



Market Announcement

24 January 2024

Attached for the information of the market are ASX's query letter dated 18 January 2024 to True North Copper Limited ('TNC') and TNC's response dated 24 January 2024, respectively.

ASX's enquiries are ongoing.



24 January 2024

Ms Angel He

Senior Adviser, Listings Compliance

Dear Ms He

RE: ASX Query email dated 18 January 2024

We refer to your follow up email of 18 January 2024 regarding an Aware Query and respond as follows listing ASX questions and the Company's response:

1. Does TNC consider TNC's inability to meet its production estimate of 160t to 300t in the December 2023 quarter (the 'Information') to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

2. If the answer to question 1 is "no", please advise the basis for this view.

TNC is of the view that a reasonable person would not expect the Information to have a material effect on the price or value of its securities.

This view is formed on the basis that:

- Copper sulphate production from existing stockpiled ore at Mt Norma comprises a small portion of TNC's overall project profile and is ancillary to TNC's key assets, being the Cloncurry Copper Project (**CCP**) and the Mt Oxide project. TNC was admitted to the official list of the ASX on the basis that it is a mineral exploration entity, not a mining producing entity. Since re-listing, TNC's primary focus has been on the exploration and development of its two key assets, being the CCP and the Mt Oxide project. The Company also notes that \$30m of the \$37.5m raised under the May 2023 Prospectus was used to pay for the undeveloped Mt Oxide Resource. TNC's copper sulphate production from existing Mt Norma stockpiles is an ancillary focus, which has the potential to generate some cash-flow, however, is expected to comprise less than 10% of production from the CCP and significantly less across the life of all of TNC's projects. TNC expects greater than 97% of production to be in the form of sulphide concentrate across the life of its projects. In light of this, TNC did not consider that a reasonable person would expect the Information, which relates to a small part of TNC's asset portfolio, to have a material effect on the price or value of its securities.



- TNC is advancing studies which are near completion which contemplate a mining restart for the CCP which will produce 39,645 payable copper tonnes and potential net revenue of A\$524m over a mine life of nearly 6 yrs. This corresponds to an average annual production of over 7,000 tonnes of copper per year, and annual average net revenue of A\$93.6M per year. Future production from the Mt Oxide resource is in addition to this – very early modelling suggests Mt Oxide will produce a minimum of 80,000 payable copper tonnes from an underground operation. The Company highlights that:
 - The 70.38 tonnes of production in the Dec 2023 quarter represents 0.18% of the forecast total production and 0.99% of the forecast annual production from the CCP;
 - The 90 tonne shortfall in the Dec 2023 quarter represents 0.22% of the forecast total production and 1.2% of the forecast annual production from the CCP.
- TNC’s inability to meet the production estimate was not attributable to a material or catastrophic failure event at the operations. As previously disclosed (ASX announcement dated 15 January 2024) there were several events that occurred during December which led to Q2 of FY24 production being less than operationally expected. These events included severe lightning storms and subsequent fires late in the month and early new year which impacted Cloncurry. Input from supercell storms also introduced a high volume of rainfall over short periods to the pregnant leach solution. The lightning resulted in a number of temporary safety shutdowns and associated low duration power outages. TNC didn’t consider that each of these events were significant enough by themselves, to be information that a reasonable person would expect to have a material effect on the price or value of its securities;
- The impact of these events has not been a loss of production or associated revenue from operations, production and revenue has only been delayed. The existing stockpiled ore which wasn’t processed due to the events referred to above will be processed in future periods. The total delayed revenue for Q2 of FY24 is approximately \$1,000,000 which represents 1.1% of forecast average annual revenue from the CCP based on the mining study.

While TNC’s view is that the Information did not constitute market sensitive information, TNC received advice from the ASX on Friday afternoon, 12 January 2024, and considered that it was prudent to then prepare an announcement regarding production statistics which was released on Monday, 15 January 2024. TNC initially planned to release the production information in the upcoming December quarterly report as it did for the previous quarter.

3. When did TNC first become aware that TNC would not meet its production estimate of 160t to 300t in the December 2023 quarter?

