is strategically located to the CCP's four open pit deposits including: Great Australia, Orphan Shear, Taipan and Wallace North. Exploration and resource definition across the surrounding CCP will also deliver growth to the CCP's Life of Mine.

The COH is located 2km from the township of Cloncurry and provides essential infrastructure, technical systems and support to all of TNC's project operations. An active oxide heap leach and Solvent Extraction (SX) processing plant, mine buildings, site administration facilities, workshops, open pit mine facilities, onsite explosive magazines, site storage, water management systems and existing site power supply are located at the COH.

Mining preparations commenced at Wallace North during the quarter. Wallace North is part of True North Copper's Cloncurry Copper Project (CCP) and one of four open-pit deposits making up CCP. Wallace North has an Ore Reserve totalling 0.7Mt (Probable) grading 1.01% Cu and 0.46g/t Au for 6.8kt Cu and 10.0koz Au³.

Workforce Recruitment

A recruitment process for the operations team at Wallace North is following the mine resourcing schedule, and a supportive technical team is in place ready for mining to start.

Gender, Diversity & Inclusion

The total number of employees increased by 20% from Q3 FY24. This number includes 15 (30%) female and 35 (70%) male employees. Additionally, the company has a representation of 20% Indigenous employees within the team, with the aim of increasing this percentage as mining commences.

Sustainability & Environment

- No significant environmental incidents during the Quarter.
- Wallace Mining project landowner compensation agreement completed with executed agreement signed off 10th June 2024.
- Heritage clearances initial survey conducted in April 2024, follow up clearance programs and final first disturbance conducted through June and continue into July 2024.

Health, Safety & Training

No recordable injuries have occurred during the quarter, 3 monthly moving average (MMA) is at 0, with the 12 MMA currently at 45.3. With operations commencing this will continue to drop to industry standard. Staff hours increased during the quarter due to additional contractors working onsite at Great Australia Mine, amounting to appx 2,500 additional hours.

The INX Site Pass implementation now operational with all persons conducting work or visiting TNC operations being registered and completing required aspects of inductions, procedures and relevant legislated requirements.

³ TNC ASX Announcement, 6 February 2024, TNC reports Wallace North Maiden Ore Reserve

Cloncurry Operations – Mine Development & Progress

Wallace North Operations

- True North Copper commenced mining operations at its Wallace North deposit in northern Queensland, with clearing activities and blast hole drilling now underway.
- TNC has mobilised equipment and personnel for mining at Wallace North, with most mining equipment already on site. Dewatering of the pit has been executed in advance of mining.
- Workshop and support equipment deliveries continued throughout early Q4 FY24 in preparation for mining.
- Australian Mine Design Pty Ltd (AMDAD) prepared the data required for mining operations. Short-term scheduling and mine planning is completed for Wallace North.
- Mining rates at commencement are planned at 300kt per month, with ore mining volumes increasing over the initial three months.
- Oxide ore delivered to the COH will be immediately crushed and stacked for leaching.
- Sulphide ore delivery to the toll treatment ROM pad is expected to commence early in FY25. TNC is paid 70% of the value of the copper metal content present in the ore delivered to the toll treatment ROM pad. Payment occurs three business days post-delivery to the ROM pad. Final payment is achieved upon concentrate production.



Figure 1 & 2: The 1st Blast shot being loaded in readiness for firing at Wallace North

Copper Sulphate Production

- During Q4, 160.27 tonnes of Cu Crystal was produced from existing stock piles, equating to 38.9 tonnes of Cu metal with average grade of 24.2% in 6 shipments.
- Campaign leaching cycling SX operations on 2 weekly basis continued to allow Cu grades to build during in solution. Following centrifuge rebuild crystal production alternated with dayshift only bagging and night shift monitoring plant operations.
- 9,712 wmt remaining primary crushed ore stockpiled was placed to heap leach cells and placed under leach. No fresh ore has been received at site pending the mining restart project commencement.
- Preparations commenced for establishing next leach pad in readiness for commencement of fresh ore following start-up of Wallace North mining.

