



Tolu Minerals Limited
PNG CR Company Camp,
Baruni Road,
National Capital District,
Papua New Guinea
Company Registration No.: 1-125888

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Australia
ARBN: 657 300 359

Tolu Minerals Limited – Quarterly Report Period Ending 31 December 2023

ASX:TOK

The Directors of Tolu Minerals Limited (“**Tolu**”) are pleased to provide a market update highlighting overall progress at the Tolukuma mine site, advancement on exploration activities, refurbishment activities, equipment updates and studies to further accelerate towards future operations and to take advantage of the strong metals price outlook.

Highlights

- **Commencement of activities to refurbish Tolukuma towards operating capability**
- **Completion of two exploration programs with a third program (at Tolukuma) currently being mobilised**
- **Ordering and delivery of essential equipment including new drilling rigs to Tolukuma**
- **Successful recruitment of key management and operational staff**
- **Material progress on roadway construction since commencement in early December**
- **Identification of resource to be processed in “bulk sampling” activities**

Tolukuma Minesite

Work has commenced in support of the refurbishment of the Tolukuma mine and associated infrastructure to support future operational capability, including:

- refurbishing accommodation to support an increased workforce;
- refurbishment of administration facilities;
- assessment of various mobile equipment;
- assessment of processing equipment;
- refurbishing and increasing security at the gold room;
- upgrading the staff mess and catering facilities;
- refurbishing power arrangements; and
- finalising pumping operations including water quality assessment in preparation for dewatering of the mine.

Pleasingly we have examples of existing equipment being in better condition than originally assumed, with certain items including loaders and compressors now operational and in better than anticipated condition.

Operational teams have accessed parts of the mine to assess the requirements to commence “bulk sampling” on previously identified resources in order to map out the path to ultimate recommencement of production.

Teams of suitably qualified engineering and operational staff have been accessing parts of the underground mine in recent months to ensure the selection of the most efficient and durable solutions including the re-establishment of reliable power, ventilation and dewatering solutions, including ordering new pumps to provide a cost-effective solution.

Assessment and testing of water and mud quality and solids content to prepare for recovery of precious metals and neutralising of water for discharge has been undertaken.

Importantly, highly experienced and competent key management with restart and strong project management experience have been identified and recruited with a view to maximising development, exploration and bulk sampling and to support ultimate recommencement of production.

Various new equipment is being sourced and installed that will greatly assist in the advancement of the Company’s plans for exploration, refurbishment and ultimately recommencement of operational activities including drill rigs, core cutters and associated exploration equipment; dewatering pumps; preliminary power generation generator; catering equipment and various support equipment, whilst existing equipment is being refurbished and reactivated.

Roadway to Tolukuma Minesite progress

As previously identified, a key cost reduction initiative for exploration, bulk sampling and ultimate recommencement of production is to complete the remaining 23 kilometres of roadway which will have a significant financial benefit on all activities at Tolukuma mine and surrounding exploration sites. Historically, exclusive helicopter servicing and diesel costs contributed circa 60% to the operational costs with the mines previous owners whereas an industry standard is more like 15 – 20%.

The contractor (Tunnel Engineering) mobilised in early December with the breaking of rock and moving of heavy soils. Despite being the rainy season, progress has been very good with works progressing beyond the 30% mark to date. The original timetable contemplates the road being completed by August 2024 (and the Company is currently assessing completion to be ahead of this original assumption).

The Company will provide further updates as progress is achieved.

Corporate

During the Quarter, the Company completed its initial public offering and listing on the ASX raising \$17,335,795 at \$0.50 per share, pursuant to which it acquired Frontier Coppers PNG Limited.

The company's current capital structure is as follows:

Security	Number
Shares - quoted	58,370,844
Shares – in escrow until 10 November 2025	53,592,603
Shares – in escrow until 3 November 2024	3,000,000
Fully paid ordinary shares - total	114,963,447
Performance rights -in escrow until 10 November 2025	2,750,000

References to previous ASX releases

The exploration results for the Company were reported in compliance the 2012 Edition of the JORC Australasian Code for Reporting of exploration results, mineral resources and ore reserves in market release dated as follows:

13 November 2023	Taula assay results and Tolukuma exploration targets
24 November 2023	Tolukuma road contract awarded
4 December 2023	Short term exploration plans to increase MRE
11 December 2023	Tolukuma exploration update
29 January 2024	Mt Penck results

The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements referred to above and further confirms that all material assumptions underpinning the exploration results continue to apply and have not materially changed.

