



ACN: 652 408 378
ABN: 31 652 408 378

True North Copper Pty Ltd

FINANCIAL REPORT

**FOR THE PERIOD FROM 1 JULY 2022
TO 31 DECEMBER 2022**



Contents

Corporate Directory	3
Director's Report	4
Directors' Declaration	15
Statement of Profit or Loss and Other Comprehensive Income	16
Statement of Financial Position	17
Statement of Changes in Equity	18
Statement of Cash Flows	19
Condensed Notes to the Financial Statements	20
Auditor's Independent Declaration	35
Independent Auditor's Report	36



Corporate Directory

Directors

Peter Main (appointed on 29 July 2021, resigned 10 January 2023)

Martin Costello (appointed 19 September 2022)

Timothy Dudley (appointed 7 December 2022)

Company Secretary

Peter Main (appointed on 29 July 2021, resigned 7 December 2022)

Rajesh Padmanabhan (appointed 8 December 2022)

Registered Office

Level 2, 9 Havelock Road

West Perth WA 6005

Principal Place of Business

Level 9, Citi Central Tower

46-48 Sheridan Street

Cairns City QLD 4870

Email: accounts@truenorthcopper.com.au

Mailing address

PO Box 3006

Cairns City QLD 4870

Share Register

N/A

Auditor

Stantons

Level 2, 40 Kings Park Road

West Perth, WA 6005 Australia

Director's Report

For the period from 1 July 2022 to 31 December 2022

True North Copper Pty Ltd (the "Company", "True North Copper") is a proprietary company limited by shares incorporated on the 29 July 2021 and domiciled in Australia.

The directors present their report, together with the financial statements of the Company for the financial period from 1 July 2022 to 31 December 2022.

Information on directors

The following persons were Directors of the True North Copper Pty Ltd during the whole of the financial period and up to the date of this report, unless otherwise stated:

Peter Main (appointed on 29 July 2021, resigned 10 January 2023)
Martin Costello (appointed 19 September 2022)
Timothy Dudley (appointed 7 December 2022)

Company secretary

The following persons held the position of Company Secretary of the True North Copper Pty Ltd during the whole of the financial period and up to the date of this report, unless otherwise stated:

Peter Main (appointed on 29 July 2021, resigned 7 December 2022)
Rajesh Padmanabhan (appointed 8 December 2022)

Principal activities

The principal activities of the Company during the financial period from 1 July 2022 to 31 December 2022 consisted of the following undertakings:

- Clean up and refurbishment of site facilities;
- Appointment of key personnel;
- Commencement of review of mining information and data to formulate a business plan; and
- Initial discussions for the refurbishment of the SX plant based at Great Australia Mine.

Operating results

The loss of the Company after providing for income tax amount to \$2,143,041.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

Review of operations

The company (TNC) entered into an asset sale agreement ("ASA") with Round Oak Minerals Pty Ltd, Exco Resources Pty Ltd and Exco Resources (QLD) Pty Ltd on 31 July 2021 for purchase of assets and mining tenements as outlined in the agreement. The key terms of the agreement that remain outstanding during the period from 1 July 2022 to 31 December 2022 are as follows:

- Deferred cash payment of \$6,000,000 which is triggered as follows:

- The first payment will be triggered when the buyer (TNC) achieves production of a commercially saleable quantity of ore from the any of the tenements, the buyer must pay to Round Oak Minerals Pty Ltd the sum of \$1,000,000;
 - Upon achieving six months of continuous production of a commercially saleable quantity of ore from any of the tenements, the buyer (TNC) must pay immediately to Round Oak Minerals Pty Ltd the sum of \$2,000,000 and so on until the deferred cash payment is paid in full; and
 - The aggregate amounts payable by the company (TNC) is capped at \$6,000,000.
- Future Royalty Payments with the royalty payable by the Company to the Round Oak Minerals Pty Ltd under the Royalty Deed (executed on 14 June 2022) and is calculated by multiplying the Net Smelter Return by 2%. The payment is due within 40 days of then end of each quarter in which the company receives gross revenue.

Changes in Board Members

During the period from 1 July 2022 to 31 December 2022, there have been several changes in appointments to the Board of Directors of the Company.

- Appointment of Martin Costello as Executive Director of the Company on 19 September 2022
- Appointment of Tim Dudley as a Non-Executive Director of the Company on 7 December 2022
- Resignation of Peter Main as a Director on 10 January 2023 and Company Secretary on 7 December 2022
- Appointment of Rajesh Padmanabhan as a Company Secretary on 8 December 2022

Changes in Shareholder Structure

From 1 July 2022 to 17 September 2022, True North Copper Pty Ltd was owned by Catalpa Management Pty Ltd ACN 652 711 996 (15,000,000 shares @ 15%) and Tennant Consolidated Mining Group Pty Ltd ACN 645 263 547 (85,000,000 @ 85%).

On 17 September 2022, both Catalpa Management and Tennant Consolidated Mining Group divested or transferred their shares to the following entities/persons:

Entity/Individual	Shares
TA Private Capital Security Agent	31,018,260
Bronco Dino Pty Ltd - Bronco Dino No2 Trust	7,976,928
Andrew Alexander Fantela	2,410,295
The Morton Family Trust	4,591,037
The Petkar Trust	7,976,928
Tennant Resources Pty Ltd	568,229
Tembo Capital Holdings UK Limited	45,458,323
Total	100,000,000

On 10 November 2022, the Company entered into a convertible loan agreement with Tembo Capital Holding UK Limited to fund the operations under the following terms and conditions:

- The commitment amount (loan amount) of \$6,000,00 was to be converted into equity shares in either full or part as agreed upon;
- Interest at a rate of 10% would be payable each quarter; and
- Full repayment of the loan: within 12 months from the date of the agreement.

Pursuant to the agreement the Company (TNC) received \$6,000,000 from Tembo Capital Holdings UK Limited on 15 November 2022. On 16 December 2022 Tembo Capital Holdings UK Limited exercised the option to convert \$4,500,000 of loan amount along with interest to ordinary equity shares in the Company at \$0.07 per share. Accordingly, Tembo Capital Holdings UK Limited were allotted 64,831,702 shares on 16 December 2022 by the Board of Directors vide their meeting held on 16 December 2022.