Exploration and Resource Development

- Rock chip sampling and mapping continues at Mt Oxide. For new areas of mineralised surface breccias have been identified.
- The Collaborative Exploration Initiative (CEI) grant geophysics is locked in for commencement and revisions to geophysical lines approved by Department of Resources (Queensland Government).
- Planning on Geophysical program is complete and review on timing for contractor mobilisation is underway.
- An initial review and interpretation of data collected from a small drone magnetic survey over the Cloncurry - Chumvale South project was completed.

Corporate

As of 30 June 2024, TNC's cash balance totalled to A\$15.48M.

In addition, TNC had restricted cash in term deposits totalling A\$14.96M. This cash covers Environmental Bonds.

Board Changes

True North Copper appointed experienced mining professional Bevan Jones as Managing Director in June, following Marty Costello stepping down from the role. Ian McAleese served as Executive Chairman for several weeks after Mr Costello's resignation but reverted to Non-Executive Chairman upon Mr Jones' appointment.

Mr Costello remained on the Board as Executive Director Business Development and departed the company on 1 July 2024.

Senior Leadership Team Changes

The Company also welcomed Craig Gouws as Chief Financial Officer (CFO). Mr Gouws, a Chartered Accountant, has extensive Australian and international experience as a CFO and Board of Director with a demonstrated history of successfully leading financial operations across diverse industries and international markets.

Mr Gouws holds a Bachelor of Commerce and a Post Graduate Diploma in Accounting from the University of Cape Town and is a Fellow of the Institute of Chartered Accountants in England and Wales and a member in South Africa.

Capital Raising

An Entitlement Offer and Placement was undertaken during May and June 2024 raising \$22.98M net of costs. Canaccord and Morgans acted as joint lead managers and underwriters to the fully underwritten Capital raise.

The Company issued 433,447,316 new ordinary shares at \$0.056. The fund raise comprised an institutional accelerated non-renounceable entitlement offer of 161,144,259 new shares, a retail accelerated non-renounceable entitlement offer of 137,065,554 new shares and a Placement of 135,237,503 new shares.

The capital raise was undertaken in anticipation of restarting operations at Cloncurry to become Australia's next copper producer and this equity raising has strengthened the balance sheet through to steady state production at the Cloncurry Copper Project. Backed by binding offtake and toll milling agreements with Glencore, the Company is ready to transform the Cloncurry Copper Project into a profitable mining operation. Cash flow from mining will fund extensive exploration at both Mt Oxide and the Cloncurry district. In addition to restarting Cloncurry, the Company vast potential to grow resources and reserves for this project as well as further build inventory at the Mt Oxide Project.

Millinium Capital Managers Limited as trustee for MP Materials and Mining Group Fund (MCP) subscribed for a placement of 8,333,333 fully paid TNC ordinary shares for \$1 million on 26 April 2024 at an issue price of \$0.12 per Share.

On 30 June 2024 the Company had 1,029,867,482 ordinary shares on issue.

Financial Performance

Listing Rule 5.3.4 requires the company to set out a comparison of funds allocated in the use of funds schedule in the company's May 2023 Prospectus compared to what has been spent and an explanation of any material variance. The company provides the following table in satisfaction of this listing rule requirement.

