

ASX Announcement | ASX: TNC

25 November 2024

Fully Underwritten A\$50.3 million Conditional Placement to fund new exploration strategy for True North Copper

Highlights

- **A\$50.3 million equity recapitalisation** - successful completion of a fully underwritten A\$50.3 million Conditional Placement at A\$0.005 per New Share¹, as part of a broader Recapitalisation to extinguish all debt and provide funding for a revised exploration and resource definition drilling strategy. The Conditional Placement includes \$0.3m drill-for-equity for diamond drilling services at the Mt Oxide project.
- **Strong support from key stakeholders** - strong support received from key stakeholders, including:
 - A\$15 million from Tembo Capital Holdings UK Ltd (**Tembo Capital**) the Company's largest shareholder (~29%);
 - A\$6million from Regal Partners, the Company's second largest shareholder (~14%); and
 - Glencore Australia Holdings Pty Limited to become a ~9.9% shareholder in the Company on a pro forma basis (excluding the impact of SPP).
- **Nebari debt conversion** - funds from the Conditional Placement will be used to retire the secured debt owed to Nebari Natural Resources Credit Fund II LP (**Nebari**), with the balance (~A\$3.9 million) in the form of a debt-to-equity conversion. Nebari has agreed to a 6 month voluntary escrow agreement on these shares.
- **Refreshed Board & insider commitment** - Paul Cronin, co-founder and previous Managing Director of Adriatic Metals Plc, is proposed to be appointed as Non-Executive Chairman following completion of the Recapitalisation and has committed to participate for A\$500,000 in the Conditional Placement, subject to shareholder approval. Bevan Jones, to remain Managing Director and has committed to participate for A\$100,000 in the Conditional Placement, shareholder approval.
- **Revised Business Strategy** - revised strategy to pause operational ramp up and undertake extensive exploration and resource definition drilling campaign.
 - **Cloncurry Copper Project** - several drill ready targets identified, including near mine pit opportunities to grow resources, expand the current mine life and optimise the previous mine plan; and
 - **Mt Oxide** - extensive exploration at Mt Oxide, targeting the discovery of multiple near-surface deposits with similar characteristics to the Vero deposit (15.03Mt resource @ 1.46% Cu (Indicated and Inferred)). Recent high-grade intersections at the Vero Deposit include:
 - **66.50m @ 4.95% Cu;**
 - **26.2m @ 4.45% Cu; and**
 - **16.75m @ 5.3% Cu.**

¹ Pre consolidation basis.

- **Share Purchase Plan** - in addition to the Conditional Placement, the Company intends (subject to Shareholder approval) to offer eligible existing shareholders the opportunity to participate in a Share Purchase Plan to raise up to a further A\$5 million at the same Offer Price as the Conditional Placement.
- **Drilling to commence in Q1 2025** – post re-listing True North will undertake an initial RC drill program at Cloncurry before commencing drilling at Mt Oxide as soon as seasonal conditions permit.

True North Copper Limited (ACN 119 421 868) (subject to deed of company arrangement) (“**True North**” or the “**Company**”) is pleased to announce that it has received firm commitments from institutional, professional and sophisticated investors to raise A\$50.3 million by way of a fully underwritten conditional placement, subject to shareholder approval, comprising the issuance of approximately 10.06 billion² new fully paid ordinary shares (“**New Shares**”) at an issue price of A\$0.005 per New Share (“**Offer Price**”) (the “**Conditional Placement**”). The Conditional Placement includes a \$0.3m drill-for-equity arrangement with Mitchell Services Limited (**MSV**).

In addition to the Conditional Placement, the Company intends to offer eligible existing shareholders the opportunity to participate in a Share Purchase Plan to raise up to a further A\$5.0 million at the Offer Price (“**SPP**” and together with the Conditional Placement the “**Equity Raising**”).

The Equity Raising, forms part of a broader recapitalisation of True North, whereby all the Company’s debt will be extinguished, claims of certain creditors will be discharged and other key agreements will be restructured (“**Recapitalisation**”).