Consequent to the conversion the revised share holdings is as follows:

Entity/Individual	Shares
TA Private Capital Security Agent	31,018,260
Bronco Dino Pty Ltd - Bronco Dino No2 Trust	7,976,928
Andrew Alexander Fantela	2,410,295
The Morton Family Trust	4,591,037
The Petkar Trust	7,976,928
Tennant Resources Pty Ltd	568,229
Tembo Capital Holdings UK Limited	110,290,025
Total	164,831,702

Share Sales Agreement with CopperCorp Pty Ltd on 22 September 2022

On 3 June 2022, the Company (TNC) entered into a non-binding agreement (Term Sheet) with CopperCorp Pty Ltd ("CopperCorp") and subsidiaries to purchase all the issued shares in CopperCorp Pty Ltd. Upon conditional, parties agree to enter a definitive agreement whereby TNC will acquire a 100% interest in CopperCorp by acquiring all of the sale shares which owns the tenements either directly, through Flamingo Copper Mines Pty Ltd or Mount Norma Mining Company Pty Ltd.

On signing the Term sheet:

1. TNC agrees to:
 - replace the environmental bonds within 45 days (being \$715,863) by way of replacing the cash backed term deposits held by CopperCorp;
 - pay the \$100,000 fee to CopperCorp;
 - Provide an appropriately qualified person as the Site Senior Executive;
 - assume all operational and environmental responsibility for the tenements, including submitting all required forms to the Government departments; and
 - pay all rates, rents and taxes associated with the tenements and ensure compliance at its cost with all minimum expenditure obligations.
2. CopperCorp agrees to:
 - deal exclusively with TNC until completion and do all reasonable things to assist TNC to complete the transaction;
 - provide copies of all CopperCorp corporate and mining information; and
 - provide any information reasonably requested by TNC until completion.

At the date of this financial report, the above conditions have been satisfied.

Subsequent to the term sheet, the company (TNC) entered into Share Sale Agreement on 22 September 2022 with the Shareholders of the CopperCorp Pty Ltd. The terms of the agreement are:

- Consideration which is to be apportioned between the Sellers in their respective proportions, is comprised of:
 - (a) 13,333,333 TNC Shares (consideration shares), which are anticipated to have a total value of at least \$4,000,000 immediately following the initial public offering of TNC shares on the applicable stock exchange;
 - (b) \$4,000,000 in immediately available funds payable in instalments of:
 - (i) \$2,000,000 on the date which is six months after the completion date; and
 - (ii) \$2,000,000 on date which is 12 months after the completion date, into a bank account nominated by Malone on behalf of the Sellers; and
 - (c) \$2,000,000 in immediately available funds payable if (and within 40 business days after) the condition subsequent has been satisfied, into a bank account nominated by Malone on behalf

of the Sellers.

- The sale and purchase of the shares is subject to the satisfaction (or waiver by mutual agreement between the parties) of conditions (conditions precedent) by 31 January 2023. If the conditions precedent are not satisfied (or waived by mutual agreement between the parties) by 31 January 2023 (cut-off date), either party may terminate this Agreement by 20 business days' notice in writing to the other party.
- Subsequent to the Share Sale Agreement dated 22nd September 2022, the company (TNC) entered a deed of variation on 1st March 2023 with the shareholders of CopperCorp to accommodate the requirement of the DEX Share Purchase Agreement. The deed of variation relevantly changed the following terms:
 - Consideration as described in paragraph (a) above is changed from 13,333,333 shares in True North Copper Pty Ltd to shares in Duke Exploration Limited with a total value of \$4 million;
 - The cut off date for satisfaction (or waiver) of conditions precedent is changed from 31 January 2023 to 31 March 2023.
 - The deed of variation also contained the consents required to be obtained under the CopperCorp Share Sale Agreement in order for TNC to enter into the DEX Share Purchase Agreement and participate in the Reverse Take Over.

Asset Sale Agreement – Mount Oxide Project - With Mount Oxide Pty Ltd and Perilya Freehold Mining Pty Ltd

On 5 August 2022, the Company entered into an agreement with Mount Oxide Pty Ltd and Perilya Freeholding Mining Pty Ltd to purchase assets listed below:

- The Tenements being *EPM 10313 (Mount Oxide)*, *EPM 14660 (Mount Oxide West #3)*, and *EPM 16800 (Mount Oxide South)*;
- the Environmental Authorities being EPPR00561513 (with respect to EPM 10313) (Mount Oxide), EPSX00527113 (with respect to EPM 14660) (Mount Oxide West #3), and EPSX00820713 (with respect to EPM 16800) (Mount Oxide South).
- the mining information and records;
- the benefit of the contracts;
- the plant and equipment;
- prepayments made by a Seller before completion; and
- the stock.

Consideration and allocation

The cash consideration, excluding GST, shall amount to \$46,000,000 and be paid as follows:

- Deposit \$1,000,000;
- Completion payment: \$30,000,000; and
- Deferred cash consideration of \$15,000,000.

The cash purchase price is allocated to the sale assets as follows:

- the tenements \$1,000,000;
- the plant and equipment and stock \$2,000,000; and
- the mining information \$43,000,000.

Exclusivity period

The exclusivity period will be for a period of 6 months which commences upon payment of the deposit by the Buyer (initial exclusivity period). In the event of unforeseen delays in the satisfaction of any of the conditions precedent or obtaining the SASAC Approval ("State-owned Assets Supervision and Administration Commission of the State Council of the Guangdong Province of the People's Republic of China), the Buyer may extend the exclusivity period by a further period of 3 months, by giving the Sellers written notice of its intention to extend the exclusivity period at any time prior to the expiry of the initial exclusivity period.

Financial assurance

On and from completion the Buyer will assume responsibility for the provision of the financial assurances.

Equipment Hire Agreement (Gold Processing Plant) with Tombola Tenements Pty Ltd

On 16 October 2022, the Company entered an agreement with Tombola Tenements Pty Ltd to provide the equipment (Gold Processing Plant) available to the hirer for processing their gold ore stockpile at the GAM facilities.