| Use of Funds | Prospectus Year 1 | Prospectus Year 2 | Total Year 1 & 2 | Actual to 30 June 24 |
|---|----------------------|----------------------|---------------------|-------------------------|
| Acquisition of Mt Oxide Project | 30,000,000 | - | 30,000,000 | 30,000,000 |
| Deferred consideration for CopperCorp acquisition* | 4,000,000 | - | 4,000,000 | 2,227,318 |
| Project acquisition costs (technical DD, stamp duty, legals) | 1,500,000 | - | 1,500,000 | 1,500,000 |
| Financing costs | 1,100,000 | - | 1,100,000 | 1,100,000 |
| Expenses of the offer including broker fees | 3,266,868 | - | 3,266,868 | 3,266,868 |
| Corporate overheads, administration costs and Unallocated working capital | 2,365,128 | - | 2,365,128 | 2,365,128 |
| Mining and restart feasibility studies at Great Australia Mine (Cloncurry) | | | | |
| Stage 2 metallurgical test work and scoping study at Great Australia to assess viability of copper mining and processing options | - | - | - | 529,330 |
| Grade control drilling at Great Australia (nominally 5,600-8,000 m) | 1,000,000 | - | 1,000,000 | 1,582,965 |
| Grade control drilling at Taipan (nominally 6,000 m) | - | 1,000,000 | 1,000,000 | - |
| Geotechnical assessment and diamond drilling (nominally 100 m) at Taipan | - | 100,000 | 100,000 | - |
| Mining and metallurgical studies at Taipan in preparation for a mining restart | - | 60,000 | 60,000 | 36,707 |
| Grade control drilling at Orphan Shear (nominally 2,000 m) | - | 300,000 | 300,000 | - |
| Mining and metallurgical studies at Orphan Shear in preparation for a mining restart | - | 60,000 | 60,000 | - |
| RC drilling (nominally 500 m – 2,000 m) to test extensions to mineralisation at Great Australia and Taipan | - | 250,000 | 250,000 | - |
| Exploration and resource development at Cloncurry and Mt Oxide | | | | |
| RC/diamond drilling (nominally, 3,000 – 5,000 m) at Vero to target potential high-grade copper extensions at depth, and to better define the existing cobalt mineralisation | 500,000 | 500,000 | 1,000,000 | 2,475,080 |
| Stage 2 metallurgical test work and scoping study at Vero to assess viability of copper-cobalt project mining and processing operations | - | 250,000 | 250,000 | - |
| Mining/environmental planning at Wallace North and Mt Oxide | | | | |
| Stage 1 metallurgical test work and scoping study at Vero to assess viability of copper-cobalt mining and processing options | 200,000 | - | 200,000 | 88,154 |
| Geotechnical and metallurgical assessment and diamond drilling (nominally 250 m) at Wallace North | - | 300,000 | 300,000 | 1,160,739 |
| Refurbishment of copper sulphate plant, metallurgical trials and processing of stockpiled ores | 2,200,000 | 800,000 | 3,000,000 | 4,011,510 |
| Total | 46,131,996 | 3,620,000 | 49,751,996 | 50,343,798 |

*The Copper Corp share sale agreement provided that the first \$2 million deferred consideration payment would be paid within 6 months of completion. As of 30 June 2024, TNC has paid \$ 2.5 million comprising (i) an advance payment of \$273k under an ore relocation agreement, distributed prior to completion; (ii) \$727k paid on 6 December 2023, (iii) \$1 million paid on 9 Feb 2024 and a fourth payment \$500k in June 2024. The balance under deferred consideration payment \$1.5 million was settled by 10th July 2024.

Related party payments

For the purpose of Section 6 of the Appendix 5B, related party payments of \$268,529 were made in the quarter in relation to Directors fees and Secretarial services.

AUTHORISATION

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

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ANNEXURE A: SCHEDULE OF MINING TENEMENTS AND BENEFICIAL INTEREST HELD AS AT END OF THE JUNE 2024 QUARTER

