

8 April 2024

Reference: 86881

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

By email only.

Dear Mr Frederiks

True North Copper Limited ('TNC'): Query Letter

ASX refers to the following:

- A. ASX's query letters and TNC's responses including:
- i. ASX's query letter dated 18 January 2024 ('ASX's First Query Letter') and TNC's response to that letter dated 24 January 2024 and published on MAP on 24 January 2024 ('TNC's 24 January 2024 Response'); and
 - ii. ASX's query letter dated 24 January 2024 ('ASX's Second Query Letter') and TNC's response to that letter dated 30 January 2024 and published on MAP on 30 January 2024 ('TNC's 30 January 2024 Response').

The 17 October 2023 Presentation

- B. TNC's presentation titled "The new Australian Copper developer and explorer" dated 17 October 2023 and released on MAP on 17 October 2023 (the '17 October 2023 Presentation'). Slide 6 of that presentation is reproduced below:

CLONCURRY COPPER PROJECT – Copper Sulphate Production Update

- Averaging 2-3 shipments a week so far.
- Copper production delayed due to crusher being down for 35 days
- SX Plant and 3-Stage Crusher now fully operational.
- Recoveries higher than expected 82% (Raffinate 17%).
- PLS Grade and flows increasing.
- ~20kt of Mt Norma ore remaining to be crushed.



Figure 2: Copper sulphate bags at the Great Australia Mine awaiting shipment (September 2023).

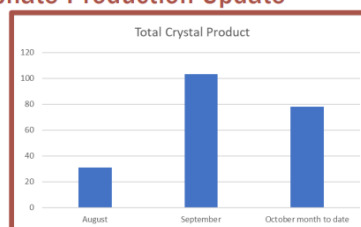


Figure 3: Crystal production for August, September and October 2023

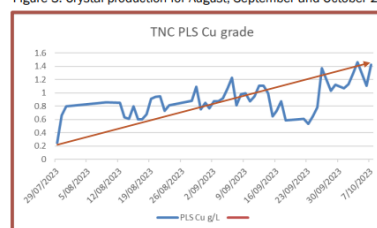


Figure 4: PLS Copper Grade from 29 July 2023 to 7 October 2023

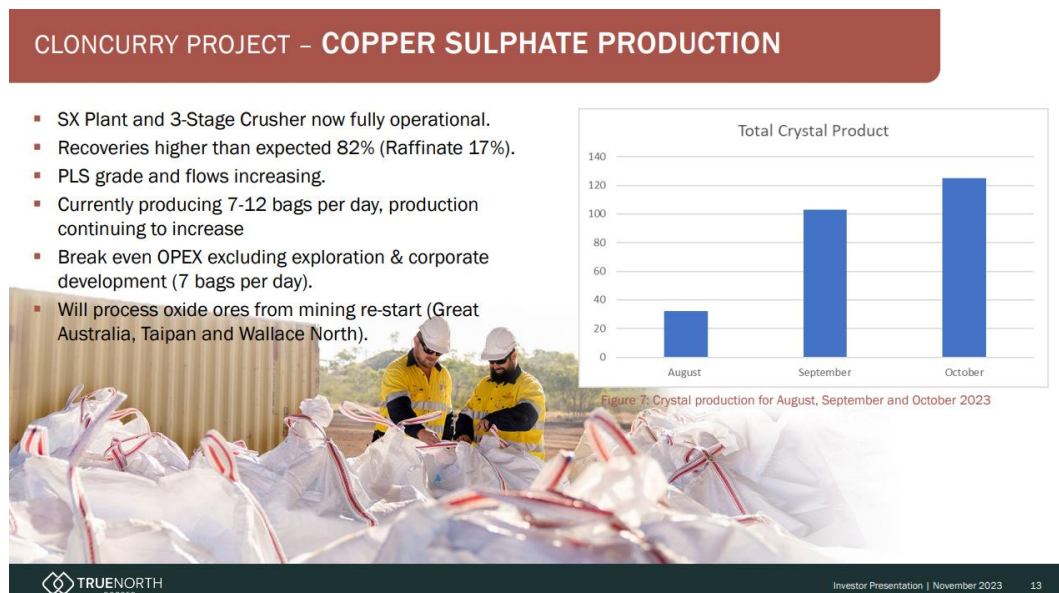
The 16 November 2023 Presentation

- C. TNC’s presentation titled “Noosa Investor Conference Presentation” dated 16 November 2023 and released on MAP on 16 November 2023 (the ‘16 November 2023 Presentation’). Slide 9 of that presentation disclosed:

“Copper sulphate production

Q4 2023 – Daily production will increase until targeted daily capacity of 25 bags per day is achieved.”

- D. Slide 13 of the November 2023 Presentation, as reproduced below:



The 160t – 300t Production Estimate

- E. TNC’s production estimate of 160t to 300t of copper metal for the December 2023 quarter, disclosed on MAP on multiple occasions including 31 October 2023, 24 November 2023 and 22 December 2023 (as reproduced in paragraphs B to D of ASX’s First Query Letter).

- F. TNC’s announcement titled “Q4 2023 SX Operations Update, Cloncurry”, lodged on MAP on 15 January 2024, which disclosed that TNC “achieved copper metal production for Q4 2023 of 70.38t (288.612t of copper sulphate @ 24.39% Cu)”.

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

- G. Question 6 of the First Query Letter, which asked for the grounds for TNC maintaining the 160t to 300t production estimate and TNC’s 24 January 2024 Response to that question disclosing that (emphasis added):

“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).”

H. TNC’s 30 January 2024 Response to Question 6.1 of ASX’s Second Query Letter, reproduced in full below (emphasis added):

“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 Heap 6 significantly increased the amount of soluble copper within the process circuit (reference ASX announcement dated 15 January 2024 - Copper levels Heap 6- 0.66g/L Heap 5- 1.21g/L).

As at 22 December 2023, the Company’s senior executive management and Board considered that production leading up to that date was materially in line with TNC’s forecast of 160t to 300t in the December 2023 quarter, on the basis that:

- **production was expected to significantly increase** with the addition of Heap 5 and Heap 6; and
- any delay in achieving the production forecast resulting from the multiple minor equipment and power issues outlined in the Announcement was only likely to result in a non-material divergence from the production forecast.

The Company’s senior executive management and **Board considered at 22 December 2023 (and still consider)** that the delay in achieving the production forecast is non-material for the following reasons:

- the Company **expects to recover the production gap during this quarter;**
- as noted in the Response, copper sulphate production from existing stockpiled ore at Mt Norma comprises a small portion of the Company’s overall project profile and is ancillary to the Company’s key assets, being the Cloncurry Copper Project and the Mt Oxide Project;
- the delay in receiving the relevant revenue from copper sulphate production is not expected to have any impact on the timing for delivery of the Company’s other more material projects.”

I. The spreadsheet titled “Copy of PPM MET SX FORECAST_RECEIVED SEP2023” and attached to an email dated 18 September 2023 from TNC’s metallurgical consultant to TNC (the ‘Consultant Spreadsheet’), provided in response to ASX’s request for the external metallurgical advice that was referred to in TNC’s 24 January 2024 Response and TNC’s 30 January 2024 Response. That spreadsheet contained the following data:

Week Starting	Crystal Equivalent		Copper Leached
	Bags Total	Bags/day	t
1 - Oct - 2023	55.8	8.0	16.517
8 - Oct - 2023	61.1	8.7	18.092
15 - Oct - 2023	61.6	8.8	18.244
22 - Oct - 2023	62.1	8.9	18.384
29 - Oct - 2023	62.5	8.9	18.513
5 - Nov - 2023	62.9	9.0	18.631
12 - Nov - 2023	63.3	9.0	18.740
19 - Nov - 2023	58.2	8.3	17.241

26 - Nov - 2023	58.5	8.4	17.336
3 - Dec - 2023	53.8	7.7	15.949
10 - Dec - 2023	54.5	7.8	16.148
17 - Dec - 2023	50.2	7.2	14.856
24 - Dec - 2023	46.1	6.6	13.668
31 - Dec - 2023	53.8	7.7	15.935
			238.255

ASX observes that the sum of all the items in the last column amounts to 238.255t of copper leached.

J. The email from TNC’s metallurgical consultants to TNC dated 18 September 2023, to which the Consultant Spreadsheet was attached to, and produced to ASX, which disclosed that (relevantly):

“Met accounting:

- *Fixed all the links in the met accounting spreadsheets that had #ref error'ed out. Whoever is going into these spreadsheets needs to be diligently checking that the spreadsheets haven't lost their links to the other spreadsheets before they save. Over the last few days this has happened a suspiciously high number of times. I suspect this could be due to the fact that the server is cloud based but I could be wrong.*

...

- *Production forecast: I have created a schedule for the heap leach for the next 10 or so months according to the info in [TNC’s Email] on the 11th Sept. It is in the "other ores" tab below the cells highlighted yellow. I didn't want to delete anyone else work in case it is still being used but I have created this section so that you guys can adjust the inputs as you see fit and it should automatically calculate throughout the model and into the Daily report targets. If you ever do this exercise again I would recommend you don't schedule based around work weeks.*

...

SX/CS Plant

- *this is a fairly robust plant that will look after you as long as you take it easy and don't make radical changes. SX plants like steady operations and if you maintain Crud treatment from the settlers it will tick along.*

...

Recommendations and Conclusions

- *Regular ore sampling of stacked material needs to be consistent. I would recommend sampling the face of the heap every afternoon that they stack. This will give you reasonably representative data what will not under report the moisture results to much. At a minimum a sample every 2 days, however you run the risk of using a false moisture for all your met accounting which will lower your recoveries.”*

K. ASX’s query in ASX’s email dated 19 February 2024 reproduced below:

“Please confirm if the “external metallurgical advice” and “independent metallurgical advice” variously referred to in TNC’s responses, including TNC’s responses to Questions 6 and 7 of [ASX’s First Query Letter’] and Question 5.1 of [ASX’s Second Query Letter], is limited to the information provided in the 18 September Email. If not, please provide details and copies of the relevant advice.”

TNC’s response to the above in TNC’s email dated 20 February 2024:

“Site management have confirmed- [the external metallurgical consultant] personnel has visited site at least twice between October 2023 and January 2024, however operational staff contact them regularly on an offsite support basis (mainly via phone support)”

L. TNC’s monthly production report for October 2023 (the ‘October 2023 Report’) that disclosed “Crystal Production – 3 shipments completed for 78.83T”.

M. TNC’s monthly production report for November 2023 (the ‘November 2023 Report’) that disclosed (relevantly):

“Crystal production for month of 110 Tonnes, resulting in 119 bags produced with a moisture average of 4.1% and Copper content of 24.4%. Key focus for processing team optimising plant operations to meet targets...”

Production improved slightly from October with bag production, although crystallisation still was challenging with metal transfer into plant. No stacking occurred due to significant failure of Jaw crusher counterweight flywheel, new component being sourced from USA after repair failed when re-installing...

No Crushing or stacking conducted during November, Crusher was offline due to Counter fly wheel issues, then failed when installing. A mobile crusher was sourced to commence primary crushing of remaining Mt Norma ore on ROM. Mobile crusher relocated to Cell 1-3 to re-crush previously stacked Taipan ore, spot assays showed good results to retreat and process remaining copper metal.

TNC crusher modified primary crusher equipment to be enable secondary crushing of ore for stacking...

Crystal production – 4 shipments completed for 110.97T. Bags produced were averaging 5 per day with a few days above this closer to daily target of 10. Crystallization remained slow. Acid levels were increased to promote building in chilling tanks.”

N. Figure 9 of the November 2023 Report, reproduced below:

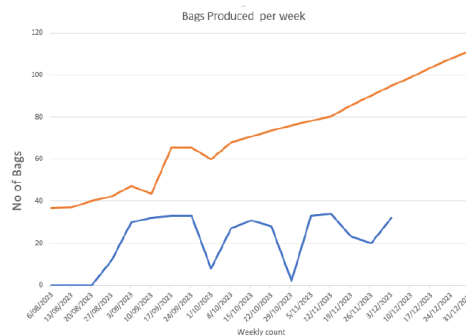


Figure 9 Bag production at Crystal plant

While not labelled as such, ASX understands that the orange line denotes the forecasted bags per week and the blue line denotes the actual bags produced per week. This is consistent with the labelling of the corresponding chart in the reports for October 2023 and December 2023. The chart from the December 2023 monthly report is reproduced below:



- O. The excerpt from TNC’s February 2024 monthly operating report that disclosed that:
“2 shipments completed for 55.2 Tonnes. 56 Bags produced 51.5 Tonnes, averaging 1.9 bags per day. Crystallization remained slow.”

And further in Figures 4 and 5 the following:

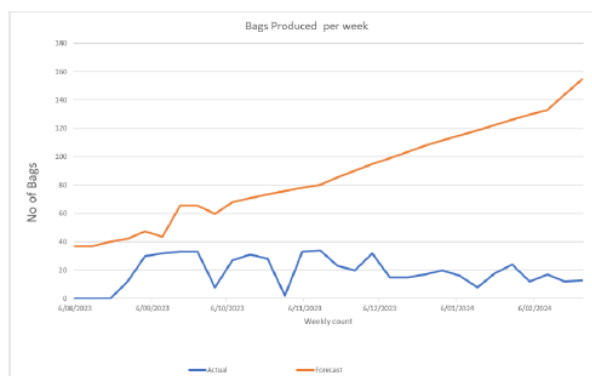


Figure 4. Bag production at Crystal plant



Figure 5. Crystal Production

- P. TNC’s Weekly Reports, specifically the weekly reports dated:
- i. 20 November 2023, disclosing that 26 bags were produced “for 23.2T” and “[j]aw crusher Counter Fly wheel repaired and returned to site, while fitting has cracked again, not able to be repaired or used now.”
 - ii. 27 November 2023, disclosing that 20 bags were produced “for 18.6T” and that the “[m]obile Jaw crusher on site to crush remaining Mount Norma ore, crushing delays due to manning availability”

- iii. 4 December 2023, disclosing that 31 bags were produced “for 28.7T”
- iv. 11 December 2023, disclosing that 15 bags were produced “for 13.8T”
- v. 18 December 2023, disclosing that 14 bags were produced “for 13.0T”

Q. TNC’s Daily Report for 10 November 2023 which disclosed the following:

CRYSTAL PRODUCTION					
Previous 24HR	No. bags daily	No. Bags in stock	Crystal grade(%)	Total Produced Weight(T)	Ave Moisture%
	5	33	24.40%	4.6	3.80%
Previous 24HR	5 bags completed				
	No acid dosing to Raff due to holed stub in line				
	TK3 has a small cooling water leak - still to be patched				
Next 24HR	Crystal bagging focus - as product build, bags completed				
Q2 Bag targets	550 @ 9/11	Bags achieved	5	Bags required	495

ASX observes that the “Q2 Bag targets” was a new line inserted into the daily reports from this point forward.