It was agreed that the hirer would carry out under this agreement:

- the recommissioning works;
- the operation, repair, maintenance or make good of the equipment; or
- the decommissioning works with decommissioning date as 15 April 2023.

Hire fee: \$110,000 (exclusive of GST) for each month of the hire fee period.

Hire fee period: the period starting on 14 November 2022 and ending at the later of the decommissioning end date and the date the hirer returns the equipment to the owner in accordance with the agreement.

Hire period: the period starting on the later of the recommissioning completion date and the date that all operational authorisations are obtained by the owner and ending on the expiry date.

Hirer's obligations

- A. The Hirer must undertake and complete the recommissioning works:
 - for the purpose of bringing the equipment to a high operational standard;
 - using new parts which are approved in writing by the owner and:
 - materially similar to the parts used in the equipment at the commencement date; and
 - which are of at least equal or better quality than the parts used in the equipment at the commencement date when they were new;
 - at its own cost and expense;
 - in accordance with Best Industry Practice;
 - in accordance with all applicable Laws and Codes and Standards;
 - using qualified and trained personnel, except as provided in this agreement; and
 - with due expedition and without delay.
- B. Except as provided in this agreement, the hirer must provide everything including personnel, materials, plant and equipment necessary to undertake the recommissioning works.
- C. The hirer must in undertaking the recommissioning works comply with all directions of the Site Senior Executive ("SSE") and Point of contact electrical work ("PCEW"), and observe all conditions, policies, regulations, rules, schemes or plans issued by the owner governing site activities, industrial relations, construction, safety and the environment.

- D. The hirer must provide an SSE and PCEW for the equipment and the relevant part of the owner's project area to enable the hirer to undertake the recommissioning works.

Asset Sale Agreement between TNC and Tombola Tenements Pty Ltd and Tombola Gold

On 15 September 2022, the Company entered into an Asset Sale Agreement with Tombola Tenements Pty Ltd to sell the following tenements along with relevant Environmental Authorities (EA), mining information and records and deed of novation for EPM15923, EPM12409 and ML100111.

The overall cash consideration is \$1,500,000 and is to be paid as follows:

- Non-refundable deposit of \$50,000 (which was received on 19 July 2022);
- Completion payment of \$450,000 (not yet received); and
- Deferred payment of \$1,000,000, payable by the Buyer once the Buyer has generated \$5,000,000 in revenue.

The following are the conditions which needs to be satisfied or waived as set out in the agreement:

- Approvals for the transfer of each tenement to the buyer received under the Mining Act;
- The removal of ML100111 from environmental authority applicable to M100077 and ML90236;
- The parties must prepare the Royalty Deed Variation and procure the execution of the Royalty Deed Variation by all parties to that deed, including Round Oak Minerals Pty Ltd. It is noted that the agreements also detail pre-completion documents which need to be completed by the Buyer and Seller;
- The Buyer will lodge this agreement with the Queensland Revenue Office for stamping, and will, following lodgement, provide evidence of such lodgement to the Seller;
- The Buyer will keep the Seller informed of any information request received by the Buyer from the Queensland Revenue Office in respect of the stamping of this agreement, including if any independent valuation of any of the Sale Assets is requested by the Queensland Revenue Office;
- If any independent valuation of any of the Sale Assets is requested by the Queensland Revenue Office, the Buyer will engage a valuer and will procure that any valuation be provided by the valuer. The Seller must provide all assistance (if any) reasonably required by the Buyer and / or the valuer to ensure that the requirements of this clause can be satisfied, and a valuation can be prepared;
- The Seller will deliver to the Buyer the transfer documents in respect of each tenement, in registrable form, duly executed by the Seller, together with any document reasonably required by the Buyer from the Seller to permit the registration of the transfer of the tenements to the Buyer; and
- A Tax invoice for Financial Provision Surety within 5 business days after receipt of a tax invoice or tax invoices by the Buyer from the Scheme Manager of the Financial Provisioning Scheme under the Mineral and Energy Resources (Financial Provisioning) Act 2018 (Qld), in respect of financial assurances associated with the Environmental Authorities, the Buyer will provide a copy of such tax invoice or invoices to the Seller.

Several additional documents are required to complete this transaction. These have been prepared (or are still to be prepared) but have not yet been fully executed. They include:

- Royalty Deed Variation (which has been executed by Round Oak Minerals but is awaiting execution by TNC and Tennant Consolidated Mining Group Pty Ltd);
- Novation of existing Access and Mineral Rights Deed in respect of EPM15923;
- Access and Mineral Rights Deed for Wallace South and Wallace North; and
- Various deeds of assignment and assumption for material contracts relating to the relevant tenements.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the financial period.

Matter or circumstances arising after the end of the period

Share Purchase Agreement with Duke Exploration (ASX:DEX)

Duke Exploration (ASX: DEX), TNC and the existing shareholders of TNC have entered into a share purchase agreement dated 24 February 2023 under which DEX will acquire 100% of the shares in TNC. The ASX may treat the transaction as a reverse takeover as the assets being acquired are significantly larger than Duke's assets.

True North has received a firm commitment for an equity capital raise of \$10,000,000 (before costs of the capital raise) from professional and sophisticated investors (TNC Capital Raising).

The share purchase is anticipated to be completed in May 2023.

Round Oak Agreements

In association with the acquisition of the TNC Tenements, TNC entered into an Asset Sale Agreement – Cloncurry Gold assets with Round Oak Minerals Pty Limited, Exco Resources Pty Ltd, Exco Resources (QLD) Pty Limited, and Tennant Consolidated Mining Group Pty Ltd (as TNC's guarantor) dated 31 July 2021, as varied on 24 August 2021, 23 December 2021 and 9 June 2022.

TNC's continuing obligations under the Asset Sale Agreement are to pay deferred consideration of:

- a) \$1,000,000 payable on each occasion production of a Commercially Saleable Quantity of ore is achieved from the area of any of the TNC Tenements: and
- b) \$2,000,000 on each occasion six months of continuous production of a Commercially Saleable Quantity of ore is achieved from the area of any of the TNC Tenements.