| Holder Name | Tenement | Name | State | Percentage held |
|---------------------------|------------|---------------------|-------|-----------------|
| TNC MINING PTY LTD | EPM10313 | Mount Oxide JV | QLD | 100% |
| TNC MINING PTY LTD | EPM11675 | Balaclava | QLD | 100% |
| TNC MINING PTY LTD | EPM12409 | Wynberg | QLD | 100% |
| TNC MINING PTY LTD | EPM13137 | Coppermine Creek | QLD | 100% |
| TNC MINING PTY LTD | EPM14295 | Monakoff West | QLD | 100% |
| TNC MINING PTY LTD | EPM14660 | Mount Oxide West #3 | QLD | 100% |
| COPPER CORP PTY LTD | EPM15706 | Tommy Creek | QLD | 100% |
| NORTH WEST COPPER PTY LTD | EPM15879 | Mt Norma | QLD | 100% |
| TNC MINING PTY LTD | EPM16800 | Mount Oxide South | QLD | 100% |
| NORTH WEST COPPER PTY LTD | EPM18106 | Flamingo West | QLD | 100% |
| TNC MINING PTY LTD | EPM18538 | Arthur | QLD | 100% |
| TNC MINING PTY LTD | EPM26371 | Kuridala | QLD | 100% |
| TRUE NORTH COPPER LIMITED | EPM26499 | Bundarra | QLD | 100% |
| TRUE NORTH COPPER LIMITED | EPM26852 | Prairie Creek | QLD | 91% |
| TRUE NORTH COPPER LIMITED | EPM 27474 | Duania | QLD | 100% |
| TRUE NORTH COPPER LIMITED | EPM 27609 | Waitara | QLD | 100% |
| NORTH WEST COPPER PTY LTD | EPM27959 | Flamingo 2 | QLD | 100% |
| NORTH WEST COPPER PTY LTD | EPM28040 | Mt Norma West | QLD | 100% |
| COPPER CORP PTY LTD | EPM28089* | Winston | QLD | 100% |
| TNC MINING MPTY LTD | EPM 28908* | Flamingo South | QLD | 100% |
| TNC MINING PTY LTD | EPM28648* | Cloncurry HUB-1 | QLD | 100% |
| TNC MINING PTY LTD | EPM28649* | Cloncurry HUB-2 | QLD | 100% |
| MOUNT OXIDE PTY LTD | MDL2024* | Mount Oxide | QLD | 100% |
| TNC MINING PTY LTD | ML100077 | Wallace South | QLD | 100% |
| TNC MINING PTY LTD | ML100111 | Wynberg | QLD | 100% |
| TNC MINING PTY LTD | ML 100384* | Mongoose East | QLD | 100% |

| Holder Name | Tenement | Name | State | Percentage held |
|---------------------------|----------|---------------------|-------|-----------------|
| NORTH WEST COPPER PTY LTD | ML2506 | Mount Normal | QLD | 100% |
| COPPER CORP PTY LTD | ML2518 | Winston Churchill | QLD | 100% |
| COPPER CORP PTY LTD | ML2535 | Sally | QLD | 100% |
| NORTH WEST COPPER PTY LTD | ML2550 | Mount Norma NO 2 | QLD | 100% |
| NORTH WEST COPPER PTY LTD | ML2551 | Mount Norma NO 3 | QLD | 100% |
| TNC MINING PTY LTD | ML2695 | Kangaroo Rat | QLD | 100% |
| TNC MINING PTY LTD | ML90065 | Great Australia | QLD | 100% |
| NORTH WEST COPPER PTY LTD | ML90103 | New Snow Ball | QLD | 100% |
| NORTH WEST COPPER PTY LTD | ML90104 | Mossy's Dream | QLD | 100% |
| TNC MINING PTY LTD | ML90108 | Orphan Shear | QLD | 100% |
| NORTH WEST COPPER PTY LTD | ML90172 | MT Norma SURROUND 1 | QLD | 100% |
| NORTH WEST COPPER PTY LTD | ML90173 | MT Norma SURROUND 2 | QLD | 100% |
| NORTH WEST COPPER PTY LTD | ML90174 | MT Norma SURROUND 3 | QLD | 100% |
| NORTH WEST COPPER PTY LTD | ML90175 | MT Norma SURROUND 4 | QLD | 100% |
| NORTH WEST COPPER PTY LTD | ML90176 | MT Norma SURROUND 5 | QLD | 100% |
| TNC MINING PTY LTD | ML90236 | Wallace | QLD | 100% |

* Application stage

Disposal of Mining Tenements and Beneficial Interest: Nil

Acquisition of Mining Tenements and Beneficial Interest: Nil

Beneficial percentage interests held in farm-in or farm-out agreements: Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed: Nil