

Appendix 5B

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

Name of entity

TRUE NORTH COPPER LIMITED

ABN

28 119 421 868

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	25	1007
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(32)	(53)
(c) production	(21)	(21)
(d) staff costs	(169)	(333)
(e) administration and corporate costs	(2,971)	(4,479)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(3)	(89)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – GST and Fuel tax credits received	(570)	(736)
1.8 Other (provide details if material) *	(793)	(961)
1.9 Net cash from / (used in) operating activities	(4,534)	(5,665)

* Includes Environmental and Compliance costs \$0.42M, haulage costs for ore relocation \$0.38M.

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(734)	(1,435)
(d) exploration & evaluation	(2,008)	(3,251)
(e) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	(705)	(829)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	959
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other **	(32,359)	(35,854)
2.5	Other – Net cash inflow arising from acquisition ***	2,689	2,689
2.6	Net cash from / (used in) investing activities	(33,117)	(36,721)

** Includes \$30M paid for acquiring Mt Oxide assets and \$1.6M paid for Refurbishment of Plant and \$0.8M for Security Deposits

*** Cash balance brought in from True North Copper Limited and Copper Corp as a result of the successful completion of the Reverse Takeover transaction – refer to further commentary below Item 4.6

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	37,347	47,244
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,817)	(2,399)
3.5	Proceeds from borrowings	-	2,480
3.6	Repayment of borrowings	-	(1,500)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	35,530	45,825

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,613	53
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,534)	(5,665)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(33,117)	(36,721)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	35,530	45,825
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,492	3,492

On 6 June 2023, True North Copper Limited shareholders (formerly Duke Exploration Limited) approved the acquisition of TNC Mining Pty Ltd. The acquisition resulted in TNC Mining Pty Ltd shareholders holding a controlling interest in True North Copper Limited.

The consolidated statement of cash flows of the combined entity represents a continuation of the financial statements of TNC Mining Pty Ltd, based on the principles and guidance of reverse acquisitions as set out in AASB 3.

Cash at the beginning of the year represents the cash reserves of TNC Mining Pty Ltd at that time. Net inflow of cash arising from acquisition represents the recognition of True North Copper Limited cash balances on the acquisition date 6 June 2023. This amount is NOT inclusive of the proceeds received by True North Copper Limited from the Prospectus offer.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	796	5,563
5.2	Call deposits	2,696	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,492	5,613

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6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	203
To 6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	4,534
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	2,008
8.3	Total relevant outgoings (item 8.1 + item 8.2)	6,542
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,492
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,492
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.53
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No - The Company expects the current level net operating cash flows will reduce as it will commence generating revenue from the sale of Copper Sulphate in the September quarter. In addition, there were some one off administration and corporate costs associated with the acquisition of TNC Mining Pty Ltd.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes - The Company advises that since re-listing in June 2023, it has secured a short term working capital loan from Tembo Capital Mining Fund III (an associate of major shareholder Tembo Capital Holdings UK Ltd) for \$4M in late July 2023. This funding was largely to accelerate the exploration drilling work program and augment additional expenditure incurred in commissioning the Solvent Extraction and Crystallization plant. Interest accrues on the principal outstanding under the loan at a rate of 12% per annum. The loan is repayable by 21 January 2024, and may be repaid early without penalty. The loan is unsecured, and the Company has paid a non-refundable draw down fee of 2% of the total amount of the loan, and an establishment fee of 1% of the total amount of the loan. The term of the loan may be extended by agreement with the lenders, in which case the Company will be required to pay an extension fee of 3% of the total amount of the loan plus any outstanding accrued interest and fees payable.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes - The Company announced today that it had commenced copper sulphate production at its Cloncurry Project in Queensland with its refurbished Solvent Extraction and Crystallisation Plant which is now fully operational. Initial production is estimated at 12,000 tonnes of copper sulphate crystal per annum.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: 31 July 2023

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash*

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Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.