



Tolu Minerals Limited
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Baruni Road,
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Papua New Guinea
Company Registration No.: 1-125888

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South Brisbane,
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ASX:TOK, OTCQX: TOLUF

ASX, OTCQX Announcement

31 March 2025

Annual Report, Period ending 31 December 2024

The Directors of Tolu Minerals Limited ("Tolu", ASX:TOK) are pleased to release the Annual Report for the period ending 31 December 2024.

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

**ANNUAL REPORT
31 DECEMBER 2024**

Tolu Minerals Limited

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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

COMPANY SECRETARY

Naime O'ome

CFO & ASSISTANT COMPANY SECRETARY

Craig Dawson

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BSP Haus
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STOCK EXCHANGE LISTING

Tolu Minerals Limited shares are listed on the Australian Securities Exchange (code: TOK)

WEBSITE ADDRESS

www.toluminerals.com

CHAIRMAN'S & CHIEF EXECUTIVE OFFICER'S LETTER

Dear shareholder,

On behalf of the Board, we are pleased to present Tolu Minerals Limited's (Tolu) second Annual Report as an ASX listed company. In this report we outline progress made by Tolu to the year end 31 December 2024 and until 31 March 2025.

2024 ACCELERATOR PLACEMENTS

On 10 November 2023 Tolu successfully completed its Initial Public Offering (IPO) on the Australian Securities Exchange (ASX) raising some AU\$ 17.3 million.

On 29 April 2024 Tolu completed an equity raising of A\$8.8 million (before costs) via a placement of 16.7 million new shares utilising the Company's available Listing Rule 7.1 capacity. A further 0.9 million new shares were issued after securing shareholder approval at the Tolu General Meeting held on 18 June 2024.

The placement issue price of A\$0.50 per share which represented a discount of approximately 13.0% to Tolu's last traded price before the placement offer (16 April 2024) of A\$0.575 per share and a discount of approximately 13.5% to the 5-day volume weighted average price (VWAP) of A\$0.578 per share.

Managing Director and Chief Executive Officer of Tolu, Iain Macpherson and related entities subscribed for A\$200,000 worth of new shares in the placement, which were approved by shareholders at the Tolu General Meeting held on 18 June 2024.

Non-executive Director of Tolu, Larry Andagali also subscribed for A\$255,101 worth of new shares in the placement, which were approved by the shareholders at the Tolu General Meeting held on 18 June 2024.

Following strong demand in the placement, two Tolu Minerals seed investors also agreed to sell approximately 4.6 million shares in Tolu at the same price as the placement, by way of special crossing.

The placement enabled Tolu to build on the significant advances made after the IPO and accelerate project exploration and development works. In particular, Tolu completed Phase 1 of an extensive 2,500 km² (approx.) airborne Magneto Telluric survey over Tolu's entire exploration footprint. The survey has proven to be an invaluable tool in enhancing and selecting future exploration targets that will commence in 2025.

On 31 October 2024, Tolu secured a second accelerator raise by completing an equity raising of A\$26.7 million (before costs) via a placement of 33.4 million new shares utilising the Company's available Listing Rule 7.1 & 7.1A capacity.

The placement issue price of A\$0.80 per share was a 60.0% premium to the A\$0.50 per share issue price used in the Company's November 2023 initial public offering and April 2024 placement.

It represented a 21.6% discount to Tolu's last traded price before the placement (21 October 2024) of A\$1.02 per share, a 20.3% discount to the 5-day volume weighted average price (VWAP) of A\$1.04 per share and a 12.3% discount to the 15-day VWAP of A\$0.912 per share.

The proceeds from the second accelerator placement were focussed on enabling Tolu to accelerate exploration activities across the Tolukuma Gold Mine structure and to enhance the redevelopment of the Tolukuma Gold Mine, including study work, equipment refurbishment and to allow an accelerated return to production.

On 13 February 2024 Tolu began trading on the OTCQX Market in the USA under the symbol TOLUF, while continuing to trade on its home exchange 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.

Tolu's portfolio includes the Tolukuma mine, some 1,500 km² of exploration licenses and exploration license applications on the highly prospective, but underexplored Tolukuma epithermal structure including an exploration license application for circa 400 km² over a partially explored copper/gold porphyry targets 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 ACTIVITIES

Refer to market releases that can be found at <https://toluminerals.com/investor-centre/>

During 2024, Tolu completed a field programme followed by a reinterpretation of the Mt Penck project on New Britain island. The analysis of the recent and historical exploration activities now supplemented by the more recent results from the airborne Magneto Telluric survey confirm the potential for Mt Penck to become a notable project in its own right, with a variety of mineralisation styles including gold, silver and polymetallic as well as a possible series of porphyry targets.

During 2024, Tolu also undertook two diamond drilling programmes at the Taula prospect to the South of Tolukuma mining lease ML104 and on the Zine structure within ML104. The Taula programme confirmed the findings of previous field work and geophysical exploration that the broader Tolukuma structure extends several kilometres South and Southeast of the mining lease returning grades similar to those experienced in the high-grade mining on Tolukuma.

On 25 June 2024 Tolu announced the commencement of the airborne Magneto Telluric survey and released preliminary results of the survey later in the year. The survey conducted by Expert Geophysics Ltd. of Canada, employs cutting edge technology and interpretation to identify mineralisation and structure from surface to a depth of approximately 1,500 metres.

Phase 1 of the survey including a large swathe of the Tolukuma epithermal structure, Mt Penck and another satellite project was completed towards the end of the year with very compelling results that enhance targeted drilling in the next phase of exploration. In total almost 40 individual targets have been identified to date including low sulphidation targets similar to Tolukuma, intermediate and high sulphide targets akin to Kainantu mine and a number of porphyry targets including beneath Tolukuma itself. Tolu's very strong geological team are now assessing the results of the survey and planning exploration programmes for 2025 and beyond.