ASX further observes that there appears to be an error in the calculation of the “Bags required” in the above and some subsequent reports, however this calculation appears to have been rectified by the 14 November 2023 report such that the “Bags required” equated to the 550 target less the cumulative “Bags achieved”.

R. TNC’s Daily Report for the following days:

- i. 16 November 2023 (the date of the 16 November 2023 Presentation), which disclosed the following regarding the prior 24 hours “Crusher off line -shutdown works in progress... 6 bags completed” and 32 bags achieved post-9 November with 518 bags required to meet the Q2 target.
- ii. 24 November 2023, which disclosed that 57 bags were achieved post-9 November and 493 bags were required to meet the Q2 target. That daily report further disclosed the following regarding the prior 24 hours “Crusher off line... Mobile crusher not running due to low manning”.
- iii. 1 December 2023, which disclosed that 87 bags were achieved post-9 November and 463 bags were required to meet the Q2 target.
- iv. 17 December 2023, which disclosed that 123 bags were achieved post-9 November and 427 bags were required to meet the Q2 target.
- v. 18 December 2023 (being the last day prior to the 19 December 2023 board meeting), which disclosed that 126 bags were achieved post 9-November and 424 bags were required to meet the Q2 target.
- vi. 22 December 2023, which disclosed that 139 bags were achieved post-9 November and 411 bags were required to meet the Q2 target.

S. TNC’s 30 January 2024 Response, which disclosed that (relevantly):

“... the Company’s senior executive management and Board always expected that that production would ramp up over the December quarter with increased production in December 2023 compared to earlier months in that quarter.”

Accordingly, as at 24 November 2023, the Company's senior executive management and Board considered that production leading up to 24 November 2023 was in line with TNC's forecast of 160t to 300t in the December 2023 quarter.

...

As previously advised in the Response, with reference to 24 November 2023 (paragraph C), there was no material or catastrophic failure event at the operations and TNC had no indication that total production for the quarter would be hampered by multiple minor equipment and power issues. In addition, TNC expected production to significantly increase during December 2023 as per external metallurgical advice received regarding production. The main operational changes were increased process volumes within the circuit as well as the addition of Heap 5 which was to be brought online in December."

T. TNC's 30 January 2024 Response, which further disclosed that (relevantly):

"...the Company's senior executive management and Board TNC's board received weekly updates on the broader Cloncurry Project, including production at the SX Copper Plant, with the last report prior to 22 December 2023 being provided on 19 December 2023 including production data up to 18 December 2023.

...

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 Heap 6 significantly increased the amount of soluble copper within the process circuit (reference ASX announcement dated 15 January 2024 - Copper levels Heap 6- 0.66g/L Heap 5- 1.21g/L).

As at 22 December 2023, the Company's senior executive management and Board considered that production leading up to that date was materially in line with TNC's forecast of 160t to 300t in the December 2023 quarter, on the basis that:

- production was expected to significantly increase with the addition of Heap 5 and Heap 6; and
- any delay in achieving the production forecast resulting from the multiple minor equipment and power issues outlined in the Announcement was only likely to result in a non-material divergence from the production forecast.

...

In addition to weekly and monthly update reports and management briefings, the Company's Board relied on advice received from the Company's processing team which reflected the previous independent metallurgical advice of a substantial increase in copper production due to the operational factors outlined in the Response and above (including increased process volumes within the circuit and the addition of Heap 5 and Heap 6)."

U. TNC's weekly report dated 28 January 2024 which disclosed the following:

Crystal Production - January

	January Forecast	January MTD	QTR 3 Forecast	QTR 3 Actual
Crystal Produced	170	54.2	788	54.2
No of Bags	120	59	657	96
Bags Daily Average	4.1	3	7.7	3
Cu Metal	39.6	13	201	13

Note – HL forecast schedule to be reviewed for mining restart March 2024

- V. TNC’s weekly report dated 4 February 2024 which disclosed the following:

Crystal Production - February

	February Forecast	February MTD	QTR 3 Forecast	QTR 3 Actual
Crystal Produced	58	6.35	211.3	72.4
No of Bags	48	7	176	116
Bags Daily Average	2	1	2.2	3.3
Cu Metal	17.4	1.52	53.8	17.4

Note – HL forecast updated with new model data for February 2024 to end Q3.

ASX observes that the forecast for the March 2024 quarter was revised down to 211.3t of crystal production from 788t, 176 bags from 657 bags and 2.2 bags on average per day from 7.7 bags on average per day.

TNC’s weekly reported dated 3 March 2024 which disclosed:



Weekly Production – Q3 Crystal produced vs Actual

Disclosure Obligations

W. 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.

X. Section 14 of Guidance Note 14: *ASX Market Announcements Platform* which states:

"An announcement for release to the market must be accurate, complete and not misleading.

To not be misleading, opinions expressed in an announcement should be honestly held and balanced and should be clearly identified as a statement of opinion rather than a statement of fact. Any forward looking statements in an announcement... must be based on reasonable grounds or else by law they will be deemed to be misleading...

MAP should only be used to publish information that is appropriately given to ASX... It should not be used as a guise to publish material that is really promotional, political or tendentious in nature."

Request for information

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

The 17 October 2023 Presentation

1. Please clarify what TNC meant by "shipments" when TNC disclosed that it was "[a]veraging 2-3 shipments a week so far" in the 17 October 2023 Presentation.
2. Please state the grounds for TNC's disclosure that it was averaging 2-3 shipments a week, including the time period over which this average was calculated.
3. Please clarify what TNC meant by "shipments" when TNC stated:
 - 3.1 "Crystal Production – 3 shipments completed for 78.83T" in the October 2023 Report (paragraph L); and
 - 3.2 "Crystal production – 4 shipments completed for 110.97T." in the November 2023 Report (paragraph M).
4. Please explain the apparent inconsistency in TNC's disclosure that it was "[a]veraging 2-3 shipments a week so far" in the 17 October 2023 Presentation and:
 - 4.1 TNC's October 2023 Report which stated that TNC had completed 3 shipments in the month of October 2023; and
 - 4.2 TNC's November 2023 Report which stated that TNC had completed 4 shipments in the month of November 2023.
5. Please list the number of shipments made each week from 1 October 2023 to the end of December 2023. If TNC has different definitions for "shipments" for Question 1 and Question 3, please list the number of "shipments" under those different definitions.
6. In reference to Figure 3 of the 17 October 2023 Presentation (paragraph B), please clarify:
 - 6.1 the time period described as "October month to date";
 - 6.2 the amount of crystal product represented by the graph for "October month to date";
 - 6.3 what TNC meant by "Total Crystal Product" and, to the extent this definition is different from:

-
- (a) the reported “Total Produced Weight (T)” under the “Crystal Production” heading of TNC’s daily reports for October; and/or
 - (b) “Crystal Production” as defined in the October 2023 report where it was reported that crystal production was 78.83T (paragraph L),

please provide an explanation of those differences; and
 - 6.4 the sum of all “Total Crystal Product” in the relevant October daily reports during the period specified in response to Question 6.1.
 7. Please explain the seeming inconsistencies between the reported amount in Figure 3 of the 17 October 2023 Presentation, which appears to be almost 80T, for “October month to date” and:
 - 7.1 the reported amount of “Total Produced Weight (T)” in each of the October daily reports up to the relevant time period specified in response to Question 6.1; and
 - 7.2 the reported 78.83T of crystal production reported, presumably for the whole month of October 2023, in the October 2023 Report (paragraph L).

The 16 November 2023 Presentation

8. Please clarify what TNC meant, and which crusher TNC was referring to, when it disclosed in the 16 November 2023 daily report (paragraph R) that:
 - 8.1 In the “[p]revious 24HR” that “Crusher off line -shutdown works in progress”
 - 8.2 In the “[n]ext 24HR” that “Crusher shutdown - Fly wheel planned to be installed Fri 17/11”
9. In regards to the crusher referred to in the 16 November 2023 daily report:
 - 9.1 When did the crusher first go “off line”?
 - 9.2 When was the crusher operational again?
 - 9.3 How many days in November was the crusher fully operational and in use?
10. Please clarify what TNC meant, and which crusher it was referring to, when it disclosed that the “3-Stage Crusher now fully operational” in the 16 November 2023 Presentation (paragraph D)?
11. In reference to TNC’s daily reports for the months of October 2023, November 2023, December 2023, January 2024 and February 2024:
 - 11.1 Please clarify what TNC meant by “bags”; and
 - 11.2 What are the contents and approximate weight of each “bag”?
12. Do the definitions in response to Question 11 apply to the reported bags in TNC’s weekly reports from October 2023 to February 2024, including the items excerpted in paragraph P? If not:
 - 12.1 Please clarify what TNC meant by “bags” in the weekly reports; and
 - 12.2 What are the contents and approximate weight of each “bag” as reported in the weekly reports?
13. Do the definitions in response to Question 11 apply to the reported “bags” in the monthly reports for October 2023, November 2023, December 2023 and January 2024 (including the items excerpted in Paragraphs M and N? If not:
 - 13.1 Please clarify what TNC meant by “bags” in the monthly reports; and
 - 13.2 What are the contents and approximate weight of each “bag” as reported in the monthly reports?

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14. Please clarify what TNC meant by “bags” in TNC’s statement that “Daily production will increase until targeted daily capacity of 25 bags per day is achieved” in the 16 November 2023 Presentation (paragraph C)?
 15. Please provide the grounds, at 16 November 2023, for TNC’s statement that “Q4 2023 – Daily production will increase until targeted daily capacity of 25 bags per day is achieved” (paragraph C).
 16. In reference to the table excerpted in paragraph I from the Consultant Spreadsheet:
 - 16.1 Please clarify what was meant by “bags” in that spreadsheet, including the contents and approximate weight of each bag.
 - 16.2 What does the column “Crystal Equivalents – Bags/day” represent?
 - 16.3 What was the maximum bags/day figure in that spreadsheet and when was that expected to be achieved in (i) the December quarter and (ii) during the period covered by the spreadsheet?
 17. How many “bags”, as per the 16 November 2023 Presentation definition, were achieved:
 - 17.1 on average in the December 2023 quarter?
 - 17.2 on average in the months of January and February 2024?
 - 17.3 on TNC’s most productive day(s) of copper sulphate production, and the date(s) for which, in the December 2023 quarter?
 - 17.4 on TNC’s most productive day(s) of copper sulphate production, and the date(s) for which, in the months of January and February 2024?
 18. What did TNC mean by “bags” in the following disclosures made in the 16 November 2023 Presentation (paragraph D):
 - 18.1 “Currently producing 7-12 bags per day, production continuing to increase”; and
 - 18.2 “Break even OPEX excluding exploration & corporate development (7 bags per day)”?
 19. Please explain the grounds for TNC’s disclosure that it was “[c]urrently producing 7-12 bags per day” and “production continuing to increase” in the 16 November 2023 Presentation?
 20. In TNC’s weekly report dated 20 November 2023, TNC disclosed that it had produced, in the relevant week, “26 bags for 23.2T” or approximately 3-4 bags per day during that week. Please explain the apparent inconsistency between this reporting and TNC’s disclosure in the 16 November 2023 Presentation that it was currently producing 7-12 bags per day?
 21. Please explain the apparent inconsistency between TNC’s disclosure in the 16 November 2023 Presentation that TNC was “[c]urrently producing 7-12 bags per day, production continuing to increase” and the following statements in the November 2023 Report (paragraph M):
 - 21.1 “Bags produced were averaging 5 per day” an amount less than the low-end of the 7-12 bags per day disclosed in the 16 November 2023 Presentation; and
 - 21.2 “Crystal production for month of 110 Tonnes, resulting in 119 bags produced” which, ASX observes, equates to an average production of 3-4 bags per day during the month of November.
 22. How many of TNC’s daily reports for the month of October disclosed that:
 - 22.1 TNC produced 7 or more bags in the prior 24 hours? Please list the relevant dates and number of bags produced in each.

-
- 22.2 TNC produced 12 bags in the prior 24 hours? Please list the relevant dates and number of bags produced in each.
23. What did TNC mean by “Total Crystal Product” in Figure 7 of slide 13 of the 16 November 2023 Presentation (paragraph D)?
24. ASX observes that Figure 7 of slide 13 of the 16 November 2023 Presentation (paragraph D) appears to show that October’s production was more than September’s and more than 120 tonnes of crystal sulphate was produced in October. Please explain the apparent inconsistency in this disclosure with the graphs of “Total Crystal Product” in TNC’s monthly reports (for example, paragraph O), which appears to show October crystal production to be in-line with September and below 120 tonnes.

The 160t – 300t Copper Production Estimate

25. How did TNC arrive at the 160t – 300t copper metal production range, then described by TNC as a forecast, disclosed on MAP on 31 October 2023 (paragraphs A and B of ASX’s First Query Letter)? If the Consultant Spreadsheet was used, please detail how that spreadsheet informed this forecast or estimate.
26. ASX observes that the amounts in the final column of the table excerpted from the Consultant Spreadsheet sums to 238 tonnes of leached copper. Please explain how TNC justified the top-end of the production forecast or production estimate range of 300 tonnes of copper metal for the December 2023 quarter?
27. Please detail the information provided by TNC to the metallurgical consultant as describe in the excerpt in paragraph J, specifically “*Production forecast: I have created a schedule for the heap leach for the next 10 or so months according to the info in [TNC’s Email] on the 11th Sept.*”
28. Had TNC’s metallurgical consultant updated the Consultant Spreadsheet since it was provided to TNC on 18 September 2023? If so, please detail the updates and relevant dates of those updates.
29. What did the metallurgical consultant mean by the plant being “fairly robust... as long as you take it easy and don’t make radical changes... SX plants like steady operations....” (paragraph J)?
30. What level of copper sulphate crystal production, in terms of bags produced per day, at TNC’s SX Plant that would be consistent with “steady operations” as described by the metallurgical consultant (paragraph J)
31. Please confirm that the independent and external metallurgical advice referred to in TNC’s 30 January 2024 Response consisted of the email dated 18 September 2023, the Consultant Spreadsheet and, as described in TNC’s email dated 20 February 2024, a couple of site visits between October 2023 and January 2024 and offsite support mainly by phone (paragraph K). If not, please provide details.
32. Was the Consultant Spreadsheet based on a spreadsheet prepared by TNC and sent to the metallurgical consultant? If so, please detail the information that was prepared by TNC and given to TNC’s independent and external metallurgical consultant.
33. Does TNC still maintain that the metallurgical advice justifies disclosing on MAP that TNC would meet the 160t – 300t copper metal production estimate on:
- 33.1 24 November 2023 (per TNC’s 24 January Response and TNC’s 30 January 2024 Response, including the portions excerpted in paragraphs G and S)
- 33.2 22 December 2023 (per TNC’s 24 January Response and TNC’s 30 January 2024 Response, including the portion excerpted in paragraph T)
34. What was the intention of introducing the “Q2 bags target” in the daily reports from on or around 10 November 2023 (paragraph Q)?

