



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

Level 2, 52 Merivale Street,
South Brisbane, QLD 4101,
Australia
ARBN: 657 300 359

ASX:TOK, OTCQX: TOLUF

ASX, OTCQX Announcement

28 March 2024

Tolu Minerals Limited – Annual Report, Period Ending 31 December 2023

The Directors of Tolu Minerals Limited (“**Tolu**” or “**the Company**”) are pleased release the Annual Report and provide a market update summarising overall progress at the Tolukuma mine site, advancement of exploration activity, refurbishment activities, equipment update and studies to further accelerate and take advantage of progress to date along with the strong metals price outlook.

HIGHLIGHTS:

- **Completion of initial public offering on the ASX and subsequent quotation on the OTCQX Market in the USA**
 - **Commencement of activities in support of exploration**
 - **Completion of two exploration programs with a third currently being mobilised**
 - **Determination of initial near and on mine exploration target**
 - **Appointment of Airborne Magneto Telluric survey contractor**
 - **Commencement of activities to refurbish Tolukuma towards operating capability**
 - **Ordering and delivery of essential equipment including new drilling rig**
 - **Successful recruitment of key management and operational staff**
 - **Solid progress on roadway construction since commencement in early December**
 - **Identification of underground 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 toward operational capability, including:

- engagement of key personnel and contractors;
- commencement of Environmental Baseline Assessment;
- construction of the main access road;
- refurbishing accommodation to support an increased workforce;
- upgrading the staff mess and catering facilities;
- refurbishment of administration facilities;

- assessment and refurbishment of various mobile equipment;
- assessment and refurbishment of processing equipment, notably the gravity gold circuit and smelting facilities;
- assessment of increased security at the gold room;
- assessment and making safe of the mining operations;
- refurbishing power arrangements;
- finalising pumping operations including water quality assessment in preparation for dewatering; and
- renegotiation of service contracts including security and catering.

Roadway progress

As previously identified, a key cost reduction initiative is to complete the missing 23 kilometres of roadway which will have a significant financial benefit on the operations at Tolukuma. Historically, exclusive helicopter servicing and diesel costs contributed circa 60% to the operational costs whereas an industry standard is more like 15 – 20 %.

The contractor (Tunnel Engineering) mobilised in early December with the commencement of construction. Despite being the rainy season, progress has been solid with works progressing beyond the 30% mark to date. The timetable contemplates the road being completed by August 2024 and Tolu will provide further updates as progress is achieved.

Exploration

During 2023, Tolu reviewed historical exploration and undertook programmes on EL 2531 adjacent to Tolukuma Mine and EL 2662 (Mt. Penck) on New Britain Island. The results are outlined in more detail in the annual report and are reported on Tolu’s website at [Investor Centre | Tolu Minerals](#) and are extremely encouraging.

Tolu has accordingly developed an Exploration Target of 2 to 3 Moz Au grading 8 to 11 g/t Au, has now mobilised a drilling programme on the Taula structure, due to commence in early April and has accelerated plans to undertake an airborne Magneto Telluric survey that is scheduled to commence in May 2024.

Operational Readiness, Tolukuma Mine and Infrastructure

The Tolukuma mine and associated infrastructure is being refurbished in support of two key objectives, namely to facilitate exploration (on mine, adjacent to mine, underground and regional) and in preparation for bulk sampling and the eventual restart of operations.

Tolu is finding that much of the equipment is in better condition than originally assessed and a number of units have been restarted including various mobile fleet, compressors, etc. Refurbishment of the administrative block and the camp, canteen and associated infrastructure is underway and progressing well.

Operational teams have accessed 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. This will include making safe, reinstalling services and preparing for ore development and sampling as well as underground diamond drilling.

Planning for the first phase of dewatering is well advanced and orders have been placed for pumps and associated equipment. Assessment and testing of water and mud quality and solids content to prepare for recovery of precious metals and neutralising of water for discharge is underway.

Critically Tolu have commenced sourcing and engaging highly experienced and competent key management with restart and strong project management experience with a view to maximising development, exploration and bulk sampling and ultimate recommencement of production. In parallel Tolu are engaging skilled and experienced operating personnel who are currently engaged on the a range of operational activities and will ultimately form the core of the workforce.

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.

Corporate

During the year, 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 Copper (PNG) Limited.

On 13 January 2024, Tolu completed a quotation on the OTCQX Market in the USA and its ordinary shares trade under the symbol TOLUF. This has no impact on Tolu`s normal trading on the ASX under the ticker TOK.

The OTCQX Market provides convenience and real time accessibility to U.S. investors, brokers and institutions seeking to trade Tolu shares. The OTCQX Best Market is the premier market of OTC Markets Group Inc, an operator of regulated markets on which 12,000 U.S. and international securities trade.

Trading on OTCQX will provide additional visibility and market exposure, better access to the U.S. investment community and improved convenience of trading in Tolu ordinary shares and is part of Tolu`s ongoing strategy to introduce Tolu to a broader international audience.

Tolu`s 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 and other material information were reported in compliance the 2012 Edition of the JORC Australasian Code for Reporting of exploration results, mineral resources and ore reserves in market releases 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
31 January 2024	Quarterly Activities/Appendix 5B Cash Flow Report
13 February 2024	Tolu Shares Commence Trading on OTC Markets in the USA
26 February 2024	Airborne MT Surveys to Commence Over Tolu Projects
4 March 2024	Drilling Programme Commenced at Taula and Renewal of EL 2531

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

License Number	Type of License	Tolu Ownership	Sub-blocks	Area * (km ²)	Grant Date	Expiry Date
ML104	Mining Lease	100%	N/A	7.71	01-Sep-21	28-Aug-32
EL2531	Exploration License	100%	33	118.40	25-Feb-19	24-Feb-25
EL2385	Exploration License	100%	58	197.00	26-May-16	25-May22
EL2535	Exploration License	100%	8	27.30	24-Jan-22	25-Jan24
EL2536	Exploration License	100%	37	125.70	24-Jan-22	25-Jan-24
EL2538	Exploration License	100%	14	47.70	24-Jan22	25-Jan24
EL2539	Exploration License	100%	58	197.80	24-Jan22	25-Jan-24
EL2723	Exploration License	100%	108	368.28	8-Nov22	07-Nov-24
EL2662	Exploration License	100%	60	204.48	26-Oct-21	25-Oct-23
ELA2780	EL Application	100%	116	392.33	N/A	N/A
Total			480	1,686.70		

*1 sub-block approximately 3.41 sq.km

Notes:

The PNG Mining Act-1992 stipulates that Exploration Licenses (ELs) are granted for a renewable 2-year 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 (ML) is granted. EL2385, EL2535, EL2536, EL2538 and EL2539 are currently subject to an extension renewal process. The tenements remain in force until determinations are made by the Mining Advisory Council.

The Warden Hearing for ELA2780 was completed on 6 March 2024

Competent Person Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by or compiled under the supervision of Peter Swiridiuk - Member of the Aust. Inst. of Geoscientists. Peter Swiridiuk is a Technical Consultant and member of the Tolu Minerals Ltd. Advisory Board. Peter Swiridiuk has sufficient experience which is relevant to the type of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting Exploration Results, Mineral Resources and Ore Resources. Peter Swiridiuk consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. Additionally, Mr Swiridiuk confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

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.

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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Tolu Minerals Limited

ARBN 657 300 359

Annual report – 31 December 2023

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Corporate Directory

Tolu Minerals Limited

(Incorporated in Papua New Guinea 1-125888)

Directors	John (Iain) Macpherson John Anderson Howard Lole Larry Andagali Brian Moller
Company Secretary	Naime O'ome
CFO & Assistant Company Secretary	Craig Dawson
Registered office in Papua New Guinea	Unit 5, Ground Floor, Turumu Haus Spring Garden Road, Gordons, Port Moresby Papua New Guinea
Registered office in Australia	Tolu Minerals Limited ARBN 657 300 359 Level 2, 52 Merivale Street South Brisbane Qld 4101 Telephone: +61 7 3114 5188
Share registry	Link Market Registry Level 12, 680 George Street Sydney NSW 2000 Telephone: 1300 554 474
Auditor	Kowas Chartered Accountants Unit 1, Lot 7, Sect 24 Granville (Lawes Road Apartments) Port Moresby, National Capital District
Solicitors	Hopgood Ganim Level 8, 1 Eagle Street Brisbane Qld 4000 O'Briens Lawyers Level 8 PWC Haus Harbour City Port Moresby
Bankers	National Australia Bank Level 17, 259 Queen Street Brisbane QLD 4000 BSP Financial Group BSP Haus Port Moresby, Papua New Guinea
Stock exchange listing	Tolu Minerals Limited shares are listed on the Australian Securities Exchange (code: TOK)
Website address	www.toluminerals.com

Chairman's and Chief Executive Officer's Letter

Dear shareholder,

On behalf of the Board, we are pleased to present Tolu Minerals Ltd's (Tolu) first Annual Report as an ASX listed company. In this report we outline progress made by Tolu to the year end 31 December 2023 and until 28 March 2024.

Tolu Initial Public Offering

On 10 November 2023 Tolu successfully completed its Initial Public Offering (IPO) on the Australian Securities Exchange (ASX) raising some AU\$ 17.3 million. In addition to the IPO raise Tolu also secured a contract for the completion the Tolukuma access road that is key infrastructure for the development of the project for a fixed price of AU\$4 million of which AU\$2.2 million is payable as stock at the IPO price of AU\$0.50 subject to the contractor achieving certain milestones.

The completion of the IPO is a significant step undertaken to explore and develop Tolu's 100% owned significant, exploration portfolio, leveraging the redevelopment, infrastructure and Mineral Resources of the historically proven, high-grade producing Tolukuma gold/silver mine.

Tolu's portfolio includes the fully permitted Tolukuma mine, some 1,100 km² of exploration licenses on the highly prospective, but underexplored Tolukuma epithermal structure; an exploration license application for a further circa 400 km² over a partially explored copper/gold porphyry target to the Northwest of Tolukuma and the 200 km² exploration license at Mt Penck in the prospective Kulu Simi trend on New Britain island off the PNG mainland.

Operational Activity

Post completion of the pre-IPO financing in September 2022, Tolu commenced certain exploration works across its tenements. The focus of activity was on EL 2531 surrounding Tolukuma mine and on EL 2662, Mt Penck (refer to various market releases at [Investor Centre | Tolu Minerals](#)) and also various exploration activities on other exploration licenses.

The results of this initial exploration is detailed in the related market releases, but proved very pleasing confirming not only the substantial exploration upside of Tolu's landholding, but also very excitingly, led to Tolu defining an Exploration Target on the mining lease ML 105 and the surrounding exploration license EL 2531 of 2 to 3 million ounces Au in a grade range of 8 to 11 g/t as outlined in the management report below.

On the back of these strong results Tolu commenced plans to accelerate its planned exploration programme and will advise shareholders and the market in due course on the results of this programme.

Tolu has also commenced building a strong management team with the requisite skills, experience and track record of delivery of exploration, development and the reactivation of existing mining projects and is confident in rapid capability build of the Company.

Tolu's vision of responsibly building and developing a large and very prospective pipeline of exploration assets, leveraging the substantial infrastructure of the Tolukuma gold/silver mine portfolio has resonated with our investors and the global markets. Tolu's performance and market support in the short period since listing gives us confidence that we have the right projects and plans supported by a strong and experienced corporate and management team.

Looking forward to 2024

The Board and Management remain focused and optimistic that Tolu will deliver strong outcomes for our shareholders throughout the remainder of 2024 and into the future. Our exploration and development planning that was developed through the due diligence and both the pre-IPO and IPO processes is being rapidly rolled out across our projects.

Tolu will shortly advise on its evolving plans to further accelerate the development of the exploration portfolio and its plans to returning the Tolukuma gold/silver mine to production in the relatively near term.

The Tolu Board and Management Team are proud of what we have achieved in 2023 and the early part of 2024 and look forward to delivery of exploration and operational outcomes through 2024.

We thank you for your ongoing support,

Yours sincerely,



John Anderson
Chair



John Macpherson
Managing Director & CEO

Review of Operations

Company Profile and Operational Review

Tolu Minerals Ltd. (Tolu), formerly Lole Mining Ltd., was incorporated in PNG as a public company under the Companies Act 1997 (PNG) (Companies Act) on 19 March 2020. Tolu was registered in Australia with ASIC as a foreign registered company on 28 March 2022.

On 3 October 2022, Tolu successfully completed the 100% acquisition and registration of the Tolukuma Gold Mine in PNG along with its associated assets and mine infrastructure (Tolukuma Project). In parallel with the acquisition process, Tolu also secured a number of additional strategically important Exploration Licences (ELs) across the Tolukuma structural corridor giving Tolu a substantial and highly prospective land package to complement the mine and existing infrastructure. The Tolukuma Project currently includes one mining licence (ML 104) and seven exploration licences (including EL 2531 referenced below) surrounding the Tolukuma Gold Mine providing a dominant landholding of 1,090 km² across the highly productive Tolukuma epithermal structure.

Tolu also has the exploration licence application (ELA 2780), known as the Ipi River Prospect (423km²), in the Tolukuma area, Northwest of the Tolukuma structural corridor ELs. The application is on track and is scheduled to be forwarded for Ministerial approval in Q2 2024. Ipi River lies on the Yule Transfer Structure flanking a significant magnetic high anomaly which is highly prospective for porphyry, epithermal and skarn type alteration mineralisation.

Tolu also holds the Mt Penck tenement, EL 2662, over some 204km² copper/gold targets within the very productive Kulu Simi trend that already hosts substantial resources, on the island of New Britain to the East of the PNG mainland.

During the course of the acquisition of the Tolukuma Project, Tolu negotiated and ultimately completed of the acquisition of 100% of the share capital of Frontier Copper (PNG) Ltd., a wholly owned, PNG registered, subsidiary of ASX listed Lanthanein Resources Ltd., formerly Frontier Resources Ltd. Frontier Copper's assets include EL 2531, the 118 km² EL surrounding Tolukuma and an application, ELA 2529 (719 km²), over the old Sinivit Gold Mine at Gazelle on the island of New Britain.

On 10 November 2023, Tolu successfully completed an Initial Public Offering (IPO) on the Australian Securities Exchange (ASX) raising AU\$17.3 million at a share price of AU\$0.50 to build on the treasury created through a private raise of AU\$11.3 million in September 2022 that was undertaken at AU\$0.37 per share. Tolu have also secured a fixed price contract of AU\$4.0 million (that will be paid against agreed completion milestones) for the construction of the critical access road, AU\$2.2 million of which will be paid in stock at the IPO price of AU\$0.50 per share. Tolu has used its funds in a way consistent with its business objectives.

Tolu's objective now is to leverage the significant infrastructure afforded by the Tolukuma mine, to explore for and define a significant Mineral Resource and ultimately to become a significant gold producer, initially through upgrading and expanding the existing Mineral Resource Estimate (MRE) of the Tolukuma Mine and in parallel to define a significant MRE on the Company's exploration projects surrounding the Tolukuma Project and at the Mt Penck Project.

It is the Company's intention in the medium term to return the Tolukuma Gold Mine to economically viable production on the back of an enhanced MRE. The Company sees the potential for significantly larger operations in the medium-term.

The company's operational strategy is based on four key work streams comprising:

- Operational restart which includes site refurbishment to support both exploration and future operations, conducting required implementation studies and costing and commissioning of bulk sampling through to first gold production, albeit at a small scale;
- Development to both uplift and expand current inferred MRE resources within the immediate mine workings to support start up. Numerous short-term opportunities to expand the MRE lie within the very prospective Southern section of the mine (Tolukuma Exploration Target, 11 December 2023 [Investor Centre | Tolu Minerals](#));

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- Exploration of the regional tenements, surrounding the Tolukuma Mining Lease (Airborne MT, 26 February 2024 [Investor Centre | Tolu Minerals](#)); and
 - An early works program consisting of the development of a 70km access road, hydro power station and site access roads. (Tolukuma Road Contract Award, 24 November 2023 [Investor Centre | Tolu Minerals](#)).

Completion of OTCQX Quotation in the USA

On 13 January 2024 Tolu completed a quotation on the OTCQX Market in the USA and its ordinary shares trade under the symbol TOLUF. This has no impact on Tolu's normal trading on the ASX under the ticker TOK.

The OTCQX Market provides convenience and real time accessibility to U.S. investors, brokers and institutions seeking to trade Tolu shares. The OTCQX Best Market is the premier market of OTC Markets Group Inc, an operator of regulated markets on which 12,000 U.S. and international securities trade.

Trading on OTCQX will provide additional visibility and market exposure, better access to the U.S. investment community and improved convenience of trading in Tolu ordinary shares and is part of Tolu's ongoing strategy to introduce Tolu to a broader international audience.

Background

The Tolukuma mineralisation was discovered in 1986 and commissioned as a mine in 1995. Until 2015, it operated largely as an underground mine (approximately 90%) with small open cut mining sourcing oxide ore for blending purposes. Tolukuma has a history of strong gold production. For 19 years between 1996 and 2015 the Tolukuma Gold Mine produced 874,575 oz Au and 2,364,997 oz Ag. Gold production for the first 11 years of mine life totalled some 667,342 oz Au or an average of 60,667 oz Au per annum (peaking at 85,715 oz Au). The Tolukuma Gold Mine operated effectively until about 2011, when a significant production drop-off due to mining practices was unable to sustain the costs of operation largely driven by helicopter borne logistics, impacting profit margins and ability to fund underground development and exploration. The mine ceased operating and was put into care and maintenance in 2015. Tolukuma Gold Mines Ltd was put into liquidation and the assets placed under security in 2018.

