

Copper 360 Limited
(Formerly Big Tree Copper Limited)
(Incorporated in the Republic of South Africa)
Registration number 2021/609755/06
JSE Share Code: CPR ISIN: ZAE000318531
("Copper 360" or "the Company")

SHORT FORM ANNOUNCEMENT: OPERATIONAL OVERVIEW, REVIEWED CONDENSED
CONSOLIDATED PROVISIONAL FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY
2023 AND REVIEW CONCLUSION

OPERATIONAL OVERVIEW

Highlights

- Successful commissioning of SX/EW copper processing plant and first commercial production.
- Volume treated compared to the previous period increased by 296% to 67,045 tons (2022: 16,934t).
- Copper sold increasing by 191% to 284 metric tons sold compared to previous period (2022: 98Mt).
- Productivity increased by 97% to 462 milled tons per person (2022: 235t/man) despite a 101% increase in total labour compliment to 145 people (2022: 72 people).
- Ex-works LME price impact as result of ZAR: USD exchange rate staying effectively constant in terms of ZAR copper price received despite a 11,66% decrease in the LME copper price comparable to the previous reporting period.

Description	Unit	12 months 28 February 2023	*5 Months 28 February 2022	Percentage change
Statistical information				
Tons milled	Metric tons	67 045	16 934	296%
Delivered grade	% copper	0.88%	1.38%	-36%
Total plant recovery	%	48%	56%	-14%
Recovered copper	Metric tons	284.7	98.0	191%
Number of people employed	N	145	72	101%
Tons milled per total labour complement	Mill tons/person	462.38	235.19	97%
Copper tons sold per labour complement	Copper metric tons/person	1.96	1.36	44%
Average copper price received	R/metric ton	117.13	123.88	-5.4%
Average exchange rate	ZAR:USD	16.54	15.41	7.3%
Average LME copper price	USD/metric ton	8 676	766	-11.2%
Average USD copper price received	USD/metric ton	7 082	8 039	-11.9%
Discount to LME for ex works (USD)	USD/metric ton	1 594	1 727	-7.7%
Discount to LME for ex works (ZAR)	ZAR/metric ton	26 365	6 613	-0.9%
Discount as percentage of LME	%	18.4%	17.7%	3.9%

****Reviewed financial information**

Revenue	R'000	33 348	12 140	174.7%
Operational profit/(loss)	R'000	(80 707)	(21 287)	279.1%
Other income	R'000	2 213	31 154	-92.9%
Operating profit/(loss)	R'000	(78 494)	9 867	-895.5%

Loss per share (EPS)	Cents	(38.9)	7.0	-655.7%
Headline loss per share (HEPS)	Cents	(37.6)	(16.6)	-126.5%

* Production only started in August 2022, resulting in only 5 months of trading for the period ended 28 February 2022

** The Auditors' review of the Provisional Results does not extend to the statistical information in this table

The financial year ended 28 February 2023 includes 12 months of production compared to only 7 months of production for the period ended 28 February 2022 with first copper production, as part of plant commissioning, starting during August 2021 and ending January 2022. First commercial production (post commissioning) started during February 2022 with first copper sales recorded during October 2021. Tons milled for the financial year under review increased by 296% to 67 045 tons compared to the prior period (2021: 16 934t) with copper grade decreasing by 36% from 1.38% to 0.88%. This resulted in copper recovered and sold increasing by 191% to 284.7 metric tons compared to the previous reporting period (2021: 98 Mt). During the financial year under review the operation changed from a filter press to a Fines Optimised Heap Leach ("FOHL") process during July 2022 to September 2022 to improve both volume throughput and achieve cost reductions in terms of copper leaching. Volume throughput per month increased by 400% from approximately 2 000 milled tons to 10,000 milled tons as a result of the change to the FOHL dams. Copper recoveries however decreased by 14% (2023: 48%) from 56% during the previous reporting period. Despite the decrease in recoveries the resultant increase in volume more than made up for the lower copper recovery.