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35. Approximately how much copper sulphate and copper metal would TNC have produced if it had met the “Q2 bags target” based on TNC’s average weight per bag and average crystal grade % for the December 2023 quarter?
36. How were the forecasted bags per week in the monthly reports (for example Figure 9 reproduced in Paragraph N and Figure 4 reproduced in Paragraph O) determined?
37. Approximately how much copper sulphate and copper metal would TNC have produced if it had met the forecasted bags per week in Figure 9 (reproduced in Paragraph N), based on TNC’s average weight per bag and average crystal grade % for the December 2023 quarter?
38. ASX refers to the portions of TNC’s 30 January 2024 Response excerpted in paragraph S regarding TNC’s 24 November 2023 disclosure that TNC “expects that it will achieve” the 160t to 300t copper metal production estimate.
- 38.1 On 24 November 2023, how many bags per day did TNC have to produce to meet the Q2 target?
- 38.2 On 24 November 2023, how many bags per day did TNC have to produce, based on TNC’s average weight per bag and average crystal grade % for the December 2023 quarter, to meet the low-end of the 160t – 300t range?
- 38.3 On 24 November 2023, how many bags per day did TNC have to produce, based on TNC’s average weight per bag and average crystal grade % for the December 2023 quarter, to meet the high-end of the 160t – 300t range?
- 38.4 In the Consultant Spreadsheet, what was the forecasted maximum bags per day for the month of December 2023?
- 38.5 Please state the number of bags produced a week, as reported in the weekly reports, in each week immediately following 24 November 2023 until the end of January 2024.
39. ASX refers to the portions of TNC’s 30 January 2024 Response excerpted in paragraph T regarding TNC’s 22 December 2023 disclosure that TNC “expects that it will achieve” the 160t to 300t copper metal production estimate
- ASX observes that TNC had previously disclosed that its targeted daily capacity was 25 bags a day (paragraph C) and its daily target per the November 2023 report was 10 bags a day (paragraph M).
- 39.1 How many bags per day did TNC have to produce to meet the Q2 target on:
- (a) 19 December 2023 when the board last met; and
- (b) 22 December 2023?
- 39.2 How many bags per day did TNC have to produce, based on TNC’s average weight per bag and average crystal grade % for the December 2023 quarter, to meet the low-end of the 160t – 300t copper metal production estimate on:
- (a) 19 December 2023; and
- (b) 22 December 2023?
- 39.3 How many bags per day did TNC have to produce, based on TNC’s average weight per bag and average crystal grade % for the December 2023 quarter, to meet the high-end of the 160t – 300t copper metal production estimate on:
- (a) 19 December 2023; and
- (b) 22 December 2023?

-
- 39.4 Please confirm that the production data up to 18 December 2023 (and produced to the board) included:
- (a) the weekly report dated 18 December 2023 (and referred to in paragraph T); and
 - (b) that report disclosed “14 bags for 13.0 T” under “1.2 Number of Bags Produced”.
- If not, please state what information was provided to the board prior to the 19 December 2023 board meeting and detail the relevant production statistics contained within it.
- 39.5 How many bags per day did TNC have to produce following Heap 5 coming online on 21 December 2023 (paragraph H) to meet:
- (a) the Q2 bag target of 550 bags; and
 - (b) the low-end of the 160t – 300t copper metal production estimate?
- 39.6 In the Consultant Spreadsheet provided by the external metallurgical consultants, what was the maximum bags per day forecasted following Heap 5 and Heap 6 coming online?
- 39.7 What was the average number of bags per day produced by TNC following Heap 5 and Heap 6 coming online?
- 39.8 Given TNC’s infrastructure in place at the end of December 2023, what was the maximum number of bags per day that could feasibly be produced?
40. TNC’s 30 January 2024 Response disclosed that *“The Company’s senior executive management and Board considered at 22 December 2023 (and still consider) that the delay in achieving the production forecast is nonmaterial for the following reasons...the Company expects to recover the production gap during this quarter...”*
- 40.1 What was TNC’s production gap from the low-end of the 160t – 300t copper metal production estimate?
- 40.2 What would have been TNC’s baseline copper metal production for the March 2024 quarter (not including the above production gap)?
- 40.3 How much copper metal has TNC produced in the March 2024 quarter as at the date of this letter (or nearest date to it that TNC has access to)?
- 40.4 Please provide the grounds for TNC’s statement that TNC “expects to recover the production gap during this quarter”.
- 40.5 ASX observes that TNC appears to have revised down its forecasted production in early February 2024 (paragraph V). Does TNC’s board still consider that the production gap can be recovered in the March 2024 quarter? If so, please provide the grounds for this view.

Disclosure Obligations

41. Does TNC’s board maintains its position that at the time they were made, TNC’s disclosures, forecasts and guidance to the market were made on a proper basis and in compliance with the ASX Listing Rules?
42. Please confirm that TNC is complying with the Listing Rules and, in particular, Listing Rule 3.1.
43. 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 **4:30PM AEST Thursday, 18 April 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 reply e-mail. 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

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Regards

ASX Enforcement



18 April 2024

Mitheran Selvendran
Senior Legal Officer
ASX Enforcement
20 Bridge Street
Sydney NSW 2000

By email

Dear Mitheran

True North Copper Limited ('TNC'): Query Letter

True North Copper Limited (the **Company** or **TNC**) refers to your letter dated 8 April 2024 (the **ASX Query Letter**) and responds as follows, listing ASX's questions and the Company's responses to each. Defined terms used in your query letter have the same meanings where used in this response.

Introductory Statement

Before listing the responses to ASX's questions, the Company wishes to set out the following introductory statement, which forms the basis of and is referenced in a number of the responses to ASX's questions.

Internal management controls and reporting

TNC acknowledges that there are several discrepancies between:

- production figures disclosed to the market for copper sulphate production from the SX Plant from existing stockpiled ore; and
- TNC's internal production reports referenced in the ASX Query Letter.

As will be addressed in the responses to a number of ASX's questions below, at the time of release, the publicly disclosed production figures were an honest attempt to keep the market informed. However, in several cases the production figures have been inaccurately or unclearly reported in the public disclosures compared to the internal production reports, due to poor internal management controls and reporting in place at the relevant times.

Given the nature of production from existing stockpiled ore at the relevant times (being early-stage production, involving some trial & error, and typical commissioning and ramp up challenges), there proved to be insufficient controls over the production forecasting and reporting which introduced errors.

For example, as will be seen in the responses to questions 6, 7 and 24 below, reported production figures in the 17 October 2023 Presentation and the 16 November 2023 Presentation were provided to TNC management by the TNC processing team in an internal copper sulphate production log sheet which included copper sulphate crystal product (**Product**) produced but not delivered to the buyer because it did not meet the buyer's specifications (in terms of copper metal content and/or moisture content). The daily reports referred to in ASX's questions showed production of Product excluding Product that did not meet the buyer's specifications. As noted above, this discrepancy was not picked up at the relevant times due to insufficient control over the production forecasting and reporting which introduced errors.

TNC notes that bags of Product that do not meet the buyer's specifications are not lost or discarded. Rather, the relevant Product is dissolved and recrystallised in subsequent batches, meaning that no copper metal is lost from the circuit due to individual bags not meeting buyer specification.



These internal management control and reporting issues have since been improved in preparation for a pending mining restart and the more material levels of production expected. In particular, TNC has:

- made changes to management of its processing team in late November 2023; and
- made changes to production reporting over the course of November and December 2023, such that:
 - TNC's executive management and finance team now has access to real time production data as well as the daily reports referred to in ASX's questions (meaning that discrepancies of the nature referred to above can be identified more quickly); and
 - internal production data has now been reconciled such that Product which did not meet the buyer's specifications is not included in actual production data provided to TNC executive management and the finance team (ie, the real time data accessed by TNC's executive management and finance team is now consistent with the daily reports referred to in ASX's questions).

Differences between the projections in External Met Consultant's Advice compared to TNC internal reports and public disclosures

TNC acknowledges that there are several discrepancies between:

- projected production figures disclosed to the market in terms of bags per day; and
- the projections in the independent external advice from a metallurgical consultant highly experienced in SX Plants (refer to extract in paragraph I of the ASX Query Letter) (the **External Met Consultant's Advice**) (referred to as the Consultant Spreadsheet in the ASX Query Letter).

As will be addressed in the responses to questions 15, 19,20 and 21 below, at the time of release, the publicly disclosed projected production figures were an honest attempt to keep the market informed. However, in several cases the projections have been inaccurately or unclearly reported in the public disclosures as actual production figures.

It should be noted that the bags per day projections in the External Met Consultant's Advice were based on a bag size of 1.2t per bag. Due to the load limits of TNC's primary crane, actual bag sizes have varied between 900kg and 950kg of Product (typically closer to 900kg). Accordingly, the projected bags per day in the External Met Consultant's Advice should be multiplied by 1.33 (1200/900) to compare like-for-like with TNC's internally reported actual production numbers on a bags per day basis.

It should also be noted that that the projections in the External Met Consultant's Advice assumed that mining restart would occur in time for SX Plant production to continue following depletion of the existing stockpiled ore. See further below on mining restart.

It should also be noted that the production projections in the External Met Consultant's Advice assumed steady state operations, and did not factor in mechanical issues that might arise and result in the SX Plant or other related mechanical equipment not being available/operating. Mechanical/operational matters such as this were not part of the metallurgical consultant's brief. As it turned out, steady state production did not occur due to factors as previously advised to market. For example, if the SX Plant is required to be shut down for a period due to mechanical faults or other repairs or maintenance outside of scheduled maintenance periods, this dramatically reduces the efficiency of the SX Plant overall as each time the SX Plant is shut down it takes time to return to optimal temperatures and conditions for processing the stockpiled ore.



Materiality and timing for mining restart

TNC notes that some of ASX's questions (in particular questions 38 to 40) seem to be premised on the basis that the forecast production levels at the SX Plant for the December 2023 quarter were expected to continue into the March 2024 quarter, and those production levels would increase in the March 2024 quarter to make up for the delayed production in the December 2023 quarter.

TNC has consistently disclosed to the market that:

- initial production from the SX Plant would be from stockpiled ore at TNC's Mt Norma Project (i.e. having a finite life up until depletion of those existing stockpiles); and
- further production from the SX Plant was subject to mining restart, the timing of which has been clearly communicated to the market.

In particular, TNC notes the announcements and disclosures detailed in the response to question 40.5 below which clearly disclosed this.

Processing of the Mt Norma stockpiles is expected to be substantially complete prior to CCP mining restart.

Separately, the TNC Board does not consider that a delay in completing copper sulphate production at the SX Plant from the Mt Norma stockpiles to be something that a reasonable person would expect to have a material effect on the price or value of TNC's securities.

This view has been formed on the basis that:

- There has been no net loss of metal from the processing circuit. All recoverable copper metal existing within the existing Mt Norma stockpiles will be added to the heap leach and extracted by the processing circuit and sold (subject to meeting buyer specifications) under the existing offtake agreement with the buyer.
- 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. Consistent with that focus, the Company notes that \$30m of the \$37.5m raised under the May 2023 Prospectus was used to pay for the undeveloped Mt Oxide Resource.
- Copper sulphate production from existing stockpiled ore at Mt Norma comprises a small portion of TNC's overall project profile. While copper sulphate production from the existing Mt Norma stockpiles has the potential to generate some cash-flow for TNC in the short term, it is ancillary to and separate from TNC's key assets, being the Cloncurry Copper Project (**CCP**) and the Mt Oxide project:
 - Total production from existing stockpiled ore at Mt Norma is expected to amount to the equivalent of less than 1.5% of the total tonnes that will eventually be mined and processed from the CCP (based on the Mt Norma stockpiles inferred resource estimate of approximately 67,000 tonnes of ore at 2.08% Cu¹ and projected total tonnes mined of approximately 4.8 million tonnes from CCP as set out in TNC's recently completed CCP Mining Restart Study²) and significantly less across the life of all of TNC's projects.
 - TNC expects greater than 83% of production to be in the form of sulphide concentrate across the current 4.6 year mine life of the CCP (as set out in TNC's recently completed CCP Mining Restart Study, which projected approximately 4 million tonnes processed as sulphides and approximately 800,000 tonnes of oxide ore processed through the heap leach and SX Plant for copper sulphate production (this production does not include

¹ Refer to the Company's ASX announcement dated 28 February 2023, 'Acquisition of the True North Copper Assets'.

² Refer to the Company's 15 February 2024 announcement, Mining Restart Study: Positive Cloncurry Project Economics.



processing of the Mt Norma stockpiles which is expected to be substantially complete prior to CCP mining restart).

- The 70.38 tonnes of copper metal produced and sold from existing Mt Norma stockpiles in the Dec 2023 quarter is separate from and insignificant compared to TNC's total forecast production for the CCP, as set out in TNC's recently completed CCP Mining Restart Study. 70.38 tonnes of production from existing Mt Norma stockpiles is equivalent to:
 - 0.25% of the forecast total CCP production of approximately 28,686 tonnes of payable copper over the 4.6 year mine life; and
 - 1.13% of the forecast annual CCP production of approximately 6,236 tonnes of payable copper,as set out in TNC's recently completed CCP Mining Restart Study.³
- The 90 tonne shortfall in the Dec 2023 quarter is equivalent to:
 - 0.31% of the forecast total CCP production of approximately 28,686 tonnes of payable copper over the 4.6 year mine life; and
 - 1.44% of the forecast annual CCP production of approximately 6,236 tonnes of payable copper,as set out in TNC's recently completed CCP Mining Restart Study.

We now address ASX's specific questions.

The 17th October 2023 Presentation

1. **Please clarify what TNC meant by "shipments" when TNC disclosed that it was "averaging 2-3 shipments a week so far" in the 17 October 2023 Presentation (paragraph B).**

References to "shipments" in the 17 October 2023 Presentation meant individual deliveries of copper sulphate crystal product (**Product**) to the buyer.

Each shipment is a single delivery by truck of a volume of Product to the buyer in bags.