Post completion of the Recapitalisation, the Company will be debt free with a robust balance sheet to fund a revised business strategy focused on definition drilling at the Cloncurry Copper Project (“**CCP**”) to grow resources, expand the mine life and optimise the previous mine plan, and an extensive exploration program at the Mt Oxide Project (“**Mt Oxide**”), targeting the discovery of multiple near-surface deposits with similar characteristics to the Vero deposit (15.03Mt resource @ 1.46% Cu (Indicated and Inferred)) (the “**Revised Business Strategy**”).

As part of the Revised Business Strategy, the Company will not carry out any work consistent with ramping-up to or maintaining production at any of its processing facilities during the next 12 months, given the Company solely intends to conduct exploration and evaluation activities during that period.

True North’s Managing Director, Bevan Jones, said:

“The successful completion of the fully underwritten A\$50.3 million Conditional Placement to recapitalise True North is a great outcome and a testament to the strength of the company’s outlook and highly prospective portfolio of copper assets. With a strong cash position, zero debt and a new experienced board and leadership team, we now have the opportunity to refocus our strategy and explore growth opportunities.

The new True North strategy is to pause, drill and optimise our existing highly prospective lease package.

The recapitalisation process has given us the opportunity to revise the company’s direction and set it on a revitalised path. We have recently completed extensive surface mapping at Mt Oxide including rock chip sampling and a very successful GIS IP survey. We have found that there are previously unknown, multiple mineralised zones that point to a district size mineral system much bigger than just the Vero deposit.

At Cloncurry we have paused mining and have moved into a low-cost base while we rethink the original, small scale starter pit strategy. Surface exploration has identified multiple new targets at our Cloncurry Copper Project. Geophysical surveys have produced potential mine-scale-changing targets within our current mining leases. Exploration around our Wallace North lease package has also led to potential underground extensions to the ore body.

We look forward to undertaking our extensive drilling programs at Cloncurry and Mt Oxide, commencing in Q1 2025.

True North is entering into an exciting exploration phase focused on the growth of our two most prospective regions.”

² Pre consolidation basis.

Conditional Placement Summary

Under the Conditional Placement, the Company will issue approximately 10.06 billion³ New Shares at A\$0.005 per New Share to raise gross proceeds of A\$50.3 million. The Conditional Placement will be completed in a single tranche, which will be subject to shareholder approval to be sought at the upcoming Annual General Meeting to be held on 23 December 2024 (“AGM”).

The Offer Price of A\$0.005 represents a discount of 83.3% to the last close price of A\$0.03 per share on 18 October 2024.

The Conditional Placement received significant support from key stakeholders, including the Company’s two largest shareholders Tembo Capital (~29%) and Regal Partners (~14%) which have committed to participate for A\$15.0 million and A\$6.0million respectively, and the Company’s processing partner, Glencore Australia Holdings Pty Limited (a subsidiary of Glencore International AG (“**Glencore**”)), has committed to participate in the Conditional Placement to become a ~9.9% shareholder in the Company on a pro forma basis (excluding the impact of the SPP). Furthermore, Chairman Elect Paul Cronin and Managing Director Bevan Jones committed to participate for A\$500,000 and A\$100,000, respectively, in the Conditional Placement.

In addition to the Conditional Placement, as part of the Recapitalisation, Nebari, the Company’s secured lender, has agreed to convert part of its outstanding debt owed by the Company (approximately A\$3.9 million) into shares in the Company through a debt-to-equity conversion. Nebari has agreed to a 6 month voluntary escrow on these shares.

By virtue of the conditional nature of the Conditional Placement, all participation is subject to shareholder approval to be sort at the upcoming AGM.

Proceeds from the Conditional Placement, will be allocated towards executing the Company’s Revised Business Strategy which comprises:

- **drilling Cu-Ag-Co targets along the +10km Mt Oxide trend** with the same signature as the Vero deposit which hosts a **15.03Mt Resource at 1.46% Cu** (Indicated and Inferred);
- drilling at the Cloncurry Copper Project to **grow Resources, expand mine life and optimise the mine plan**;
- maintain mine readiness whilst growing value through exploration and optimisation; and
- exploring corporate opportunities to add shareholder value, including processing options and consolidation opportunities.