Airborne MT has already been used with good success in PNG at K92 and greatly helps 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 drill testing.

At Tolukuma Gold Mine, Tolu has made good progress is preparing the mine for a return to production in the coming weeks including the commencement of dewatering, refurbishment of mine, equipment and infrastructure and most notably the purchase and installation of a modular gravity gold circuit that will support an early return to production and revenue (refer to the market release dated 27 February 2025 available at <https://toluminerals.com/investor-centre/>).

During the course of 2024 and in the early part of 2025, Tolu has identified and retained key personnel with the capability and experience to advance the company's development strategy and has a credible team of PNG national and expatriate experts supported by globally recognised consultants.

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

The Board and Management remain focused and optimistic that Tolu will deliver strong outcomes for our shareholders throughout the remainder of 2025 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 notably supported by the results of the airborne Magneto Telluric survey.

Tolu will continue to keep shareholders updated on its evolving exploration targets and plans to further build its exploration portfolio and its plans to complete the commissioning of the modular gravity plant and return 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 2024 and the early part of 2025 and look forward to delivery of exploration and operational outcomes through 2025.

We thank you for your ongoing support,

Yours sincerely,



John Anderson
Chair



Iain Macpherson
Managing Director & CEO

REVIEW OF OPERATIONS

COMPANY PROFILE AND OPERATIONAL REVIEW

Tolu Minerals Ltd. (Tolu or the Company), 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.

In October 2022 Tolu successfully completed the 100% acquisition of the Tolukuma Gold Mine (“**TGM**”) in PNG along with its associated assets and mine infrastructure. In parallel with the acquisition process, Tolu also secured a number of additional, strategically important Exploration Licenses (ELs) across the Tolukuma structural corridor giving Tolu a substantial and highly prospective land package to complement the mine and existing infrastructure, collectively referred to as the “**Tolukuma Project**”. The Tolukuma Project currently includes one mining lease (ML 104) and seven exploration licenses surrounding TGM, providing a dominant landholding of 775 km² across the highly productive Tolukuma epithermal structure.

Tolu also has exploration license applications (ELA 2780), known as the Ipi River Prospect (395.56km²), in the Tolukuma area, Northwest of the Tolukuma structural corridor ELs as well as recent exploration license applications made during the current reporting period : ELA 2859 known as Mt Tafa (98.5km²), ELA 2862 known as Mt Tafa West (98.46km²) and ELA 2860 known as Bellavista (81.8km²).

Tolu also holds the Mt Penck tenement, EL 2662, over some 102km² copper/gold targets within the very productive Kulu Simi trend on the island of New Britain to the East of the PNG mainland (see Figure 1). An application has been made for ELA 2866 known as Namo (201.80km²) South and West of Mt Penck.

The four recent applications for exploration licenses were made on the basis of the results from the recent airborne Magneto Telluric survey.



Figure 1: Tolu Project Locations (Jan 2025)

REVIEW OF OPERATIONS

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

- Fundamentally reducing the mine's historic cost structure through a work program consisting of the development of a 70km access road, refurbishing the hydro power station and developing a bottom access and dewatering drive;
- Initiate early gold production at TGM through refurbishing the existing infrastructure and introduction of new process capacity to support mine development for initial production;
- Undertake a substantial exploration programme including development and drilling on-mine at TGM to improve the current Mineral Resource Estimate ("MRE"), near mine exploration, regional exploration on the broader Tolukuma low sulphidation epithermal structure and seek to identify new exploration targets at TGM, the Ipi River tenement and Mt Penck via Airborne MT acquisition; and
- Prepare TGM for an ultimate return to name plate capacity production following the refurbishment of the existing gold plant.

SAFETY HEALTH AND ENVIRONMENT

Safety - The Company is continuously developing its Safety Management Strategy which includes the necessary standards, Safety Management System and various safety management tools including "Safe Life Behaviours", which has been rolled out at TGM to create a safe working culture. During 2024, The Company recorded zero medical treatment cases or lost time injuries during the quarter.

Health – a recognised service provider has been appointed to provide emergency response and stabilisation capability at Tolukuma (paramedic in place) with emergency evacuation support facilities. Furthermore, and as part of the Company's sustainability-led strategy consisting of incorporating societal expectations in the business conduct, Tolu provides humanitarian flights to the benefit of the local community where Tolu operates. Humanitarian flights are defined strictly for the purpose of facilitating emergency medical care, where immediate and rapid transport is essential, carrying sick or injured persons who are not employees and other persons directly involved.

Environment – The Company has applied for an amendment to the current Environment Permit, outlining the changes (see Tailing Disposal section below) to develop the Tolukuma Gold Mine in a different manner to that originally proposed by the previous operators, in order for the Regulator to update the conditions of the permit in accordance with the Environment Act 2000.

The Company expects the new permit conditions to be issued by the Conservation and Environment Protection Authority and will develop a revised Environmental Monitoring Management Plan accordingly.

REVIEW OF OPERATIONS

A baseline survey has been completed as required by the regulator as part of the approved Environment Permit transfer to the Company. The baseline study consisting of water sampling, streambed sediment sampling, and terrestrial ecology surveys, summarizes and compares results between previous and current environmental baseline studies, identifies potential water and stream quality legacies of previous mining operations as well as issues that are not related to the Tolukuma mine operations.

The Company is committed to comply with the IFC / world bank standards and will complete an aquatic baseline survey during 2025 and identify gaps, if any, including additional requirements for implementation as activities progress.