Each shipment contains 30 bags of Product, with bag sizes varying between 900kg and 950kg of Product (being the limit of TNC's primary crane as referred to in the Introductory Statement above).

2. **Please state the grounds for TNC's disclosure that it was averaging 2-3 shipments a week, including the time period over which this average was calculated.**

Prior to the release of the 17 October 2023 Presentation, TNC had delivered four shipments of Product to the buyer in September 2023 and one shipment of Product to the buyer on 10 October 2023. TNC had invoiced the buyer for another shipment on 15 October which was later despatched on 18 October 2023.

It is acknowledged that the average of '2-3 shipments a week' was presented erroneously in the 17 October 2023 Presentation as an average of production from existing stockpiled ore per week 'so far', implying that it was the average actual production per week since commencement of production from existing stockpiled ore at the SX Plant. The average of '2-3 shipments a week' was intended to be in the nature of an expected weekly

³ Refer to the Company's 15 February 2024 announcement, Mining Restart Study: Positive Cloncurry Project Economics.



production range, supported by the External Met Consultant's Advice, which TNC expected to achieve in the near term once SX plant commissioning activities were completed and ramp-up progressed.

The External Met Consultant's Advice projected between 8 and 9 bags per day through the months of October and November 2023. As noted in the Introductory Statement above, this was based on a bag size of 1.2t per bag. As noted in the response to question 1, TNC has been filling each bag to between 900 and 950kg (typically closer to 900kg). Accordingly, the forecast bags per day in the External Met Consultant's Advice should be multiplied by 1.33 (1200/900) to compare like for like with TNC's internally reported actual production numbers on a bags per day basis.

The External Met Consultant's Advice projected between 10.64 and 11.97 bags per day through the months of October and November 2023 (after multiplying the forecast bags per day by 1.33), which equates to:

- between 74.48 and 83.79 bags per week (multiplying these bags per day numbers by 7); or
- between 2.48 and 2.793 deliveries per week (dividing these bags per week numbers by 30, being the number of bags in each delivery).

Which was rounded to between 2 and 3 deliveries per week in the 17 October 2023 Presentation.

As noted in the Introductory Statement, the production projections in the External Met Consultant's Advice assumed steady state operations, and did not factor in mechanical issues that might arise and result in the SX Plant or other related mechanical equipment not being available/operating. Mechanical/operational matters such as this were not part of the metallurgical consultant's brief. As it turned out, steady state production did not occur due to factors as previously advised to market.

3. **Please clarify what TNC meant by "shipments" when TNC stated:**

- 3.1. **"Crystal Production – 3 shipments completed for 78.83T" in the October 2023 Report (paragraph L);**
- 3.2. **"Crystal production – 4 shipments completed for 110.97T." in the November 2023 Report (paragraph M).**

To clarify, TNC did not publicly state anything in the October 2023 Report or the November 2023 Report. These were internal reports prepared for the TNC Board and were not prepared for release to the market (nor were they actually released to the market).

Refer to response to question 1 for definition of "shipments". The same definition applied in internal reports referred to in this question 3.

These internal reports showed that TNC delivered:

- 3 shipments of Product to the buyer in October 2023 containing a total of 78.83 tonnes of Product delivered to the buyer for the month; and
- 4 shipments of Product to the buyer in November 2023 containing a total of 110.97 tonnes of Product delivered to the buyer for the month.



4. **Please explain the apparent inconsistency in TNC’s disclosure that it was “averaging 2-3 shipments a week so far” in the 17 October 2023 Presentation and:**

- 4.1. **TNC’s October 2023 Report which stated that TNC had completed 3 shipments in the month of October 2023; and**
- 4.2. **TNC’s November 2023 Report which stated that TNC had completed 4 shipments in the month of November 2023.**

The 17 October 2023 Presentation was released prior to receipt of the internal monthly reports for October and November referred to in this question, which confirmed that the actual number of shipments per week through late October and November 2023 (i.e. after the 17 October 2023 presentation was released) was less than the 2 to 3 shipments per week projection referred to in the 17 October 2023 Presentation.

As noted in the response to question 2, based on the External Met Consultant’s Advice, at the time the 17 October 2023 Presentation was released, management expected an average of 2-3 shipments per week to be achieved in the near term, as SX Plant commissioning activities were completed and as production ramp-up progressed in relation to existing stockpiled ore.

5. **Please list the number of shipments made each week from 1 October 2023 to the end of December 2023.**

If TNC has different definitions for “shipments” for Question 1 and Question 3, please list the number of “shipments” under those different definitions.

Refer to response to question 1 for definition of “shipments”, and response to question 3 confirming that the same definition applied in the 17 October 2023 Presentation and the internal reports referred to in question 3.

Week (commencing)	Number of shipments	Date of shipment/s
1 October 2023	0	-
8 October 2023	1	10 October 2023
15 October 2023	1	18 October 2023
22 October 2023	1	23 October 2023
29 October 2023	0	-
5 November 2023	1	9 November 2023
12 November 2023	2	12 November 2023 17 November 2023
19 November 2023	0	-
26 November 2023	1	29 November 2023
3 December 2023	1	6 December 2023
10 December 2023	1	15 December 2023
17 December 2023	0	-
24 December 2023	1	28 December 2023

6. **In reference to Figure 3 of the 17 October 2023 Presentation (paragraph B), please clarify:**

- 6.1. **the time period described as “October month to date”;**
1 October to 16 October.



6.2. **the amount of crystal product represented by the graph for “October month to date”;**

The graph represents approximately 76 tonnes of total Product produced at the SX Plant in the relevant time period (i.e. 1 to 16 October 2023). That amount was provided by TNC’s processing team, based on internal production logs (not then available to TNC executive management and different from the daily reports provided to TNC executive management and referred to in the ASX Query Letter) and includes Product that did not meet buyer specification.

A total of approximately 59 tonnes of Product met the desired buyer specification in that period. It is acknowledged that either (a) this should have been made clear in the 17 October 2023 Presentation; or (b) only the total amount of Product that met buyer specification should have been included in the graph instead.

At the time of release, the reported amount in Figure 3 of slide 6 of the 17 October 2023 Presentation was an honest attempt to keep the market informed. However, a number was used in the graph which did not reflect actual Product that met buyer specification, and this was not made clear in the graph, for the reasons set out in the Introductory Statement.

As referenced in the Introductory Statement, given the nature of production from existing stockpiled ore at the time (being early-stage production, involving some trial & error, and typical commissioning and ramp up challenges), there proved to be insufficient controls over the production forecasting and reporting which introduced errors. Specifically, the production reporting did not clearly delineate between Product that met buyer specification and Product that did not meet buyer specification. As set out in the Introductory Statement, these internal management controls and reporting issues have since been improved in preparation for a pending mining restart and the more material levels of production expected.

6.3. **what TNC meant by “Total Crystal Product” and, to the extent this definition is different from:**

6.3.1. **the reported “Total Produced Weight (T)” under the “Crystal Production” heading of TNC’s daily reports for October; and/or**

6.3.2. **“Crystal Production” as defined in the October 2023 report where it was reported that crystal production was 78.83T (paragraph L),**

please provide an explanation for those differences; and

In the 17 October 2023 Presentation, the reference to “Total Crystal Product” was to total Product produced at the SX Plant in the relevant time period. As noted in the response to question 6.2, that amount was provided by TNC’s processing team, based on internal production logs (not then available to TNC executive management and different from the daily reports provided to TNC executive management and referred to in the ASX Query Letter) and included Product that did not meet buyer specification.

In TNC’s daily reports, “Total Produced Weight” is the amount of Product meeting buyer specifications produced at the SX Plant on the relevant day.

In the October 2023 report, “Crystal Production” is the amount of Product that was shipped to the buyer in the month of October 2023 (i.e. not including Product that was tested at site by TNC and excluded from delivery due to not meeting the buyer specification).



6.4. **the sum of all “Total Crystal Product” in the relevant October daily reports during the period specified in response to Question 6.1.**

‘Total Crystal Product’ is not reported in the October daily reports during the specified period. The daily reports reported ‘Total Produced Weight’. The sum of all ‘Total Produced Weight’ in TNC’s internal daily reports during the period from 1 October 2023 to 16 October 2023 was approximately 59 tonnes. The sum of all Total Crystal Product during the period from 1 October 2023 to 16 October 2023 was approximately 76 tonnes, being the number included in Figure 3 of the 17 October 2023 Presentation. As noted in the response to question 6.2, this refers to total Product produced at the SX Plant in the relevant time period, which included Product that did not meet buyer specification.

At the time of release, the reported amount in Figure 3 of slide 6 of the 17 October 2023 was an honest attempt to keep the market informed. However, a number was used in the graph which did not reflect actual Product that met buyer specification and this was not made clear in the graph, for the reasons set out in the Introductory Statement.

As referenced in the Introductory Statement, given the nature of production from existing stockpiled ore at the time (being early-stage production, involving some trial & error, and typical commissioning and ramp up challenges), there proved to be insufficient internal management controls over the production forecasting and reporting which introduced errors. Specifically, the production reporting did not clearly delineate between Product that met buyer specification and Product that did not meet buyer specification. As set out in the Introductory Statement, these internal management controls and reporting issues have since been improved in preparation for a pending mining restart and the more material levels of production expected.

7. **Please explain the seeming inconsistencies between the reported amount in Figure 3 of the 17 October 2023 Presentation, which appears to be almost 80T, for “October month to date” and:**

7.1. **the reported amount of “Total Produced Weight (T)” in each of the October daily reports up to the relevant time period specified in response to Question 6.1; and**

Refer to response to questions 6.2 and 7.2 below.

7.2. **the reported 78.83T of crystal production reported, presumably for the whole month of October 2023, in the October 2023 Report (paragraph L).**

Actual Total Crystal Product (being total Product produced at the SX Plant in the relevant time period, including Product that did not meet buyer specification) for the month of October 2023 was approximately 122 tonnes.

As noted in the response to question 6.3, the reference to 78.83T of Crystal Production in the October 2023 Report refers to the total amount of Product that was shipped to the buyer in the month of October. There is a lag between production and shipping with some bags stockpiled for delivery in a later shipment. Further, the amount shipped does not include Product produced that did not meet buyer specifications.

It is acknowledged that the reported amount in Figure 3 of the 17 October 2023 Presentation, which appears to be almost 80T, for “October month to date” is a ‘Total Crystal Product’ number which did not reflect actual Product that met buyer specification.

At the time of release, the reported amount in Figure 3 of the 17 October 2023 Presentation was an honest attempt to keep the market informed, however, a number which did not reflect actual Product that met buyer specification was used in the graph, and this was not made clear in the graph, for the



reasons set out in the Introductory Statement. This has caused inconsistencies between the amount in Figure 3 of the 17 October 2023 Presentation and the 'Total Produced Weight' and 'Crystal Production' figures referred to above, which do not all have the same meaning (as explained in the response to question 6.3).

As referenced in the Introductory Statement, given the nature of production from existing stockpiled ore at the time (being early-stage production, involving some trial & error, and typical commissioning and ramp up challenges), there proved to be insufficient internal management controls over the production forecasting and reporting which introduced errors. Specifically, the production reporting did not clearly delineate between Product that met buyer specification and Product that did not meet buyer specification. As set out in the Introductory Statement, these internal management controls and reporting issues have since been improved in preparation for a pending mining restart and the more material levels of production expected.

The 16 November 2023 Presentation

8. **Please clarify what TNC meant, and which crusher TNC was referring to, when it disclosed in the 16 November 2023 daily report (paragraph R) that:**

To clarify, TNC did not publicly disclose anything in the 16 November 2023 daily report. This was an internal report prepared for TNC executive management and was not prepared for release to the market.

8.1. **in the "previous 24HR" that "Crusher off line -shutdown works in progress"; and**

This was a reference to the fixed primary crushing system, which forms part of TNC's 3-stage crushing circuit, being offline for maintenance.

The primary crusher is used to crush stockpiled ore to put on the heaps to add copper ore to the recovery process at the SX Plant. There is not a direct and immediate link to copper sulphate output from the SX Plant. However, if the 3-stage crushing circuit were to be offline for an extended period, and the heaps were to be depleted, production at the SX Plant would need to be shut down until the heaps could be replenished again once the 3-stage crushing circuit had resumed operations. In this instance, the heaps were not depleted so SX Plant operations continued despite these shutdown works.

8.2. **in the "next 24HR" that "Crusher shutdown – Fly wheel planned to be installed Fri 17/11".**

The fixed primary crusher fly wheel was sent away for repairs, the repaired fly wheel was to be re-installed by Friday, 17 November 2023 (although is yet to be reinstalled as at the date of this letter – see responses to question 9 below).

9. **In regards to the crusher referred to in the 16 November 2023 daily report:**

9.1. **When did the crusher first go "off line"?**

The fixed crushing system was shut down for planned preventative maintenance on 22 October 2023. 8 days preventative maintenance shutdown was planned initially, however, the fixed primary crusher remains offline in maintenance due to lead times on the fly wheel replacement (which is being sourced from the United States).

9.2. **When was the crusher operational again?**

The fixed primary crusher remains offline due to lead times on the flywheel replacement.



A temporary mobile primary crusher was brought online on 4 November 2023 to allow crushing operations to resume at that time.

The Company confirms that as at the date of this response, it has crushed all stockpiled ore and therefore the delay in repairing the primary crusher is not impacting production. The processing of all remaining crushed ore from the Mt Norma stockpiles is expected to be substantially complete prior to CCP mining restart.

9.3. How many days in November was the crusher fully operational and in use?

The crushing circuit was operational and in use for 20 days in November 2023, using the temporary mobile primary crusher in collaboration with the secondary and tertiary part of the crushing system.

10. Please clarify what TNC meant, and which crusher it was referring to, when it disclosed that the “3-Stage Crusher now fully operational” in the 16 November 2023 Presentation (paragraph D)?

TNC deployed a mobile primary crusher (whilst the fixed primary crusher was in repair) as part of its 3-stage crushing system and it was fully operational.

11. In reference to TNC’s daily reports for the months of October 2023, November 2023, December 2023, January 2024 and February 2024:

11.1. Please clarify what TNC meant by “bags”; and

A bag means a bag of Product. Product is bagged for delivery to the buyer as it is produced at the SX Plant and then delivered to the buyer in those bags, so TNC uses this unit in terms of measuring Product production and delivery/sales (noting that there is some variation in bag sizes as noted in the response to questions 1 above and 11.2 below).

11.2. What are the contents and approximate weight of each “bag”?

The contents of each bag is copper sulphate crystal (defined as Product in these responses) (>24% copper concentration). Each bag has a maximum capacity of approximately 1.2 tonnes. However, as noted in the response to question 1, TNC bag delivery weights vary between a minimum of 900kg, up to a maximum of approximately 950kg.