These payments are only required to be made once in relation to each TNC Tenement and the aggregate amount payable must not exceed a cap of \$6,000,000. A Commercially Saleable Quantity is defined to mean any quantity of ore produced for sale after completion from a TNC Tenement once: (1) the tenement has moved from the development phase into the production phase; and (2) revenue generated by TNC or any of its related bodies corporate from production of ore from the relevant tenement exceeds \$1,000,000.

In addition, TNC entered into a Royalty Deed dated 14 June 2022 with Round Oak Minerals Pty Ltd and Tennant Consolidated Mining Group Pty Ltd (as TNC's guarantor). The Royalty Deed provides for TNC to pay to Round Oak Minerals a royalty of 2% of the net smelter return (being the gross revenue less allowable deductions).

CopperCorp Pty Ltd and Mount Oxide Pty Ltd & Perilya Freehold Mining Pty Ltd Acquisitions

TNC, CopperCorp Pty Ltd the existing employees of CopperCorp and the existing shareholders of CopperCorp have entered into a share purchase agreement under which TNC will acquire 100% of the shares in CopperCorp. The share purchase is anticipated to be completed in May 2023.

TNC has entered into an asset sale agreement with Mount Oxide Pty Ltd and Perilya Freehold Mining Pty Ltd to purchase the Mount Oxide Tenements, together with associated assets. The asset sale is anticipated to be completed in May 2023.

Other Material Agreements

TNC has entered into the following agreements in relation to the TNC Tenements which are in place at the date of this Report:

- a) an Agreement (Financial Provisioning Scheme) with Dyda Property Management Pty Ltd dated 8 June 2022, relating to the provision of the environmental bonds for environmental authorities EPML00876013 and EPML00941713;
- b) an Equipment Hire Agreement (Gold Processing Plant) with Tombola Tenements Pty Limited and Tombola Gold Limited dated 16 October 2022, as varied on 24 January 2023, allowing Tombola Tenements the use of the gold processing plant located at the Great Australia Mine on ML 90065 and ML 90108 until the end of April 2023;
- c) an Option Deed with Tennant Consolidated Mining Group Pty Ltd (**TCMG**), under which TCMG has a limited option to purchase the gold processing plant located at the Great Australia Mine on ML 90065 and ML 90108 (which is excess to TNC's requirements).

Tombola Divestment

TNC has entered into an Asset Sale Agreement with Tombola Tenements Pty Limited and Tombola Gold Limited dated 15 September 2022. Under the Asset Sale Agreement, TNC will:

- a) transfer ownership of ML 100111 and EPM 12409 to Tombola Tenements;
- b) grant rights to Tombola Tenements in respect of gold resources on ML 100077 and ML 90236; and
- c) novate to Tombola the Access and Mineral Rights Deed between TNC and Exco Resources (QLD) Pty Ltd which relates to certain subblocks EPM 15923.

At the date of this Report, no completion date has been set for this transaction.

Environmental regulation

The Company's operations are regulated by the Environmental Protection Act 1994 (QLD). Other than as part of the standard conditions attaching to its Exploration and Mining Licences, the Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

The government issues Environmental Authorities ("EA's"), covering each Exploration or mining lease. An EA can cover one or more leases.

The Company currently holds nine EA's:

- EPML00876013 (Great Australian Mine – ML90065/ ML90108);
- EPML00941713 (Wallace/Wynberg – ML90236/ML100077/ML100111);
- EPSX00042813 (EPM12409);
- EPSX00346813 (EPM13137);
- EPSX00377013 (EPM18538);
- EPSX00858113 (EPM14295);
- EPSX04400816 (EPM26371);
- EPSX00282913 (EPM11675); and
- EPSL00075713 (ML2695).

The director confirms that the Company holds an EA for each of the above Exploration Permit Minerals (EPM) and all are current and in good standing.

Risks

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company.

All mining ventures are exposed to risks and the Company continues to monitor risks associated with current projects whilst also analysing the risks associated with any new opportunities.

The below risks are not exhaustive but are the minimum exposure areas observed by the Company. These risks may cover such areas as:

Economic

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development, and possible production activities, as well as on its ability to fund those activities.

Climate change

The Company recognises that physical and non-physical impacts of climate change may affect assets, productivity, markets, and the community. Risks related to the physical impacts of climate change include the risks associated with increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns. Non-physical risks and opportunities arise from a variety of policy, legal, technological and market responses to the challenges posed by climate change and the transition to a lower carbon world.

Title risk

This may specifically cover mining tenure whereby specific mining laws and legislation apply. These risks may include economic, social or exploration licensing, land access and environmental regulation, mine safety and labour relations etc.

Exploration risk

The Directors of the Company realise that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Company's tenements, or of any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

Any future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Environmental risks

The operations and proposed activities of the Company are subject to each project's jurisdiction, laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced

exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potential economically viable mineral deposits. The Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations, or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition, and results of operations.

Resource estimates

The Company's projects may contain JORC Code compliant resources. There is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's other tenements. Resource estimates are expressions of judgement 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. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of the Company's listed shares.

Access risks - Cultural heritage and native title

The Company must comply with various specific cultural heritage and native title legislation including access agreements which require various commitments, such as base studies and compliant survey work, to be undertaken ahead of the commencement of mining operations.

It is possible that some areas of those tenements may not be available for exploration due to cultural heritage and native title legislation or invalid access agreements. The Company may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or may be given on conditions which are not satisfactory to the Company.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure at this stage.

Liquidity risks

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the Company's current and future operations. The Company believes that all outstanding payables can be paid when due and there are no past due payables as at the balance date.

Commodity price risk

At 31 December 2022, the Company does not have any financial instruments subject to commodity price risk. However, the Company notes price fluctuations impact the potential commercial exploitation.

Foreign currency risk

At 31 December 2022, the Company is not exposed to foreign exchange currency risk at balance date.

Indemnity and insurance of the auditor

The Company has not, during the end of the financial period, indemnified or agreed to indemnify the auditor of the Company against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which any member of the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at the end of the Notes to the Financial Statements.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'MC', written over a horizontal line.