ESG - The Company is committed to ensuring that our activities have a long-term positive impact and will embed ESG fundamental principles and reporting activities to provide our stakeholders with a transparent view of Tolu Minerals' ongoing ESG progress.

The Company will determine the most appropriate ESG reporting framework that best suits its motivation for disclosure and will develop its ESG baseline during 2025.

Key stakeholder issues - The Company has identified both key and broader stakeholders whose interests will be considered in the decision-making process: landowners within the tenements held by Tolu and riparian communities living along the road corridor from the Hiritano Highway to the Tolukuma mine and along the river system from the Tolukuma mine to the Augabanga estuary.

Ongoing consultation with key stakeholders is taking place to identify key issues prior to further engagement under the existing Memorandum of Agreement, which is being led by PNG's regulator, the Mineral Resources Authority.

Key stakeholders' population survey has been undertaken during the reporting period and will be finalised and reported during the next period.

The Company has restructured the Community Relation Office and recruited a local senior officer to support the Company 'on the ground' in building trust, mutual understanding and shared values and behaviours with its local stakeholders.

The Company has developed a set of corporate policies and procedures covering stakeholder engagement, community development, community health and safety, land demarcation and land access.

OUR PEOPLE

The Company is in the process of building up the exploration and early operational team with specific focus on the areas of exploration, mine technical services, safety and environment, financial controls, procurement and logistics, engineering and processing.

REVIEW OF OPERATIONS

On 21 January 2025, the Company announced the appointment of Chris Muller as Executive Group Geologist, joining Tolu at an important moment in the Company's evolution as it advances to the next stage of a significant exploration programme and recommences gold and silver production from the Tolukuma Mine. Additional key positions that were also filled include the Environmental Manager as well as technical positions in Engineering, Survey and Exploration.

A set of Company policies has been developed and implemented including the HR, Salary Sacrifice, Grievance and Disciplinary policies, Internal Guidelines and Code of Conduct.

TOLUKUMA MINESITE

Camp refurbishment continued during 2024 including accommodation units, laboratory, workshops, lamp room, clinic and refurbishing all low voltage power reticulation in the camp.

PROCESS PLANT

Improved gravity concentration technology, better alignment with the initial mine production capacity and significantly lower power requirements favoured the decision to procure an appropriately sized modular gravity circuit to initiate production. An order was placed with Appropriate Process Technologies ("APT") in South Africa for the engineering and fabrication of a 6tph plant that will be scaled up as production increases. The process plant fabrication was completed, shipped and airlifted to site on schedule. Installation and cold commissioning were completed in late December. The next step is now to feed the plant and confirm operational specifications are met before final handover.



APT modular plant Installed, December 2024

REVIEW OF OPERATIONS

TAILINGS DISPOSAL

Although the mine is currently permitted for treated tailing riverine discharge, the Company has committed to a zero tailings discharge approach.

ATC Williams has completed a conceptual study to assess available options both for interim tailings management and long-term tailings storage. For interim tailings management serving the restart gravity plant provided by APT, they have recommended an innovative approach to discharge the tailings into geotextile tubes, which will dewater and store the tailings for future recovery once the main plant is recommissioned.

The storage pad was prepared and the first geotube was installed and cold commissioned, ready for hot commissioning. The tailings settling and pumping system adjudication was installed and commissioned.



Interim Tailings Management, December 2024

On completion of the interim tailings solution, the next stages of the long term tailings engineering will recommence. Previous studies have indicated that the final tailings system will likely incorporate more than a single solution.

POWER SUPPLY AND HIGH VOLTAGE (HV) RETICULATION

Orders were placed in January for 1.3MW of diesel power generating capacity. Fabrication was completed during June and the generators were subsequently shipped to PNG and airlifted to TGM. The generator plant has been successfully commissioned and tied into the reticulation network.

Engineering on the HV surface and underground reticulation has been completed, allowing for placement of orders on transformers and other main components. These components arrived in country during January and February, allowing for the expected energization of the HV power reticulation.

REVIEW OF OPERATIONS



1.3 MW power station at Tolukuma

MINING SERVICES AND INFRASTRUCTURE

In preparation for the recommencement of mining, water supply, ventilation, compressed air and electrical reticulation is being installed. Orders were placed for ventilation fans, compressors and all electrical reticulation requirements. First orders arrived during December and all material has been airlifted and installed by the end of March 2025.

MOBILE EQUIPMENT FLEET

An assessment of the existing mobile fleet was completed confirming that eight units could be refurbished including a 1.5m³ LHD, 15t UG truck, WA250 front end loader, PC200 excavator, mobile compressor, LM90 and LM75 underground diamond drill rigs and a single boom Stopemate production drill as well as a number of rock drills and airlegs. Refurbishment of all the equipment has been completed and is now ready for introduction into the operations.

In order to supplement the primary underground production fleet, various suppliers were visited and evaluated and an order has been placed for an additional three LHD's and two 12t haul trucks. Fabrication of the equipment was completed in late December 2024. The equipment is now being disassembled for airlifting and arrived in country in mid-February. It is planned to airlift the equipment to site by mid-March and commission on site for introduction into the operations by April 2025.

DEWATERING

Dewatering of the mine is planned in two phases:

Phase 1 - The objective of Phase 1 is to draw the water down to 1548 mRL to split the water bodies between the old workings and the Milliahamba drive.

REVIEW OF OPERATIONS

Once this level is reached, the water level will be maintained in the old workings while Miliahamba drive is dewatered to provide access to the Fundoot, Mystery and Gulbadi Red veins and ultimately the entire Southern extensions of the mine and surrounding exploration license and southern drill targets. It will also enable the development in the Fundoot vein that is accessed from the Miliahamba Drive with a plan to upgrade the MRE following the commencement of mining.