12. Do the definitions in response to Question 11 apply to the reported bags in TNC’s weekly reports from October 2023 to February 2024, including the items excerpted in paragraph P?

Yes.

If not:

12.1. Please clarify what TNC meant by “bags” in the weekly reports; and

Not applicable.

12.2. What are the contents and approximate weight of each “bag” as reported in the weekly reports?

Not applicable.



13. **Do the definitions in response to Question 11 apply to the reported “bags” in the monthly reports for October 2023, November 2023, December 2023 and January 2024 (including the items excerpted in Paragraphs M and N)?**

Yes.

If not:

13.1. **Please clarify what TNC meant by “bags” in the monthly reports; and**

Not applicable.

13.2. **What are the contents and approximate weight of each “bag” as reported in the monthly reports?**

Not applicable.

14. **Please clarify what TNC meant by “bags” in TNC’s statement that “Daily production will increase until targeted daily capacity of 25 bags per day is achieved” in the 16 November 2023 Presentation (paragraph C)?**

Refer to response to question 11.

15. **Please provide the grounds, at 16 November 2023, for TNC’s statement that “Q4 2023 – Daily production will increase until targeted daily capacity of 25 bags per day is achieved” (paragraph C).**

TNC notes that this was not intended as a statement that nameplate production capacity of 25 bags per day would be achieved within Q4 2023. Although it is acknowledged that the statement could be read that way, and the disclosure should have been clearer.

This was intended as a statement that copper sulphate production ramp up would continue during Q4 2023, towards the nameplate production of 25 bags per day. The statement was not intended to indicate a timeframe to achieve nameplate production capacity for the SX Plant of 25 bags per day.

The projections in the External Met Consultant’s Advice (referred to as the Consultant Spreadsheet in ASX’s questions), indicated production would continue to increase towards the plant “nameplate” capacity of 25 bags per day up to a maximum of approximately 23.8 bags per day. This “nameplate” plant capacity of 25 bags per day was previously achieved by the former owners of the project. The maximum capacity of 23.8 bags per day contemplated by the projections in the Consultant Spreadsheet is the external consultant’s estimated maximum based on the consultant’s advice on optimal plant operations, including the consultant’s consideration of variables such as the metallurgical yield of the ore, and assumed steady state operations.

As noted in the response to question 2, the External Met Consultant’s Advice was based on a bag size of 1.2t per bag. Similarly, the “nameplate” capacity of 25 bags per day is based on a bag size of 1.2t per bag. As noted in the Introductory Statement and response to question 1, TNC has been filling each bag to between 900 and 950kg (typically closer to 900kg).

As noted in the Introductory Statement, the projections in the Consultant Spreadsheet assumed:

- that mining restart would occur in time for SX Plant production to continue following depletion of the existing stockpiled ore; and
- steady state operations, and did not factor in mechanical issues that might arise and result in the SX Plant or other related mechanical equipment not being available/operating.



Mechanical/operational matters such as this were not part of the metallurgical consultant's brief. As it turned out, steady state production did not occur due to factors as previously advised to market.

16. In reference to the table excerpted in paragraph I from the Consultant Spreadsheet:

16.1. Please clarify what was meant by "bags" in that spreadsheet, including the contents and approximate weight of each bag.

As noted in the response to question 2, the Consultant Spreadsheet was based on a bag size containing 1.2 tonnes of Product (24.5% copper concentration). 1.2 tonnes is the maximum capacity of each bag, however, TNC consistently shipped bags weighing between 900kg to 950kg (typically closer to 900kg) due to the weight restrictions of its primary crane.

16.2. What does the column "Crystal Equivalents – Bags/day" represent?

This represents the estimated number of bags of Product able to be produced from the SX Plant per day.

16.3. What was the maximum bags/day figure in that spreadsheet and when was that expected to be achieved in (i) the December 2023 quarter and (ii) during the period covered by the spreadsheet?

The maximum projected bags per day figure in the Consultant Spreadsheet was 23.8 x 1.2t bags per day.

That maximum bags per day figure of 23.8 x 1.2t bags was not projected to be achieved in the December 2023 quarter in the Consultant Spreadsheet.

In the Consultant Spreadsheet, the maximum bags/day figure was expected to be achieved in the week commencing 5 May 2024. As noted in the Introductory Statement, the projections in the Consultant Spreadsheet assumed that mining restart would occur in time for SX Plant production to continue following depletion of the existing stockpiled ore.

17. How many "bags", as per the 16 November 2023 Presentation definition, were achieved:

17.1. on average in the December 2023 quarter?

The average for the December quarter was 3.44 bags per day.

17.2. on average in the months of January and February 2024?

The average in January 2024 was 2.3 bags per day and in February 2024 was 1.9 bags per day (for an average across both months of 2.1 bags per day).

During January and February 2024, site operations experienced a number of significant rainfall events which temporarily reduced daily production. In addition, further modification to the SX Plant processing team make up were undertaken to ensure the operation is as cost efficient as possible ahead of the restart of mining at TNC's Cloncurry Copper Project.

17.3. on TNC's most productive day(s) of copper sulphate production, and the date(s) for which, in the December 2023 quarter?

- 30 October 2023 – 9 bags



- 31 October 2023 – 11 bags
- 13 November 2023 – 8 bags
- 28 November 2023 – 8 bags
- 30 November 2023 – 8 bags

There were also 12 days during the quarter where 6-7 bags per day production was achieved.

17.4. on TNC’s most productive day(s) of copper sulphate production, and the date(s) for which, in the months of January and February 2024?

- 24 January 2024 – 5 bags
- 29 January 2024 – 7 bags
- 20 February 2024 – 4 bags

18. What did TNC mean by “bags” in the following disclosures made in the 16 November 2023 Presentation (paragraph D):

18.1. “Currently producing 7-12 bags per day, production continuing to increase”; and

18.2. “Break even OPEX excluding exploration & corporate development (7 bags per day)”

Refer to response to question 11.

19. Please explain the grounds for TNC’s disclosure that it was “currently producing 7-12 bags per day” and “production continuing to increase” in the 16 November 2023 Presentation

In the two weeks prior to the release of the 16 November 2023 Presentation, daily production from existing stockpiled ore at the SX Plant was:

Day	Number of bags of Product produced
30 October 2023	9
31 October 2023	11
1 November 2023	2
2 November 2023	1
3 November 2023	1
4 November 2023	5
5 November 2023	4
6 November 2023	5
7 November 2023	7
8 November 2023	4
9 November 2023	3
10 November 2023	5
11 November 2023	6
12 November 2023	2
13 November 2023	8
14 November 2023	3
15 November 2023	6



This represented a daily average of 4.8 bags per day, with a few days above this closer to a daily target of 10 bags per day.

Based on actual production figures, supported by the External Met Consultant's Advice, TNC management considered the daily production range disclosed in the 16 November 2023 presentation to be achievable.

It is acknowledged that the phrase, "currently producing 7-12 bags per day" was presented erroneously in the 16 November 2023 Presentation as a statement of then current production levels, implying that the SX Plant was producing 7 to 12 bags a day which was not the case as shown in the table above.

The statement of "7-12 bags per day" was intended to be in the nature of an expected daily production range, supported by:

- the External Met Consultant's Advice, which TNC expected to achieve in the near term once SX plant commissioning activities were completed and ramp-up progressed; and
- actual production figures in the lead up to the release of the 16 November 2023.

The External Met Consultant's Advice projected between 6.6 and 9 bags per day through the months of November and December 2023. This was based on a bag size of 1.2t per bag. As noted in the response to question 1, TNC has been filling each bag to between 900 and 950kg (typically closer to 900kg). Accordingly, the forecast bags per day in the External Met Consultant's Advice should be multiplied by 1.33 (1200/900) to compare like for like with TNC's internally reported actual production numbers on a bags per day basis.

That is, the External Met Consultant's Advice projected between 8.778 and 11.97 bags per day (at approximately 900kg per bag) through the months of November and December 2023, which was rounded to between 7 and 12 bags per day in the 16 November 2023 Presentation.

Given production of 11 bags in one day was achieved on 31 October, TNC management considered that there was a reasonable basis for the high end of this production range at the time it was disclosed in the 16 November 2023 Presentation.

At the time these statements were made in the 16 November 2023 Presentation, TNC management expected that production from existing stockpiled ore would increase, as SX Plant commissioning activities were completed and as production ramp up progressed.

Unfortunately, production delays at the SX Plant resulting from minor equipment failures and other issues began to occur in late November 2023, which resulted in slower production from existing stockpiled ore following the release of the 16 November 2023 Presentation. These equipment failures and other issues were referred to in TNC's announcement titled "Q4 2023 SX Operations Update, Cloncurry", released on ASX on 15 January 2024.

20. **In TNC's weekly report dated 20 November 2023, TNC disclosed that it had produced, in the relevant week, "26 bags for 23.2T" or approximately 3-4 bags per day during that week. Please explain the apparent inconsistency between this reporting and TNC's disclosure in the 16 November 2023 Presentation that it was currently producing 7-12 bags per day?**

To clarify, TNC did not publicly disclose anything in the weekly report dated 20 November 2023. This was an internal report prepared for TNC executive management and was not prepared for release to the market.

Please refer to the response to question 19 for the basis for the relevant disclosure in the 16 November 2023 Presentation.



The 16 November 2023 Presentation was released prior to receipt of the actual weekly production report dated 20 November 2023 (which covered the week 12 November to 18 November 2023) referred to in this question, which confirmed that the actual average number of bags produced for that week was less than 7 to 12 bags per day.

As can be seen in the weekly report referred to in this question, production delays at the SX Plant resulting from minor equipment failures and other issues had begun to occur in late November 2023, which resulted in slower production from existing stockpiled ore following the release of the 16 November 2023 Presentation. These equipment failures and other issues were referred to in TNC's announcement titled "Q4 2023 SX Operations Update, Cloncurry", released on ASX on 15 January 2024.

21. **Please explain the apparent inconsistency between TNC's disclosure in the 16 November 2023 Presentation that TNC was "currently producing 7-12 bags per day, production continuing to increase" and the following statements in the November 2023 Report (paragraph M):**

21.1. **"Bags produced were averaging 5 per day" an amount less than the low-end of the 7-12 bags per day disclosed in the 16 November 2023 Presentation; and**

Please refer to the response to question 19 for the basis for the relevant disclosure in the 16 November 2023 Presentation.

The 16 November 2023 Presentation was released prior to receipt of the actual monthly production report (which covered the dates 1 to 30 November 2023) referred to in this question, which confirmed that the actual average number of bags produced for November 2023 was less than 7 to 12 bags per day. It is noted that the full sentence from the monthly report referred to in this question (and extracted in full in paragraph M of the ASX Query Letter) is *"Bags produced were averaging 5 per day with a few days above this closer to daily target of 10."*

As can be seen in the Maintenance section of the monthly report referred to in this question, production delays at the SX Plant resulting from minor equipment failures and other issues had begun to occur in late November 2023, which resulted in slower production from existing stockpiled ore following the release of the 16 November 2023 Presentation. These equipment failures and other issues were referred to in TNC's announcement titled "Q4 2023 SX Operations Update, Cloncurry", released on ASX on 15 January 2024.

21.2. **"Crystal production for month of 110 Tonnes, resulting in 119 bags produced" which, ASX observes, equates to an average production of 3-4 bags per day during the month of November.**

As noted in the responses to questions 19, 20 and 22.1, production delays at the SX Plant resulting from minor equipment failures and other issues had begun to occur in late November 2023, which resulted in slower than anticipated production from existing stockpiled ore following the release of the 16 November 2023 Presentation. These equipment failures and other issues were referred to in TNC's announcement titled "Q4 2023 SX Operations Update, Cloncurry", released on ASX on 15 January 2024.

At the time of preparing the 16 November 2023 Presentation, none of these issues were anticipated to significantly impact total production from existing stockpiled ore for the December 2023 quarter. Of note, the monthly report referred to in this question and paragraph M of the ASX Query Letter conveys TNC management's production expectation of 10 bags per day.



22. **How many of TNC's daily reports for the month of October disclosed that:**

To clarify, TNC did not publicly disclose anything in its daily reports. These were internal reports, prepared for TNC executive management and were not prepared for release to the market.

22.1. **TNC produced 7 or more bags in the prior 24 hours? Please list the relevant dates and number of bags produced in each.**

2 of TNC's internal daily reports for the month of October 2023 reported production of 7 or more bags in the prior 24 hours:

- 31 October 2023 report: 9 bags produced on 30 October 2023
- 1 November 2023 report: 11 bags produced on 31 October 2023

22.2. **TNC produced 12 bags in the prior 24 hours? Please list the relevant dates and number of bags produced in each.**

None of TNC's internal daily reports for the month of October 2023 reported production of 12 bags in the prior 24 hours.

The highest number of bags produced in a day in October 2023 was 11 bags produced on 31 October 2023.

TNC management's target during this period was 10 bags per day (refer to paragraph M of the ASX Query Letter).

23. **What did TNC mean by "Total Crystal Product" in Figure 7 of slide 13 of the 16 November 2023 Presentation (paragraph D)?**

In the 16 November 2023 Presentation, the reference to "Total Crystal Product" was to total Product produced (regardless of whether it met the buyer's specification) at the SX Plant in the relevant time period.

24. **ASX observes that Figure 7 of slide 13 of the 16 November 2023 Presentation (paragraph D) appears to show that October's production was more than September's and more than 120 tonnes of crystal sulphate was produced in October. Please explain the apparent inconsistency in this disclosure with the graphs of "Total Crystal Product" in TNC's monthly reports (for example, paragraph O), which appears to show October crystal production to be in-line with September and below 120 tonnes.**

To clarify, TNC did not publicly disclose anything in its monthly reports referred to in this question. These were internal reports prepared for the TNC Board and were not prepared for release to the market.

TNC does not agree that the graph of Total Crystal Product in paragraph O (extracted from TNC's February 2024 monthly operating report) shows October 2023 crystal production to be in-line with September 2023 production. The graph shows October 2023 crystal production to be slightly higher than September 2023 production.

In any case, the reason for the difference between the graph in the February 2024 report and the graph in the 16 November 2023 Presentation is due to TNC reconciling internal production figures to remove Product that did not meet the desired buyer specification.