A major impact during the current reporting period was a decrease of 36% in the delivered grade from 1.38% (2023: 0.88%) compared to the previous reporting period. This was the result of the initial high grade (*in situ* grades of between 1.2% and 1.6% Cu) ore stockpiles at NababEEP (where the processing plant is located) being depleted and only lower grade stockpiles remaining (*in situ* grades of between 0.6% and 1% Cu). Management in terms of grade flexibility (by having different grade stockpiles for mixing to deliver optimum feed grade) was impacted by the original crushing system not being adequate and having to be replaced by contract screening and crushing. This issue has been resolved with (a) the acquisition post period of a R30 million new crushing plant that will be operated "in-house" and (b) addition of higher-grade stockpiles from the Carolusberg and Jubilee sites (*in situ* grades varying between 1% and 3.5% Cu). The new crushing plant will have an increased monthly processing capacity of 100 000 tons compared to the current crushing capacity of 30 000 tons per month. This will not only allow for better stockpile management but also cater for the ore that will feed the new floatation processing plant being constructed.

Average effective copper price received decreased by 5.44% to ZAR117k/Mt of Copper metal sold (2022: ZAR123k/Mt). Although the LME copper price decreased by 11.16% to USD8 676/Mt compared to the previous period (2022: USD9 766/Mt) the ZAR: USD exchange rate improved during the same comparable period by 7.33% to 16.54 (2022: 15.41). This reduced the impact in terms of the discount to LME price received ex-works by only 0.93% to ZAR26 364 compared to ZAR26 613 received during 2022.

The operating loss increased by 279% to ZAR80.7 million compared to the previous period (2022: ZAR21.287 million). Revenue increased by 174% to ZAR33.4 million compared to ZAR12.1 million in 2022. It should however be noted that the previous reporting period included other income related to the sale of revenue sharing royalty agreement of ZAR31.154m. Operating expenses increased by 241.6% during the financial year to R114.1 million compared to ZAR33.4 million during 2022. The increased operating loss was a result of

- a) Fixed expenses being incurred for 12 months compared to 5 months in the prior period,
- b) commissioning costs,
- c) contract crushing,
- d) plant stoppage as result of the solvent extraction circuit having to be restocked and safety

- stoppages,
- e) loadshedding - the operations have been and continue to be hampered by the current load shedding regime. This has effectively resulted in it only being able to operate at 50% of its capacity, principally as a result of diesel generator backup failures due to frequent loadshedding occurrences, and
 - f) the second mill arriving 4 months late due to COVID 19-related logistics bottlenecks and thus impacting on production output.

Subsequent to the capital raising accompanying the listing of Copper 360 on 21 April 2023, several investments have been committed to that will address the root causes of operating losses. These include:

- a) the acquisition of an owned crushing plant that will replace the current crushing contractor. This plant has been ordered and will be installed during June 2023. The plant will also crush the ore feed from the sulphide ore projects that are currently being developed elsewhere in the group,
- b) further backup generator capacity is currently being installed and it is expected that it will enable CCOC to increase its copper output from July 2023, and
- c) the introduction of thickeners that will supplant the FOHL process and increase the recoveries from current levels of around 50% to in excess of 80%, which will result in increased copper output.

Pursuant to the above, it is expected that the forecast copper production for the financial year ending 29 February 2024 contained in the Pre-listing statement will be achieved.

REVIEWED FINANCIAL INFORMATION

	28 February 2023	28 February 2022	Percentage
Revenue	33 348	12 140	+174.7%
Operating profit	(78 494)	9 867	-895.5%
Loss per share (EPS)	(38.9)	7.0	-655.7%
Headline loss per share (HEPS)	(37.6)	(16.6)	-126.5%

REVIEW CONCLUSION

The auditors, Moore Pretoria (“Moore”), has issued an unmodified review conclusion on the reviewed condensed consolidated provisional financial results for the year ended 28 February 2023.

The auditors report issued on the provisional consolidated financial statements and the actual provisional consolidated annual financial statements can be accessed at: www.copper360.co.za.

SHORT FORM ANNOUNCEMENT

This short form announcement is the responsibility of the directors and is only a summary of the full announcement released on SENS on 31 May 2023.

This short form announcement does not contain full or complete details pertaining to the Company’s results. Any investment decisions by investors and/or shareholders should therefore be based on consideration of the full announcement which may be downloaded from the Company’s website at www.copper360.co.za and may be viewed at the registered offices of the Company and of the designated advisor, or is available electronically by sending a request to micel@copper360.co.za, at no charge, during normal business hours for a period of 30 days after the release of this announcement. The full announcement is also available on the JSE’s website at <https://senspdf.jse.co.za/documents/2023/jse/isse/CPRE/FY2023.pdf>

This short-form announcement itself is not audited or reviewed.

Stellenbosch

31 May 2023

Designated Advisor: Bridge Capital Advisors (Pty) Ltd