TNC became aware of the December 2023 quarter result as a part of end of month reconciling and reporting during the week of the 8th of January 2024 when normal office hours resumed.



4. If the answer to question 1 is “yes” and TNC first became aware of the Information before the date of the Announcement, did TNC make any announcement prior to the date of the Announcement which disclosed the Information?

Not applicable.

- 4.1. If so, please provide details.

Not applicable.

- 4.2. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe TNC was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps TNC took to ensure that the Information was released promptly and without delay.

Not applicable.

5. What was TNC's copper metal production in each of the following months:

- 5.1. October 2023 24.87t
5.2. November 2023 26.82t
5.3. December 2023 18.78t

6. Please provide the basis and/or grounds for TNC maintaining its production estimate of 160t to 300t in the December 2023 quarter on:

- 6.1. 24 November 2023 (paragraph C); and
6.2. 22 December 2023 (paragraph D)

With reference to 24 November 2023 (paragraph C), TNC had no indication that production would be hampered by multiple minor equipment and power issues.

In addition, TNC expected production to significantly increase as per external metallurgical advice received regarding production. The main operation changes were increased process volumes within the circuit as well as the addition of Heap 5 being brought online.

This is particularly relevant with respect to disclosure made on the 22 December 2023 (paragraph D). Heap 5 came online on 21 December 2023. The addition of Heap 5 and as well as the Heap 6 significantly increased the amount of soluble copper within the process circuit (reference ASX announcement 15 January 2024- Copper levels Heap 6- 0.66g/L Heap 5- 1.21g/L).

7. What enquiries did TNC make to satisfy itself that the production estimate of 160t to 300t in the December 2023 quarter remained accurate and achievable?



TNC has complemented its own processing team with independent external metallurgical consultants to assist with the operation of SX plant. The production forecast developed by the independent external consultants, was specifically tailored to the prior metallurgical testing of the ore as well as SX plant itself.

TNC relied on advice received from its processing team which reflected the previous independent metallurgical advice of a substantial increase in copper production due to the operational factors outlined above.

8. Please confirm that TNC is complying with the Listing Rules and, in particular, Listing Rule 3.1.

TNC's is complying with the Listing Rules, including Listing Rule 3.1.

9. Please confirm that TNC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TNC with delegated authority from the board to respond to ASX on disclosure matters.

In accordance with TNC's continuous disclosure policy, TNC's response to the questions above have been authorised and approved by the Managing Director who has delegated authority from the board to respond to ASX on disclosure matters.

Kind Regards

A handwritten signature in black ink, appearing to read "Marty Costello".

Marty Costello
Managing Director



18 January 2024

Reference: 86881

Mr Paul Frederiks
Company Secretary
True North Copper Limited
Level 9
Citi Central Tower
46-48 Sheridan Street
Cairns City QLD AU

By email only.

Dear Mr Frederiks

True North Copper Limited ('TNC'): General – Aware Query

ASX refers to the following:

- A. TNC's Quarterly Activities Report for the period ended 30 September 2023, lodged on the ASX Market Announcements Platform ('MAP') on 31 October 2023, which disclosed the following:

"Forecast production for Q4 2023 is 160t to 300t of copper metal with increased material under leach, and as the processing consistency and operational capacity improvements continue."

- B. TNC's Appendix 5B for the period ended 30 September 2023 and lodged on MAP on 31 October 2023. In response to the question in Item 8.8.1 of the Appendix 5B, querying if TNC expected to be able to continue its operations and to meet its business objectives, TNC disclosed:

"Yes - The Company expects Increased revenue with forecast production in the December quarter is 160 - 300t of copper metal as operations continue to ramp up the sale of high-quality copper sulphate product."