The graph in Figure 7 of slide 13 of the 16 November 2023 Presentation (paragraph D) represents 122 tonnes of total Product produced at the SX Plant in in October 2023. That amount was provided by TNC's processing



team, based on internal production logs (not then available to TNC executive management and different from the daily reports provided to TNC executive management and referred to in the ASX Query Letter) and includes Product that did not meet buyer specification. A total 101.87 tonnes of Product met the desired buyer specification. It is acknowledged that this either (a) should have been made clear in the 16 November 2023 Presentation; or (b) only the total amount of Product that met buyer specification should have been included in the graph instead.

At the time of release, the reported amount in Figure 7 of slide 13 of the 16 November 2023 Presentation was an honest attempt to keep the market informed, however, a number was used in the graph which did not reflect actual Product that met buyer specification and this was not made clear in the graph, for the reasons set out in the Introductory Statement.

As referenced in the Introductory Statement, given the nature of production from existing stockpiled ore at the time (being early-stage production, involving some trial & error, and typical commissioning and ramp up challenges), there proved to be insufficient internal management controls over the production forecasting and reporting which introduced errors. Specifically, the production reporting did not clearly delineate between Product that met buyer specification and Product that did not meet buyer specification. As set out in the Introductory Statement, these internal management controls and reporting issues have since been improved in preparation for a pending mining restart and the more material levels of production expected.

The 160t – 300t Copper Production Estimate

25. **How did TNC arrive at the 160t – 300t copper metal production range, then described by TNC as a forecast, disclosed on MAP on 31 October 2023 (paragraphs A and B of ASX's First Query Letter)? If the Consultant Spreadsheet was used, please detail how that spreadsheet informed this forecast or estimate.**

The External Met Consultant's Advice was used to formulate the forecast estimate. A +/- 30% factor was applied to the projections in the External Met Consultant's advice.

It should be noted that the production projections in the External Met Consultant's Advice assumed steady state operations, and did not factor in mechanical issues that might arise and result in the SX Plant or other related mechanical equipment not being available/operating. Mechanical/operational matters such as this were not part of the metallurgical consultant's brief. As it turned out, steady state production did not occur due to factors as previously advised to market.

The production projections in the External Met Consultant's Advice were based primarily on metallurgical matters (including TNC's inferred mineral resource estimate of 67.0 kt at 2.08% Cu for out of ground heap leach pad and stockpiled material) and assumed steady state operations at the SX Plant.

TNC management considered a +/- 30% factor to be a reasonable factor to apply as a margin of error to the External Met Consultant's Advice, to account for both positive and negative variances in operations at the SX Plant compared to assumptions used in the External Met Consultant's Advice. TNC notes that this is the same margin of error used in TNC's optimisation study for the Wallace North Ore Reserve and accompanying assumptions including scheduling, haulage and financial modelling, completed to the accuracy level of a pre-feasibility study.

Given production of 11 bags in in one day was achieved on 31 October, TNC management considered that there was a reasonable basis for the high end of this production range at the time it was disclosed on 31 October 2023.



26. **ASX observes that the amounts in the final column of the table excerpted from the Consultant Spreadsheet sums to 238 tonnes of leached copper. Please explain how TNC justified the top-end of the production forecast or production estimate range of 300 tonnes of copper metal for the December 2023 quarter?**

Refer to response to question 25.

27. **Had TNC's metallurgical consultant updated the Consultant Spreadsheet since it was provided to TNC on 18 September 2023? If so, please detail the updates and relevant dates of those updates.**

No, the Consultant Spreadsheet has not been updated since 18 September 2023.

As part of their engagement and support, the external metallurgical consultant was involved in commissioning of the SX Plant and assessing operations with TNC operation personnel. However, the consultant's advice assumed steady state operations, and the consultant was not monitoring whether the SX Plant was in fact operating at a steady state and was not updating the forecast based on the day-day working condition of the machines at the SX plant.

28. **What did the metallurgical consultant mean by the plant being "fairly robust... as long as you take it easy and don't make radical changes... SX plants like steady operations...." (paragraph J)?**

TNC interprets the statement to mean that the SX Plant is operating well and performing as designed, and dramatic changes to the process in terms of volumes input, running times, etc could impact the SX Plant's performance and therefore the forecast. For example, if the SX Plant is required to be shut down for a period due to mechanical faults or other repairs or maintenance outside of scheduled maintenance periods, this dramatically reduces the efficiency of the SX Plant overall as each time the SX Plant is shut down it takes time to return to optimal temperatures and conditions for processing the stockpiled ore.

29. **What level of copper sulphate crystal production, in terms of bags produced per day, at TNC's SX Plant that would be consistent with "steady operations" as described by the metallurgical consultant (paragraph J)?**

TNC interprets this to be production as per the forecast.

30. **Please confirm that the independent and external metallurgical advice referred to in TNC's 30 January 2024 Response consisted of the email dated 18 September 2023, the Consultant Spreadsheet and, as described in TNC's email dated 20 February 2024, a couple of site visits between October 2023 and January 2024 and offsite support mainly by phone (paragraph K). If not, please provide details.**

Yes, this is correct.

31. **Was the Consultant Spreadsheet based on a spreadsheet prepared by TNC and sent to the metallurgical consultant? If so, please detail the information that was prepared by TNC and given to TNC's independent and external metallurgical consultant.**

No, the Consultant Spreadsheet was not based on a spreadsheet prepared by TNC and sent to the metallurgical consultant. TNC's operations team provided specific inputs (ore volumes, copper grade and recoveries) which were used by the metallurgical consultant in completing the Consultant Spreadsheet as detailed in the response to question 32 below. However, the final advice, including the Consultant Spreadsheet was based on the metallurgical consultant's expertise and experience with SX Plant operations.



32. **Please detail the information provided by TNC to the metallurgical consultant as described in the excerpt in paragraph J, specifically “Production forecast: I have created a schedule for the heap leach for the next 10 or so months according to the info in [TNC’s Email] on the 11th Sept.”**

TNC’s operations team provided oxide ore sources (volumes) and laboratory assays (copper grade and recoveries) to the independent metallurgical consultant.

33. **Does TNC still maintain that the metallurgical advice justifies disclosing on MAP that TNC would meet the 160t – 300t copper metal production estimate on:**

- 33.1. **24 November 2023 (per TNC’s 24 January Response and TNC’s 30 January 2024 Response, including the portions excerpted in paragraphs G and S)**

The TNC Board maintains that as at 24 November 2023, the production estimate was thought to be made on a proper basis and in compliance with the ASX Query Listing Rules, for the reasons given in the extracts in paragraphs G and S of the ASX Query Letter, also noting the matters outlined in the Introductory Statement.

Based on information provided by TNC management, which took advice from the external consultants, the TNC Board considered that the 160t to 300t copper metal production estimated at the SX Plant from the Mt Norma stockpiles would be materially completed within the December 2023 quarter at the times that production estimate was disclosed to the market on 31 October, 24 November and 22 December 2023. In relation to the disclosures made on 24 November and 22 December 2023, TNC would like to emphasise the context in which the restated production estimates were made, being in prospectus risk factors relating to copper sulphate production (produced below):

‘Copper Sulphate Production

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. The production estimate is dependent on, among other things, plant and equipment remaining operational, the accuracy of assumptions regarding ore grades and recovery rates, copper price and exchange rates, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics and the accuracy of estimated rates and costs of mining and processing. The Company’s actual production may also vary from its estimate for a variety of other reasons, including adverse operating conditions (such as unexpected geological conditions, fire, weather, accidents), compliance with governmental requirements, labour and safety issues, delays in installing or repairing plant and equipment. Problems may also arise due to interruptions to essential services (such as power, water, fuel, equipment or transport capacity) or technical support which results in a failure to achieve expected target dates for production. Each of these factors also applies to the Company’s sites not yet in production and to operations that are to be expanded. Depending on the prevailing copper prices, the Company may determine that it is impractical to commence or, if commenced, to continue commercial production at a particular site.’

The purpose of restating the production estimates within the above paragraph was to establish that a production estimate existed, and to appropriately present the risk that TNC’s actual production may vary from the estimate for a variety of reasons.



As noted in the Introductory Statement, the production projections in the External Met Consultant's Advice assumed steady state operations, and did not factor in mechanical issues that might arise and result in the SX Plant or other related mechanical equipment not being available/operating. Mechanical/operational matters such as this were not part of the metallurgical consultant's brief. As it turned out, steady state production did not occur due to factors as previously advised to market.

The TNC Board now acknowledges that the production estimates had become unrealistic by 24 November 2023 due to production delays at the SX Plant resulting from minor equipment failures and other issues which began to occur in late November 2023. These equipment failures and other issues were referred to in TNC's announcement titled "Q4 2023 SX Operations Update, Cloncurry", released on ASX on 15 January 2024.

The production estimates were not updated on 24 November 2023 for the reasons given in the Introductory Statement and the response to questions 40.5 and 41 below (being that TNC considered that the production delay itself was not material, and did not consider the production delay to be material or price sensitive to TNC as a whole).

33.2. 22 December 2023 (per TNC's 24 January Response and TNC's 30 January 2024 Response, including the portion excerpted in paragraph T)

The TNC Board maintains that as at 22 December 2023, the production estimate was thought to be made on a proper basis and in compliance with the ASX Query Listing Rules, for the reasons given in the extract in paragraphs G, H and T of the ASX Query Letter, also noting the matters outlined in the Introductory Statement.

Refer also to the response to question 33.1 above for the context in which the 22 December 2023 disclosure was made.

As noted in the Introductory Statement, the production projections in the External Met Consultant's Advice assumed steady state operations, and did not factor in mechanical issues that might arise and result in the SX Plant or other related mechanical equipment not being available/operating. Mechanical/operational matters such as this were not part of the metallurgical consultant's brief. As it turned out, steady state production did not occur due to factors as previously advised to market.

The TNC Board now acknowledges that the production estimates had become impossible by 22 December 2023 due to production delays at the SX Plant resulting from minor equipment failures and other issues which began to occur in late November 2023 and continued through December 2023. These equipment failures and other issues were referred to in TNC's announcement titled "Q4 2023 SX Operations Update, Cloncurry", released on ASX on 15 January 2024.

The production estimates were not updated on 22 December 2023 for the reasons given in the Introductory Statement and the response to questions 40.5 and 41 below (being that TNC considered that the production delay itself was not material, and did not consider the production delay to be material or price sensitive to TNC as a whole).

34. What was the intention of introducing the "Q2 bags target" in the daily reports from on or around 10 November 2023 (paragraph Q)?

The TNC processing team wanted to track daily performance according to an operational target. The External Met Consultant's Advice projected approximately 8 bags per day through the months of November and December 2023. This was based on a bag size of 1.2t per bag. As noted in the response to question 1, TNC has been filling each bag to between 900 and 950kg (typically closer to 900kg). Accordingly, the Q2 bags target of 10



bags was determined based on the 8 forecast bags per day in the External Met Consultant's Advice multiplied by 1.33 (1200/900), being the mid-point of the 160t – 300t copper metal production range.

35. **Approximately how much copper sulphate and copper metal would TNC have produced if it had met the “Q2 bags target” based on TNC’s average weight per bag and average crystal grade % for the December 2023 quarter?**

Approximately 508.705 tonnes of copper sulphate and 124.084 tonnes of copper metal based on a target of 550 bags, an average weight per bag of 925 kg and average crystal grade percentage of 24.39% for the December 2023 quarter.

36. **How were the forecasted bags per week in the monthly reports (for example Figure 9 reproduced in Paragraph N and Figure 4 reproduced in Paragraph O) determined?**

From an operational forecast model, managed by TNC’s former Processing Manager.

37. **Approximately how much copper sulphate and copper metal would TNC have produced if it had met the forecasted bags per week in Figure 9 (reproduced in Paragraph N), based on TNC’s average weight per bag and average crystal grade % for the December 2023 quarter?**

Approximately 1.4 kilotonnes of Product and approximately 355 tonnes of copper metal, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter.

38. **ASX refers to the portions of TNC’s 30 January 2024 Response excerpted in paragraph S regarding TNC’s 24 November 2023 disclosure that TNC “expects that it will achieve” the 160t to 300t copper metal production estimate.**

- 38.1. **On 24 November 2023, how many bags per day did TNC have to produce to meet the Q2 target?**

An average of 9.29 bags per day, based on:

- approximately 353 bags remaining as at 24 November 2023 to meet the internal TNC target of 550 bags for the quarter; and
- 38 days remaining in the December quarter after (and including) 24 November 2023.

- 38.2. **On 24 November 2023, how many bags per day did TNC have to produce, based on TNC’s average weight per bag and average crystal grade % for the December 2023 quarter, to meet the low-end of the 160t – 300t range?**

An average of 13.48 bags per day, based on:

- a total of approximately 709.2 bags required to meet the low end of the production range of 160 tonnes of copper metal, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter;
- a total of 197 bags produced in the December 2023 quarter up to 24 November 2023, for approximately 182.228 tonnes of copper metal produced in that time period, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter; and
- leaving a total of 512.2 bags required to meet the low end of the forecast over the 38 days remaining in the December quarter after (and including) 24 November 2023.



38.3. **On 24 November 2023, how many bags per day did TNC have to produce, based on TNC’s average weight per bag and average crystal grade % for the December 2023 quarter, to meet the high-end of the 160t – 300t range?**

An average of 29.81 bags per day, based on:

- a total of approximately 1329.74 bags required to meet the high end of the production range of 300 tonnes of copper metal, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter;
- a total of 197 bags produced in the December 2023 quarter up to 24 November 2023, for approximately 182.228 tonnes of copper metal produced in that time period, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter; and
- leaving a total of 1132.74 bags required to meet the high end of the forecast over the 38 days remaining in the December quarter after (and including) 24 November 2023.

38.4. **In the Consultant Spreadsheet, what was the forecasted maximum bags per day for the month of December 2023?**

Approximately 8.5 bags per day (at average bag size of 1.2 tonnes per bag), equivalent to 11.3 bags per day (being 8.5 multiplied by 1.33 (1200/900) to compare like-for-like with TNC’s internally reported actual production numbers on a bags per day basis).

38.5. **Please state the number of bags produced a week, as reported in the weekly reports, in each week immediately following 24 November 2023 until the end of January 2024.**

Week (commencing)	Number of bags produced
26 November 2023	31
3 December 2023	22
10 December 2023	14
17 December 2023	22
24 December 2023	23
31 December 2023	14
7 January 2024	16
14 January 2024	8
21 January 2024	18
28 January 2024 to 31 January 2024	17

39. **ASX refers to the portions of TNC’s 30 January 2024 Response excerpted in paragraph T regarding TNC’s 22 December 2023 disclosure that TNC “expects that it will achieve” the 160t to 300t copper metal production estimate ASX observes that TNC had previously disclosed that its targeted daily capacity was 25 bags a day (paragraph C) and its daily target per the November 2023 report was 10 bags a day (paragraph M).**

39.1. **How many bags per day did TNC have to produce to meet the Q2 target on:**

- (a) **19 December 2023 when the board last met; and**

An average of 21.31 bags per day, based on:



- approximately 277 bags remaining as at 19 December 2023 to meet the internal TNC target of 550 bags for the quarter; and
- 13 days remaining in the December quarter after (and including) 19 December 2023.