The dewatering commenced with siphoning of water ahead of the commissioning of the interim pumping system in early September. The targeted 1548 mRL level was reached by the end of September 2024.

Subsequent to this achievement, two pumps failed causing the water level to raise again. Additional pumps were installed and pumping started again in mid-December 2024. It is expected that the targeted 1548 mRL will again be reached during January, allowing the dewatering of the Miliahamba drive to proceed.

After energizing the underground HV power supply, the main pumping system will be installed which will increase pumping capacity 6-fold and address any inherent risks in the dewatering system.

In addition to the main pumping system, the technical team is investigating the feasibility of piercing dewatering holes from inside the mine on the dewatered mRL1540 level to allow free draining of the inflow to maintain the water level without further input costs.

Phase 2 - Consists of the permanent solution to dewatering that is the development of a new lower access to the mine.

RECOMMENCEMENT OF MINING

Preparations for recommencement of mining are well underway requiring a multitude of disciplines to be addressed. A brief summary of progress to date is presented below:

- Old surveys were validated in the Tolukuma Mine grid and the survey control network extended to active workings. The survey network is now ready for operations.
- Orders were placed for mine rescue equipment, cap lamps and self-rescuers.
- Refurbishment of the surface and underground explosive storage magazines are underway; and
- Explosive suppliers have been engaged and are in the process of establishing the supply and logistics arrangements.

REFURBISHING OF HYDRO POWER STATION

Experienced hydro power constructors and operators completed detailed site surveys on the intake and penstock area as well as civil and electrical inspections of the existing power plant.

The Company is in the process of preparing a technical and commercial proposal.

REVIEW OF OPERATIONS

ROADWAY TO TOLUKUMA MINESITE

The completion of the mine access road is a critical project that will have a significant financial benefit on all activities at TGM as well as the surrounding exploration sites and communities in the area.

The Mineral Resources Authority of PNG (“**MRA**”) commissioned a road feasibility study that was completed in November 2016 providing the design for the permanent road to service TGM and the region. Of the c. 70 km route, approximately 47 km was constructed, c. 10km from Bakoiudu on the Tapini Highway and c. 37 km from the mine, before work ceased.

The Company announced in November 2023 that a contract was awarded to Tunnel Engineering (PNG) Ltd (“**TE**”) to complete the road according to the PNG Department of Works basic rural road specification pending eventual upgrading by the State.¹

TE mobilised in early December 2023. After early good progress, Tolu has experienced delays and interruptions to road construction due to an extended rainy season and an ongoing wet, dry season that has resulted in the occurrence of numerous land slips on the roadway, both at the construction areas and in the back areas that have necessitated ongoing remedial engineering to stabilise slopes.

In late 2024, Tolu undertook a critical analysis of the impact of these delays on the long-term maintenance and optimisation of the road’s long-term performance².

A decision was taken to select an alternative route which was surveyed over the Christmas 2024 period resulting in the adoption of a new engineering design utilising the mountain ridges rather than a side of mountain track approach mitigating land slip risks and optimising long term maintenance. The analysis showed whilst we will experience short term delays in completion the operational and economic benefits of the new route will provide substantial benefits as Tolu builds towards larger scale production.

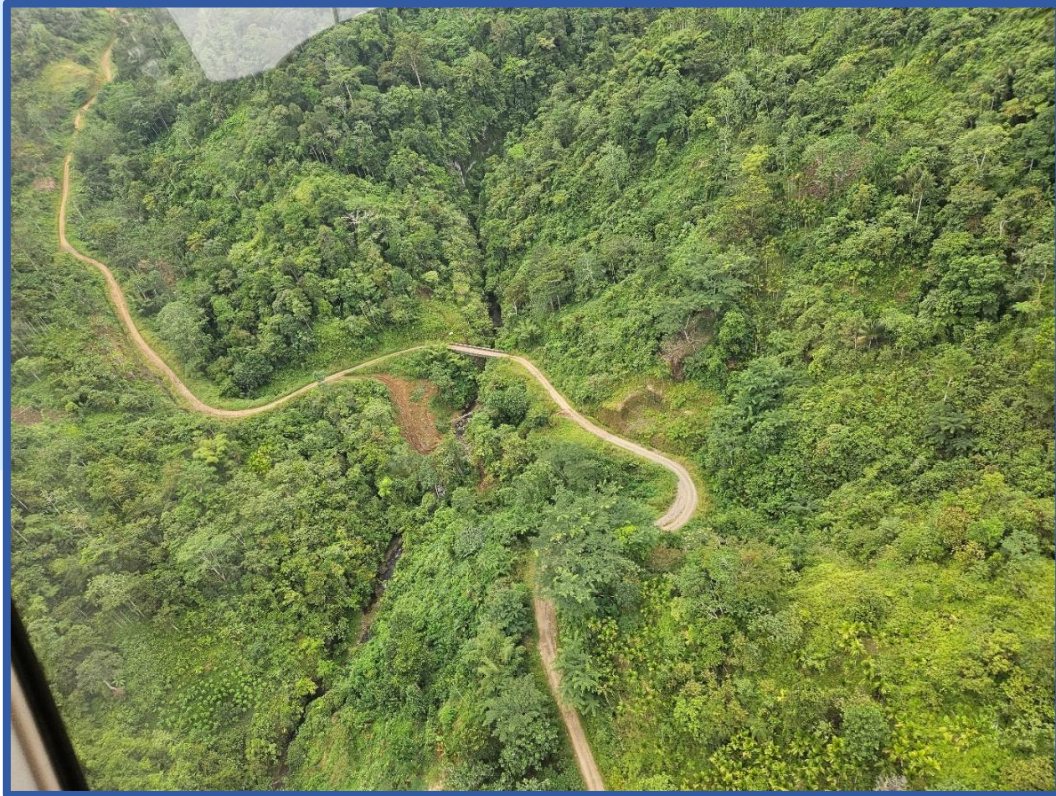
As part of this rerouting process the respective landowners were engaged and their approval secured. Environmental assessment, supported by the Department of Forestry and Mineral Resources Authority was also undertaken.

