

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")

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS, CHANGE STATEMENT AND NOTICE OF ANNUAL GENERAL MEETING

Copper 360 published reviewed provisional financial statements for the financial year ended 28 February 2023 on SENS on 31 May 2023. Shareholders are advised that the consolidated annual financial statements ("audited financial statements") of Copper 360 for the year ended 28 February 2023, audited by Moore Pretoria, have been finalised.

The audited financial statements and Moore Pretoria's unqualified report thereon are available on the company's website at www.copper360.co.za/reports. In addition, copies of the consolidated annual financial statements are available at the company's registered office or on request from the company secretary.

CEO Review

No material changes occurred to the loss from operating activities in the audited financial statements compared to the provisional statements released on 31 May 2023. The loss after tax for the year reduced by R6.1 million to R55 million in the audited financial statements compared to R61.1 million in the provisional results. This was principally the result of revaluation of non-interest-bearing debt in terms of IFRS 9 – Financial Instruments. The accounting treatment of shares issued into escrow as a first tranche payment to certain vendors of SHIP changed, based on independent opinion on the application of IFRS 3 – Business Combinations. This resulted in a materially lower weighted average number of shares in issue for accounting purposes with a consequential change in earnings per share and headline earnings per share.

The changes between the provisional financial statements and the audited financial statements are detailed below.

The operational review of the results is unchanged as released on 31 May 2023. The following operational guidance is provided for the current financial period:

- Copper cathode production is forecast to be 2 000 tonnes to the end of February 2025 and in line with the strategic plan. The construction of the copper concentrate plant is on schedule with first copper expected to be processed by the end of November 2023. The copper concentrate plant is forecast to produce 7 980 tonnes of copper to the end of February 2025.
- Drilling is ongoing and has identified several high-grade surface targets that can be mined from surface with current mine planning ongoing to bring this additional copper ore to account in addition to the Rietberg ore. The company is finalising a major resource upgrade for the Rietberg mine and the results will be released shortly.
- The company is also in the process of finalising an integrated alternative energy plan that will see operations becoming independent of ESKOM power over the next 36 months. Results of this study will be released before the end of the year.

Changes to provisional results

The consolidated annual financial statements contain the following changes to the provisional results published on 31 May 2023.

Summarised statement of profit/(loss) and other comprehensive income	Provisional results (R'000)	Audited results (R'000)	Difference	Note
Revenue	33 348	33 348	-	
Gross (loss)/profit	(43 761)	(44 258)	(497)	1
(Loss) from operating activities	(78 494)	(80 404)	(1 910)	1
Net finance income/(costs)	(4 614)	2 690	7 304	2
Loss before tax	(83 109)	(77 714)	5 395	
Income tax credit	21 963	22 667	704	3
Loss for the year	(61 146)	(55 047)	6 099	
Earnings per share	(38.9)	(53.1)	(14.2)	4
Headline earnings per share	(37.6)	(53.1)	(15.5)	

Summarised Statement of Financial Position	Provisional results (R'000)	Audited results (R'000)	Difference (R'000)	Note
Non-current assets				
Plant and equipment	96 393	96 393	-	
Other loans and receivables	23 847	25 159	1 312	
Deferred tax assets	33 330	34 056	726	
Deferred tax liabilities	(13 695)	-	13 695	5
Prepayments on assets under construction	6 929	-	(6 929)	6
Right of use assets	24 624	24 620	(4)	
Current assets				
Prepayment on acquisition of subsidiary	916 173	-	(916 173)	7
Prepayments on assets under construction	-	6 929	6 929	6
Other current assets	16 775	15 313	(1 462)	
Total assets	1 104 376	202 470	(901 906)	
Equity				
Issued share capital	1 066 028	1 046 914	(19 113)	8
Treasury shares	-	(916 174)	(916 774)	7
Accumulated loss	(55 452)	(49 350)	6 102	1 - 4
Non-controlling interest in subsidiary	-	19 113	19 113	8
Total equity	1 010 576	100 505	910 071	
Non-current liabilities				
Deferred tax liability	-	13 716	13 716	5
Other loans and payables	24 171	17 434	(6 737)	2
Lease liabilities	23 984	25 198	(1 214)	
Total non-current liabilities	48 155	56 348	8 193	
Current liabilities	45 645	45 617	(28)	
Total liabilities	93 800	101 965	8 165	
Total equity and liabilities	1 104 376	202 470	(901 906)	

Notes on material differences

1. Loss from operating activities

The loss was increased principally as a result of inventory adjustments to cost of sales and recognition in the financial year of listing expenses previously disclosed as prepaid expenses related to the listing of Copper 360 on AltX on 21 April 2023.