(b) **22 December 2023?**

An average of 26.8 bags per day, based on:

- approximately 268 bags remaining as at 22 December 2023 to meet the internal TNC target of 550 bags for the quarter; and
- 10 days remaining in the December quarter after (and including) 22 December 2023.

39.2. **How many bags per day did TNC have to produce, based on TNC's average weight per bag and average crystal grade % for the December 2023 quarter, to meet the low-end of the 160t – 300t copper metal production estimate on:**

(a) **19 December 2023; and**

An average of 33.55 bags per day, based on:

- a total of approximately 709.2 bags required to meet the low end of the production range of 160 tonnes of copper metal, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter;
- a total of 273 bags produced in the December 2023 quarter up to 19 December 2023, for approximately 61.6 tonnes of copper metal produced in that time period, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter; and
- leaving a total of 436.2 bags required to meet the low end of the forecast over the 13 days remaining in the December quarter after (and including) 19 December 2023.

(b) **22 December 2023?**

An average of 42.72 bags per day, based on:

- a total of approximately 709.2 bags required to meet the low end of the production range of 160 tonnes of copper metal, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter;
- a total of 282 bags produced in the December 2023 quarter up to 22 December 2023, for approximately 63.6 tonnes of copper metal produced in that time period, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter; and
- leaving a total of 427.2 bags required to meet the low end of the forecast over the 10 days remaining in the December quarter after (and including) 22 December 2023.



39.3. **How many bags per day did TNC have to produce, based on TNC's average weight per bag and average crystal grade % for the December 2023 quarter, to meet the high-end of the 160t – 300t copper metal production estimate on:**

(a) **19 December 2023; and**

An average of 81.29 bags per day, based on:

- a total of approximately 1329.74 bags required to meet the high end of the production range of 300 tonnes of copper metal, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter;
- a total of 273 bags produced in the December 2023 quarter up to 19 December 2023, for approximately 61.6 tonnes of copper metal produced in that time period, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter; and
- leaving a total of 1056.74 bags required to meet the high end of the forecast over the 13 days remaining in the December quarter after (and including) 19 December 2023.

(b) **22 December 2023?**

An average of 104.77 bags per day, based on:

- a total of approximately 1,329.74 bags required to meet the high end of the production range of 300 tonnes of copper metal, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter;
- a total of 282 bags produced in the December 2023 quarter up to 22 December 2023, for approximately 63.6 tonnes of copper metal produced in that time period, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter; and
- leaving a total of 1,047.74 bags required to meet the high end of the forecast over the 10 days remaining in the December quarter after (and including) 22 December 2023.

39.4. **Please confirm that the production data up to 18 December 2023 (and produced to the board) included:**

(a) **the weekly report dated 18 December 2023 (as referred to in paragraph T); and**

(b) **that report disclosed "14 bags for 13.0 T" under "1.2 Number of Bags Produced" (paragraph R).**

Confirmed.

If not, please state what information was provided to the board prior to the 19 December 2023 board meeting and detail the relevant production statistics contained within it.

Not applicable.



39.5. **How many bags per day did TNC have to produce following Heap 5 coming online on 21 December 2023 (paragraph H) to meet:**

(a) **the Q2 bag target of 550 bags; and**

An average of 24.91 bags per day, based on:

- approximately 274 bags remaining as at 21 December 2023 to meet the internal TNC target of 550 bags for the quarter; and
- 11 days remaining in the December quarter after (and including) 21 December 2023.

(b) **the low-end of the 160t – 300t copper metal production estimate?**

An average of 39.38 bags per day, based on:

- a total of approximately 709.2 bags required to meet the low end of the production range of 160 tonnes of copper metal, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter;
- a total of 276 bags produced in the December 2023 quarter up to 21 December 2023, for approximately 62.3 tonnes of copper metal produced in that time period, based on average weight per bag of 925kg and average crystal grade percentage of 24.39% for the December 2023 quarter; and
- leaving a total of 433.2 bags required to meet the low end of the forecast over the 11 days remaining in the December quarter after (and including) 21 December 2023.

39.6. **In the Consultant Spreadsheet provided by the external metallurgical consultants, what was the maximum bags per day forecasted following Heap 5 and Heap 6 coming online?**

As noted in the Introductory Statement, the production projections in the External Met Consultant's Advice assumed steady state operations (i.e. did not incorporate an increase in production for Heap 5 and Heap 6 coming online). As it turned out, steady state production did not occur due to factors as previously advised to market.

There was general consensus between operations and management, supported with technical information (assays of copper leachate in solution) that production would significantly increase once Heap 5 came online.

39.7. **What was the average number of bags per day produced by TNC following Heap 5 and Heap 6 coming online?**

Operations achieved an average of approximately 3.4 bags per day over the period of 21 December 2023 to 31 December 2023, after Heap 5 and Heap 6 were both online from 21 December 2023. Production was hampered by staff availability over the Christmas Holiday period. Heap 6 had been online since sometime in July 2023.

39.8. **Given TNC's infrastructure in place at the end of December 2023, what was the maximum number of bags per day that could feasibly be produced?**

The SX Plant design capacity is 25 bags per day (based on higher tonnage bags of approximately 1.2t of Product per bag as noted in the responses above). This was previously achieved by the former owners.



The projections in the External Met Consultant's Advice projected a maximum capacity of 23.8 bags per day (based on higher tonnage bags of approximately 1.2t of Product per bag as noted in the Introductory Statement and the responses above). The average weight per bag during the December 2023 quarter was 925kg, meaning that achieving design capacity could have allowed TNC to produce 32.43 bags per day at this bag weight (being maximum capacity of 30 tonnes per day (i.e. 25 bags at 1.2 tonnes), or 30.9 bags per day at this bag weight based on the projected maximum bags per day in the External Consultant's Advice).

TNC considers that this is the maximum number of bags per day that could feasibly be produced if steady state operations had been able to be achieved.

40. **TNC's 30 January 2024 Response disclosed that "The Company's senior executive management and Board considered at 22 December 2023 (and still consider) that the delay in achieving the production forecast is nonmaterial for the following reasons...the Company expects to recover the production gap during this quarter..."**

40.1. **What was TNC's production gap from the low-end of the 160t – 300t copper metal production estimate?**

Approximately 90 tonnes of copper metal, based on actual production of 70.38 tonnes of copper metal reported in TNC's announcement titled "Q4 2023 SX Operations Update, Cloncurry", released on ASX on 15 January 2024.

40.2. **What would have been TNC's baseline copper metal production for the March 2024 quarter (not including the above production gap)?**

The Company has not given any production guidance for the March 2024 quarter. Crystal production in the March quarter was dependent on mining restart at TNC's Cloncurry Copper Project (providing fresh oxide ores for processing). As referenced in the Introductory Statement, the forecast production for the December 2023 quarter was based only on production from existing stockpiles.

40.3. **How much copper metal has TNC produced in the March 2024 quarter as at the date of this letter (or nearest date to it that TNC has access to)?**

It was anticipated that TNC would produce approximately 90 tonnes of copper metal in the March 2024 quarter (being the gap between the lower end of the 160t -300t copper metal production estimate and actual production of 70.38t of copper metal reported in TNC's announcement titled "Q4 2023 SX Operations Update, Cloncurry", released on ASX on 15 January 2024).

TNC produced approximately 50t of copper metal in the March 2024 quarter. During January and February 2024, site operations experienced a number of significant rainfall events which temporarily reduced daily production. In addition, further modification to the processing team make up were undertaken to ensure the operation is as cost efficient as possible ahead of the restart of mining at TNC's Cloncurry Copper Project.

As at the date of this response, processing of the Mt Norma stockpiles is expected to be substantially complete prior to CCP mining restart.

40.4. **Please provide the grounds for TNC's statement that TNC "expects to recover the production gap during this quarter".**

There has been no net loss of metal from the processing circuit. All recoverable copper metal existing within the existing Mt Norma stockpiles will be added to the heap leach and extracted by the



processing circuit and sold (subject to meeting buyer specifications) under the existing offtake agreement with the buyer.

At the time the 30 January 2024 Response was prepared, TNC management expected that processing of existing Mt Norma stockpiles would be completed during the March 2024 quarter, which would complete the production forecast for the December 2023 quarter.

As noted in the response to question 40.3, TNC produced approximately 50t of copper metal in the March 2024 quarter. During January and February 2024, site operations experienced a number of significant rainfall events which temporarily reduced daily production. In addition, further modification to the processing team make up were undertaken to ensure the operation is as cost efficient as possible ahead of the restart of mining at TNC's Cloncurry Copper Project.

As at the date of this response, processing of the Mt Norma stockpiles is expected to be substantially complete prior to CCP mining restart.

40.5. ASX observes that TNC appears to have revised down its forecasted production in early February 2024 (paragraph V). Does TNC's board still consider that the production gap can be recovered in the March 2024 quarter? If so, please provide the grounds for this view.

As noted in the response to question 40.3, TNC produced approximately 50t of copper metal in the March 2024 quarter, meaning that TNC did not recover the entire production gap of 90t of copper metal in the March 2024 quarter (due to production delays and restructuring of the processing team, as mentioned above). However, there has been no net loss of metal from the processing circuit. All recoverable copper metal existing within the existing Mt Norma stockpiles will be added to the heap leach and extracted by the processing circuit and sold (subject to meeting buyer specifications) under the existing offtake agreement with the buyer.

As at the date of this response, processing of the Mt Norma stockpiles is expected to be substantially complete prior to CCP mining restart.

It should be noted that the production forecasts for the March 2024 quarter extracted in Paragraphs U and V of the ASX Query Letter were prepared for internal purposes, and not for public release.

The internal forecast extracted in Paragraph U of the ASX Query Letter was based on a budget approved in July 2023 (and was based on preliminary study projections). The internal and (still work in progress) forecast extracted in Paragraph V of the ASX Query Letter was based on a site management forecast which had an assumption on mining restart occurring in the March 2024 quarter and incorporated the known quantity of stockpiled ore that had been stacked on the heap leach. These internal forecasts have not been approved by TNC executive management or the TNC Board and remains a work in progress as TNC moves towards mining restart. Investors should disregard these internal forecasts and not place any reliance on them.

TNC did not provide production guidance to the market for the March quarter due to the uncertain and working nature of the forecasts and the assumptions regarding the mining restart. It is important to note that the main difference in production forecasts is not from the forecast production from existing stockpiled ore, but in the forecast of additional production sourced from mining new ore.



TNC has provided a number of disclosures related to the timing and decision of the mining restart due to its materiality and TNC did not provide production guidance to the market for the March quarter for these reasons. The material announcements that were made are set out below.

On 16 June 2023, the Company released its re-compliance prospectus, which disclosed:

- At section 4I (Investment Overview, Business Model):

'The Company's main objectives on completion of the Offers is as follows...(b) refurbishment of the [SX Plant] at Great Australia Mine and processing of stockpiled oxide ores...Using funds raised under the TNC Capital Raising, True North has separately commissioned a mining restart study with MEC Mining consultants to evaluate the feasibility of restarting the Great Australia Mine processing plants to mine and process: (a) copper oxide mineralisation via the existing [SX Plant] to produce high purity copper sulphate... True North has started refurbishment of the [SX Plant] and, following completion of the [SX Plant] refurbishment, True North may commence processing existing stockpiled ore to produce copper sulphate for sale into the chemicals market (subject to entry into binding offtake agreements). The Company will update Shareholders on any material developments in relation to refurbishment of the [SX Plant] and any processing of stockpiled ore into copper sulphate for sale following refurbishment of the [SX Plant].'

- At section 7.3 (Use of funds):

'At this stage, any restart of mining and processing at the Great Australia Mine (beyond the processing and sale of copper sulphate once refurbishment works are complete) is subject to further technical studies and potentially further financing and, accordingly, the above table does not take into account any revenues which may be generated from mining or processing and sale of copper sulphate or copper-gold sulphide due to the material uncertainty as to if and when mining and processing will re-commence. True North has started refurbishment of the [SX Plant] and, following completion of the [SX Plant] refurbishment, True North may commence processing existing stockpiled ore to produce copper sulphate for sale into the chemicals market (subject to entry into binding offtake agreements). The Company will update Shareholders on any material developments in relation to refurbishment of the [SX Plant] and any processing of stockpiled ore into copper sulphate for sale following refurbishment of the [SX Plant].'

On 20 June 2023, the Company included the following disclosure in its announcement titled 'Cloncurry Project broad zones of visual Cu Mineralisation':

'TNC is finalising the refurbishment of the SX plant located at the Great Australia Mine Complex within the Cloncurry Project in June, on budget, with commissioning underway. TNC's global Resource includes high-grade copper oxide stockpiles and initial production is commissioning via a heap leach operation to process these stockpiles to produce a copper sulphate product.'

On 27 June 2023 (and as updated on 4 July 2023), the Company included the following disclosure in its announcement titled 'Initial Ore Reserve for Great Australia Mine':

'TNC has completed refurbishment of the Great Australia Complex SX plant on budget; and commissioning is underway. TNC expects first sales of copper sulphate late June/early July 2023 from processing high-grade copper oxide stockpiles, while mining restart studies for open pit mining of copper sulphide orebodies at Great Australia Mine expected in late July. A decision on full recommencement of full-scale mining operations is expected in Q3 CY23.'

On 19 July 2023, the Company included the following disclosure in its announcement titled 'Great Australia Mine drilling and IP survey results':

'TNC has finalised the refurbishment of the SX plant located at the Great Australia Mine Complex within the Cloncurry Project. TNC's Global Resource includes high-grade copper oxide stockpiles and initial



*production commissioning is underway via a heap leach operation to **process these stockpiles** and produce a copper sulphate product.'*

In each announcement which included references to production and/or mining restart from (and including) the initial announcement of the acquisition of True North Copper Pty Ltd in February 2023 up until the release of the Mining Restart Study – Positive Cloncurry Project Economics on 15 February 2024, TNC included some form of the following cautionary statement regarding near term production features (**Cautionary Statement**):

'Moving to production at the Company's Cloncurry project, including mining restart at the Great Australia Mine, is subject to successful completion of mining restart studies (including further metallurgical and geotechnical studies) to confirm the financial viability of the project. The funds raised under the recently completed Prospectus Offers may not be sufficient to fully fund necessary CAPEX and OPEX requirements. The Company may need to obtain additional funding through a combination of debt and equity to be raised at a later date to meet CAPEX/OPEX requirements to move to production on the Cloncurry project, including restart of the Great Australia Mine. The Company is in discussions with potential debt and equity funders, and has a reasonable degree of confidence that it will be able to raise necessary funding at the relevant time. There can be no guarantee that the technical studies will confirm financial viability of the project, or that necessary funding will be available to the Company at the relevant time.'