Through this process Tolu has engaged with the contractor TE to reduce execution risk and TE has subsequently increased the equipment fleet, enhanced engineering and logistics support and strengthened management to enable 24-hour operations for the balance of construction.

¹ Market release dated 24 November 2023 available at [Investor Centre | Tolu Minerals](#)

² Market release dated 20 January 2025 available at [Investor Centre | Tolu Minerals](#)

REVIEW OF OPERATIONS



New Tolukuma Access Road

EXPLORATION AND RESOURCE DEVELOPMENT

MT Survey

Expert Geophysics Ltd (“EGL”) completed an Airborne Mobile Magneto Telluric (“MT”) survey over ML104 and surrounding tenements covering 723km². Final results for this area have been received and additional geological interpretation is underway.

During the quarter, EGL also completed the additional higher resolution survey over the Southern area of ML 104 including the known mineralisation extensions further to the SSE (Figure 2). The flight line spacing of this survey is 75m as opposed to the 200m flight line spacing for its other surveys. Final results including a much higher resolution model and subsequent Lineament Analysis will assist in pinpointing the low sulphuration gold and silver veins extending up to 4km South of the mine in support of Tolu’s short term exploration program in this area.

The Phase 2 MT survey was completed over Tolu’s porphyry/skarn exploration license application at Ipi River, ELA 2780, with final results received and initial interpretation underway.

The MT survey covering Tolu’s gold and polymetallic Cu-Pb-Zn sulphide system at Mt Penck (Figure) on New Britain Island, had now been completed and the airborne system has been demobilised. Final modelling results are expected in January 2025 to allow for geological interpretation and target generation for follow-up ground exploration and drilling.

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REVIEW OF OPERATIONS

Taula Drilling³

A further component of this short-term exploration program in the South of ML 104 and beyond is the Taula drilling program at the Taula Prospect (Figure 3). The Company has now completed its maiden diamond drilling programme at the highly prospective Taula vein system.

A total of 638.85 metres were completed in nine drillholes (TDH01-09) with final assay results Received. Best drill hole assays are as follows and shown in (Figures 4 & 5):

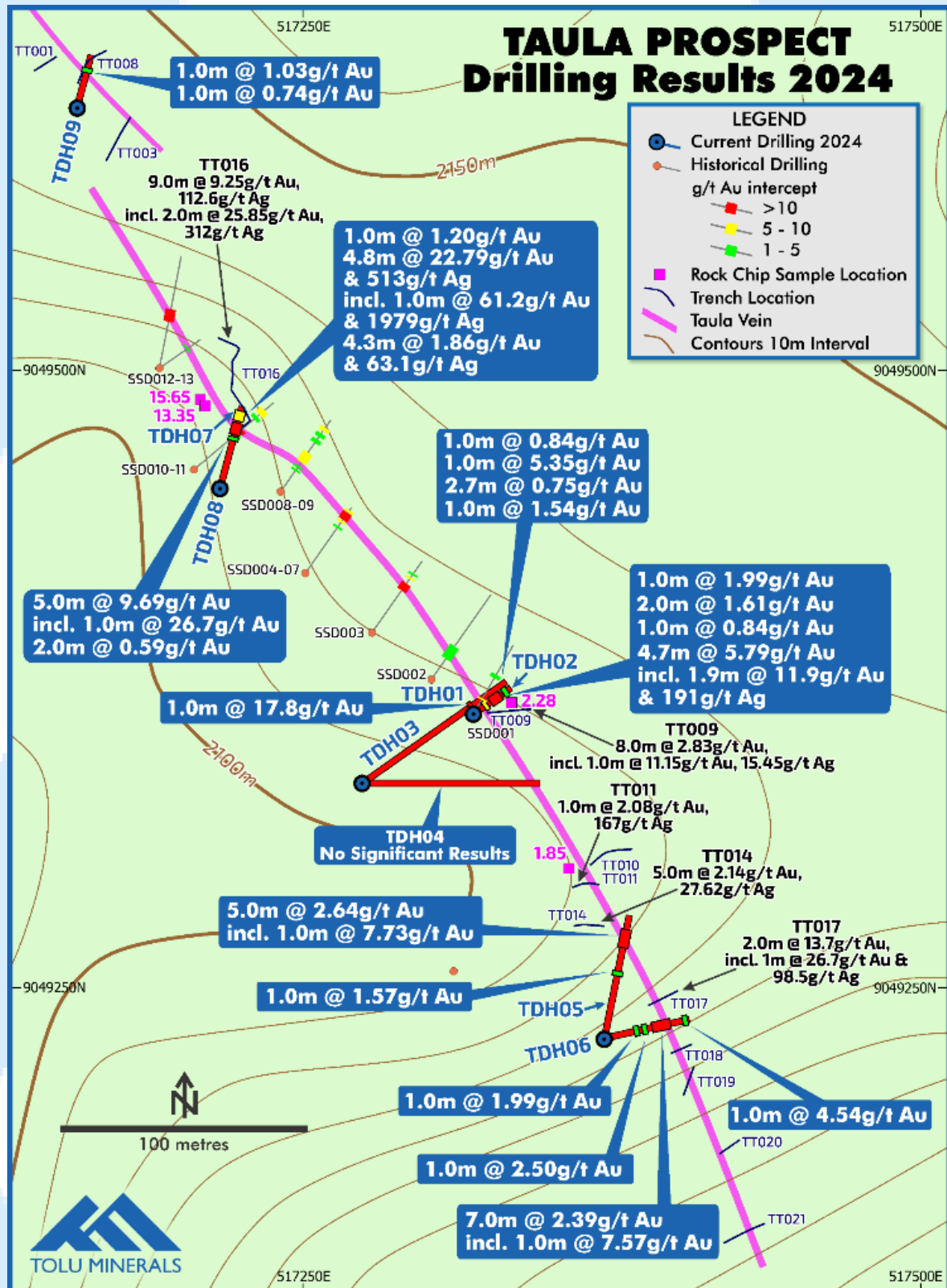
- 4.8m @ 22.8g/t Au incl 1.0m @ **61.2g/t Au** from 76.0m (TDH08)
- 5.0m @ 9.69g/t Au incl 1.0m @ **26.7g/t Au** from 44.0m (TDH07)
- 4.7m @ 5.79g/t Au incl 1.9m @ **11.9g/t Au** from 32.4m (TDH02)
- 1.0m @ **17.8g/t Au** from 78.1m (TDH03)
- 5.0m @ 2.64g/t Au incl 1.0m @ **7.73g/t Au** (TDH05)
- 7.0m @ 2.39g/t Au incl 1.0m @ **7.57g/t Au** (TDH06)