Martin Costello

True North Copper Pty Ltd

ACN: 652 408 378

ABN: 31 652 408 378

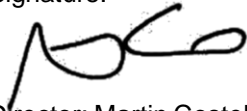
Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001; and
 - (a) Comply with Australian Accounting Standard AASB 134 Interim Financial Reporting as described in Note 1 to the financial reports and the Corporations Regulations 2001; and
 - (b) Give a true and fair view of the financial position of the Company as at 31 December 2022 and of its performance for the half-year ended on that date.
2. In the directors' opinions there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution approved by the Directors.

Signature:



Director: Martin Costello

Date: 21 March 2023

True North Copper Pty Ltd

ACN: 652 408 378

Statement of Profit or Loss and Other Comprehensive Income

For the period from 1 July 2022 to 31 December 2022

		1 July 2022 to 31 December 2022	29 July 2021 to 31 December 2021
	Note	\$	\$
Revenue			
Sales		422,833	-
Other income		371,525	-
		734,358	-
Expenses			
Administrative expenses		5,990	-
Employee benefits expense		434,457	-
Consultants		539,954	-
Legal expenses		222,948	-
Insurance		163,952	-
Fuel		140,544	-
Council rates		83,587	-
Travel & accommodation		74,496	-
Repairs & maintenance, chemicals and reagents		181,729	-
Environmental approval (EA) fee costs		197,590	-
Depreciation and amortisation expense		18,907	-
Tenement management costs		174,129	-
Project expenditure		405,196	-
Other expenses	2	86,746	-
Transaction expenses	2	153,025	-
Finance expenses	3	54,149	-
Total Expenses		2,937,399	-
Loss before income tax		(2,143,041)	-
Income tax expense		-	-
Loss for the period		(2,143,041)	-
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the period		(2,143,041)	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

True North Copper Pty Ltd

ACN: 652 408 378

Statement of Financial Position

As at 31 December 2022

		31 December 2022	30 June 2022
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	510,205	53,439
GST receivable		80,599	356,568
Trade and other receivables	5	435,884	-
Deposits	6	1,265,500	153,000
Prepayments	7	475,426	524,443
Assets held for sale		370,000	-
TOTAL CURRENT ASSETS		3,137,614	1,087,450
NON-CURRENT ASSETS			
Property, plant and equipment	8	419,221	200,000
Right of use asset	15	439,469	-
Exploration, evaluation and development assets	9	6,430,000	6,800,000
TOTAL NON-CURRENT ASSETS		7,288,690	7,000,000
TOTAL ASSETS		10,426,304	8,087,450
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	598,063	45,846
Employee benefits	11	122,546	3,818
Accrued expenses	12	27,500	221,708
Lease liability	15	72,378	-
Borrowings	13	215,921	240,636
TOTAL CURRENT LIABILITIES		1,036,408	512,009
NON-CURRENT LIABILITIES			
Borrowings	13	4,337,132	5,286,933
Deferred payments	14	6,000,000	6,000,000
Lease liability	15	369,078	-
TOTAL NON-CURRENT LIABILITIES		10,706,210	11,286,933
TOTAL LIABILITIES		11,742,618	11,798,942
NET LIABILITIES		(1,316,314)	(3,711,492)
EQUITY			
Issued capital		4,538,319	100
Accumulated losses		(5,854,633)	(3,711,592)
TOTAL EQUITY		(1,316,314)	(3,711,492)

The above statement of financial position should be read in conjunction with the accompanying notes.

True North Copper Pty Ltd

ACN: 652 408 378

Statement of Changes in Equity

For the period from 1 July 2022 to 31 December 2022

31 December 2022

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2022	100	(3,711,592)	(3,711,492)
Total other comprehensive income for the period	-	(2,143,041)	(2,143,041)
	-	-	-
Transactions with owners in their capacity as owners			
Shares issued during the period, net of costs	4,538,219	-	4,538,219
Transfers from reserves	-	-	-
Convertible notes issued during the period (net of costs)	-	-	-
Balance at 31 December 2022	4,538,319	(5,854,633)	(1,316,314)

31 December 2021

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 29 July 2021	100	-	100
Total other comprehensive income for the period	-	-	-
	-	-	-
Transactions with owners in their capacity as owners			
Shares issued during the period, net of costs	-	-	-
Transfers from reserves	-	-	-
Convertible notes issued during the period (net of costs)	-	-	-
Balance at 31 December 2021	100	-	100

The above statement of changes in equity should be read in conjunction with the accompanying notes.

True North Copper Pty Ltd

ACN: 652 408 378

Statement of Cash Flows

As at 31 December 2022

		31 December 2022	31 December 2021
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		374,443	-
Payments to suppliers and employees		(1,524,654)	-
Net cash provided by/(used in) operating activities	18	(1,150,211)	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of investments		7,710	-
Payment for property, plant and equipment		(430,419)	-
Other cash items from investing activities		(1,125,811)	-
Net cash provided by/(used in) investing activities		(1,548,520)	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		-	100
Repayment of borrowings		(4,815,495)	-
Repayment of lease liability		(9,008)	-
Proceeds from borrowings		7,980,000	-
Net cash provided by/(used in) financing activities		3,155,497	100
Net increase/(decrease) in cash and cash equivalents held	5	456,766	100
Cash and cash equivalents at beginning of year		53,439	-
Cash and cash equivalents at end of financial year		510,205	100

The above statement of cash flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

1. Basis of preparation

True North Copper Pty Ltd (True North Copper or the Company) is a company limited by shares, incorporated and domiciled in Australia.

The financial statements are presented in Australian Dollars, which is the Company's functional and presentation currency.

The financial report of the Company for the half-year ended 31 December 2022 was authorised for issue by the Directors on 20 March 2023.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

The annual financial report of the Company as at and for the year ended 30 June 2022 is available upon request from the Company's registered office.

a) Statement of compliance

The financial statements are general-purpose financial statements that have been prepared in accordance with AASB 134 Interim Financial Reporting and the requirements of the Corporation Acts 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report. It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and considered together with any public announcements made by the Company during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial report has been prepared on a historical cost basis except for financial assets which are measured at fair value through profit and loss.