2. Net finance income

The difference arises from the revaluation of non-current loans that have been restructured into non-interest-bearing loans to comply with IFRS 9 – Financial Instruments. This resulted in a reduction of R7.5 million in the carrying amount of the loans from R19.921 million previously stated to R12.421 million, which is accounted for through the statement of profit and loss in terms of IFRS 9 – Financial Instruments.

3. Income tax credit

The difference is a result of an increased deferred tax credit on the additional operating loss and adjustment to the deferred tax liability to take account of the change in the tax rate from 28% to 27%.

4. Earnings per share and headline earnings per share

	Provisional results (R'000)	Audited results (R'000)
Loss for the year	(61 146)	(55 047)
Headline loss for the year	(59 102)	(55 047)
Weighted average shares in issue ('000)	157 188	103 683
Loss per share	(38.9)	(53.1)
Headline loss per share	(37.6)	(53.1)
Change in weighted average number of shares in issue		
Weighted average shares in issue per provisional results		157 187 660
Reduction in weighted average shares in issue due to change in accounting treatment of shares issued in escrow (Refer note 7)		(53 504 660)
Weighted average shares in issue per audited results		103 683 000

5. Deferred tax liabilities

The previously stated deferred tax asset constituted the net deferred tax asset balance inclusive of a deferred tax liability of R13.7 million. The deferred tax liability has been disclosed separately in the audited financial statements as a liability at 28 February 2023.

6. Prepayments on assets under construction

This item has been reclassified as a current asset in the audited financial statements at 28 February 2023.

7. Prepayment on acquisition of subsidiary and Treasury shares – adjustment in terms of IFRS 3 – Business Combinations

In terms of the agreement relating to the acquisition of 76% of SHIP from SA Hayes and Orontro Investments (Pty) Ltd ("SHIP 1 Vendors"), 236 200 000 Copper 360 shares were issued into an escrow account for the benefit of the SHIP 1 Vendors on 7 December 2022. The terms of the issue into escrow conferred voting and economic participation rights on the SHIP 1 Vendors from the date of issue, subject to a resolutive condition, being the listing of SHIP on the JSE. Should the listing not proceed, the escrow shares would be cancelled and the status quo ante would be restored.

The previous accounting treatment was to carry these shares as a prepayment on acquisition of a subsidiary at R916.174 million. In terms of an independent opinion obtained on the application of IFRS 3, notwithstanding the fact that the escrow shares were validly issued, the terms of the escrow share issue do not entitle the SHIP 1 Vendors to an unconditional right to receive the economic benefits attaching to the shares until such time as the listing proceeds. Consequently, the issue of the escrow shares to the SHIP 1 Vendors does not meet the definition of control according to IFRS 10 and, accordingly, the escrow shares are accounted for as Treasury shares in the audited financial statements at 28 February 2023. The listing of Copper 360 occurred on 21 April 2023 and the Copper 360 shares held in escrow were released to the SHIP 1 Vendors with effect from that date.

8. Preference shares in Cape Copper Oxide

The preference shares in issue in the capital of Cape Copper Oxide were previously included in consolidated equity of the holding company. In terms of IFRS 3 – Business Combinations it is now separately disclosed as non-controlling interest in a subsidiary in the audited financial statements at 28 February 2023.

The annual general meeting (“AGM”) of Copper 360’s shareholders for the year ended 28 February 2023 will be held on Monday, 4 September 2023 at 11:00 entirely through electronic communication as permitted by the company’s Memorandum of Incorporation and the Companies Act, 71 of 2008 to consider and, if deemed fit, to pass with or without modification all of the ordinary and special resolutions set out in the notice of Annual General Meeting that will be incorporated in the integrated annual report which will be distributed to shareholders on Monday, 7 August 2023.

Salient dates

The salient dates and times applicable to the AGM are set out below:

Record date to determine which shareholders are entitled to receive notice of AGM	Friday, 28 July 2023
Publication of integrated annual report on website including notice of AGM	Monday, 7 August 2023
Last day to trade in order to be eligible to attend and vote at the AGM	Tuesday, 22 August 2023
Record date to determine which shareholders are entitled to attend and vote at the AGM	Friday, 25 August 2023
For administrative purposes, forms of proxy for the AGM to be lodged by 11:00 on	Thursday, 31 August 2023
AGM of shareholders at 11:00 on	Monday, 4 September 2023
AGM results published on SENS	Monday, 4 September 2023

Stellenbosch

3 August 2023

Sponsor: Bridge Capital Advisors Proprietary Limited