Figure 3: Tolu's diamond drill rig and crew at Taula Prospect

³ Market release dated 14 November 2024 available at [Investor Centre | Tolu Minerals](#)
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REVIEW OF OPERATIONS



4: Taula drilling plan view showing Tolu drill results on historical drilling

Figure

REVIEW OF OPERATIONS

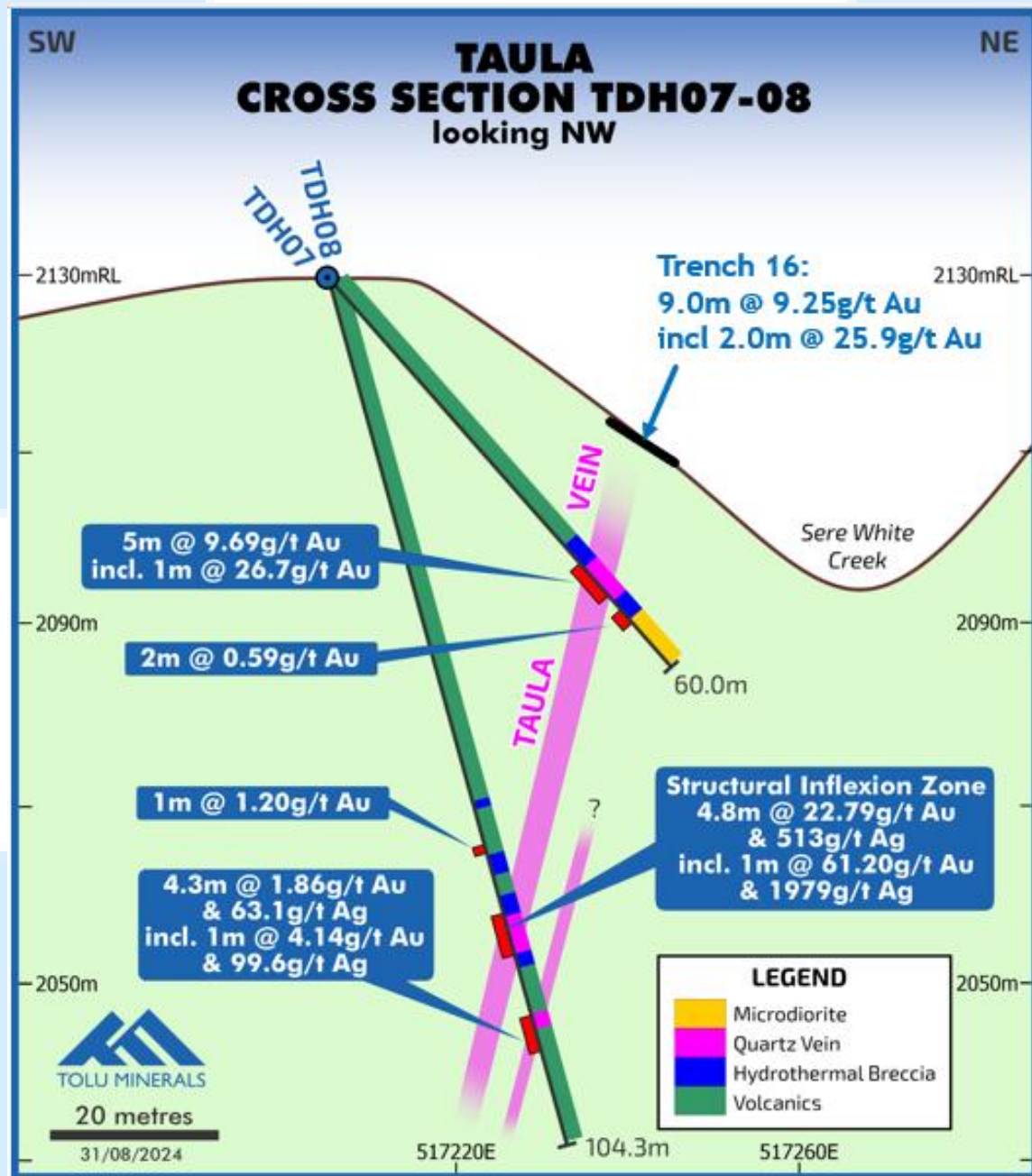


Figure 5:

TDH07-08 Drill results

Tolu's drilling has confirmed the continuation of the Taula vein covering 470m in strike length from previous drilling which covered only 200m strike length. Tolu's drilling has intersected multiple veins and shows the main Taula vein continues along strike and at depth. Tolu's geological mapping and sampling in 2023 had extended the gold silver mineralisation at surface to over 1,500m strike length (Figure 6).