Apart from the changes in accounting policy in note 2(c), the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

b) Basis of measurement

The financial statements have been prepared on an accrual basis and are based on historical costs unless stated otherwise. The financial statements are presented in Australian dollars.

c) Adoption of new and revised accounting standards

The Company has adopted all of the new, revised or amending Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations and mandatory in the 31 December 2022 reporting period.

Any new, revised or amending Australian Accounting Standards or Interpretation that are not yet mandatory for 31 December 2022 reporting period have not been early adopted.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2022, other than the adoption of additional accounting policies set out below:

Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the asset.

Right-of-use assets are depreciated on a straight-line method from the commencement date to the end of the lease term. The lease liability is measured at the present value of the lease payments discounted at the Company's incremental borrowing rate. Lease payments include fixed payments, and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Revenue Recognition

Sale of goods

Revenue from the sale of goods is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. All revenue is stated net of the amount of goods and services tax (GST). Revenue is measured net of any discounts, rebates and other price concessions, and net of the estimated amount of refunds for returned goods.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

Property, plant and equipment

The following useful lives are used in the calculation of depreciation:

Land	N/A	
Computer equipment	40% – 100%	Diminishing Value Method
Furniture and fittings	0 – 5 years	Straight Line Method
Kitchen equipment	20%	Diminishing Value Method
Leasehold Improvements	5 years	Straight Line Method
Machinery, Plant and Equipment		
- Bladder equipment	10 years	Straight Line Method
- Other	33%	Diminishing Value Method
Office Equipment	40%	Diminishing Value Method

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

d) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

For the period from 1 July 2022 to 31 December 2022, the Company reported a loss of \$2,143,041 and net cash used from operating activities of \$1,150,211. As at 31 December 2022 the Company is in a working capital surplus position of \$2,101,206 and has cash and cash equivalents of \$510,205. As the Company is in the pre-operational phase, it is reliant on obtaining additional funding to continue its operations, meets its ongoing obligations and execute its strategy.

These conditions give rise to material uncertainty which may cast doubt over the Company's ability to continue as a going concern. The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The directors are aware of the current situation of the company and its need for funding. The directors are currently managing the activities to allow the company to continue as a going concern. Subsequent to financial period ended 31 December 2022.

Duke Exploration (ASX: DEX), TNC and the existing shareholders of TNC have entered into a share purchase agreement dated 24 February 2023 under which DEX will acquire 100% of the shares in TNC. The ASX may treat the transaction as a reverse takeover as the assets being acquired are significantly larger than Duke's assets. As a part of condition precedent, True North raised an equity share capital \$10,000,000 (before costs of the capital raise) from professional and sophisticated investors (TNC Capital Raising) on 28th February 2023. The share purchase is anticipated to be completed in May 2023.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

The Directors are confident that the Company can continue as a going concern and as such are of the opinion that the financial statements have been appropriately prepared on a going concern basis.

Should the company's funding plans not be achieved and is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classifications of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Company currently has long-term borrowings with at a nominal fixed interest rate of 1% and accordingly is not exposed any fluctuation of interest rate as it is a fixed rate.

Credit Risk Exposures

The Company has no significant credit risk exposure.

Foreign Currency Risk Exposure

The Company has no significant foreign currency risk exposure.

Fair Value

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

2. Results for the period

Included in the statement of profit and loss and other comprehensive income are the following expenses:

	1 July 2022 to 31 December 2022	29 July 2021 to 31 December 2021
	\$	\$
<i>Administrative expenses:</i>	-	-
Accounting fees	5,990	-
Audit fees	-	-
Director fees	-	-
Other	-	-
Total administrative expenses	5,990	-

	1 July 2022 to 31 December 2022	29 July 2021 to 31 December 2021
	\$	\$
Transactions expense	-	-
Stamp duty	153,025	-
Holding cost	-	-
	153,025	-

	1 July 2022 to 31 December 2022	29 July 2021 to 31 December 2021
	\$	\$
Other expenses		
Office expenses	6,367	-
ICT expenses	19,781	-
Conferences & training, PPE	7,949	-
Contractors	32,448	-
Utilities	5,255	-
Other	14,945	-
Total other expenses	86,746	-

3. Finance expenses

	1 July 2022 to 31 December 2022	29 July 2021 to 31 December 2021
	\$	\$
Bank fees	156	-
Interest expense	53,993	-
Total finance expenses	54,149	-

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

4. Cash and cash equivalents

	31 December 2022	30 June 2022
	\$	\$
Cash in hand	100	100
Cash at bank	510,106	53,239
Total cash and cash equivalents	510,206	53,339

Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	31 December 2022	30 June 2022
	\$	\$
Cash and cash equivalents	510,206	53,339

5. Trade and other receivables

	31 December 2022	30 June 2022
	\$	\$
Accounts receivable	435,884	-
Total accounts receivable	435,884	-

6. Deposits

	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Exclusivity deposit - CopperCorp Pty Ltd	100,000	100,000
Deposit - Mount Oxide Project	1,000,000	-
Queensland Treasury Bond	60,500	53,000
Cloncurry Shire Council Bond	25,000	-
Charthel Developments Pty Ltd (Leasehold deposit)	30,000	-
Westpac Banking Corporation (Credit card security)	50,000	-
Less accumulated impairment	-	-
Current deposits	1,265,500	153,000

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

7. Prepayments

	31 December 2022	30 June 2022
	\$	\$
Prepayments	475,426	524,441
Total prepayments	475,426	524,441

8. Property, plant and equipment

PLANT AND EQUIPMENT

	31 December 2022	30 June 2022
	\$	\$
Computer equipment	43,994	-
Less accumulated depreciation on computer equipment	(5,701)	-
Total computer equipment	38,293	-
Furniture and fittings	31,179	-
Less accumulated depreciation on furniture and fittings	(2,750)	-
Total furniture and fittings	28,428	-
Kitchen equipment	772	-
Less accumulated depreciation on kitchen equipment	(17)	-
Total kitchen equipment	754	-
Office equipment	2,586	-
Less accumulated depreciation on office equipment	(152)	-
Total office equipment	2,435	-
Machinery, plant & equipment	15,569	-
Less accumulated depreciation on machinery, plant and equipment	(261)	-
Total machinery, plant and equipment	15,308	-
Leasehold improvements	136,319	-
Less accumulated depreciation on leasehold improvements	(2,316)	-
Total leasehold improvements	134,003	-
Land		
Roxmere road	200,000	200,000
Total land	200,000	200,000
Total property, plant and equipment	419,221	200,000