The Tolukuma structures are open ended at depth and along strike with significant future resource potential both on mine and on regional extensions of the epithermal structures, (Tolukuma Exploration Target, 11 December 2023 [Investor Centre | Tolu Minerals](#)). It also affords the opportunity for the discovery of new veins within, not only the primary structure, but also in parallel structures adjacent to the mining lease and in the other Tolukuma Tenements.

Tolukuma ML104 Operations

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

- refurbishing of 28 accommodation units to support an increased workforce;
- upgrading the staff mess and catering facilities;
- refurbishment of administration facilities providing sufficient working space on site;
- assessment and refurbishment of various mobile mining equipment;
- assessment and refurbishment of the existing processing equipment, especially the gravity gold circuit and smelting facilities;
- refurbishing all low voltage power reticulation in the camp;
- assessment of the high voltage reticulation;
- commencement of dewatering activities; and
- renegotiation of service contracts including security and catering.

First phase refurbishment of accommodation quarters, project office and catering facilities is targeted to be completed by end of April 2024.

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. In the second half of the mine's operating history, fuel costs rose to contributing some 60% of the operating costs. This was largely attributable to helicopter servicing, and diesel power costs that had risen dramatically due to increased reliance on diesel power coupled with high pumping costs.

The Mineral Resources Authority of Papua New Guinea (MRA) commissioned a feasibility study that was completed in November 2016 that provides the design for the permanent road to service the Tolukuma mine and region. The road follows the route of an existing horse and cart trail built by missionaries branching off the Tapini Highway at Bakoiudu then routing through a number of villages to Tolukuma as shown in Figure 1 below.

Of the 70.62km route, TGM completed 37.81km from the mine to near Popole village, while at the same time the MRA commenced work according to the feasibility study technical specifications from Bakoiudu on the Tapini Highway, completing approximately 10km before work ceased.

The company announced in Nov 2023 that a contract was awarded to Tunnel Engineering (PNG) Ltd, Reg: 1-86659 (TE or the Contractor) to complete building the access road from Bakoiudu to the Tolukuma Gold Mine (TGM) (Tolukuma Road Contract Award, 24 November 2023 [Investor Centre | Tolu Minerals](#)). 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.

Partial dewatering of historic mine working is required to provide access to drill positions to firm up the MRE and identify the most suitable areas to recommence mining in order to guide the mine development. Following an assessment of the dewatering requirements orders were placed for a total 380kW of pumping capacity and is expected to arrive during Q3 of the financial year. Piping arrangements have been completed and orders are being placed with sufficient piping to dewater down to the 1525 level from the 1560 level.

A 60KV generator was procured and installed to provide for initial power requirements. Orders have been placed for an additional 1740 kWh of power generating capacity that is expected on site by September 2024. This will allow for all pumping and ventilation demand in the short term and standby power longer term.

The company is in the process of building up the exploration and early operational team with specific focus on the areas of financial controls, procurement and logistics, engineering, processing, environmental and mining capability.

An implementation study has been initiated to assess the optimum start up strategy for initial production. This includes the most suitable supply of feedstock to the process plant, optimisation of the gravity circuit, option studies on tailings handling and assessment of the high voltage power supply and reticulation, including the refurbishment of the hydro power station.

On Mine (ML104) and Near Mine Exploration

During 2023 Tolu reviewed the historical exploration work undertaken in the vicinity of Tolukuma mine in conjunction with more recent work undertaken on EL 2531 by Frontier and Tolu's own programmes during 2023. This culminated in Tolu developing an Exploration Target of 2 to 3 Moz Au grading 8 to 11 g/t Au. (Refer to ASX Announcement, Tolukuma Exploration Target, dated 11 December 2023, [Investor Centre | Tolu Minerals](#))

The results of historical 3DIP geophysics (Figure 3) show that the existing gold mineralised Tolukuma vein extends a further 2km to the South-Southeast. The Milihamba/Kunda vein appears along the same Tolukuma vein system offset by sinistral faulting identified from the geophysics. Historical drilling results at Milihamba/Kunda vein include 1.8m @ 6.74 g/t Au from 26m with highly anomalous gold

from surface samples, including a value of 1,043 g/t Au from the discovery outcrop (refer to ASX Announcement, Taula Vein Exploration Results, dated 13 November 2023 [Investor Centre | Tolu Minerals](#)).

From the 3DIP geophysics conductivity, the Gulbadi gold mineralised structure within ML 104 is also interpreted to extend a further 3 km to the South Southeast into the Taula prospect area within EL 2531.

With the current endowment of 1.5 Moz in 1.5km of previously mined orebodies at the Tolukuma Mine (Figure 1 and Figure 2), significant strike extensions to the South, based on historical drilling, trenching and ground geophysics will aid in the planning of a major resource drilling programme over the next 12 months, both within the existing mining lease and the neighbouring EL 2531. Exploration on the adjacent exploration licences will help determine the potential for a major expansion and long Life of Mine strategy along existing gold bearing structures and veins.

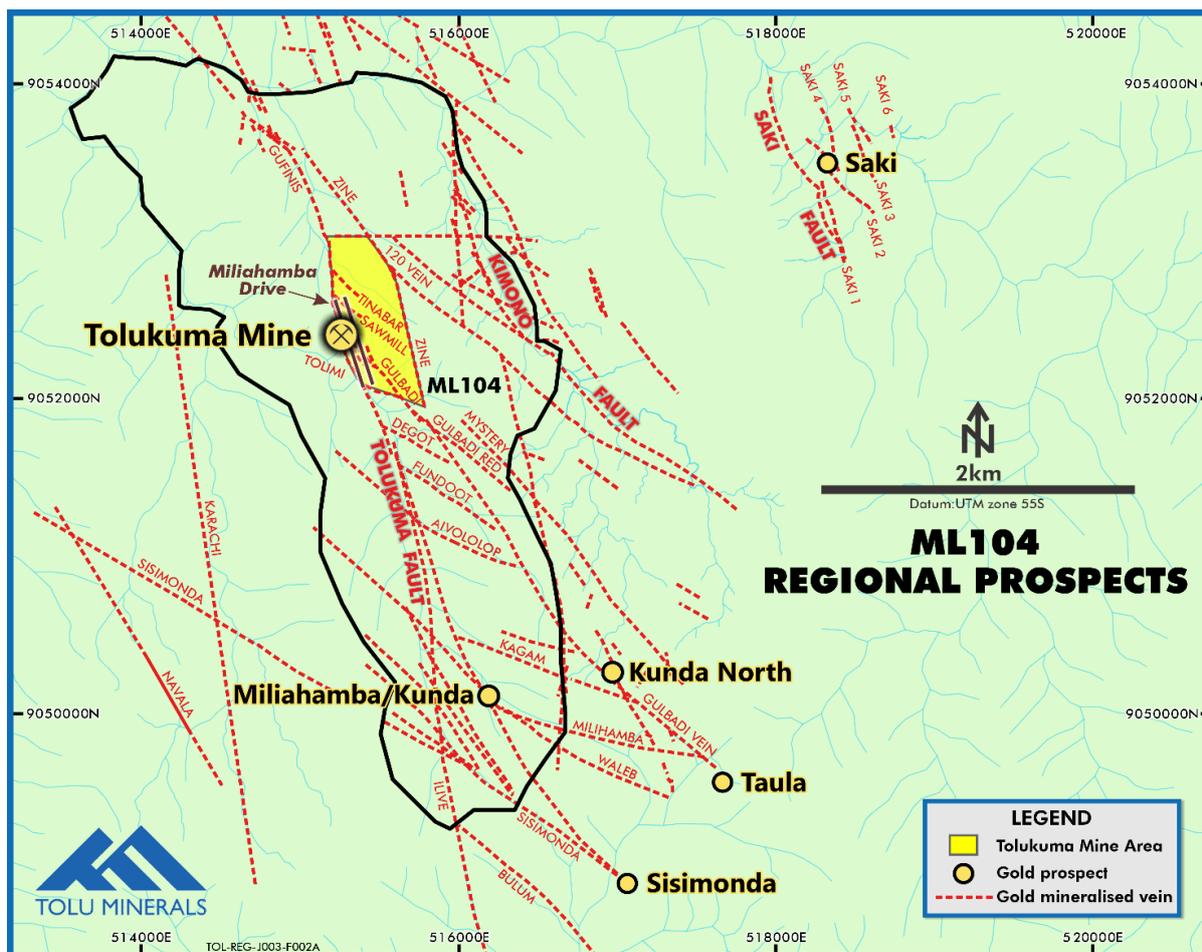


Figure 1 Tolu Gold Mine Area and Nearby Gold Prospects

Gold resources and prospects include:

- The existing Mineral Resource Estimate (“MRE”) at Tolukuma of 503 koz Au at 10g/t, including 91 koz at 13 g/t Au on the previously unmined Fundoot Structure (refer to ASX Announcement, Tolukuma Fundoot Update, dated 4 December 2023);
- Significant strike extensions from historical ground based 3DIP conductivity geophysical results show an additional 2km of vein systems to the South Southeast from the main Tolukuma Vein (Figure 3);
- The Milihamba/Kunda prospect trench results include 1.0m @ 85 g/t Au and drill results of 1.8m @ 6.74 g/t Au (refer to ASX Announcement, Taula Vein Exploration Results, dated 13 November 2023);

- Taula with drill results including 6.0m @ 16.16 g/t Au, Sisimonda with drilling results including 1.0m @ 31 g/t Au, and North Kunda with a reported chip sample assaying 1,034 g/t Au (refer to ASX Announcement, Taula Vein Exploration Results, dated 13 November 2023);
- The Saki gold system has an Exploration Target of 100,000oz to 300,000oz gold with a range of 600,000 to 1,000,000 tonnes grading 5.0 to 9.0 g/t gold, based on existing surface trench and drilling results (refer to ASX:LNR Announcement dated 7 October 2019);
- Saki has a reported Maiden Inferred Mineral Resource of 2.0 Mt @ 2.0 g/t gold for 128,000 oz Au (refer to ASX:LNR Announcement dated 28 February 2022);
- Saki-Yava-Soju-Salat system of gold veins (Figure 4) demonstrates a 3km wide zone of gold mineralisation with best trench sampling results at the Justin Vein of 1.0m @ 158.37g/t gold (refer to ASX:LNR Announcement dated 19 August 2020); and
- The Kimono gold mineralised structure which occurs 800m from the Tolukuma mine gold plant is at least 1,000 in strike length adjacent to the Eastern boundary of the ML with trench results including 1m @ 30.1g/t Au (refer to ASX:LNR Announcement dated 22 November 2019).

Based on the MRE tonnes and grades, extension of the Tolukuma vein system 2km to the South Southeast, grades from the Miliahamba prospect drilling, grades from drilling at Taula, Sisimonda and Kimono, grades and tonnage of the Saki Inferred Mineral Resource and trench sampling grades from the broader Saki-Yava-Soju-Salat system of gold veins, Tolu has developed an Exploration Target of 2 to 3 Moz Au grading 8 to 11 g/t Au* (refer to Table 1).

**Cautionary Statement: The Exploration Target for the Tolukuma gold project, describing the potential quantity and grade, is conceptual in nature. There has been insufficient exploration completed to estimate a Mineral Resource for all target areas reported and it is uncertain if further exploration will result in the estimation of further Mineral Resources.*

Tolukuma Project Gold Exploration Target – December 2023						
Project	Deposit	Rank	Low (tonnes)	High (tonnes)	Low (Gold)	High (Gold)
Tolukuma	Tolukuma	High	7,800,000	8,500,000	8.0 g/t	11.0 g/t
	Tolukuma South					
	Miliahamba					
	Taula					
	Kimono					
Saki-Yava-Soju-Salat						
Totals			7,800,000	8,500,000	8.0 g/t	11.0 g/t

Table 1: Tolukuma Exploration Target Estimate

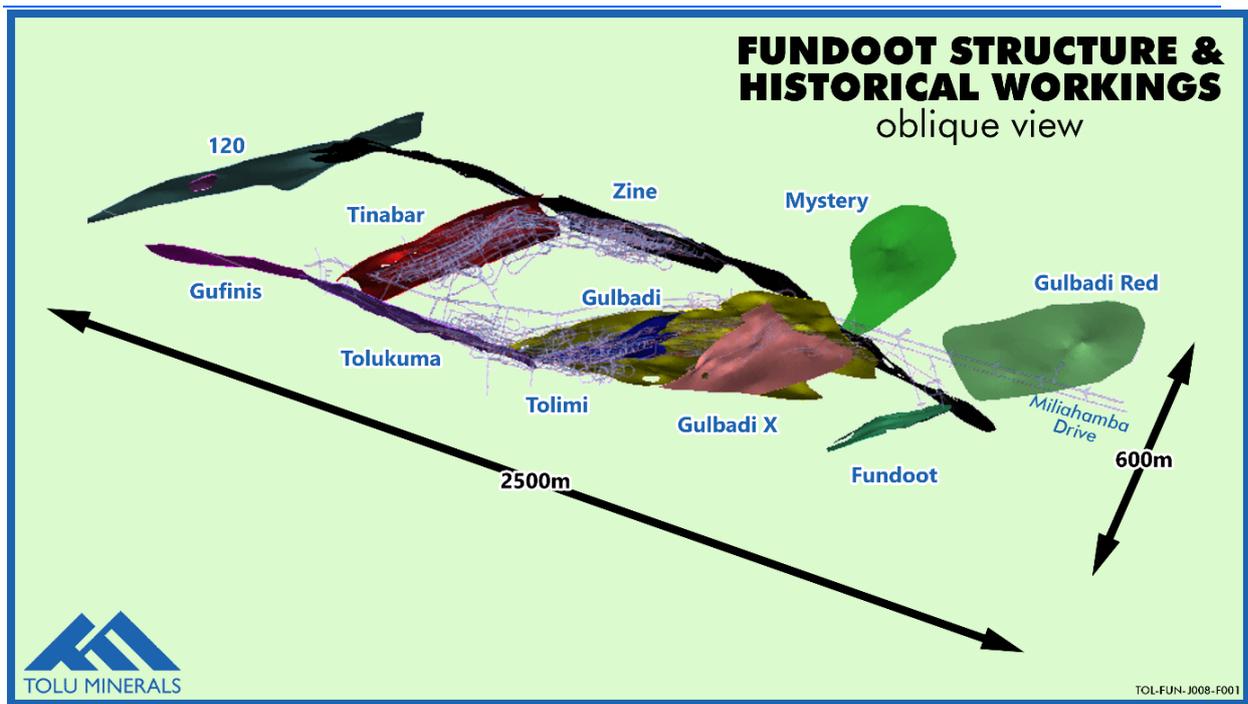


Figure 2: Oblique View of Near-Term Mineral Resources for Immediate Upgrade

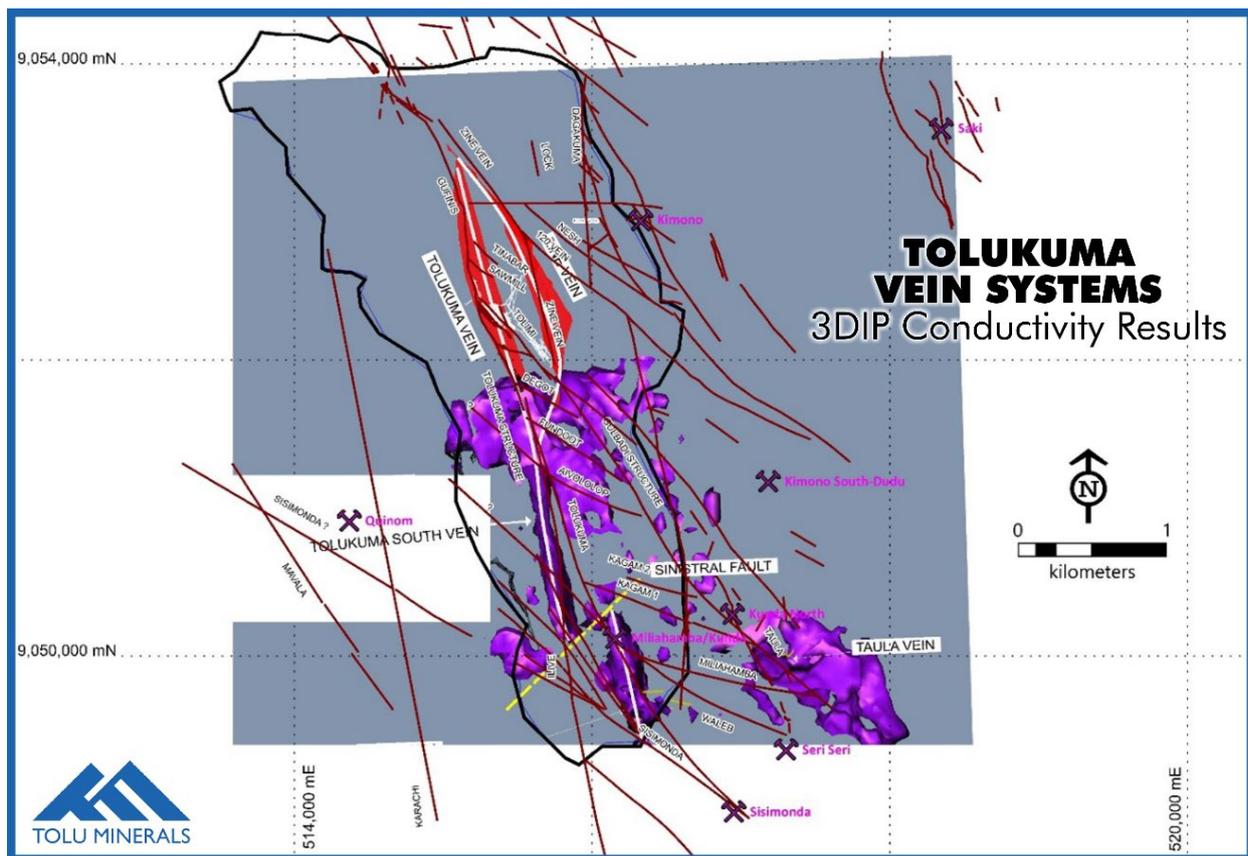


Figure 3: 3DIP Conductivity Results at Tolukuma South Showing Veins Systems at Depth