- C. TNC's announcement titled "Prospectus", lodged on MAP on 24 November 2023, which disclosed on page 15 that (emphasis added):

*"The Company commenced copper sulphate production in July 2023, post completion of the SX Crystal Plant refurbishment and commissioning works. TNC successfully sold 25.6t of copper for AUD \$350k in Q3 2023. The operation continues to ramp-up and is approaching commercial production levels. **In the Company's quarterly activities report dated 31 October 2023, it provided a copper sulphate production estimate for Q4 2023 of 160t to 300t of copper metal.***

*While the Company **currently expects that it will achieve that production estimate**, factors outside of the Company's control may intervene to prevent the Company from doing so. **Failure of the Company to achieve this production estimate could have a material adverse effect** on any or all of its future cash flows, results of operations and financial condition."*

- D. TNC's announcement titled "Prospectus", lodged on MAP on 22 December 2023, which disclosed on page 16 that (emphasis added):

*"The Company commenced copper sulphate production in July 2023, post completion of the SX Crystal Plant refurbishment and commissioning works. TNC successfully sold 25.6t of copper for AUD \$350k in Q3 2023. The operation continues to ramp-up and is approaching commercial production levels. **In the Company's quarterly activities report dated 31 October 2023, it provided a copper sulphate production estimate for Q4 2023 of 160t to 300t of copper metal.***

While the Company currently **expects that it will achieve that production estimate**, factors outside of the Company's control may intervene to prevent the Company from doing so. Failure of the Company to achieve this production estimate could have a material adverse effect on any or all of its future cash flows, results of operations and financial condition."

- E. TNC's response, dated 12 January 2024, to ASX's email queries dated 4 January 2024, which disclosed that (relevantly, emphasis added):

"TNC's copper metal production for the December 2023 quarter was 70.38t of copper metal production for December quarter (288.612t @ 24.39%). Production was below forecast due to various unforeseen plant breakdowns including in the crusher, pump failures and agitator failures. Extreme weather conditions at Cloncurry also curtailed plant efficiency."

ASX observes that TNC's copper metal production for the December 2023 quarter was less than half of the low-end of production estimate of 160t to 300t disclosed on 31 October 2023, 24 November 2023 and 22 December 2023.

- F. TNC's announcement titled "Q4 2023 SX Operations Update, Cloncurry", lodged on MAP on 15 January 2024 (the 'Announcement'), which disclosed that TNC "achieved copper metal production for Q4 2023 of 70.38t (288.612t of copper sulphate @ 24.39% Cu)" and that (emphasis added):

"Q4 2023 production was less than operationally expected due to several events during late November 2023 and throughout December 2023. These included:

- A change in TNC's operational power supply source (Total Generators to Aggreko) resulting in unforeseen harmonics issues.
- Failure of the tank agitator in TK5.
- Reduction of crystal formation due to severe heat conditions including more than 23 days >40 degrees Celsius in December 2023 (see <http://www.bom.gov.au/places/qld/cloncurry/>), and a plant heat exchange failure"

- G. TNC's share price on 15 January 2024, which closed down 15.63% to 8.1 cents after hitting an intraday low of 8 cents.
- H. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- I. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- J. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;
- The information concerns an incomplete proposal or negotiation;

- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.”*

K. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for information

Having regard to the above, ASX asks TNC to respond separately to each of the following questions and requests for information:

1. Does TNC consider TNC’s inability to meet its production estimate of 160t to 300t in the December 2023 quarter (the ‘Information’) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for this view.
3. When did TNC first become aware that TNC would not meet its production estimate of 160t to 300t in the December 2023 quarter?
4. If the answer to question 1 is “yes” and TNC first became aware of the Information before the date of the Announcement, did TNC make any announcement prior to the date of the Announcement which disclosed the Information?
 - 4.1 If so, please provide details.
 - 4.2 If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe TNC was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps TNC took to ensure that the Information was released promptly and without delay.
5. What was TNC’s copper metal production in each of the following months:
 - 5.1 October 2023
 - 5.2 November 2023
 - 5.3 December 2023
6. Please provide the basis and/or grounds for TNC maintaining its production estimate of 160t to 300t in the December 2023 quarter on:
 - 6.1 24 November 2023 (paragraph C); and
 - 6.2 22 December 2023 (paragraph D).

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7. What enquiries did TNC make to satisfy itself that the production estimate of 160t to 300t in the December 2023 quarter remained accurate and achievable?
 8. Please confirm that TNC is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 9. Please confirm that TNC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TNC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEDT Wednesday, 24 January 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TNC's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require TNC to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading Halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in TNC's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in TNC's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to TNC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that TNC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance