

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

TRUE NORTH COPPER LIMITED

ABN

28 119 421 868

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	766	1,117
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(1,898)	(3,381)
(d) staff costs	(2,125)	(3,669)
(e) administration and corporate costs	(2,892)	(4,846)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	18
1.5 Interest and other costs of finance paid	(234)	(234)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – GST and Fuel tax credits received	425	1,489
1.8 Other - Fee to Procure bond *	-	(1,114)
1.8 Other – Environmental & Compliance Costs	(101)	(543)
1.9 Net cash from / (used in) operating activities	(6,057)	(11,163)

* YTD includes reclassification from Financing Activities from the previous quarter to align with half year review cashflow.

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) property, plant and equipment	(2)	(1,912)
	(d) exploration & evaluation	(1,793)	(4,259)
	(e) investments	-	-
	(f) other non-current assets	(150)	(189)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Deferred Consideration*	(727)	(727)
2.6	Net cash from / (used in) investing activities	(2,672)	(7,087)

* Copper Corp acquisition Deferred Consideration

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,500	8,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(605)	(787)
3.5	Proceeds from borrowings	4,000	11,000
3.6	Repayment of borrowings	(2,282)	(2,282)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(38)	(38)
3.10	Net cash from / (used in) financing activities	9,575	16,393

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	789	3,492
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,057)	(11,163)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,672)	(7,087)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,575	16,393
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,635	1,635

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,575	729
5.2	Call deposits	60	60
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,635	789

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	252
To 6.2	Aggregate amount of payments to related parties and their associates included in item 2	61
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	9,848	9,848
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
<p>7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>On 31 July 2023, the Company advised that it had secured a short-term working capital loan from Tembo Capital Mining Fund III (an associate of major shareholder Tembo Capital Holdings UK Ltd) for \$4M in late July 2023. Interest accrues on the principal outstanding under the loan at a rate of 12% per annum. The loan is unsecured, and the Company paid a non-refundable draw down fee of 2% of the total amount of the loan, and an establishment fee of 1% of the total amount of the loan. The loan and interest was converted into equity on 16 January 2024 (approved by shareholders on 22 December 2023) ahead of its maturity date of 21 January 2024.</p> <p>On 7 September 2023, the Company secured a short-term working capital facility for \$5M to be drawn in two stages from Dyda Property Management Pty Ltd at an interest rate of 15% per annum. The loan is secured against the Company's mining and exploration tenements. The initial loan drawdown of \$3M was actioned on 7 September 2023 with the remaining \$2M drawn on the 7 October 2023. The loan is repayable by 7 February 2024.</p> <p>As announced on 17 November 2023 the Company received the equity funding of \$2.15M on 18 January 2024 from Tembo Capital (approved by shareholders in 22 December 2023) for funding the Cloncurry Copper Project which includes the Great Australia Mine restart and for copper exploration.</p> <p>On 31 January 2024, the Company announced that it had executed binding agreements with Nebari Natural Resources Fund II LP (Nebari) for a four year USD28 million (A\$42 million AUD equivalent) USD denominated senior secured loan facility. The loan facility is in two tranches with USD18 million to be drawn at closing (Tranche 1) and USD10 million available to be drawn (Tranche 2), subject to certain conditions precedent including (for Tranche 2) commencement of commercial production of sulphide ore at TNC's Cloncurry Copper Project. The funded amount is up to USD28 million net of the original issue discount which is 7% on both tranches. The coupon is a three-month term secured overnight financing rate (subject to a minimum of 4%) + a margin of 6.9% p.a payable quarterly (for Tranche 1) and 6.6% p.a. payable quarterly (for Tranche 2). The Company has agreed to issue warrants to Nebari which are convertible into TNC shares as outlined in the announcement. The loan is secured over the assets of TNC and its projects.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(6,057)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,793)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(7,850)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,635
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,635
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.21
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<p>Answer: No – The Company has embarked on a proactive approach to minimize its total expenditures, with a particular focus on decreasing overhead costs and production expenses. For the quarter ending 31 March 2024, no exploration drilling programs have been scheduled. Additionally, the Company anticipates an increase in operating revenue for the current quarter, which is expected to enhance cash flow.</p>	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	<p>Answer: Yes – The Company received \$2.15M in equity from the second tranche of the capital raise (approved by shareholders on 22 December 2023) on 18 January 2024. In addition to the above, the Company announced on 31 January 2024 that it had executed binding agreements with Nebari Natural Resources Fund for a four year USD28 million (A\$42 million AUD equivalent) USD denominated senior secured loan facility. The Company has lodged a drawdown request for the first tranche of the facility totalling \$US18M and expects to receive funds in early February 2024. This debt facility will be used to repay the existing Dyda Property Management Pty Ltd loan in full, refinance the Cloncurry rehabilitation bond by way of cash collateral lodged with the scheme fund maintained by the Qld government and provide working capital for the Cloncurry Copper Project.</p>	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	<p>Answer: Yes - As per the responses at 8.8.1 and 8.8.2, the Company expects to be able to continue its operations and meet its business objectives as it will have funding in place to progress the Cloncurry Copper Project which includes the Great Australia Mine restart.</p>	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2024

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.