REVIEW OF OPERATIONS

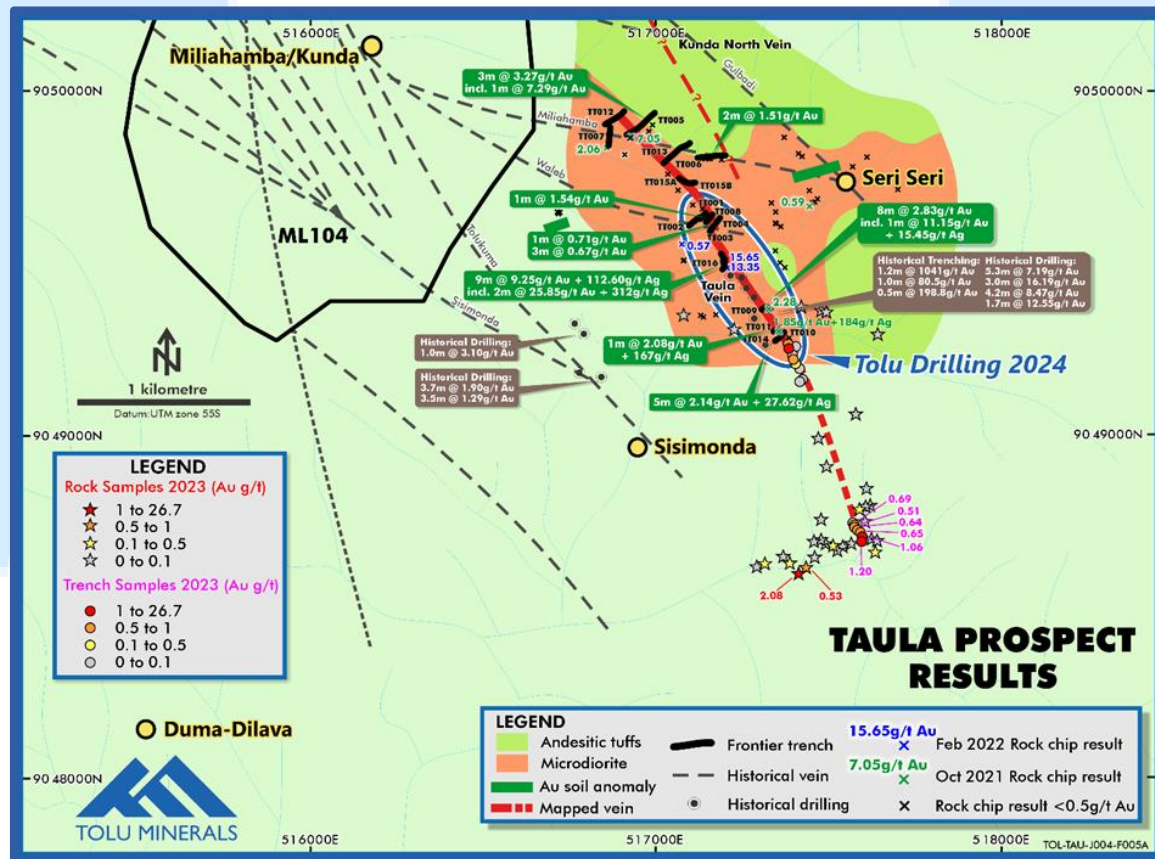


Figure 6:

Taula Vein system and historical assay results

ML 104 Surface Drilling and Exploration Campaign

Following the completion of drilling at the Taula prospect, the Company's diamond drill rig was re-mobilised to the mine site at the Zine vein (Figure 2) to follow-up on mineralised areas that are planned to provide high grade ore supply to the plant, as well as improve the existing Tolukuma Mineral Resource Estimate.

Tolu has completed six short diamond holes at the Zine Central area from Pad 1 and currently on the seventh on Pad 2 totalling 670.0m (Table 1). Initial drilling from Pad 1 has confirmed the continuation of the Zine Vein to surface occurring as quartz ± sulphide veins and hydrothermal breccias containing fragments of quartz vein material. However, gold assay values were quite low (<2.0g/t gold) indicating the high-grade segment of the vein does not continue to surface in this particular area. Hence, drilling from Pad 2 is the next step to test the possible extension of the high-grade zones from 1560 and 1570 levels (Figure 7 & 8).

After Zine Mid, the rig will be moved to Zine North and Gufinis to test high-grade surface exposures.