The Company provides the following information pursuant to ASX Listing Rule requirements:

ASX Listing Rule 5.3.1

Exploration and evaluation expenditure during the quarter was \$715,000 (including the initial payment for the building of the roadway).

ASX Listing Rule 5.3.2

There were no substantive mining production and development activities during the quarter.

ASX Listing Rule 5.3.3

The following table sets out the tenement information held at 31 December 2023.

Exploration Licence Number and Name	Ownership	Sub-blocks	Area (sq.km)*	Grant Date	Expiry Date
ML104 – Tolukuma	100% TML	N/A	7.71	01-Sep-21	28-Aug-32
EL2531 – Tolukuma	100% TML	33	118.4	25-Feb-19	24-Feb-23
EL2385	100% TML	58	197	26-May-16	25-May22
EL2535	100% TML	8	27.3	24-Jan-22	25-Jan24
EL2536	100% TML	37	125.7	24-Jan-22	25-Jan-24
EL2538	100% TML	14	47.7	24-Jan22	25-Jan24
EL2539	100% TML	58	197.8	24-Jan22	25-Jan-24
EL2723	100% TML	108	368.28	8-Nov22	07-Nov-24
EL2662 – Mt. Penck	100% TML	60	204.48	26-Oct-21	25-Oct-23
ELA2780	100% TML	116	392.33	N/A	N/A
Total of EL's and ML104		480	1,686.70		

The PNG Mining Act-1992 stipulates that EL's are granted for a renewable 2 near term (subject to satisfying work and expenditure commitments) and the PNG Government maintains the right to purchase up to 30% project equity at "Sunk Cost" if/when a Mining Lease is granted.

Licences EL2531, EL2385 and EL2662 are currently subject to an extension renewal process. The tenements remain in force until determinations are made by the Mining Advisory Council.

ASX Listing Rule 5.3.4

The table below indicates the expenditure comparison between the Prospectus Use of Funds and the actual expenditure by the Company.

Use of Funds	Prospectus \$000s	Actual (1Q) \$000s
Pilot access service road	1,800	363
General Mobilisation	1,130	799
Site roads	216	-
Hydroelectric Refurbishment	212	-
Electrical Refurbishment	1,374	-
Underground Access	1,380	-
Underground Works	283	-
Bulk Sampling Gravity Circuit	1,347	-
Milihamba Exploration Drive and diamond drilling	1,131	-
Mineral resource development	737	-
Resource conversion	52	-
Tolukuma regional exploration	738	451
Mt Penck exploration	98	188
TMF studies	107	-
Off site	540	150
Acquisition of Frontier	500	500
Consultants	450	70
Working capital	3,314	752
Cost of the Offer inc. Legal	1,927	1,446
Total	17,336	4,719

ASX Listing Rule 5.3.5

A total of \$202,561 was paid to related parties during the quarter comprising the Managing Directors salary and consulting and director fees. During the quarter, HopgoodGanim, a legal firm of which director Mr Brian Moller is a partner was paid legal fees of \$150,000.

This announcement has been authorised for release by the Directors of the Company. For additional information please visit our website at www.toluminerals.com

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Appendix 5B

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

Name of entity

Tolu Minerals Limited

ABN

35 657 300 359

Quarter ended ("current quarter")

31 December 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		
1.2 Payments for		
(a) exploration & evaluation	(991)	(1,166)
(b) development		
(c) production		
(d) staff costs	(215)	(445)
(e) administration and corporate costs	(1,305)	(2,672)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(12)	(12)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(2,519)	(4,291)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(500)	(500)
(b) tenements		
(c) property, plant and equipment	(62)	(65)
(d) exploration & evaluation	(363)	(363)
(e) investments		
(f) other non-current assets		

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(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 (provide details if material)		
2.6	Net cash from / (used in) investing activities	(925)	(928)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	17,336	17,336
3.2	Proceeds from issue of convertible debt securities	-	399
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,446)	(1,446)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other Repayment of principle on lease liabilities	(13)	(22)
3.10	Net cash from / (used in) financing activities	15,877	16,267

4.	Net increase / (decrease) in cash and cash equivalents for the period	12,433	11,048
4.1	Cash and cash equivalents at beginning of period	58	1,462
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,519)	(4,291)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(925)	(928)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	15,877	16,267

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	126	107
4.6	Cash and cash equivalents at end of period	12,617	12,617

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	12,617	58
5.2	Call deposits	-	-
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)	12,617	58

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	352
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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.	[]	
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,519)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(363)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,882)
8.4 Cash and cash equivalents at quarter end (item 4.6)	12,617
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	12,617
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.4
<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: N/A	
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: N/A	

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

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: N/A

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 January 2024.....

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 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.