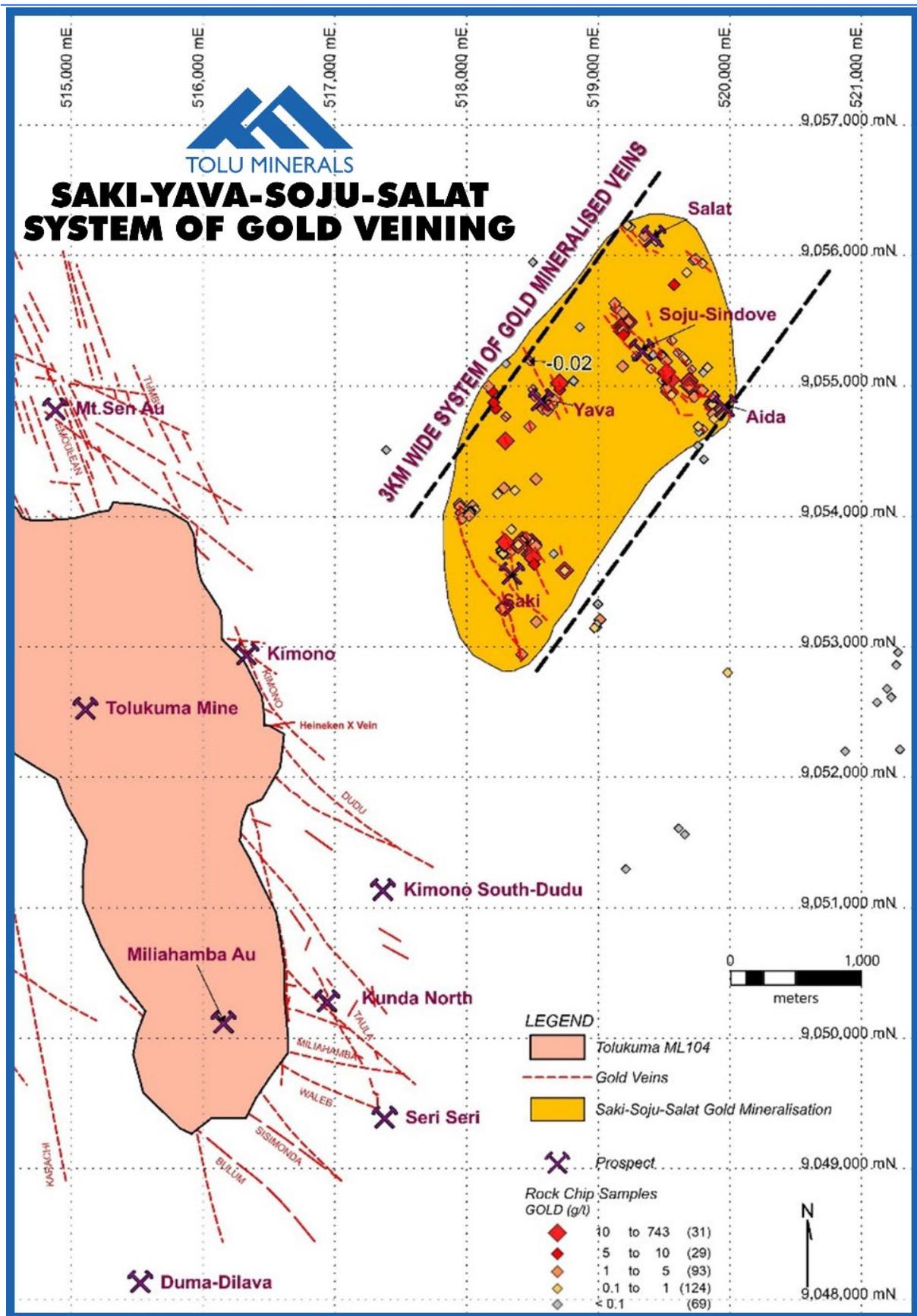


Figure 4: Saki-Yava-Soju-Salat System of Gold Veining

Zine Vein, Tinabar Vein and Gulbadi/Tolimi/Tolukuma Veins

A certain portion of the inferred resources within the current MRE occur above the 1560 mRL which is not flooded. Tolu is planning drilling campaigns both from underground and surface to test zones on these veins above the 1560 mRL.

The uppermost development level on the Zine vein was at the 1570 mRL over a strike length of approximately 120m. No development or stoping took place above this level. Block model interpretation shows gold mineralisation continues South of this level some 300m and is open to the surface, but has not been drill tested. Tolu is currently making preparations to undertake diamond drilling from underground utilising a Boart Longyear LM75 rig (being refurbished) and from surface with a man-portable rig which is currently engaged on the Taula exploration project.

Resources delineated by this drilling will be readily accessible to be included in a mine plan for a potential early start-up of mining.

Similarly, resources within the current MRE above 1560 mRL on the Tinabar, Gulbadi, Tolimi and Tolukuma veins which remain in remnant blocks are being assessed for inclusion in a short-term start up plan.

Fundoot Vein, Gulbadi Red Vein and Mystery Vein

These veins have been delineated with very limited diamond drilling, mostly from underground out of the Milihamba Drive South and partially (Fundoot) from surface. These veins have inferred resources reported in the Current MRE at a cut off of 3g/t Au of:

Fundoot	212kt	13g/t Au	91koz Au
Gulbadi Red	115kt	8g/t Au	29koz Au
Mystery	45kt	9g/t Au	13koz Au

No mining has taken place on these veins and they constitute a priority target for short-term drilling in order to both expand and upgrade resources. Gold mineralisation of these veins is open both on strike and dip.

The drill platforms for these veins are situated at 1525 mRL and are currently flooded between 1560 mRL and 1525 mRL. Tolu has placed orders for pumps and piping to undertake the dewatering of this area to enable further resource drilling to take place.

The most advanced structure is the Fundoot vein with 91koz in current inferred resource. In addition to diamond drilling to expand this resource Tolu plans to develop strike drives on the vein on at least two levels. The development drives will be mapped, sampled and assayed after each blast. All mapping and assay data will be included in the resource model for a revised mineral resource estimate in due course.

Tolu has commenced assessment and planning to refurbish the gravity section of the gold plant to process bulk samples generated from the drive development. It is anticipated that drive development sampling together with gravity separation results will enable a conversion to reserves and subsequently a mine plan.

Taula Exploration

The company completed a trenching and rock sample exploration campaign of the Taula gold and silver vein during November 2023. The Taula vein occurs 3km South-Southeast of the Tolukuma gold mine on EL2531 (Figure 5).

The trenching programme was designed to test the surface extensions of the mineralised structure in preparation for a shallow drilling programme that is currently being mobilised. Deeper interpretation of

these structures will be supported by the Airborne Magneto Telluric (MT) programme planned for May 2024 to be followed up by underground drilling from within Tolukuma mine.

Historical drill intercepts at Taula were reported in November 2023 (refer to Announcement, Taula Vein Exploration Results, dated 13 November 2023, [Investor Centre | Tolu Minerals](#)):

- 3.0m @ 16.19 g/t Au from 23m (SSD003) ;
- 5.3m @ 7.19 g/t Au from 37.6m, incl 1.8m @ 18.8 g/t Au (SSD008) ;
- 4.2m @ 8.47 g/t Au from 66m (SSD011) ;
- 1.7m @ 12.55 g/t Au from 31.1m (SSD010) ;
- 6.0m @ 3.8 g/t Au from 18.5m (SSD002) ; and
- 2m @ 3.21 g/t Au from 61.6m, 1.8m @ 3.21 g/t Au from 73.2m & 2m @ 5.28 from 76.5m (SSD009)

A total of 8 trenches were completed (Figure 6) during the 2023 Taula exploration program (TT17-21 and TT23-25 with a total 108 channel samples taken along with 34 rock samples.

Trench Results include:

- 1m @ 26.7 g/t Au + 98.5 g/t Ag within a broader mineralised zone of 2m @ 13.7 g/t Au + 52.3 g/t Ag within trench TT17 of quartz veins and quartz stringers;
- 1m @ 1.20 g/t Au within trench TT25 of altered quartz veins; and
- 1m @ 1.06 g/t Au + 6.6 g/t Ag within trench TT24 of altered quartz vein stringers

Results from the 34 rock samples received include:

- 2.08 g/t Au + 14.9 g/t Ag, 0.45 g/t Au + 10.1 g/t Ag and 0.53 g/t Au + 7.4 g/t Ag.

These results prove extension of gold and silver mineralisation at surface from a 750m strike length to over a 1300m strike length, demonstrating the potential to develop significant near mine gold targets.

The Company is now mobilising its maiden diamond drilling programme at the highly prospective Taula gold and silver epithermal vein system following up on previous drilling and trenching programmes. A Man-portable Diamond Drill Rig was purchased for this and future programmes and is being mobilised to site where site preparation of the drill pads has been completed.

A

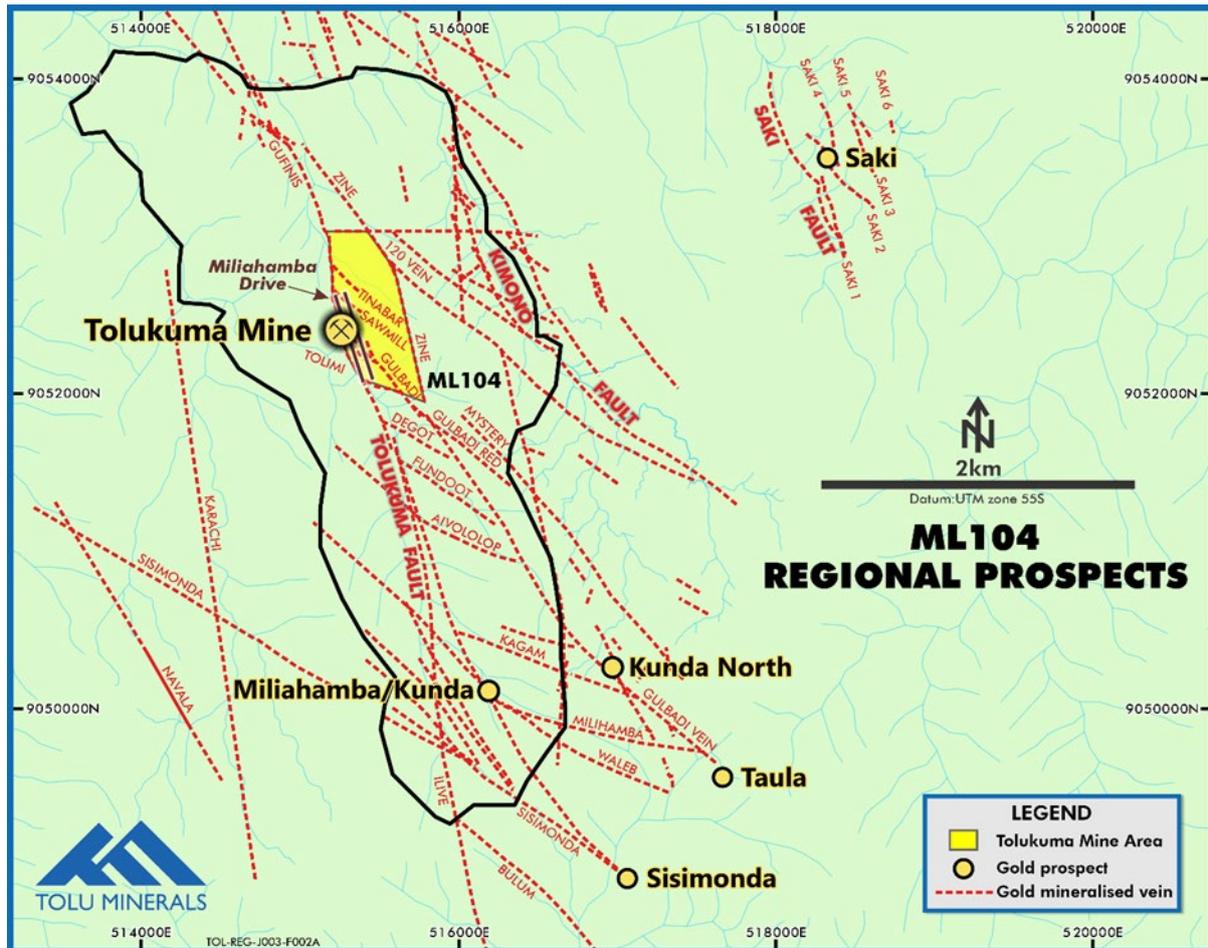


Figure 5: Tolukuma Mine Area with Interpreted Mineralised Structures and Nearby Gold/Silver Prospects

A total of ten follow-up drillholes (Figure 6) are planned by Tolu as follows.

Planned Drillholes PDH1, PDH2 and PDH3

Planned holes PDH1 to PDH3 are located on cross-section 1, "XS1" at the Northwestern end of historical drilling. These holes will test high gold and silver values in Trench TT016 which returned 9m @ 9.25 g/t Au including 2m @ 25.85 g/t Au + 312 g/t Ag. Drillholes PDH1 and PDH2 are to validate historical drill results of 1.7m @ 12.55 g/t Au (SSD010) and 5.3m @ 8.47 g/t Au (SSD011).

Planned Drill Holes PDH4, PDH5, PDH6 and PDH7

Planned holes PDH4 to PDH6 are located on cross-section 2, "XS2" collared on the historical SSD001 drill pad which returned 0.6m @ 7.05 g/t Au. These holes also target recent TML Trench (TT009) results which returned 8m @ 2.83 g/t Au incl. 1m @ 11.15 g/t Au + 15.45 g/t Ag (refer to ASX:LNR Announcement dated 5 January 2022, www.asx.com.au/markets/company/lnr).

PDH6 is targeted on the vein beneath PDH5 and together these holes will test the Southern limit of historical drilling at Taula. Proposed hole PDH7 will test a continuation of the vein to the Southeast.

Planned Drill Hole PDH8 and PDH9

PDH8 is located on cross-section 3, "XS3" to test significant Tolu trench results of 1.0m @ 2.08 g/t Au + 167 g/t Ag in Trench TT011, especially the high silver content.

PDH9 is located on the same pad with an azimuth in an easterly direction to test under Trench TT014 which returned assays of 5m @ 2.14 g/t Au and 27.6 g/t Ag.

Planned Drill Hole PDH10

PDH10 (on cross-section XS4) occurs 314m along strike from the first drill site and thereby extending the strike length of previous drilling along the vein from 160m to 320m. It is designed to test the high gold values in Trench TT017 of 2m @ 13.7g/t Au + 51.3g/t Ag including 1m @ 26.7 g/t Au and 98.5 g/t Ag.

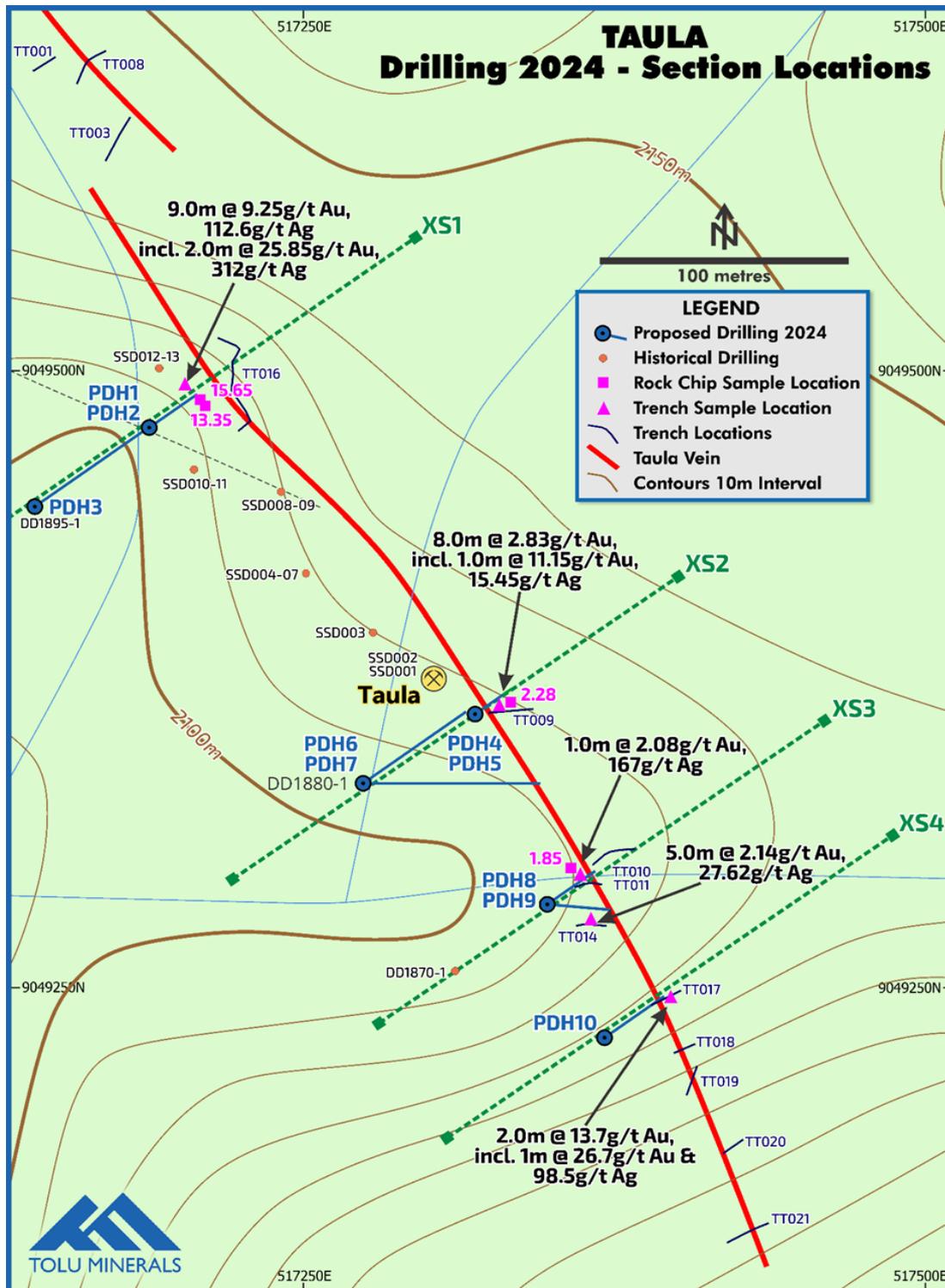


Figure 6: Taula Trench Highlights and Planned Drillholes Locations

Regional Exploration Licences

Operations – Airborne Mobile Magneto Telluric Survey

The Company has announced that it planned to commence an Airborne Mobile MT Survey over all its projects to define gold bearing structures/veins and porphyry gold-copper targets for the next generation of targets for follow-up and drilling. The survey utilises electrical resistivity imaging of the top 1km with complementary VLF data providing near surface conductivity information to define geological structures related to gold mineralisation, as well as magnetic data to help map geology.