On 31 July 2023:

- the Company announced that it had commenced copper sulphate production at the CPP, with its refurbished solvent extraction and copper sulphate crystallisation plant now fully operational; and
- released its quarterly activities report for Q2 2023 which contained the Cautionary Statement.

On 1 September 2023, the Company included the following disclosure in its announcement titled 'TNC copper sulphate production update: August 2023':

- *'Commissioning of our SX Plant commenced in late June following refurbishment works. Despite a delay of approximately three weeks to our initial commissioning schedule, our sulphate production levels are now progressing as anticipated. Production of copper sulphate is low cost, and its market value ensures we receive timely revenue, typically within 5 days post-production. Our decision to initiate production with existing oxide ore stockpiles was strategic, allowing us to solidify our operational foundation as exploration progresses at our Mt Oxide and Cloncurry Projects and we finalise mining restart studies... We're nearing the final stages of studies supporting the pending decision to resume mining operations at Cloncurry, which will allow us to commence copper concentrate production, and we expect to update the market in the December quarter'*
- *'TNC has identified various oxide ore stockpiles in the vicinity of the TNC Cloncurry SX Plant. TNC is currently in discussions regarding the processing of these stockpiles. Their significance to the Company lies in ensuring consistent copper sulphate production, even amidst potential changes in mining sequences in the forthcoming years. TNC will inform the market when agreements are finalized with third party oxide ore providers'*

On 28 September 2023, the company released its statutory accounts for the FY ending 30 June 2023, which disclosed:

'TNC expects first sales from copper sulphate production in Q3 CY 23 with copper concentrate production anticipated to restart immediately following completion of a restart study due Q4 CY23 (subject to technical studies confirming the financial viability of the project and further financing if required for capex/opex requirements).'



On 17 October 2023, the Company released the 17 October 2023 Presentation which included the Cautionary Statement.

On 27 October 2023, the Company released its annual report for the FY ending 30 June 2023, noting:

- *'GAM mining restart studies completion and accompanying mining recommencement decision are expected in Q4 2023.'*
- as a future priority, *'Q4 2023 – GAM mining restart studies finalized'*
- as a future priority, *"Q1 2024 – Copper sulphide production commences at GAM.'*

On 31 October 2023, the Company released its quarterly report for Q3 2023, noting:

- *Mining restart studies will be finalized Q4 2023.*
- *TNC has received funding proposals from financiers in relation to a facility expected to incorporate TNC's environmental bonds and the working capital requirement associated with the mining restart. Due diligence is underway with preferred partners and the company expects to be able to announce further details during the next quarter, upon execution of binding documentation.*
- *Our copper sulphate production is approaching commercial production levels after the resolution of crusher down-time. We are now seeing copper sulphate production increasing in line with company expectations. We received an average price of AUD \$13,597.34 per ton of copper metal. We expect production rates to ramp up over the coming quarter. We've now completed a phase of high expenditure that encompassed SX plant refurbishment, extensive drilling and exploration, which have all adhered to the business strategy outlined in our prospectus. We believe this investment will deliver significant value over the coming months as we achieve core priorities, including completing our Great Australia mining restart studies and delivering a re-estimation of the Vero Resource and further Mt Oxide Project development updates.*
- *Consultants (MEC Mining) are engaged to assist the company to finalise mining restart studies. The mining restart studies will be used by management to facilitate a Financial Investment Decision (FID) during Q4 2023.*

On 16 November 2023, the Company released the 16 November 2023 Presentation, which included the Cautionary Statement.

On 12 December 2023, the Company announced that:

- the TNC Board had endorsed the Cloncurry Copper Project mining restart plan; and
- finalized CCP mine plans would be announced on completion of the updated Great Australia Mine Reserve and the maiden Wallace North Reserve (expected early 2024).

On 6 February 2024, the Company released the maiden Wallace North Ore Reserve.

On 15 February 2024, the Company announced completion of the CCP Mining Restart Study, confirming that preparations are underway to restart mining in the first half of 2024.

The change in internal forecasts referred to in this question, reflects the Company's current internal projections that mining restart will occur in the June 2024 quarter and not in the March 2024 quarter as had previously been anticipated internally.



TNC notes that the market has been kept fully informed of its progress towards mining restart through the announcements referred to above, among others.

As noted in the response to question 40.3, during January and February 2024, site operations experienced a number of significant rainfall events which temporarily reduced daily production. In addition, further modification to the processing team make up were undertaken to ensure the operation is as cost efficient as possible ahead of the restart of mining at TNC's Cloncurry Copper Project. While the metal difference in the forecasts will ultimately be realised in the future when mining commences over the life of the mine.

Disclosure Obligations

41. Does TNC's board maintain its position that at the time they were made, TNC's disclosures, forecasts and guidance to the market were made on a proper basis and in compliance with the ASX Listing Rules?

The TNC Board maintains that **at the time they were made**, TNC's disclosures, forecasts and guidance to the market were thought to be made on a proper basis and in compliance with the ASX Listing Rules. However, the TNC Board now acknowledges that in several cases the publicly disclosed production figures have been inaccurately or unclearly reported in the public disclosures compared to the internal production reports, for the reasons set out in the Introductory Statement. As noted in the Introductory Statement, these internal management controls and reporting issues have since been improved in preparation for a pending mining restart and the more material levels of production expected.

Based on information provided by TNC management, which took advice from the external consultants, the TNC Board considered that the 160t to 300t copper metal production estimated at the SX Plant from the Mt Norma stockpiles would be materially completed within the December 2023 quarter at the times that production estimate was disclosed to the market on 31 October, 24 November and 22 December 2023. In relation to the disclosures made on 24 November and 22 December 2023, TNC would like to emphasise the context in which the restated production estimates were made, being in prospectus risk factors relating to copper sulphate production (produced below):

'Copper Sulphate Production

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. The production estimate is dependent on, among other things, plant and equipment remaining operational, the accuracy of assumptions regarding ore grades and recovery rates, copper price and exchange rates, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics and the accuracy of estimated rates and costs of mining and processing. The Company's actual production may also vary from its estimate for a variety of other reasons, including adverse operating conditions (such as unexpected geological conditions, fire, weather, accidents), compliance with governmental requirements, labour and safety issues, delays in installing or repairing plant and equipment. Problems may also arise due to interruptions to essential services (such as power, water, fuel, equipment or transport capacity) or technical support which results in a failure to achieve expected target dates for production. Each of these factors also applies to the Company's sites not yet in production and to operations that are to be expanded. Depending on the prevailing copper prices, the Company may determine that it is impractical to commence or, if commenced, to continue commercial production at a particular site.'



The purpose of restating the production estimates within the above paragraph was to establish that a production estimate existed, and to appropriately present the risk that TNC's actual production may vary from the estimate for a variety of reasons.

As stated in TNC's responses to ASX's First Query Letter and ASX's Second Query Letter (the **Initial Query Letters**), TNC's inability to meet the production estimate within the December 2023 quarter 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.

As noted in the response to question 33.1, it is now acknowledged that actually meeting the 160t to 300t copper metal production estimate from existing stockpiled ore in full by the end of the December 2023 quarter had become unrealistic by 24 November 2023 (as shown in the responses to questions 38.2 and 38.3). However, the TNC Board considers that it had a reasonable basis at that time for expecting production to increase based on:

- 31 bags being produced in the week commencing 26 November 2023; and
- the expectation that the slower production resulting from minor equipment failures and other issues that had begun to occur in late November 2023, was not expected to continue (when in fact, ultimately, it did continue and was exacerbated by adverse weather events through December 2023).

As noted in the response to question 33.2, it is now acknowledged that actually meeting the 160t to 300t copper metal production estimate from existing stockpiled ore in full by the end of the December 2023 quarter had become impossible by 22 December 2023 (as shown in the responses to question 39). However, the TNC Board considers that it had a reasonable basis at that time for the production estimate to be fulfilled shortly after the end of the December 2023 quarter based on the expectation that the slower production resulting from minor equipment failures and other issues that had begun to occur in late November 2023 and continued through December 2023 and adverse weather events through December 2023, was not expected to continue (when in fact, ultimately, it did continue and was exacerbated by staff shortages over the Christmas holiday period and further adverse weather events in January and February 2024).

The impact of these events has not been a loss of production or associated revenue from operations, production and revenue has instead 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 1.25% of forecast average annual revenue from the CCP based on the recent restart mining study.

Some of ASX's questions (in particular questions 38 and 39) seem to be premised on the basis that the forecast production levels at the SX Plant for the December 2023 quarter were expected to continue into the March 2024 quarter, and production would be increased in the March 2024 quarter to make up for the delayed production in the December 2023 quarter.

It was always the case (and in the opinion of the TNC Board, always understood by the market) that SX Plant production from the Mt Norma stockpiles had a finite life, and further production from the SX Plant was subject to mining restart (the timing of which has been clearly communicated to the market as shown in the market disclosures referred to in the response to question 40.5).



The TNC Board does not consider a delay in completing copper sulphate production at the SX Plant from the Mt Norma stockpiles to be something that a reasonable person would expect to have a material effect on the price or value of TNC's securities.

This view has been formed on the basis that:

- There has been no net loss of metal from the processing circuit. All recoverable copper metal existing within the existing Mt Norma stockpiles will be added to the heap leach and extracted by the processing circuit and sold (subject to meeting buyer specifications) under the existing offtake agreement with the buyer.
- 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. Consistent with that focus, the Company notes that \$30m of the \$37.5m raised under the May 2023 Prospectus was used to pay for the undeveloped Mt Oxide Resource.
- Copper sulphate production from existing stockpiled ore at Mt Norma comprises a small portion of TNC's overall project profile. While copper sulphate production from the existing Mt Norma stockpiles has the potential to generate some cash-flow for TNC in the short term, it is ancillary to TNC's key assets, being the Cloncurry Copper Project (**CCP**) and the Mt Oxide project:
 - Total production from existing stockpiled ore at Mt Norma is expected to amount to the equivalent of less than 1.5% of tonnes mined and processed from the CCP (based on the Mt Norma stockpiles inferred resource estimate of approximately 67,000 tonnes of ore at 2.08% Cu⁴ and projected total tonnes mined of approximately 4.8 million tonnes from CCP as set out in TNC's recently completed CCP Mining Restart Study⁵) and significantly less across the life of all of TNC's projects.
 - TNC expects greater than 83% of production to be in the form of sulphide concentrate across the current 4.6 year mine life of the CCP (as set out in TNC's recently completed CCP Mining Restart Study, which projected approximately 4 million tonnes processed as sulphides and approximately 800,000 tonnes of oxide ore processed through the heap leach and SX Plant for copper sulphate production (this production does not include processing of the Mt Norma stockpiles which is expected to be substantially complete prior to CCP mining restart).
- The 70.38 tonnes of copper metal produced and sold from existing Mt Norma stockpiles in the Dec 2023 quarter is separate to and insignificant compared to TNC's total forecast production for the CCP, as set out in TNC's recently completed CCP Mining Restart Study. 70.38 tonnes of production from existing Mt Norma stockpiles is equivalent to:
 - 0.25% of the forecast total CCP production of approximately 28,686 tonnes of payable copper over the 4.6 year mine life; and
 - 1.13% of the forecast annual production of approximately 6,236 tonnes of payable copper from TNC's recently completed CCP Mining Restart Study,as set out in TNC's recently completed CCP Mining Restart Study.⁶

⁴ Refer to the Company's ASX announcement dated 28 February 2023, 'Acquisition of the True North Copper Assets'.

⁵ Refer to the Company's 15 February 2024 announcement, Mining Restart Study: Positive Cloncurry Project Economics.

⁶ Refer to the Company's 15 February 2024 announcement, Mining Restart Study: Positive Cloncurry Project Economics.



- The 90 tonne shortfall in the Dec 2023 quarter is equivalent to:
 - 0.31% of the forecast total CCP production of approximately 28,686 tonnes of payable copper over the 4.6 year mine life; and
 - 1.44% of the forecast annual CCP production of approximately 6,236 tonnes of payable copper, as set out in TNC's recently completed CCP Mining Restart Study.

Nevertheless, in considering and responding to ASX's various query letters and follow up queries in relation to these matters over the past few months, the TNC Board and management have reviewed internal processes for tracking actual production against forecasts.

As ASX would have seen from the internal reports provided in response to ASX's follow up queries following its Initial Query Letters, internal reporting of actual production against targets has been substantially improved. Reconciliations of historic actual production have also taken place, which has resulted in previously reported actual production figures being revised to exclude Product which did not meet buyer specifications. Changes have also been made to the management of the processing team to ensure that the processing manager has sufficient skills and expertise to appropriately report production against targets.

As TNC moves towards production at its CCP, the TNC Board is acutely concerned with its obligations to ensure that the market is properly informed regarding material production guidance and other forward-looking financial information, and this is an agenda item for all TNC Board meetings.

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

TNC confirms that it is complying with the Listing Rules, including Listing Rule 3.1.

43. **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.**

TNC's responses to the questions above have been authorised and approved by the TNC Board.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Paul Frederiks", with a long horizontal line extending to the right.

Paul Frederiks
Non-Executive Director and Company Secretary



JORC AND PREVIOUS DISCLOSURE

The information in this release that relates to the Mineral Resource Estimate for the Mt Norma heap leach and stockpiles is based on information previously disclosed in the Company's ASX announcement dated 28 February 2023, 'Acquisition of the True North Copper Assets', available on the Company's website (www.truenorthcopper.com.au) and the ASX website (www.asx.com.au) under the Company's ticker code "TNC". The Company confirms that it is not aware of any new information as at the date of this release that materially affects the information included in this release and that all material assumptions and technical parameters underpinning the estimates and results continue to apply and have not materially changed.

The information in this release that relates to a production target for the CCP and forecast financial information derived from the production target is based on information previously disclosed in the Company's 15 February 2024 announcement, Mining Restart Study: Positive Cloncurry Project Economics. The Company confirms that all the material assumptions underpinning the production target and the forecast financial information derived from the production target in the initial public report released on 15 February 2024 continue to apply and have not materially changed.