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

9. Exploration, evaluation and development assets

	31 December 2022	30 June 2022
	\$	\$
Cloncurry mining tenements	3,030,000	3,400,000
Capitalised mining information and infrastructure	<u>3,400,000</u>	<u>3,400,000</u>
Total exploration, evaluation and development assets	<u>6,430,000</u>	<u>6,800,000</u>

The acquisition of tenements, mining information, mining records, plant and equipment from Round Oak Minerals Pty Ltd is valued at \$6,800,000. The valuation of mining information/interest of \$3,400,000 is obtained from the Commissioner Assessment Notice issued by the Queensland Government under the Transfer Duty Provisions on 25 March 2022. The balance of \$3,400,000 which the Company has paid for tenements and infrastructure is provided below.

Mining Licenses			
ML 90065	ML 90108	ML 2695	ML 90236
ML 100077	ML 100111		
Exploration Permit - Minerals			
EPM 12409	EPM 13137	EPM 18538	EPM 14295
EPM 26371	EPM 11675		

Reconciliation of the carrying amounts of exploration, evaluation and development assets at the beginning and end of the current financial year:

31 December 2022	\$
Opening carrying amount	6,800,000
Additions	-
Classified as held for sale	<u>(370,000)</u>
Closing carrying amount	<u>6,430,000</u>
	\$
30 June 2022	
Opening carrying amount	-
Additions	6,800,000
Disposals	<u></u>
Closing carrying amount	<u>6,800,000</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

10. Trade and other payables

Trade and other payables are unsecured, non-interest bearing, and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Trade payables	530,437	45,846
Deposits received - Tombola Gold	67,566	-
Total current trade and other payables	598,063	45,846

11. Employee benefits

	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Liabilities - PAYG & Superannuation payable	122,546	3,819
	122,546	3,819

12. Accrued expenses.

	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Accounting fees	27,500	27,500
Consulting fees	-	175,840
Mineral estimate fees	-	18,368
Total accrued expenses	27,500	221,708

Accrued expenses is in respect to costs incurred as at 31 December 2022 but not yet reflected in trade and other payables through the receipt of invoices.

13. Borrowings

	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Insurance premium funding	215,423	240,636
Other	498	-
Total current borrowing	215,921	240,636

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

NON-CURRENT

Unsecured billings:

Loan from Tennant Consolidated Mining Group Pty Ltd	2,817,817	5,286,933
Loan from Tembo Capital Holdings UK Limited	1,519,315	-
Total borrowings	4,337,132	5,286,933

The loan from parent company, Tennant Consolidated Mining Group Pty Ltd is unsecured, non-interest bearing and repayable upon demand.

The loan from Tembo Capital Holdings UK Limited is incurring interest at 10% per annum. The loan is secured by the Personal Property Securities Act 2009 over the project assets which includes tenements under the Round Oak Project and all other tenements. The loan and any unpaid interest amount can be converted into shares for any pre-IPO funding round undertaken by the Company and such other price agreed in writing between the Company and the lender.

14. Deferred payments.

	31 December 2022	30 June 2022
	\$	\$
NON-CURRENT		
Deferred payments	6,000,000	6,000,000
Total deferred payments	6,000,000	6,000,000

This amount is payable to Round Oak Minerals Pty Ltd which is deferred consideration for purchase of tenements and mining information for Great Australian Mine assets. Refer to Note 9 for further details.

15. Lease

	31 December 2022	30 June 2022
	\$	\$
NON-CURRENT ASSETS		
Right of use asset	447,179	-
Less accumulated depreciation on right of use asset	(7,710)	-
Total right of use asset	439,469	-

NON-CURRENT LIABILITY

Level 9, Citi Central Tower, 46-48 Sheridan Street	369,078	-
Total Right of Use Assets	369,078	-

The loan is secured by the Personal Property Securities Act 2009 over the project assets which includes tenements under the Round Oak Project and all other tenements. The loan and any unpaid interest amount can be converted into shares for any pre-IPO funding round undertaken by the Company and such other price agreed in writing between the Company and the lender.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

16. Commitments and contingent liabilities

- a) As a requirement of Asset Sale Agreement – Cloncurry Assets and to meet statutory requirements for financial assurances in respect of the Cloncurry tenements, True North Copper had to provide bank guarantees for a total amount of \$14,682,003 and comprising:

1. \$12,749,866 in relation to Environmental Authority No. EPML00876013; and
2. \$1,932,137 in relation to Environmental Authority No. EPML00941713.

It was also agreed that such an amount would be reduced if the financial assurance required in respect of Environmental Authority No. EPML00876013 or Environmental Authority No. EPML00941713 is reduced and on the basis that it is considered unlikely the Buyer will qualify for the Financial Provisioning Scheme.

To provide bank guarantees, the Company (True North Copper) entered a financial facility arrangement with Dyda Property Management Pty Ltd. Dyda Property Management have procured two bank guarantees for the above amounts which have been provided by Westpac Banking Corporation to Queensland Treasury, pursuant to the agreement with True North Copper.

- b) Commitments –
- I. for tenements and any royalties to be paid to the seller of Round Oak and Cloncurry Assets.