Expert Geophysics Limited (“EGL”) was contracted to conduct this large regional geophysical survey commencing in May 2024 covering an area of 2,585 km² over the Tolukuma Mining Lease and surrounding tenements, then Ipi River ELA2780 to the Northwest of Tolukuma followed by the Mt Penck EL2662 tenement area on New Britain Island (Figure 7 and Figure 8).

Airborne Mobile MT has already been used with good success in at K92 in PNG (ref: K92 Investor Presentation 2024, page 44, <https://k92mining.com>) The Airborne Mobil MT survey will greatly help in identifying a new generation of geophysical targets to complement historical work related to gold and copper-lead-zinc mineralisation for ground follow-up and targeted drilling by delivering an overlay of mineralised structures and also highlight the position of epithermal and polymetallic systems that will greatly enhance Tolu’s understanding of the underlying mineralisation and provide cost and scheduling benefits for the exploration process.

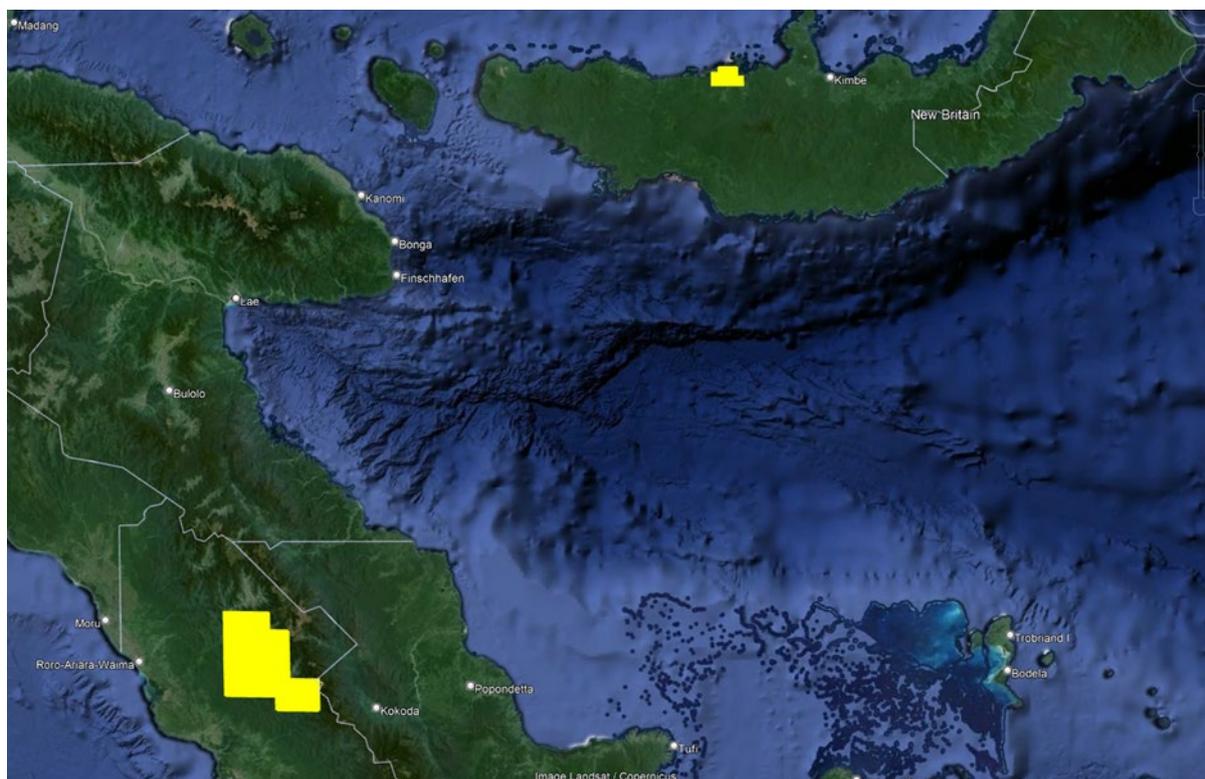


Figure 7: Topographic Map Showing Locations of the Proposed Airborne Mobile MT Survey

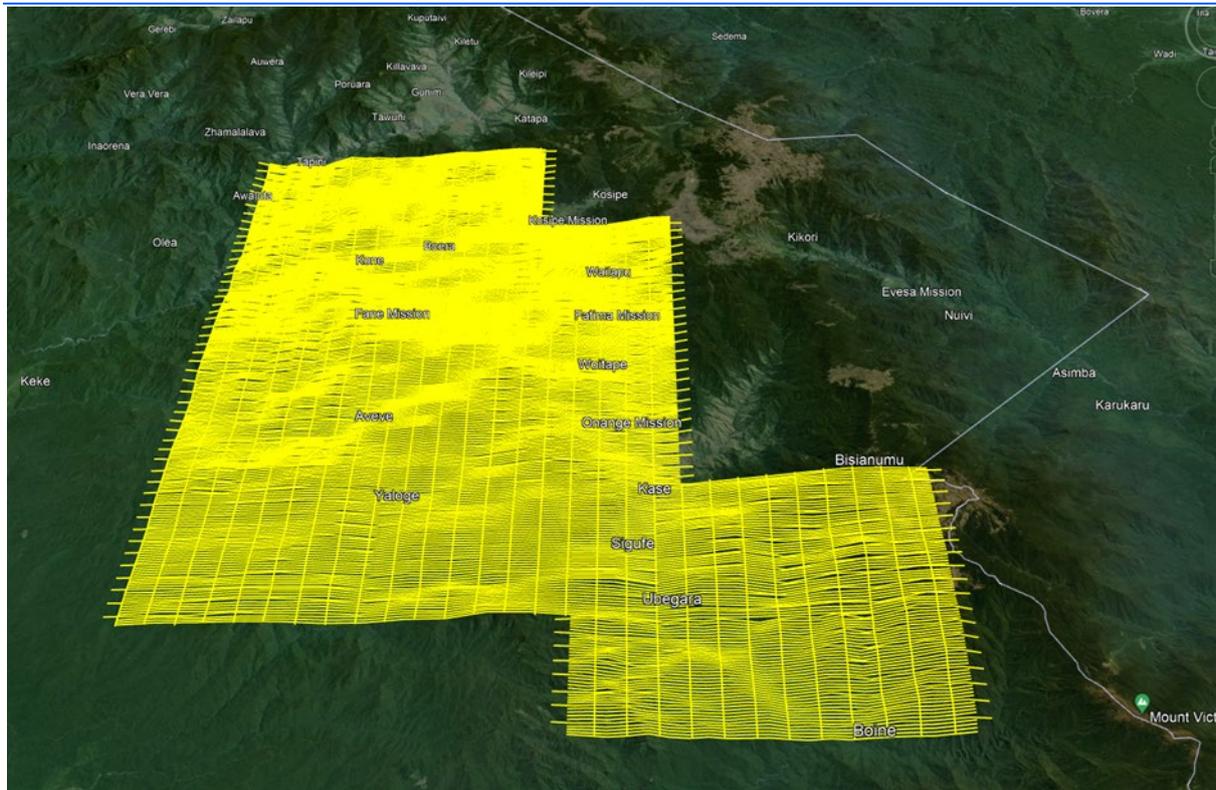


Figure 8: Map Showing Planned Grid Lines for MT Survey over Tolukuma Tenements

Mt Penck

Operations

Tolu's Mt Penck project is accessible by road, 56 km from an existing deep-water port at the provincial capital of Kimbe on New Britain Island (Figure 9) and is also serviced by Kimbe's Hoskins Airport. The existing infrastructure supporting the oil palm industry enables simple and reliable access to the project site that will benefit future development of the project.

Mt Penck is a complex epithermal system that exhibits overlapping low to intermediate sulphidation gold-silver and high sulphidation gold-copper mineralisation hosted in volcanics and porphyry intrusions.

During 2023 Tolu completed a trench and rock sampling program at the Peni Creek prospect as part of the broader Mt Penck project (refer to ASX Announcement, Mt Penck Results, dated 29 January 2024 [Investor Centre | Tolu Minerals](#)).

Peni Creek is one of several gold prospects originally identified at Mt Penck by historical explorers including BHP-Utah, Nord Resources, Indo Pacific and Kanon/New Guinea Gold.

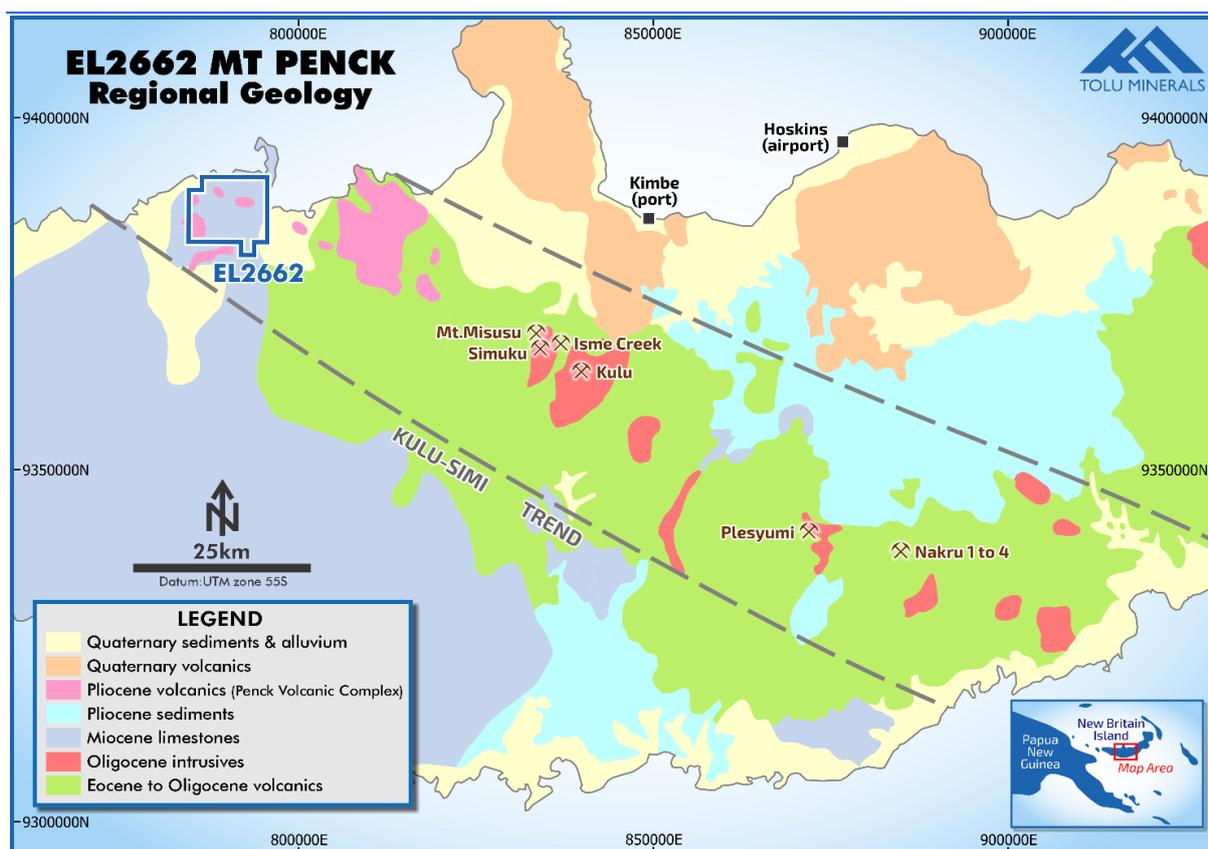


Figure 9: Location and Structural Setting of Mt Penck Project

Tolu collected a total of 432 channel samples from eight trenches at the Peni Creek prospect. The trenches were dug to intersect Northwest trending mineralised structural zones interpreted from historical trenching and drilling which defined a broad zone of alteration and mineralisation with rough dimensions of 260m wide and over 500m open ended strike length.

A total of 12 historical aircore drill holes by BHP-Utah, three diamond holes by Indo Pacific and two diamond holes by Kanon/NGG were completed at Peni Creek (Figure 10).

Historical drilling highlights include:

- 4.0m at 2.41 g/t Au from 24m (PA12) and 32.0m at 0.98 g/t Au from 16m (PA14) - BHP shallow aircore drilling;
- 28m at 1.59 g/t Au, incl. 10m at 2.54 g/t Au from 145m (DDH003) and 6.0m at 1.01 g/t Au from 84m (DDH005) - Indo Pacific diamond drilling; and
- 4.0m at 5.71 g/t Au, incl. 2.0 at 10.05 g/t Au from 22m (MPD036); 2.0m at 2.77 g/t Au from 46m (MPD036) and 2.0m at 2.85 g/t Au from 66m (MPD037) - Kanon/NGG diamond drilling.

The historical drilling results suggest the presence of additional mineralised structures in the sub-surface that may not have a surface expression, indicating there may be at least 10 separate structures within the Peni Creek target zone (Figure 10).

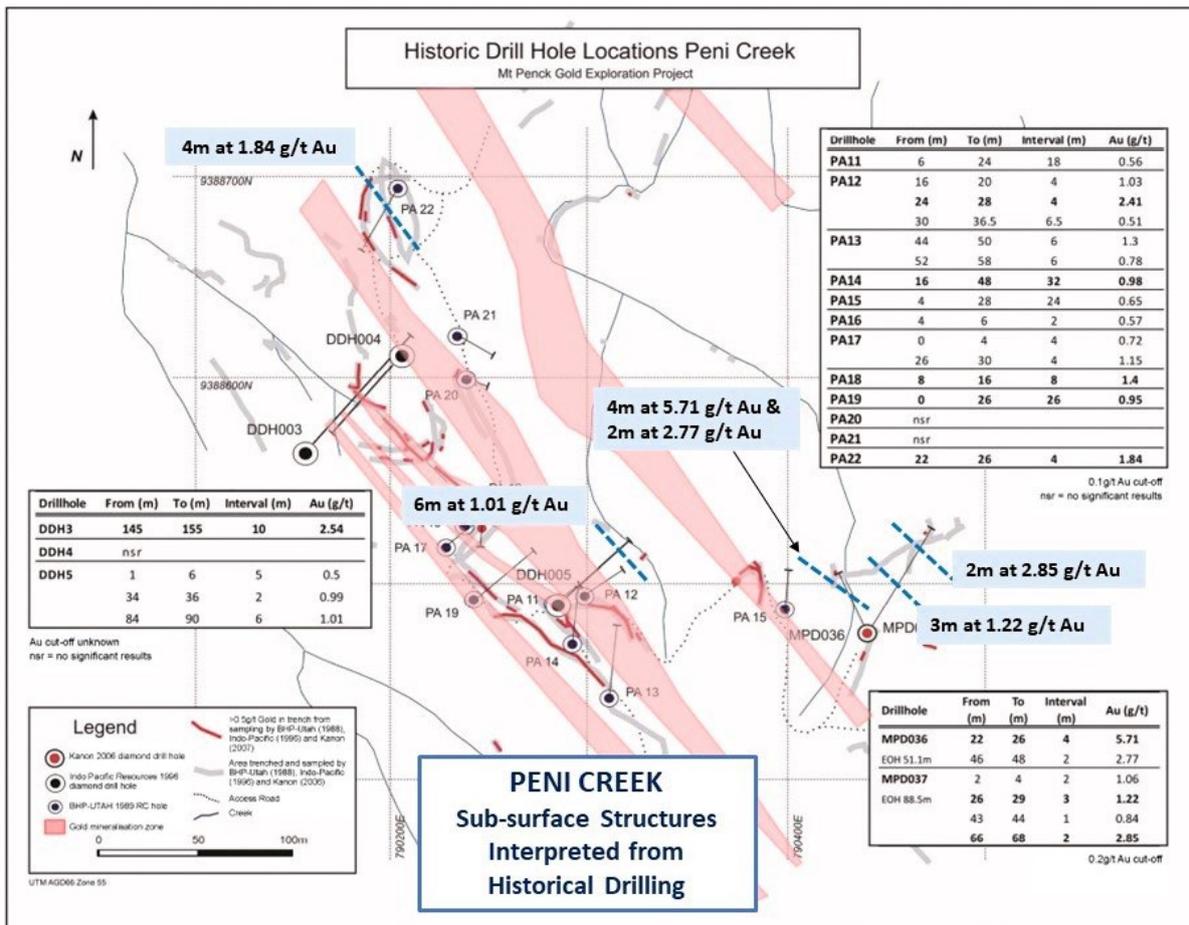


Figure 10: Sub-surface Structures (blue dashed lines) from Historical Drilling Results

Tolu collected a total of 432 channel samples from eight trenches at the Peni Creek prospect. The trenches were dug to intersect Northwest trending mineralised structural zones interpreted from historical trenching and drilling which defined a broad zone of alteration and mineralisation with rough dimensions of 260m wide and over 500m open ended strike length.