New Shares issued under the Conditional Placement will rank pari passu with the existing ordinary shares on issue in the capital of the Company.

Post-completion of the Recapitalisation, and subject to shareholder approval at the AGM, the Company intends to undertake a consolidation on a 1:100 basis (**Consolidation**).

Canaccord Genuity Limited and Morgans Financial Limited acted as Joint Lead Managers, Underwriters and Bookrunners to the Conditional Placement.

The Underwriting Agreement is on customary terms and conditions, including conditions precedent, representations, warranties and undertakings, termination events and indemnities. Full details of the termination events are included in the Investor Presentation released at the same time as this announcement.

Recapitalisation Summary

The Recapitalisation will extinguish all of the Company’s debt, discharge the claims of certain creditors and restructure key agreements. Upon completion of the Recapitalisation, effectuation of the Deed of Company Arrangement (“**DOCA**”) will be achieved, the Deed Administrators will be retired, and control of the Company and its subsidiaries will be passed back to the Directors. The Company’s shares are then expected to be reinstated to trading on the ASX by early January 2025.

³ Pre consolidation basis.

Repayment of Secured Creditors

Debts of ~A\$32.3m owed to the secured creditor, Nebari will be paid in full and all Nebari's security interests over the Company's assets will be discharged, following the:

- ~A\$27.2m repayment of Senior Debt;
- ~A\$3.9m Debt to Equity conversion; and
- ~A\$1.2m repayment of a bridging working capital facility used to effectuate the DOCA.

On completion of the Recapitalisation the Company will be debt free.

Settlement of Unsecured Creditors

Unsecured Creditors will be settled by way of a partial repayment of A\$1.4m in cash and an additional A\$0.5m in New Shares on the same terms as the Conditional Placement.

Restructured Agreements

Deferred consideration payable to Perilya Freehold Mining Pty Ltd and Mount Oxide Pty Ltd for the acquisition of Mt Oxide has reduced from A\$15.0m to A\$7.5m payable December 2026 (previously June 2025), with the reduction supported through a mortgage over the Company's tenements.

Deferred consideration for the acquisition of the CCP tenements owed to Round Oak Minerals Pty Limited will be subject to the DOCA.

Offtake

Glencore offtake agreement to be amended and Glencore has committed to participate in the Conditional Placement for an amount which will result in a 9.9% shareholding in the Company post completion of the Recapitalisation (excluding the impact of SPP).

Glencore is one of Australia's largest producers of critical minerals. In addition to its own production it plays an important role in supporting junior and mid-tier companies to explore, develop, produce and market the critical minerals that will be required for the global transition to net zero emissions.

Kanins International off-take agreement for copper sulphate crystal remains on the same commercial terms.

Processing

Tolling agreement with Glencore to be redefined with agreed terms to toll treat ore at Mt Isa or Ernest Henry.

A non-binding memorandum of understanding has been signed with Copper Resources Australia Pty Ltd (administrators appointed), who own the Rocklands Copper Project and 2-3Mtpa processing plant located ~20km from the CCP, to evaluate processing opportunities for ore mined from the project.

Board & Management

As noted above, following the completion of the Recapitalisation and effectuation of the DOCA, control of the Company and its subsidiaries will be passed back to the Directors.

Managing Director, Bevan Jones, has committed to stay as Managing Director of the Company.

Paul Cronin is Non-Executive Chairman Elect and is to be appointed following completion of the Recapitalisation.

SPP Details

In addition to the Conditional Placement, the Company intends to offer eligible existing shareholders the opportunity to participate in a SPP to raise up to a further A\$5.0million at the same Offer Price as the Conditional Placement.

The SPP will provide eligible shareholders the opportunity to increase their holding by the maximum allowed value of A\$30,000, without incurring any brokerage or transaction costs. True North retains discretion over the allocation of shares per investor. The issue of new shares under the SPP is subject to shareholder approval to be sought at the upcoming AGM.

Funds raised from the SPP are intended to be used for working capital purposes. Further information regarding the SPP (including terms and conditions of the SPP) will be provided to eligible shareholders in the SPP offer prospectus that is expected to be issued and sent to eligible shareholders on or around 4 December 2024. For the avoidance of doubt, the SPP will not be underwritten.