The company has tenements rental and expenditure commitments of:

	31 December 2022	30 June 2022
	\$	\$
Payable		
- not later than 12 months	464,654	246,210
- between 12 months and 5 years	717,353	1,090,247
- greater than 5 years	-	-
	<u>1,183,007</u>	<u>1,336,457</u>

17. Financial Risk Management

The Company has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

Remaining contractual maturities

The following table details the Company's remaining contractual maturity for its financial instrument liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The table includes both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weight average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	530,497	-	-	-	530,497
Deposit received	-	67,566	-	-	-	67,566
Total non-derivatives	-	598,063	-	-	-	598,063
Borrowings						
Insurance premium funding	4.25%	215,423	-	-	-	215,423
Loan from parent company (Tennant Consolidated Mining Group Pty Ltd)	-	2,817,817	-	-	-	2,817,817
Loan from Tembo Capital Management Limited	10.00%	1,519,315	-	-	-	1,519,315
Total borrowings		4,552,555	-	-	-	4,552,555
Deferred payment						
Deferred payment to Round Oak Minerals Pty Ltd	-	-	-	6,000,000	-	6,000,000
Total deferred payment	-	-	-	6,000,000	-	6,000,000

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from transactions with customers and investments.

Cash deposits

The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the Company currently has no significant concentrations of credit risk.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Company holds financial instruments which are other than the AUD functional currency of the Company.

(ii) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

18. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by Stantons International Audit and Consulting Pty Ltd, the auditor of the Company:

	31 December 2022
	\$
<i>Audit services – Stantons International Audit and Consulting Pty Ltd</i>	
Audit of the financial statements	<u>20,000</u>

19. Subsequent events

Tembo Capital Holdings UK Limited:- Conversion of balance loan amount into equity shares.

On 10 November 2022, the Company entered into a convertible loan agreement with Tembo Capital Holding UK Limited. Pursuant to the agreement the Company (TNC) received \$6,000,000 from Tembo Capital Holdings UK Limited on 15 November 2022.

On 16 December 2022 Tembo Capital Holdings UK Limited exercised the option to convert \$4,500,000 of loan amount along with interest to ordinary equity shares in the Company at \$0.07 per share. Accordingly, Tembo Capital Holdings UK Limited were allotted 64,831,702 shares on 16 December 2022 by the Board of Directors vide their meeting held on 16 December 2022.

Subsequently On 10 February 2023 Tembo Capital Holdings UK Limited exercised the option to convert \$1,500,000 of loan amount along with interest to ordinary equity shares in the Company at \$0.14 per share.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

Accordingly, Tembo Capital Holdings UK Limited were allotted 10,974,152 shares on 10 February 2023 by the Board of Directors vide their meeting held on 3 March 2023.

Consequent to the conversion the revised share holdings is as follows

Entity/Individual	Shares
TA Private Capital Security Agent	31,018,260
Bronco Dino Pty Ltd - Bronco Dino No2 Trust	7,976,928
Andrew Alexander Fantela	2,410,295
The Morton Family Trust	4,591,037
The Petkar Trust	7,976,928
Tennant Resources Pty Ltd	568,229
Tembo Capital Holdings UK Limited	121,264,177
Total	175,805,854

Share Purchase Agreement with Duke Exploration (ASX:DEX)

Duke Exploration (ASX: DEX), TNC and the existing shareholders of TNC have entered into a share purchase agreement dated 24 February 2023 under which DEX will acquire 100% of the shares in TNC. The ASX may treat the transaction as a reverse takeover as the assets being acquired are significantly larger than Duke's assets.

As a part of condition precedent, True North raised an **equity share capital \$10,000,000** (before costs of the capital raise) from professional and sophisticated investors (TNC Capital Raising) on 28th February 2023. The share purchase is anticipated to be completed in May 2023.

Consequent to the capital raise revised share holdings is as follows

Entity/Individual	Shares
TA Private Capital Security Agent	31,018,260
Bronco Dino Pty Ltd - Bronco Dino No2 Trust	7,976,928
Andrew Alexander Fantela	2,410,295
The Morton Family Trust	4,591,037
The Petkar Trust	7,976,928
Tennant Resources Pty Ltd	568,229
Tembo Capital Holdings UK Limited	121,264,177
Professional and Sophisticated Investors (38 Pax)	71,428,574
Total	247,234,428

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

20. Equity

	December 2022 \$	June 2022 \$
Issued capital		
164,831,702 (June 2022: 100) Ordinary fully paid shares	4,538,319	100
	December 2022	
	Number	\$
Movement in ordinary shares on issue		
Balance at beginning of the period	100	100
Stock split and redistribution 1 shares for 1,000,000 new shares	99,999,900	0
Loan conversion by Tembo Capital Holdings UK Limited	64,831,702	4,538,219
Balance at end of the period	164,831,702	4,538,319

21. Related party transactions

	December 2022 \$	June 2022 \$
Outstanding receivables from related party	-	-
Outstanding loan provided to related party	-	-
Outstanding payables to related party	-	-
Outstanding loan received from related party	2,817,817	5,286,933
	2,817,817	5,286,933
Sales to related party	-	-
Purchase from related party	-	-
	-	-

Auditor's Independent Declaration



PO Box 1908
West Perth WA 6872
Australia
Level 2, 40 Kings Park Road
West Perth WA 6005
Australia
Tel: +61 8 9481 3188
Fax: +61 8 9321 1204
ABN: 84 144 581 519
www.stantons.com.au

21 March 2023

Board of Directors
True North Copper Pty Ltd
Level 9, Citi Central Tower
46-48 Sheridan Street
Cairns City QLD 4870

Dear Sirs

RE: TRUE NORTH COPPER PTY LTD

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of True North Copper Pty Ltd.

As Audit Director for the review of the financial statements of True North Copper Pty Ltd for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tiroidkar
Director

Liability limited by a scheme approved under Professional Standards Legislation



Stantons is a member of the Russell
Bedford International network of firms

Independent Auditor's Report



PO Box 1908
West Perth WA 6872
Australia
Level 2, 40 Kings Park Road
West Perth WA 6005
Australia
Tel: +61 8 9481 3188
Fax: +61 8 9321 1204
ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRUE NORTH COPPER PTY LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of True North Copper Pty Ltd, which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of True North Copper Pty Ltd does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of True North Copper Pty Ltd's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 21 March 2023.

Responsibility of the Directors for the Financial Report

The directors of True North Copper Pty Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Liability limited by a scheme approved under Professional Standards Legislation



Stantons is a member of the Russell Bedford International network of firms

Independent Auditor's Report



Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirotkar
Director

West Perth, Western Australia
21 March 2023