A total of 65 trench samples (1m width) returned values above 0.5 g/t gold, 36 intervals returned values over 1.0 g/t gold and six samples returned 12.5, 15.3, 15.7, 29.2 and 36.2 ppm Mo. The best trench intersections include:

- 4m @ 5.57 g/t Au incl. 1m @ 18.2 g/t Au & 45.9 g/t Ag (Trench 7);
- 2m @ 4.3 g/t Au incl. 1m @ 7.3 g/t Au, 19.2 g/t Ag & 12.5 ppm Mo (Trench 7);
- 3m @ 5.04 g/t Au incl. 1m @ 8.99 g/t Au (Trench 3);
- 1m @ 4.27 g/t Au (Trench 8); and
- 3m @ 3.1 ppm Au (Trench 8).

The results confirm Tolu's interpretation of narrow Northwest trending gold mineralised zones and also confirms previous explorers' interpretation. Tolu's work, however, has identified four specific narrow mineralised zones at Peni Creek controlled by faults, veins and hydrothermal breccias. These zones range from 5m to 22 m in width and 130m to 500m in length and open to the Northwest and Southeast directions (Figure 11).

A total of 171 rock samples were collected during the sampling program in Peni Creek. Fifteen rock samples returned gold values above 0.5 g/t Au and nine samples gave values above 1.0 g/t Au with the highest result of 7.29 g/t Au.

Most of these rock samples were in-situ outcrop samples that are channel sampled across the northwest trending mineralised structures (Figure 12). They consist of pervasively altered andesite-dacite volcanics containing illite-sericite-smectite-kaolinite alteration with minor quartz-pyrite-haematite-limonite veining.

Arsenic is known to correlate positively and is considered to play an important role in the concentration of gold within the hydrothermal systems at Mt Penck. For 24 of the rock samples, including 84 trench samples, Arsenic (As) values were above 1000 ppm.

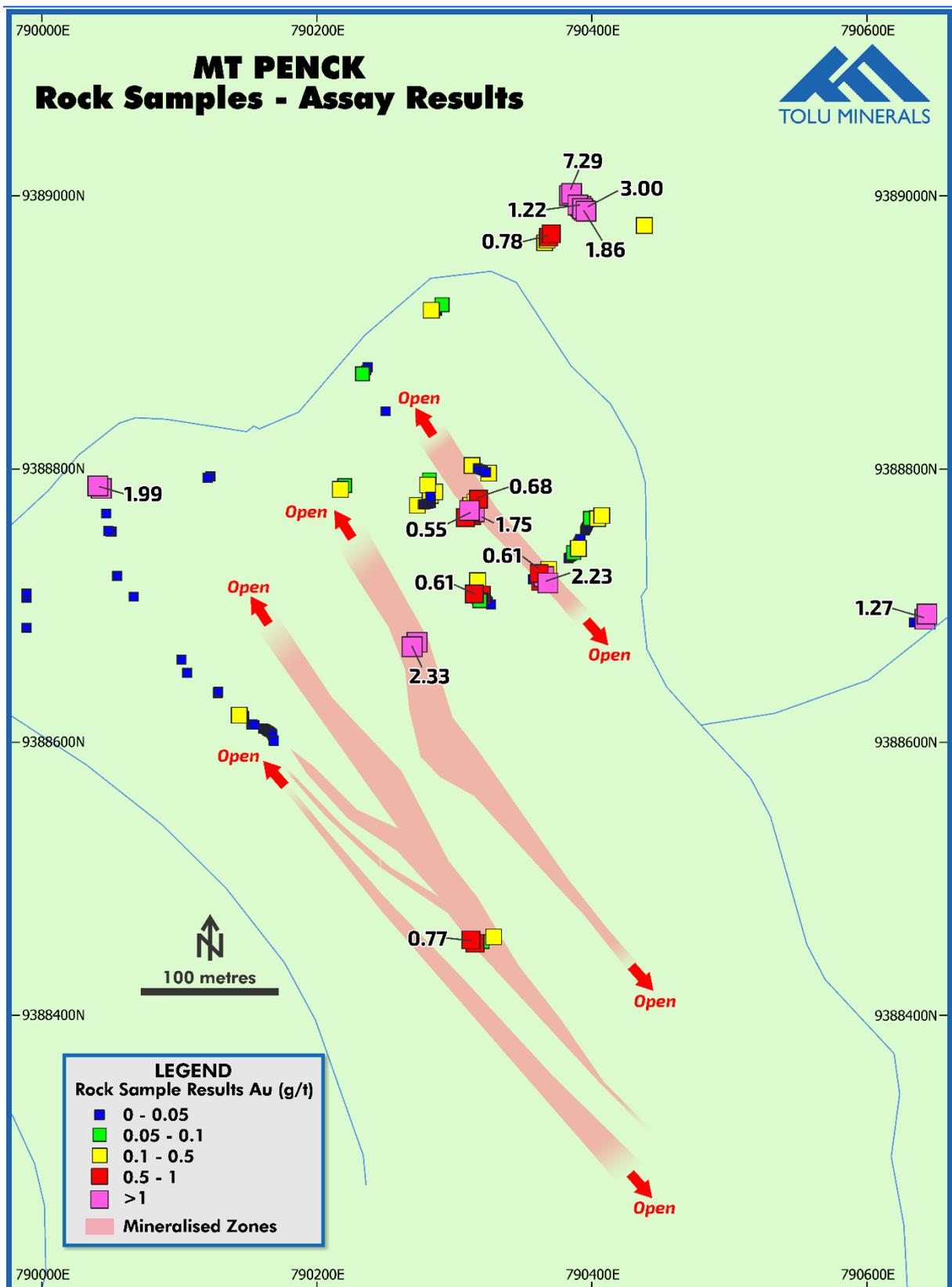


Figure 12: Peni Creek Prospect Rock Sample Assay Highlights

TOLU MINERALS LIMITED

Competent Person Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by or compiled under the supervision of Peter Swiridiuk - Member of the Aust. Inst. of Geoscientists. Peter Swiridiuk is a Technical Consultant and member of the Tolu Minerals Ltd. Advisory Board. Peter Swiridiuk has sufficient experience which is relevant to the type of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting Exploration Results, Mineral Resources and Ore Resources. Peter Swiridiuk consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. Additionally, Mr Swiridiuk confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

Tolu Exploration Licence Information

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

*1 sub-block approximately 3.41 sq.km

Notes: The PNG Mining Act-1992 stipulates that ELs are granted for a renewable 2-year 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.

EL2385, EL2535, EL2536, EL2538 and EL2539 are currently subject to an extension renewal process. The tenements remain in force until determinations are made by the Mining Advisory Council.

The Warden Hearing for ELA2780 has been scheduled for 6 March 2024

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TOLU MINERALS LIMITED AND CONTROLLED ENTITIES

ARBN: 657 300 359

Financial Report for the Year Ended
31 December 2023

Directors' Report for the year ended 31 December 2023

The Directors take pleasure in presenting the financial statements of Tolu Minerals Limited (the Company) and its subsidiaries (the Group) for the year ended 31 December 2023. In order to comply with the provisions of the Companies Act 1997, the Directors report as follows:

Directors

The directors in office at any time during or since the end of the financial year, together with their qualifications and experience are:

John Anderson – Chairman and Non-Executive Director

John has over 30 years of experience in the Australian and Asia-Pacific resources sector, including 12 years as a senior executive in Santos Ltd with responsibility for operations in PNG. He has also held various executive positions in different resource companies across commercial, product marketing, energy solutions and acted as in house general counsel. He is also a Non-Executive Director of Platina Resources Ltd (ASX:PGM). John holds a Bachelor of Economics, Bachelor of Laws, Graduate Diploma in Commercial Law and is a Graduate of the Australian Institute of Company Directors.

John (Iain) Macpherson - Managing Director and Chief Executive Officer

Iain is a seasoned mining executive with well over 30 years of experience in senior management and executive roles in junior and major mining sectors. He has a track record of operating, developing and financing mining projects including having led a number of significant stock market listings, specifically on the London and North American markets. Iain holds a Bachelor of Science in Mining Engineering from the Royal School of Mines, Imperial College, London University.

Howard Lole - Executive Director External Affairs (PNG)

Howard is a PNG National with over 25 years of experience in the public and private sectors, including the financial, industrial and mining sectors. Former Chief Inspector of Mines responsible for development of several major mining projects in PNG and holder of Mine Manager Certificate issued under the PNG Mining Safety Act, Former Community Affairs Manager for K92 Mining Ltd, Simberi Gold Project and Lead Consultant for the Mt Kare Gold Exploration Project, among others. Howard holds a Bachelor of Engineering in Mining Engineering from the PNG University of Technology and a Master of Engineering Science with specialisation in the Mining Industry Management from the University of New South Wales. Howard also holds certificates of attendance at various company director courses offered by the PNG Institute of Company Directors and the PNG Institute of Banking and Business Management.

Larry Andagali - Non-Executive Director

Larry is a well-known and successful PNG Businessman with over 30 years of public and private experience. He is the former chair of PNG Power Ltd and deputy chair of Kumul Petroleum Holdings Ltd. He has held various managerial and advisory roles for BP and ExxonMobil. Larry holds a Diploma in Secondary Teaching and an Advance Diploma in Teaching Science from the University of Goroka.

Brian Moller - Non-Executive Director

Brian is a lawyer with over 30 years of experience in capital markets, mergers and acquisitions. He is a Partner of HopgoodGanim Lawyers, leading the Corporate Advisory and Governance practice. He is also a director of various ASX mining sector companies. Brian holds a Bachelor of Laws (Hons) from the University of Queensland. He is also Chairman of ASX listed Mineral Commodities Ltd, Platina Resources Ltd, Clara Resources Ltd, Tempest Minerals Ltd and NewPeak Metals Ltd and a non-executive director of ASX listed DGR Global Ltd.

Directors' Report continued

The directors have been in office since the start of the year to the date of this report unless otherwise stated. The company secretary is Naime O'ome.

Craig Dawson - Chief Financial Officer, Assistant Company Secretary and Local Agent

Craig is the Chief Financial Officer and Company Secretary of Site Group International Limited (ASX:SIT). He brings extensive financial management experience gained in ASX listed entities with both local and international operations in a variety of industries including media, financial services, gaming and wagering and most recently in the rapidly growing online sector.

Most notably, Craig was the Chief Financial Officer of Wotif.com for over 4 years as the group experienced rapid earnings growth, greatly extended its geographical reach and expanded its brands and products through both organic and acquisition growth. Prior to that, Craig was Queensland General Manager – Corporate Services at Tatts Group Limited (Tatts) heading up the finance and administration divisions of Tatts' Queensland operations. Craig holds a Bachelor of Commerce and is a Chartered Accountant.

Committee membership

As at the date of this report, the company has an Audit and Risk committee and an Environmental Health and Safety Committee. Members acting on the committees of the board during the year and up to the date of this report were:

Audit and Risk Committee (AC)

- Larry Andagali (c)
- John (Iain) Macpherson
- Howard Lole

Environmental Health and Safety Committee (EH&S)

- Brian Moller (c)
- John Anderson
- Larry Andagali.

(c) Designates the chairman of the committee.

Nomination and Remuneration Committee (NRC)

The Board has not formally established a nomination and remuneration committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation. The Company will review this position annually and determine whether a nomination and remuneration committee needs to be established.

Principal activity

The principal activity of the company during the period was mine acquisition and evaluation activities. No significant change in the nature of these activities occurred during 2023.

Directors' Report continued

Operating and financial review

The loss of the company for the year after providing for income tax amounted to \$4,907,113 (2022: \$2,862,941).

The Directors are of the view that there are reasonable grounds to believe that the Group will be able to pay their debts as and when they become due and payable; and the attached financial statements and notes thereto are in accordance with the PNG Companies Act 1997, including compliance with accounting standards and give a true and fair view of the financial position and performance of the company and the Group.

The results of the company and the Group operations during the financial year have, in the opinion of the Directors, not been materially affected by items of an abnormal nature, other than those disclosed in the financial statements.

In the opinion of the Directors, no circumstances have arisen, that make adherence to the existing method of valuation of assets or liabilities of the company and the Group misleading or inappropriate.

At the date of this report the Directors are not aware of any circumstances that would render the values attributed to current assets in the financial statements misleading.

No contingent liability other than that disclosed in the notes to the attached financial statements has become enforceable, or is likely to become enforceable, within a period of twelve months from the date of this report, that will materially affect the Bank and the Group in its ability to meet obligations as and when they fall due.

Cash position

At 31 December 2023, the Company had cash reserves of \$12,617,050 (2022: \$1,461,638) and net current assets of \$11,483,204 (2022: \$1,038,935).

Risks

Risk management is overseen by the Audit and Risk Committee for the Group via the maintenance and review of a risk register. The following sets out a summary of some of the key risks relevant to the Company and its operations:

Risk	Details
Exploration and Evaluation Risk	The future value of Tolu will depend on its ability to find and develop resources that are economically recoverable within its Tenements. Mineral exploration and development is inherently highly speculative and involves a significant degree of risk. There is no guarantee that it will be economic to extract any resources or that there will be commercial opportunities available to monetise any resources.
PNG Specific Exploration Risk	PNG is a developing country with a democratic system of government, and well established mining industry. There are, however, risks attaching to exploration and mining operations in a developing country which are not necessarily present in a developed country. These include economic, social or political instability or change, security concerns, hyperinflation, currency non-convertibility or instability and changes of law effecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licencing, export duties as well as government control over mineral properties.
Resource Estimates	Resource estimates are expressions of judgment based on knowledge, experience and industry practice. While these estimates may be appropriate when made and in the case of

Risk	Details
	Tolukuma are substantially based on historically verified data and performance statistics, they may change significantly when new information or techniques become available.
Refurbishment of Existing Infrastructure Risk	<p>The Company's core project, the Tolukuma Project, has been dormant (but secured) since 2015. The Tolukuma Gold Mine is flooded to approximately 1550mRL. The Company has developed resource conversion and exploration plans that are in part supported by existing infrastructure that has not been operated since 2015.</p> <p>The use of such infrastructure has been based on an assessment of the state of the infrastructure and equipment, but there can be no guarantee that the refurbishment will be successful or that component parts of the refurbishment proceed according to budget and schedule.</p>
PNG Government and Stakeholder Equity	<p>It is PNG Government policy that the State has a right (which is expressed as a condition in each of the exploration licences) to take up an equity participation in a future mining project. The right is to purchase an interest of up to 30% at cost, although the State has not recently taken 30% in small or medium-sized mining projects.</p> <p>However, even if the PNG Government elects not to take up its rights in full, it may want to exercise this right to a limited extent in order to give local stakeholders an equity participation. Local stakeholder equity may be given free or on a carried interest basis.</p> <p>These issues cannot be negotiated with the PNG Government and the local stakeholders until the scope of the Company's projects are known and notification of a mining lease application has commenced. If the PNG Government were to exercise its right to take up an equity participation in any of the Company's projects, either for itself or for the local stakeholders, this may significantly affect the financial position of the Company.</p>
Economic Conditions and Other Global or National Issues	<p>General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities. General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.</p>
COVID-19 Impact Risk	<p>Despite the increasing prevalence of COVID-19 vaccinations, measures taken in response to COVID-19 and easing of COVID-19 related restrictions, there remains continued uncertainty as to the emergence and impact of new COVID strains and the future response of governments and authorities. Given this uncertainty, there also remains a possibility of an economic downturn of unknown duration or severity in certain jurisdictions going forward.</p>
Commercialisation, Infrastructure Access and Contractual Risks	<p>Tolu's potential future earnings, profitability, and growth are likely to be dependent upon the Company being able to successfully implement some or all of its commercialisation plans. The ability for Tolu to do so is further dependent upon a number of factors, including matters which may be beyond the control of the Company.</p> <p>Tolu may be unsuccessful in securing identified customers or market opportunities. The Company is a party to various contracts, including those set forth in Section 9 of this Prospectus. Whilst Tolu will have various contractual rights in the event of non-compliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if a contracting party does not comply with any contractual provisions, Tolu will be successful in securing compliance.</p>