Use of Equity Raising Funds

The funds raised from the Equity Raising are planned to be used in accordance with the table set out below (excludes any proceeds raised under the SPP):

Use Of Funds	Offer Proceeds (A\$M)	%
Repayment of secured debt	27.2	54.1
Repayment of Working Capital Facility	1.2	2.4
Settlement of unsecured creditors	1.4	2.8
Exploration and resource development ^{1,2,3}	12.0	23.9
Care and maintenance costs	3.4	6.8
General working capital and costs of the Recapitalisation	5.1	10.1
Total	50.3	100

Notes:

- The Company intends that funds allocated for 'exploration and resource development' will be used for the following purposes:
 - grow and develop reserves/resources;
 - targeted exploration drilling;
 - general exploration activity; and
 - optimise mine plan.
- The Company confirms there are no legal, regulatory or contractual impediments to the Company undertaking the activities set out in Note 1, subject to the successful completion of the Recapitalisation.
- Includes A\$0.3m in drilling-for-equity from Mitchell Services, subject to execution of formal documentation.

The above table is a statement of current intentions as of the date of this announcement. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Equity Raising, the Board believes the Company will have sufficient working capital to achieve the above objectives over the following 18 months from the date of Recapitalisation.

Equity Raising Indicative Timetable

Event	Date
SPP Record Date	7pm (AEDT) on Thursday, 21 November 2024
NoM released	Friday, 22 November 2024
Announcement of Underwritten Conditional Placement and Recapitalisation	Monday, 25 November 2024
SPP Offer Opens	Wednesday, 4 December 2024
SPP Offer Closes	Tuesday, 17 December 2024
Annual General Meeting to approve Conditional Placement	Monday, 23 December 2024
Settlement of SPP	Monday, 23 December 2024
Effective Date Consolidation of TNC shares on 1:100 basis	Tuesday, 24 December 2024
Settlement of Conditional Placement	Monday, 30 December 2024

Event	Date
Reinstatement on ASX	Friday, 10 January 2025

* This timetable is indicative only and is subject to change. Subject to the Listing Rules and the *Corporations Act 2001* (Cth), the Company and Deed Administrators reserve the right to vary these dates without prior notice.

The New Shares to be issued pursuant to the Conditional Placement and the new shares to be issued pursuant to the SPP will be issued prior to the Company's shares being reinstated to trading on ASX. Whilst the New Shares pursuant to the Conditional Placement and the new shares pursuant to the SPP will be admitted to quotation following close of the offers, there is no guarantee that the Company's shares will be reinstated to trading on ASX

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The information in this announcement that relates to the Mineral Resource Estimate for Vero is based on information previously disclosed in the Company's ASX Announcements available from the ASX website www.asx.com.au:

- 28 February 2023, Acquisition of the True North Copper Assets.
- 9 August 2024, True North Copper Updates Mt Oxide Vero Copper-Silver Resource.

The Company confirms that it is not aware of any new information as at the date of the announcement that materially affects the information included in the announcement and that all material assumptions and technical parameters underpinning the estimates and results continue to apply and have not materially changed.

RETRACTED INFORMATION

The Company has previously announced:

- Ore Reserve Estimates;
- a production target; and
- forecast financial information based on that production target,

for its Cloncurry Copper Project.

The Company intends to complete further technical studies and optimisation work in relation to its Cloncurry Copper Project, and accordingly, the Company no longer relies on its existing mine plan as provided in the Mining Restart Study released to ASX on 15 February 2024 (the **Restart Study**), as the material assumptions underpinning the Restart Study no longer apply and, accordingly, the previously stated Ore Reserve Estimates, production target and forecast financial information based on that production target for the Cloncurry Copper Project are retracted (**Retracted Information**).

Investors should not rely on the Retracted Information as a basis for an investment decision.

The Company will not carry out any work consistent with ramping-up to or maintaining production at any of its processing facilities during the next 12 months, given the Company solely intends to conduct exploration and evaluation activities during that period.

AUTHORISATION

This announcement has been approved for issue by the Board.

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