Risk	Details
Environmental Risks	<p>The Company's operations and projects are subject to the laws and regulations of all jurisdictions in which it has interests and carries on business, regarding environmental compliance and relevant hazards.</p> <p>These laws and regulations set standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. They also establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.</p> <p>It is the Company's intention to conduct its activities in accordance with good industry practice, including compliance with all environmental laws.</p> <p>There is also a risk that the environmental laws and regulations may become more onerous, making the Company's operations more expensive. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or a reduction in levels of production at producing properties or require abandonment or delays in development of new properties.</p>
Operating Cost Risk	<p>Tolukuma Gold Mine ceased mining operations and went into care and maintenance in 2015 and the then holding company subsequently entered liquidation in 2018 because the historical operators failed to maintain economically viable operating costs. While the Company has assessed the historical performance and has developed plans to mitigate operating costs (both exploration and tunnelling), these plans are dependent on the successful implementation of a number of critical capital projects, principally access road, dewatering portal and refurbishment of the hydro-electric power station, there can be no guarantee that these projects can be successfully implemented.</p> <p>The road to be built to support exploration activities would also have a longer term benefit in helping any future operations at the Tolukuma Gold Mine and its surrounding areas by affording the Company the ability to significantly reduce the amount of helicopter services needed to support operations</p>
Exchange Rate Risk	<p>The revenues, earnings, assets and liabilities of the Company may be exposed adversely to exchange rate fluctuations. The Company's revenue may be denominated in Australian Dollars or a foreign currency, such as PNG Kina or United States Dollars. As a result, fluctuations in exchange rates could result in unanticipated and material fluctuations in the financial results of the Company</p>
Exploration and Mining Regulatory Risk	<p>The business of exploration, project development and mining involves many risks. Exploration is a high-risk activity that requires large amounts of expenditure over extended periods of time. There can be no guarantee that planned exploration and evaluation programs will lead to positive exploration and evaluation results or the delineation of a commercial deposit or, further, a commercial mining operation.</p>
Tailings Management Risk	<p>Tolukuma Gold Mine holds environmental permits for water harvesting and waste water discharge (which currently includes partial riverine tailings disposal). The permits are subject to conditions and there is no guarantee that the conditions will be satisfied or the permits will be sufficient for future purposes. The Company intends to look to identify and implement alternative tailings management processes. There can be no guarantee that the Company will identify suitable alternatives or that any alternatives so identified are economically viable</p>
Financing Risk	<p>The Company's ability to effectively implement its business strategy over time will depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Company on reasonable terms or at all. Failure to obtain appropriate financing on a timely basis or reasonable terms may jeopardise the</p>

Risk	Details
	Company's projects (due to inability to meet minimum tenement expenditure commitments), result in a loss of business opportunity and excessive funding costs.
Government Policy	Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and government policies in PNG, may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.
Operational Risk	The operations of the Company including exploration, the refurbishment of certain mining and processing infrastructure and bulk sampling may be affected by a range of factors. These include failure to achieve predicted grade in exploration and bulk sampling, sample collection, technical difficulties encountered in refurbishing infrastructure including plant and equipment, mechanical failure, cost escalation, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.
Mine Risks	In the event that the Company can recommence development after its exploration activities, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents.
Sustainability of Growth and Margins	The sustainability of growth and the level of profit margins from operations are dependent on a number of factors outside of the Company's control. Industry margins in the gold sector are likely to be subject to continuing but varying pressures, including competition from other current or potential suppliers.
Commodity Risk	The Company's long-term viability is ultimately expected to be largely derived from the mining and sale of minerals or interests related thereto. The price of various minerals has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic, financial and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, environmental regulation, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of mineral substitutes, mineral stock levels maintained by producers and others and inventory carrying costs.
Tenement Risks	Interests in tenements in PNG are governed by the mining acts and regulations that are current in that country and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.
Reliance on Key Personnel	Whilst the Company has a small number of executives and senior personnel, its progress in pursuing its exploration and evaluation programs within the time frames and within the costs structure as currently envisaged could be dramatically influenced by the loss of existing key personnel or a failure to secure and retain additional key personnel as the Company's exploration program develops
Limited Operating History	Tolu is a relatively new exploration company with limited operating history. Tolu was incorporated in March 2020 and has yet to generate a profit from its activities. Accordingly, the Company has a limited operating history in PNG or Australia and has limited historical financial information and record of performance.

Directors' Report continued

Operating and financial review continued

2024 Outlook

As noted in the Chairmans and Chief Executive Officers Letter, the Company will shortly advise on its evolving plans to further accelerate the development of its exploration portfolio and its plans on returning the Tolukuma mine to production in the relatively near term.

Directors' shareholdings as of the date of this report

Director	Shares
John Anderson	3,300,000
John (Iain) Macpherson	2,770,270
Howard Lole	15,880,980
Larry Andagali	6,752,526
Brian Moller	3,300,000

Significant changes in state of affairs

There were no significant changes in the Company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

After balance date events

Other than as noted elsewhere in this report, there has been no other significant events post balance date.

Dividends paid

There have been no dividends paid or payable in 2023 (2022 Nil).

Indemnification and insurance of directors and officers

During the financial year, the Company paid premiums for directors' and officers' liability insurance in respect of Directors and officers, including executive officers of the Company and Directors, executive officers and secretaries of its controlled entities. The terms of the policy prohibit disclosure of details of the insurance cover and premiums.

Independent auditor's report

The financial statements have been audited and should be read in conjunction with the independent auditor's report on pages 67 – 68. Details of amounts paid to the auditors for audit services are shown in Note 6 of the Notes to the Financial Statements.

Donations and sponsorships

No donations and sponsorship have been paid by the Group during the year (2022: Nil)

Change in accounting policies

Changes to accounting policies that impacted the Group's result during the year are included in Note 1(a) to the financial statements.

Directors' Report continued

Remuneration Report

This remuneration report for the year ended 31 December 2023 outlines the remuneration arrangements of Tolu Minerals Limited (the Company) and its controlled entities (the Group) in accordance with the requirements of Section 212 of the PNG Companies Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term "executive" includes the executive directors and other senior executives of the Group.

Nomination and Remuneration Committee

The Board has not formally established a nomination and remuneration committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation. The Company will review this position annually and determine whether a nomination and remuneration committee needs to be established.

Until such time a nomination and remuneration committee is established, the board approves the remuneration arrangements of the executives. The board also sets the aggregate remuneration of NEDs, which is then subject to shareholder approval, and NED fee levels.

The board did not seek advice from external remuneration consultants during the year.

The remuneration of the Executive Directors and Non-Executive Directors is set by the Chairman of Directors and ratified by the Board of Directors.

Directors

The following persons were directors of the Company during the financial year:

- John Anderson (Chairman and Non-Executive Director);
- John Macpherson (Managing Director & Chief Executive Officer);
- Larry Andagali (Non-Executive Director);
- Howard Lole (Executive Director); and
- Brian Moller (Non-Executive Director).

Executives (other than directors) with the greatest authority for strategic direction and management

The following person was the executive with the highest authority for the strategic direction and management of the Group ("specified executives") during the financial year;

- Craig Dawson – Chief Financial Officer

This executive was also considered part of the Key Management Personnel of the Group.

Directors' Report continued

Remuneration Report continued

Remuneration of directors and executives

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

Executive and non-executive directors

Fees and payments to executives and non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Executive and non-executive directors' fees and payments are reviewed annually by the Board.

Directors' fees

There were Directors' fees payable during the year to the NEDs with the executive director receiving a fixed salary of a full-time employee.

Executive pay

The executive pay and reward framework has the following components:

- Base pay benefits;
- Other remuneration such as fringe benefits and superannuation.

Additionally, executives may be remunerated through the grant of Options, Performance Rights and other bonus payments determined at the discretion of the Board.

Base pay

Base pay is structured as a total employment cost package which is delivered in cash. Executives are offered a competitive base pay that comprises the fixed component of pay. Base pay for senior executives is reviewed annually. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases fixed in any senior executives' contracts.

Retirement benefits

Retirement benefits are delivered under a range of different superannuation funds. These funds provide accumulated benefits. Where applicable, statutory amounts are contributed to super funds for all Australian based Directors and Executives.

Executive contractual arrangements

Remuneration arrangements for other executives are formalised in employment agreements. Details of these contracts are provided below. All other executives have contracts with unspecified ending dates. The contracts are continuing unless terminated by either party. Executive termination provisions are as follows:

	<i>Employer initiated termination</i>	<i>Termination for cause</i>	<i>Employee initiated termination</i>
<i>Executive notice period</i>	6 Months	None	3 Months
<i>CFO notice period</i>	6 months	None	3 Months

Directors' Report continued

Remuneration Report continued

Details of remuneration

Details of the entitlements of each director of the Company and the specified executive of the Group to be remunerated, including their personally related entities, are set out in the following tables.

Directors

The Constitution of the Company provides that the Non-Executive Directors are entitled to remuneration as determined by the Company in a general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The aggregate maximum remuneration is currently A\$350,000 per annum. Additionally, Non-Executive Directors will be entitled to be reimbursed for properly incurred expenses.

Non-Executive Directors who are appointed to various committees of the Board are entitled to receive A\$6,000 for each committee appointment.

Director & Specified Executives Disclosure Entitlements

2023	Short Term Benefits			Post-employment	Share-based Payments		Total
	Cash Salary	Directors Fees	Non-monetary benefits	Superannuation	Options	Rights	
Name	\$	\$	\$	\$	\$	\$	\$
Iain Macpherson	54,861	-	-	-	-	88,379	143,240
John Anderson	-	11,475	-	-	-	-	11,475
Brian Moller	-	9,350	-	-	-	-	9,350
Larry Andagali	-	10,200	-	-	-	-	10,200
Howard Lole	23,375	-	-	-	-	8,838	32,213
Craig Dawson	125,000	-	-	13,438	-	-	138,438
Total	203,236	31,025	-	13,438	-	97,217	344,916

2022	Short Term Benefits			Post-employment	Share-based Payments		Total
	Cash Salary	Directors Fees	Non-monetary benefits	Superannuation	Options	Shares	
Name	\$	\$	\$	\$	\$	\$	\$
Craig Dawson	31,250	-	-	3,281	-	-	34,531
Total	31,250	-	-	3,281	-	-	34,531

Director and key management personnel options and rights holdings

There were no options over ordinary shares held during the financial year by each KMP of the Group. The following Performance Rights were issued to the executive Directors during the year:

Executive Director	Number of Rights
Iain Macpherson	2,500,000
Howard Lole	250,000

Directors' Report continued

Remuneration Report continued

Employee share and awards plan continued

The Company has an Employee Shares and Awards Plan (Plan) which was adopted by the Board on 30 November 2022. A summary of the key terms of the Plan is set out below:

(a) Eligibility

The Plan extends to each Director of the Company, full or part-time employee, casual employee, contractor, prospective participants or any other person who is a "primary participant" as set out in section 1100L of the Corporations Act (Eligible Person). The Plan extends to an immediate family member of an Eligible Person, a company whose members comprise no persons other than the Eligible Person to immediate family members of the Eligible Person, a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993) where the Eligible Person is a director of the trustee or any other person who is a "primary participant" as set out in section 1100L of the Corporations Act (Eligible Associate). For the purposes of this summary, an Eligible Person or an Eligible Associate who accepts an offer from the Board to participate in the Plan is a 'Participant'.

(b) Types of Offers

The Plan allows for the offer of the following to Participants:

- (1) Options to subscribe for and be allotted fully paid ordinary Shares in the capital of the Company upon payment of the exercise price and subject also to vesting criteria (if applicable); and
- (2) Performance Rights to be issued, transferred, or allocated fully paid ordinary Shares in the capital of the Company subject to the satisfaction of the Plan, offer, performance hurdles, and any disposal restrictions. For the purposes of this summary, an Option or Performance Right or any combination of them is an 'Award'.

(c) Restrictions

Offers made under the Plan are subject to compliance with the Corporations Act, the Companies Act, and any other applicable law, including the insider trading provisions of Division 3 of Part 7.10 of the Corporations Act and the Company's securities trading policy. The Board, at its discretion, may offer and issue restricted Awards under this Plan upon the terms and conditions it sees fit, including, without limitation, the length of and any exceptions to such restriction imposed.

(d) Discretion of Board

The Plan is administered by the Board (or any other committee of the Board to which power to administer the Plan has been delegated) (Administrators) and the Administrators have the discretion to determine:

- (1) the eligibility of persons to participate in the Plan;
- (2) number of Options and/or Performance Rights to be granted;
- (3) terms and conditions of any Options and/or Performance Rights granted under the Plan; and
- (4) the vesting criteria (subject to certain requirements contained in the Plan).

Directors' Report continued

Remuneration Report continued

Employee share and awards plan continued

(e) Requirements for Offers

An offer under the Plan must be in writing and specify:

- (1) the name and address of the Eligible Person or Eligible Associate (where applicable) to whom the offer is made;
- (2) the number and type of Awards being offered;
- (3) the period commencing on the award commencement date and (unless the Board determines otherwise) expiring on the date nominated by the Board at its sole discretion at the time of the grant of the Award;
- (4) the exercise price for any Options on offer;
- (5) the date of the offer;
- (6) the date, being not more than 30 days after the date of the offer by which the offer must be accepted;
- (7) any applicable vesting requirements;
- (8) any performance hurdle applying to the offer or the Awards;
- (9) any other terms and conditions attaching to the offer or the Awards including, without limitation, whether any restrictions contemplated in the Plan will be imposed on the Awards being offered;
- (10) whether deferral of any taxation in accordance with Division 83A-C of the Income Tax Assessment Act 1997 (Cth) is to apply to the offer; and
- (11) any other information required by the Corporations Act or Companies Act.

(f) Acceptance of Offer

An offer will be accompanied by an Acceptance Form, the terms and conditions of the Plan and a summary of the Plan. An Eligible Person or Eligible Associate may accept the offer by delivering to the Company the completed Acceptance Form by the time specified in the offer and paying the issue price applicable to the offer in cleared funds.

(g) Exercise Price Each Option issued under the Plan is exercisable into one Share at the exercise price determined by the Board at its sole discretion.

(h) Shares to Rank Equally Any securities allotted under the Plan will rank *pari passu* in all respects with the securities of the same class for the time being on issue with the exception of:

- (1) any rights attaching to other securities by virtue of entitlements arising from a record date prior to the date of the allotment in respect of those securities; and
- (2) any other restrictions that may apply.

(i) Issue Limit

The total number of securities which may be offered by the Company under this Plan shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of securities issued or that may be issued as a result of offers made at any time during the previous three-year period under:

Directors' Report continued

Remuneration Report continued

Employee share and awards plan continued

- (1) an employee incentive scheme covered by the Corporations Act or the Companies Act; or
- (2) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

(j) Vesting of Awards

The Company must provide an issue notice to the Participant once a Participant's Awards have been vested. A Participant's Awards may only be vested if:

- (1) the Award has not lapsed in accordance with the Plan rules; and
- (2) the performance hurdle and any other relevant conditions attaching to the Awards have been satisfied.

(k) Exercise of Awards

No Award can be exercised until it has vested under the relevant vesting conditions. Once an Award can be exercised, the Participant may subscribe for and be allotted one (1) Share at the relevant exercise price (if applicable).

An Award is exercised by:

- (1) in the case of Options, the Participant lodging with the Company a notice in writing exercising the Award in such form prescribed by the Board from time to time specifying the number of Shares in respect of which the Options are being exercised (Award Exercise Notice);
- (2) the receipt by the Company of a payment by or on behalf of the Participant in immediately available funds of the total exercise price payable for those Options nominated in the Award Exercise Notice; and
- (3) the Participant lodging with the Company the certificate for those Awards, for cancellation by the Company.

Upon the exercise of an Award, the Company must issue and allot a Share or procure the transfer of a Share to the Participant.

(l) New Issues

Award holders do not have any right to new issues of securities made to Shareholders generally.

(m) Dividends

Award holders are not entitled to participate in any dividends unless their Awards are exercised or vested before the record date.

(n) Rights of Participants

- (1) In general, nothing in the Plan or participation in the Plan:
 - (A) confers on any Eligible Person the right to continue as a Director, employee or contractor; or
 - (B) confers on any Eligible Person the right to become or remain a Director, employee or contractor or to participate under the Plan;

Directors' Report continued

Remuneration Report continued

Employee share and awards plan continued

(n) Rights of Participants

(1) In general, nothing in the Plan or participation in the Plan:

(A) confers on any Eligible Person the right to continue as a Director, employee or contractor;

(B) confers on any Eligible Person the right to become or remain a Director, employee or contractor or to participate under the Plan;

(C) will be taken into account in determining an Eligible Person's salary or remuneration for the purposes of superannuation or other pension arrangements (where applicable);

(D) affects the rights and obligations of any Eligible Person under the terms of their office, employment with the Company or Associated Body Corporate;

(E) affects any rights which the Company may have to terminate the office, employment or engagement of an Eligible Person or will be taken into account in determining an Eligible Person's termination or severance pay;

(F) may be used to increase damages in any action brought against the Company or an Associated Body Corporate in respect of any such termination; or

(G) confers any responsibility or liability on the Company or Associated Body Corporate or their directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Person.

(2) Terms of employment, consulting arrangements or appointments are not affected by the Plan rules.

(o) Termination or Suspension of Plan

The Plan may be terminated or suspended at any time by resolution of the Directors and notification to the ASX in accordance with the ASX Listing Rules

END OF REMUNERATION REPORT

Signed on 28 March 2024 in accordance with a resolution of the Directors of Tolu Minerals Limited



John Anderson
Chair



John Macpherson
Managing Director & CEO

TOLU MINERALS LIMITED
AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2023
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Consolidated Group	
		2023	2022
		\$	\$
Revenue and other income			
Other	4	118,444	99,562
Interest income		4,186	-
Total income		122,630	99,562
Expenses			
Depreciation and amortisation expense	5	(24,198)	(21,789)
Employee benefits expense		(770,007)	(26,679)
Finance costs	5	(383,254)	(533,485)
Foreign currency gain (loss)		6,057	(222,560)
Legal and professional fees		(1,338,859)	(1,502,835)
Mine security and standby costs		(1,135,020)	(115,529)
Travel expenses		(898,659)	(442,359)
Other expenses		(485,803)	(97,267)
Profit (Loss) before tax income tax expense		(4,907,113)	(2,862,941)
Income tax (expense) / benefit	7	-	-
Profit (Loss) for the period		(4,907,113)	(2,862,941)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss in subsequent years (net of tax):</i>			
Translation of foreign operations		(1,400,665)	275,818
Total other comprehensive income /(loss)		(1,400,665)	275,818
Total comprehensive profit (loss)		(1,400,665)	275,818

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

TOLU MINERALS LIMITED
AND CONTROLLED ENTITIES AS AT 31 DECEMBER 2023
STATEMENT OF FINANCIAL POSITION

		Consolidated Group	
		2023	2022
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	12,617,050	1,461,638
Receivables		261,361	79,104
Prepayments		183,667	-
TOTAL CURRENT ASSETS		13,062,078	1,540,742
NON-CURRENT ASSETS			
Property, plant and equipment	9	72,824	11,715
Lease assets	12	19,229	41,273
Mine tenements, information and other assets	10	8,149,722	8,355,899
Investments	11	2,452,352	-
TOTAL NON-CURRENT ASSETS		10,694,127	8,408,887
TOTAL ASSETS		23,756,205	9,949,629
LIABILITIES			
CURRENT LIABILITIES			
Payables	13	1,143,073	481,238
Lease liabilities - current	12	21,151	20,569
Borrowings - current	14	397,494	-
Provisions		17,156	-
TOTAL CURRENT LIABILITIES		1,578,874	501,807
NON-CURRENT LIABILITIES			
Lease liabilities	12	-	22,699
Borrowings - non current	14	4,347,386	4,300,080
Contingent consideration liability	11	611,137	-
TOTAL NON-CURRENT LIABILITIES		4,958,523	4,322,779
TOTAL LIABILITIES		6,537,397	4,824,586
NET ASSETS		17,218,808	5,125,043
EQUITY			
Issued capital	15	26,739,403	8,337,859
Reserves	16	(940,153)	460,512
Accumulated losses	16	(8,580,442)	(3,673,328)
TOTAL EQUITY		17,218,808	5,125,043

For and on behalf of the Directors,



John Anderson
Chair

Dated 28 March 2024



John Macpherson
Managing Director & CEO

The above statement of financial position should be read in conjunction with the accompanying notes.

TOLU MINERALS LIMITED
AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
Consolidated Group				
Balance at 1 January 2022	436,413	(810,387)	184,594	(189,380)
Comprehensive income				
Profit for the period	-	(2,862,941)	-	(2,862,941)
Other comprehensive loss for the period	-	-	275,918	275,918
Total comprehensive income / (loss) for the period	-	(2,862,941)	275,918	(2,587,023)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the period	7,901,446	-	-	7,901,446
Transaction costs	-	-	-	-
Share-based payments	-	-	-	-
Total transactions with owners and other transfers	7,901,446	-	-	7,901,446
Balance at 31 December 2022	8,337,859	(3,673,328)	460,512	5,125,043
Comprehensive income				
Profit for the period	-	(4,907,114)	-	(4,907,114)
Other comprehensive loss for the period	-	-	(1,400,665)	(1,400,665)
Total comprehensive gain/ (loss) for the period	-	(4,907,114)	(1,400,665)	(6,307,779)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the period	18,835,795	-	-	18,835,795
Transaction costs	(434,251)	-	-	(434,251)
Share-based payments	-	-	-	-
Total transactions with owners and other transfers	18,401,544	-	-	18,401,544
Balance at 31 December 2023	26,739,403	(8,580,442)	(940,153)	17,218,808

The above statement of changes in equity should be read in conjunction with the accompanying notes.

TOLU MINERALS LIMITED
AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CASH FLOWS

	Consolidated Group	
	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(4,283,125)	(2,112,137)
Interest received	4,186	-
Finance costs	(12,489)	(6,267)
Net cash used in operating activities	17 (a) (4,291,428)	(2,118,404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(65,265)	-
Payments for investments	(362,475)	-
Payment for business / subsidiary, net of cash acquired	(500,000)	-
Payments for other non-current assets	-	(8,159,512)
Net cash provided investing activities	(927,740)	(8,159,512)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	17,335,795	5,921,445
Proceeds from borrowings	399,340	4,174,668
Principal repayments - lease liabilities	12 (22,118)	(20,419)
Transaction costs on shares	(1,445,991)	-
Proceeds from converting loans	-	417,467
Net cash provided by financing activities	16,267,026	10,493,161
Net increase / (decrease) in cash held	11,047,858	215,245
Effect of exchange rates on cash holdings in foreign currencies	107,554	56,689
Cash and cash equivalents at beginning of financial year	1,461,638	1,189,704
Cash and cash equivalents at end of financial year	12,617,050	1,461,638

The above statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023**

NOTE 1: CORPORATE INFORMATION

The consolidated financial report of Tolu Minerals Limited (the Company) and its controlled entities (the Group) for the year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 28 March 2024.

Tolu Minerals Limited is a company limited by shares incorporated in Papua New Guinea whose shares are publicly traded on the Australian Securities Exchange (ASX Code: TOK). The Group is a for-profit entity for the purposes of preparation of this financial report.

The nature of the operations and principal activities of the Group are described in the Directors' report.

NOTE 1a: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the PNG Companies Act 1997. The information is in compliance with the recognition and measurement requirements of International Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') and International Financial Reporting Interpretations Committee ('IFRIC') respectively, in substantial equivalence to Chapter 2M.3 of the Corporations Act 2001. They are presented in Australian dollars.

The financial report covers Tolu Minerals Limited as an individual entity. Tolu Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

The following are the significant accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

(b) Foreign currency transactions and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's presentation currency. The Company's functional currency is Papua New Guinea Kina.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

NOTE 1a: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(b) Foreign currency transactions and balances (Continued)

Transactions and Balances

Transactions undertaken in foreign currencies are recognised in the company's functional currency, using the spot rate at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are restated to the spot rate at the reporting date.

Except for certain foreign currency hedges, all exchange gains or losses are recognised in profit or loss for the period in which they arise.

(c) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(d) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

NOTE 1a: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(e) Evaluation expenditure

Evaluation costs, including the costs of acquiring licenses, are capitalised as evaluation assets on an area of interest basis. Costs incurred before the Company has obtained legal rights to evaluate / develop an area are expensed in the profit or loss.

Evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
- activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. The cash generation unit shall not be larger than the area of interest.

Once technical feasibility and commercial viability of the area of interest are demonstrable, evaluation assets attributable to that area are first tested for impairment and then reclassified from evaluation assets to property and development assets within property, plant and equipment.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

NOTE 1a: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(g) Financial instruments continued

Classification of financial assets

Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the company's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the company for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the company are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the company's transactions with its customers and are normally settled within 30 days.

Consistent with both the company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Australian dollars using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

(h) Property, plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023 CONTINUED**

NOTE 1a: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(h) Property, plant and equipment continued

Depreciation

The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Useful lives	Depreciation basis
Plant and equipment at cost	10-20 yrs	Diminishing value
Office equipment at cost	3-15 yrs	Diminishing value
Computers at cost	2-3 yrs	Diminishing value
Furniture, fixtures and fittings at cost	10-20 yrs	Diminishing value
Motor Vehicles	5-8 yrs	Diminishing value

(i) Exploration and evaluation costs

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the company has obtained legal rights to explore an area expensed in the profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

1. the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
2. activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

Once technical feasibility and commercial viability of the area of interest are demonstrable, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified from exploration and evaluation assets to property and development assets within property, plant, and equipment or intangible, as applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

NOTE 1a: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(j) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

NOTE 1a: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(k) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of \$4,907,113 during the year ended 31 December 2023 (2022: \$2,862,941).

The company has completed a successful raising of approximately A\$17.3 million as part of its listing on the ASX. Funds have been raised in order to meet:

- the Company's expenditure commitments and operating costs in relation to exploration costs on the Tolukuma Project and the Mt Penck Project;
- general working capital requirements;
- corporate overhead and administrative costs; and
- the operating costs of the Company.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the company not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

(l) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the company's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. In addition, the determination of carrying amounts of some assets and liabilities require estimation of the effects of uncertain future events. Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of those assets and liabilities affected by the assumption.

The following outlines the major judgements made by management in applying the company's accounting policies and/or the major sources of estimation uncertainty, that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

(a) Borrowings - convertible loans

During the current financial year the company entered into Converting Loan Agreements ('convertible loans' or 'agreements') with various parties, denominated in Papua New Guinea Kina. The convertible loans are unsecured and interest free, with repayment in 2 years from the execution date of the agreements, or earlier at the sole discretion of the company. Repayment can be in the form of shares or cash, or a combination at the discretion of the Company.

The convertible loans are recognised as financial liabilities, as they do not meet the definition of equity. The liabilities are measured at amortised cost adopting an effective interest rate of 15% which is based on comparable data for a similar instrument.

(b) Impairment of exploration and evaluation expenditure

Exploration and evaluation assets are assessed for impairment in accordance with the accounting policy disclosed in Note 1(i). The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances. These estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the accounting policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be expensed in the statement of profit or loss and other comprehensive income.

The Company believes it has complied with all licence conditions, including minimum expenditure requirements, and is not aware of any matters or circumstances that have arisen that would result in the company's application for renewal of the exploration licences not being granted in the ordinary course of business.

The Company has determined that no impairment of the capitalised exploration and evaluation expenditure relating to these exploration licences is necessary as it is considered that there is a reasonable basis to expect that the renewal applications will be granted and that the company is otherwise proceeding with exploration and development activities on the exploration licences. Should any of the exploration licences not be renewed, the relevant capitalised amount as at 31 December 2022 will be expensed in the statement of profit or loss and other comprehensive income.

NOTE 3: OPERATING SEGMENTS

The Company's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')), in assessing performance and in determining the allocation of resources.

The Directors are of the opinion that there is one reportable segment as the CODM reviews results, assesses performance and allocates resources at a Company level.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023 CONTINUED**

NOTE 4: OTHER REVENUE AND OTHER INCOME

	Consolidated Group	
	2023	2022
	\$	\$
Gain on convertible loans (ii)	-	99,562
Refund of ASX listing costs (i)	118,444	-
	118,444	99,562

- (I) Represents the refund of initial ASX listing fees.
 (II) Represents the initial recognition and measurement of the converting loans (which are interest free) under the effective interest rate method of loan holders other than shareholders.

NOTE 5: OPERATING PROFIT

	Consolidated Group	
	2023	2022
	\$	\$
Losses before income tax has been determined after:		
<i>Finance costs</i>		
- Lease Liabilities - finance charges	4,363	6,267
- Convertible notes	378,891	122,651
- Convertible loans	-	404,567
	383,254	533,485
<i>Depreciation</i>		
- Plant and equipment	280	335
- Computers	805	-
- Motor vehicles	1,693	-
- Lease assets	20,107	20,182
- Office furniture and equipment	405	485
- Furniture and fittings	908	787
	24,198	21,789

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023 CONTINUED**

NOTE 6: REMUNERATION OF AUDITORS

	Consolidated Group	
	2023	2022
	\$	\$
<i>Pitcher Partners (Brisbane)</i>		
- Audit or review of financial report	30,000	25,000
<i>Kowas Chartered Accountants (Port Moresby)</i>		
- Audit or review of financial report	36,248	16,331
Total remuneration of auditors	66,248	41,331

NOTE 7: INCOME TAX

	Consolidated Group	
	2023	2022
	\$	\$
Income tax reconciliation		
The prima facie tax payable on profit/ (loss) before income tax is reconciled to the income tax expense as follows:		
	(1,472,134)	(858,882)
Add tax effect of:		
Deferred tax assets not recognised	1,472,134	858,882
Income tax expense attributable to profit / (loss)	-	-

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2023	2022
	\$	\$
Cash at bank	12,617,050	1,461,638
	12,617,050	1,461,638

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023 CONTINUED**

NOTE 9: PROPERTY PLANT AND EQUIPMENT

	Consolidated Group	
	2023	2022
	\$	\$
Plant and equipment at cost	3,016	3,237
Accumulated depreciation	(859)	(608)
	2,157	2,629
Computer equipment at cost	5,144	-
Accumulated depreciation	(795)	-
	4,349	-
Office equipment at cost	2,867	3,077
Accumulated depreciation	(1,037)	(689)
	1,830	2,388
Furniture, fixtures and fittings at cost	7,198	7,725
Accumulated depreciation	(1,800)	(1,027)
	5,398	6,698
Motor vehicles at cost	60,686	-
Accumulated depreciation	(1,596)	-
	59,090	-
Total property plant and equipment	72,824	11,715

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and equipment	Computer equipment	Office equipment	Furniture, fixtures and fittings	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
Balance at 31 Dec 2021	2,797	-	2,646	7,126	-	12,569
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation expense	(333)	-	(415)	(857)	-	(1,605)
Exchange rate differences	165	-	157	429	-	751
Balance at 31 Dec 2022	2,629	-	2,388	6,698	-	11,715
Additions	-	5,144	-	-	60,686	65,830
Depreciation expense	(280)	(805)	(405)	(908)	(1,693)	(4,091)
Exchange rate differences	(192)	10	(153)	(392)	97	(630)
Balance at 31 Dec 2023	2,157	4,349	1,830	5,398	59,090	72,824

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023 CONTINUED**

NOTE 10: MINE TENEMENTS, INFORMATION AND OTHER ASSETS

	Consolidated Group	
	2023	2022
	\$	\$
<i>Mine tenements, information and other assets at cost</i>	8,149,722	8,355,899
<i>Reconciliation of mine tenements, information and other assets at cost</i>		
Opening carrying amount	8,355,899	8,140,603
transfer from other assets (deposit)	-	196,387
Additions - subsequent expenditure	-	6,563
Net foreign exchange movement	(206,177)	12,346
Closing carrying amount	<u>8,149,722</u>	<u>8,355,899</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTE 11: INVESTMENTS

Frontier Share Sale Agreement

On 6 December 2022, the Company entered into a share sale agreement with Lanthanein for the sale of its wholly owned subsidiary Frontier Copper PNG Ltd (Frontier).

The consideration paid by the Company for its acquisition of Frontier was as follows:

	AUD\$
Cash	500,000
3,000,000 shares at an issue price of A\$0.50 per share (refer note 15)	1,500,000
Total consideration paid	2,000,000

Contingent consideration

If within 5 years of completion under the Frontier Share Sale Agreement, the Company identifies an aggregate minimum of 500,000 ounces of gold of not less than a JORC (2012) indicated category on the Frontier Tenements (Milestone), the Company must make a further payment to Lanthanein of A\$1,000,000, payable at the election of the Company as follows:

- (a) by way of cash;
- (b) if the Company has completed an IPO on the ASX, by the issue of Shares at an issue price equal to the VWAP of the Shares over the last 30 days in which trading occurred in the Company's Shares prior to the announcement of the satisfaction of the Milestone; or
- (c) a combination of (a) and (b).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023 CONTINUED**

NOTE 11: INVESTMENTS CONTINUED

At the time of the sale, the fair value of the consideration was determined to be A\$611,137 and was recognised as a contingent consideration liability discounted at 10.35% p.a

At 31 December 2023, the investment value disclosed in the statement of financial position was as follows:

	\$
Initial consideration	2,000,000
Contingent consideration	611,136
Foreign exchange movement	(158,784)
31/12/2023 - total investment value	<u>2,452,352</u>

NOTE 12: LEASE ASSETS AND LEASE LIABILITIES

	Consolidated Group	
	2023	2022
	\$	\$
(a) Lease assets		
<i>Premises</i>		
Under lease	57,687	61,909
Accum Amortisation	(38,458)	(20,636)
Total carrying value of Lease assets	<u>19,229</u>	<u>41,273</u>
Reconciliations		
Reconciliation of the carrying amount of lease assets a at the beginning and end of the financial year :		
<i>Premises</i>		
Opening carrying amount	41,273	-
Additions	-	61,909
Depreciation expense	(20,107)	(20,182)
Net forex movement	(1,937)	(454)
Closing carrying amount	<u>19,229</u>	<u>41,273</u>
(b) Lease Liabilities		
CURRENT		
Lease Liabilities	21,151	20,569
NON CURRENT		
Lease Liabilities	-	22,699
Total carrying amount of lease liabilities	<u>21,151</u>	<u>43,268</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023 CONTINUED**

NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2023	2022
	\$	\$
CURRENT		
<i>Unsecured Liabilities</i>		
Trade creditors	881,159	256,705
Capital raised to be refunded	-	52,131
Other payables	234,510	172,402
Employee related payables	27,404	-
	1,143,073	481,238

NOTE 14: BORROWINGS

	Consolidated Group	
	2023	2022
	\$	\$
(a) Convertible notes		
CURRENT		
<i>Unsecured Liabilities</i>		
Convertible Notes	397,494	-
Reconciliation		
Opening Balance	-	-
Convertible Note proceeds	388,029	-
Accrued Interest	11,687	-
Changes in foreign currency translation	(2,221)	-
Closing Balance	397,494	-
NON CURRENT		
<i>Unsecured Liabilities</i>		
Convertible Notes	4,347,386	4,300,080
Reconciliation		
Opening Balance	4,300,080	-
Convertible Loan proceeds	-	4,174,668
Accrued Interest	359,144	122,651
Changes in foreign currency translation	(311,838)	2,761
Closing Balance	4,347,386	4,300,080

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

NOTE 14: BORROWINGS CONTINUED

(a) Convertible notes

On 24 August 2022, the Company entered into a Convertible Note Deed with Petroleum Resources Kutubu Limited (PRK), a subsidiary of Mineral Development Resource Company for an amount of 10,000,000 Papua New Guinea Kina. The Company has granted a registered first ranking security interest over ML 104 and all the assets situated upon ML 104 pursuant to a general security deed. The notes issued to PRK have a 5-year maturity date expiring on 24 August 2027 and will bear interest at the rate of 8.5% p.a.

In the event of an IPO, the Noteholder is entitled to convert the notes into shares at a conversion price being the 15-day VWAP for trading of the Company's shares on ASX immediately prior to the issue of the conversion notice. PRK may exercise their right to convert the notes at any time and the Company must redeem the notes at face value on the maturity date.

The Company has an early redemption right exercisable at any time over the 5-year period at 103% of the face value of the notes. Interest shall be capitalised annually in arrears and repaid on the earlier of the conversion date, the maturity date or the early redemption date.

During the financial year ended 31 December 2023, the company entered into Converting Note Agreements with various parties, denominated in Papua New Guinea Kina (K375,000) and Australian Dollars (A\$240,000).

The notes were issued with an initial maturity date of 31 December 2023 and bear interest at 8.5% p.a. The notes are to be repaid on the earlier of the conversion date, the maturity date or the early redemption date.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023 CONTINUED**

NOTE 15: SHARE CAPITAL

	Consolidated Group	
	2023	2022
	\$	\$
114,963,447 fully paid ordinary shares; (2022: 77,291,857 fully paid ordinary shares)	27,173,654	8,337,859
Cost of capital raising	(434,251)	-
	<u>26,739,403</u>	<u>8,337,859</u>

Ordinary Shares

	No. Shares	\$
31 December 2021 share capital	52,936,600	436,413
Share issue - 25 February 2022	3,000,000	-
Share issue - 27 October 2022	19,843,906	7,342,246
Share issue - 25 November 2022	1,646,351	609,150
Share issue - 25 November 2022	(135,000)	(49,950)
31 December 2022 share capital	<u>77,291,857</u>	<u>8,337,859</u>
Share issue - 10 November 2023	34,671,590	17,335,795
Share issue - 10 November 2023	3,000,000	1,500,000
Transaction costs relating to capital raising	-	(434,251)
31 December 2023 share capital	<u>114,963,447</u>	<u>26,739,403</u>

- On 25 February 2022 – 3,000,000 ordinary shares were issued for 0.00 cents per share.
- On 27 October 2022 – 19,843,906 ordinary shares were issued for consideration of A\$0.37 per share as part of the Pre-IPO raise. This included the conversion of the convertible loans of K4,950,000 and payment of amounts owing to a director for A\$100,000.
- On 25 November 2022 - 1,646,351 ordinary shares were issued for consideration of A\$0.37 per share as part of the Pre IPO raise.
- On 25 November – 135,000 ordinary shares were for consideration of A\$0.37 per share.
- On 10 November 2023 - 34,671,590 ordinary shares were issued for consideration of A\$0.50 per share as part of initial listing on the ASX.
- On 10 November 2023 – 3,000,000 shares were issued for consideration of A\$0.50per share as part of the purchase of company Frontier Copper PNG Ltd (refer note 11).

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital management

When managing capital, management's objective is to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023 CONTINUED**

NOTE 16: RETAINED EARNINGS AND RESERVES

(a) Movements in retained earnings were as follows:

	Consolidated Group	
	2023	2022
	\$	\$
Balance 1 January	(3,212,816)	(625,793)
Net (loss) / profit for the period	(4,907,113)	(2,862,941)
Other comprehensive income / (loss)	(1,400,666)	275,918
Balance 31 December	<u>(9,520,595)</u>	<u>(3,212,816)</u>

(b) Reserves

	Other	Foreign	Total
	Reserves	currency	
	\$	\$	\$
At 31 December 2021	184,887	(293)	184,594
Foreign currency translation	-	275,918	275,918
At 31 December 2022	184,887	275,625	460,512
Foreign currency translation	-	(1,400,666)	(1,400,666)
At 31 December 2023	<u>184,887</u>	<u>(1,125,041)</u>	<u>(940,153)</u>

The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

The other reserve is used to record the initial recognition and measurement of the converting loans (which are interest free) under the effective interest rate method for loan holders who are shareholders.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023 CONTINUED**

NOTE 17: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with profit after income tax

	Consolidated Group	
	2023	2022
	\$	\$
Profit / (loss) from ordinary activities after income tax	(4,907,113)	(2,862,941)
Adjustments and non-cash items		
Gain on convertible loans	-	(99,562)
Interest expense on convertible loans	-	404,567
Interest expense on convertible notes	378,891	122,562
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(182,257)	(40,724)
(Increase) / decrease in prepayments	(183,667)	-
Increase / (decrease) in provisions	17,156	-
Increase / (decrease) in payables	661,835	113,345
Cash flows from operating activities	(4,185,674)	(2,118,404)

Non-cash investing and financing activities disclosed in other notes are:

- Lease assets and lease liabilities – note 12.

NOTE 18: RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel of the entity or its parent and their personally related entities

Consultancy fees are paid to a related entity of Iain Macpherson and legal fees paid to a related entity of Brian Moller. These transactions are at arm's length.

	Consolidated Group	
	2023	2022
	\$	\$
Payments to related entities of Iain Macpherson (CEO)	147,700	227,196
Payments to related entities of Brian Moller (Director)	158,502	322,801
	306,202	549,997

At 31 December 2023, \$593,075 remains payable to related parties (2022: 252,302). In October 2022 \$100,000 of the amounts owing to Iain Macpherson were paid by way of share issue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2023.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	Consolidated Group	
	2023	2022
	\$	\$
short-term employee benefits	203,236	31,250
post-employment benefits	13,438	3,281
share based payments	97,217	-
	313,891	34,531

NOTE 20: FINANCIAL RISK MANAGEMENT

The Company is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- (a) Currency risk; and
- (b) Liquidity risk

The Board of Directors have overall responsibility for identifying and managing operational and financial risks. The Company holds the following financial instruments:

	Note	Consolidated Group	
		2023	2022
		\$	\$
Financial assets			
<i>Amortised cost</i>			
Cash and cash equivalents	8	12,617,050	1,461,638
Receivables		261,361	79,104
Total financial assets		12,878,411	1,540,742
Financial liabilities			
<i>Amortised cost</i>			
Current			
— Trade and other payables	13	1,143,073	481,238
— Borrowings	14	397,494	-
— Lease liabilities	12	21,151	20,569
Non-current			
— Borrowings	14	4,347,386	4,300,080
— Lease liabilities	12	-	22,699
Total financial liabilities		5,909,104	32,010,349

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

NOTE 20: FINANCIAL RISK MANAGEMENT CONTINUED

(a) Currency risk

The Company undertakes transactions denominated in foreign currencies. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company manages its currency risk in accordance with approved policies.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities, expressed in Australian dollars at the reporting date are:

	Monetary assets		Monetary liabilities	
	2023	2022	2023	2022
	\$	\$	\$	\$
Papua New Guinea Kina denominated	11,891,309	1,483,383	4,551,107	4,608,916

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company manages its liquidity risk in accordance with approved policies.

The following table outlines the Company's remaining contractual maturities for non-derivative financial instruments. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the Company can be required to pay.

	Within 1 Year		1 to 5 Years		Total	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	1,143,073	481,238	-	-	1,143,073	481,238
Borrowings	397,494	-	4,347,386	4,300,080	4,744,880	4,300,080
Lease liabilities	21,151	20,569	-	22,699	21,151	43,268
Total expected outflows	<u>1,561,718</u>	<u>501,807</u>	<u>4,347,386</u>	<u>4,322,779</u>	<u>5,909,104</u>	<u>4,824,586</u>
Financial assets - cash flows realisable						
Cash and cash equivalents	12,617,050	1,461,638	-	-	12,617,050	1,461,638
Receivables	261,361	79,104	-	-	261,361	79,104
	<u>12,878,411</u>	<u>1,540,742</u>	<u>-</u>	<u>-</u>	<u>12,878,411</u>	<u>1,540,742</u>
Net (outflow) / inflow	<u>11,316,693</u>	<u>1,038,935</u>	<u>(4,347,386)</u>	<u>(4,322,779)</u>	<u>6,969,307</u>	<u>(3,283,844)</u>

NOTE 21: EVENTS OCCURRING AFTER REPORTING PERIOD

From reporting date to the date in which this financial statement is authorised for issue, management is not aware of any significant event other than as noted elsewhere in this report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

NOTE 22: COMMITMENTS

(a) Capital commitments

To maintain current rights of tenure to exploration tenements, including tenements that had expired and were the subject of renewal applications by the Group as at 31 December 2023, the company is required to perform exploration work to meet minimum expenditure requirements as specified by the Papua New Guinea Mineral Resources Authority.

(b) Lease commitments

Lease commitments are as per schedule set out in note 12.

NOTE 23: CONTINGENT LIABILITIES

On 24 May 2023, the Company has entered into a binding term sheet (Term Sheet) with Tunnel Engineering (PNG) Ltd, Reg: 1-86659 (Contractor) for the completion of the main access service road to the Tolukuma Gold Mine, including repairs to the existing section of the road. The Contractor will receive the following consideration for this work:

- (a) A\$1,800,000 will be paid in cash in the following tranches:
 - (1) A\$90,000 upon completion of the Offer;
 - (2) A\$270,000 upon mobilisation; and
 - (3) A\$1,440,000 in five equal tranches on completion of the main access service road to the Tolukuma Gold Mine; and

- (b) 4,400,000 shares will be issued to the Contractor (or its nominee) in the following tranches:
 - (1) 880,000 shares upon mobilisation; and
 - (2) 3,520,000 shares in five equal tranches on completion of the main access road to the Tolukuma Gold Mine.

NOTE 24: EMPLOYEES

The number of employees for 2023 was 17 (2022: 8)

NOTE 25: RETIREMENT BENEFITS

The Company participates in the National Superannuation Fund (NASFUND) in respect of its PNG national employees.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 41 – 65 are in accordance with the PNG Companies Act 1997 including:
 - (i) complying with Accounting Standards, the Companies Act 1997 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Company's and Group's financial position as at 31 December 2023 and performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



John Anderson
Chair



John Macpherson
Managing Director & CEO

Date: 28 March 2024

Independent Audit Report to the members of Tolu Minerals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tolu Minerals Limited (the Company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- (i) the accompanying financial statements of the Company give a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the year then ended and in accordance with the International Financial Reporting Standards (including the interpretations of the International Financial Reporting Interpretations Committee) and the Papua New Guinea Companies Act 1997; and
- (ii) proper accounting records have been kept by the Company.

Basis for Opinion

We conducted our audit in accordance with International Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *International Ethics Standards Board for Accountants* (IESBA) Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statement that give a true and fair view in accordance with International Financial Reporting Standards (including the interpretations of the International Financial Reporting Interpretations Committee) and *the Papua New Guinea Companies Act 1997*. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Audit Report to the members of Tolu Minerals Limited (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Report on other legal and regulatory requirements

The Companies Act 1997 requires that in carrying out our audit we consider and report on the following matters. We confirm in relation to our audit of the financial statements for the year ended 31 December 2023:

1. we have obtained all the information and explanations we have required, and
2. in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restrictions on distribution or use

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1997. Our work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Kowas Chartered Accountants



Fred Kowas, FCPA-PNG, CA Aus. & NZ
Registered under the Accountants Act 1996

Port Moresby
Dated this 28th day of March 2024

Shareholder Information

1 TWENTY LARGEST SHAREHOLDERS

(i) Ordinary shares inclusive of escrowed ordinary shares

As at 26 March 2024, there are 58,370,844 ordinary shares and an additional 56,592,603 ordinary shares subject to escrow restrictions.

The names of the twenty largest holders of ordinary shares including the ordinary shares in escrow are listed below:

Name	No. of Ordinary Shares Held	% of Issued Capital
GUSABA COMPANY LIMITED	15,880,980	13.81
TRANS WONDERLAND LIMITED	9,484,442	8.25
KUTUBU GAS HOLDINGS LIMITED	8,403,362	7.31
PROMACO CONSULTING SERVICES LIMITED	7,500,000	6.52
VERNON ALAN WILLS <WILLS FAMILY A/C>	7,500,000	6.52
ALLEN JOHN TYSON <TYSON FAMILY A/C>	7,500,000	6.52
LLA INVESTMENT LIMITED	5,980,352	5.20
KUMUL MINERALS HOLDINGS LIMITED	4,201,681	3.65
STANBURGH PTY LTD	3,300,000	2.87
ANDO ONE PTY LTD <ANDO FAMILY A/C>	3,300,000	2.87
LANTHANEIN RESOURCES LTD	3,000,000	2.61
TRUSTQORE (BVI) LTD <MACPHERSON FAMILY A/C>	2,770,270	2.41
TEMPEST MINERALS LTD	2,702,703	2.35
THOMAS MCCOY	2,605,042	2.27
PETER MCCOY	2,605,042	2.27
CORAL MINERALS PTY LIMITED	2,558,703	2.23
ANDREW JOHN ARCHIBALD	1,286,300	1.12
PAUL STEPHEN SMITH	1,286,300	1.12
IPWENZ HOLDINGS LIMITED	1,081,081	0.94
GIGIRA DEVELOPMENT CORPORATION LTD	1,000,000	0.87

(ii) Ordinary shares not subject to escrow

The names of the twenty largest holders of fully paid ordinary shares are listed below:

Name	No. of Ordinary Shares Held	% of fully paid shares
TRANS WONDERLAND LIMITED	9,484,442	16.25
KUTUBU GAS HOLDINGS LIMITED	8,403,362	14.40
KUMUL MINERALS HOLDINGS LIMITED	4,201,681	7.20
TEMPEST MINERALS LTD	2,702,703	4.63
PETER MCCOY	2,605,042	4.46
THOMAS MCCOY	2,605,042	4.46

Shareholder Information continued

Name	No. of Ordinary Shares Held	% of fully paid shares
CORAL MINERALS PTY LIMITED	2,558,703	4.38
LLA INVESTMENT LIMITED	1,840,000	3.15
PAUL STEPHEN SMITH	1,286,300	2.20
ANDREW JOHN ARCHIBALD	1,286,300	2.20
IPWENZ HOLDINGS LIMITED	1,081,081	1.85
GIGIRA DEVELOPMENT CORPORATION LTD	1,000,000	1.71
AG INVESTMENT LTD	1,000,000	1.71
TD2Q LIMITED	972,972	1.67
UGC T CO PTY LTD	760,000	1.30
GREEN VALLEY POWER ENGINEERING LTD	540,540	0.93
KAMINA INVESTMENT HOLDING LIMITED	540,000	0.93
ANDERSON LARRY ANDAGALI	505,442	0.87
SAVAS SAHIN	450,000	0.77
TIMON AWARI	432,432	0.74

(iii) Escrowed shares

The names of the top twenty holders of the escrowed shares are listed below:

Name	No. of Escrowed Shares Held	% of escrowed shares
GUSABA COMPANY LIMITED	15,800,900	27.92
VERNON ALAN WILLS <WILLS FAMILY A/C>	7,500,000	13.25
ALLEN JOHN TYSON <TYSON FAMILY A/C>	7,500,000	13.25
PROMACO CONSULTING SERVICES LIMITED	7,500,000	13.25
LLA INVESTMENT LIMITED	4,140,352	7.32
STANBURGH PTY LTD	3,300,000	5.83
ANDO ONE PTY LTD <ANDO FAMILY A/C>	3,300,000	5.83
LANTHANEIN RESOURCES LTD	3,000,000	5.30
TRUSTQORE (BVI) LTD <MACPHERSON FAMILY A/C>	2,570,270	4.54
CRAIG ANTHONY DAWSON <DAWSON FAMILY A/C>	750,000	1.33
JAMIE WILLS <J V WILLS FAMILY A/C>	600,000	1.06
JULIEN PATRICK MARIE BABEY	200,000	0.35
SANY JEAN CABRALES TAYLARAN	150,000	0.27
ANDERSON LARRY ANDAGALI	140,681	0.25
JANET ANDAGALI	35,100	0.06
CECILIA ANDAGALI	35,100	0.06
OLI LAVARI	35,100	0.06
LUCY KOMBILI ANDAGALI	35,100	0.06

(iv) Unquoted equity securities

There are 2,750,000 performance rights issued to the executive Directors.

Shareholder Information continued

2 DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of holders by size of holding:

(i) Fully paid ordinary shares

Distribution	Number of Holders	Number of Shares
1 - 1,000	7	2,954
1,001 - 5,000	182	723,603
5,001 - 10,000	31	281,970
10,001 - 100,000	67	2,229,297
Greater than 100,000	79	111,725,623
Totals	374	114,963,447

(ii) Escrowed ordinary shares

Distribution	Number of Holders	Number of Shares
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	4	140,400
Greater than 100,000	14	56,452,203
Totals	31	56,592,603

(iii) Unmarketable parcels

	Minimum parcel size	Holders	Shares
Minimum \$500 parcel at \$0.50 per share	1,000	7	2,954

3 VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares: Subject to any rights or restrictions for the time being attached to any class of shares, at a meeting of shareholders each shareholder entitled to vote may vote in person or by proxy or attorney or, being a corporation, by representative duly authorised under the Corporations Law, and has one vote on a show of hands and one vote per fully paid share on a poll.

4 SUBSTANTIAL SHAREHOLDERS

Substantial shareholder notices lodged with the Company:

Substantial Shareholder	Number of Shares
GUSABA COMPANY LIMITED	15,880,980
TRANS WONDERLAND LIMITED	9,484,442
KUTUBU GAS HOLDINGS LIMITED	8,403,362
PROMACO CONSULTING SERVICES LIMITED	7,500,000
VERNON ALAN WILLS <WILLS FAMILY A/C>	7,500,000
ALLEN JOHN TYSON <TYSON FAMILY A/C>	7,500,000
LARRY ANDAGALI	6,752,526