REVIEW OF OPERATIONS

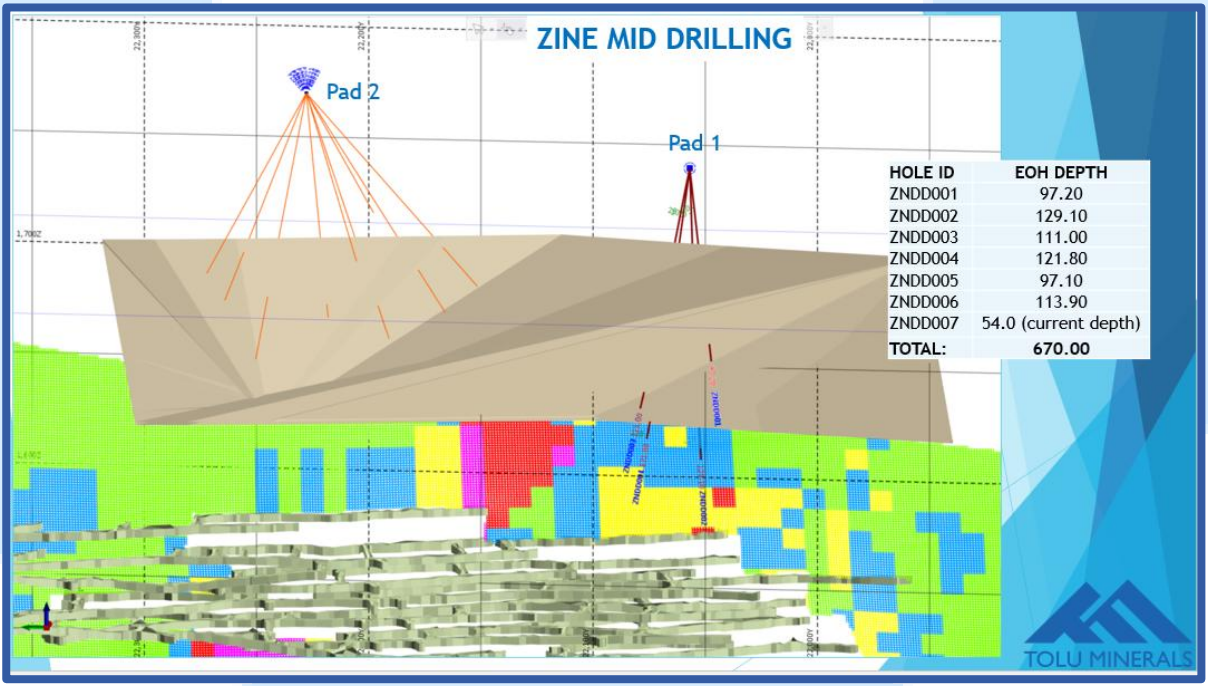


Figure 7: Current drilling testing upper levels of the Zine Vein. Holes ZND001-006 from Pad 1. ZND007 is first hole from Pad 2.

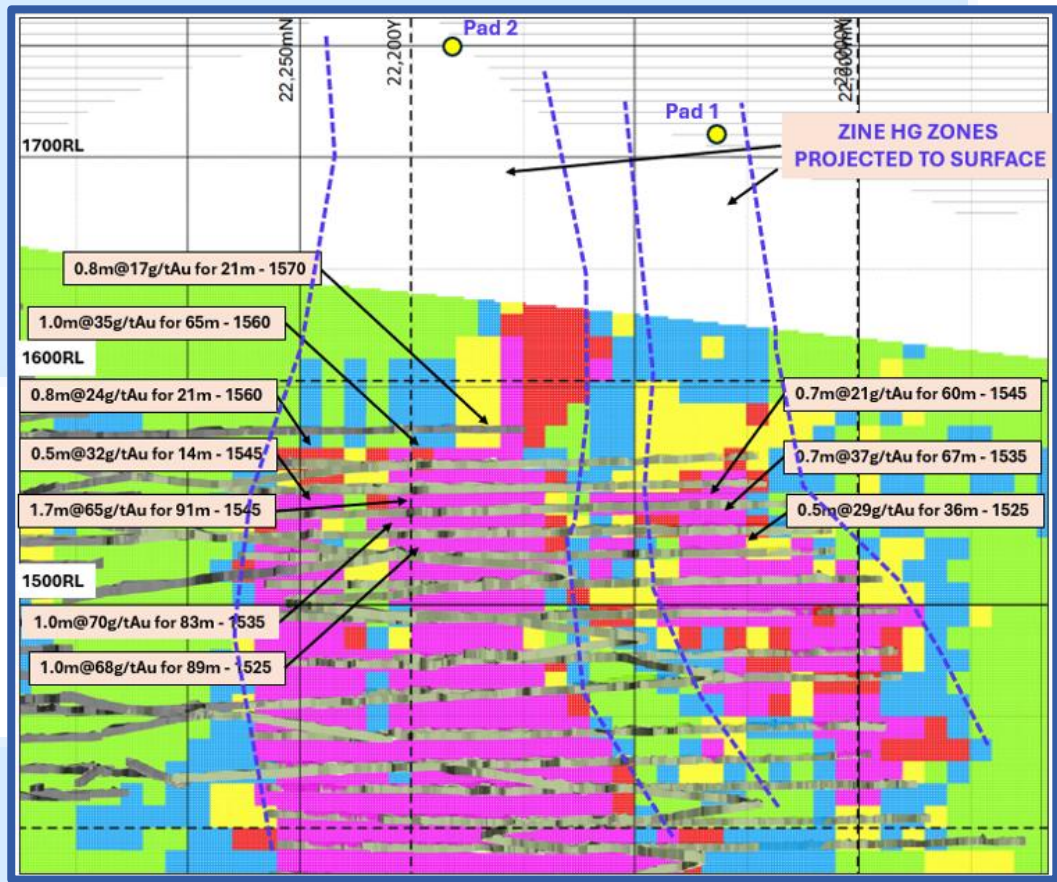


Figure 8: Zine long section focussed on the Zine Mid area showing interpreted high-grade zones projected to surface currently being drill tested.

REVIEW OF OPERATIONS

Surface geological mapping and sampling has begun further South of the mine to define historically predicted vein extensions (Figure 9). The goal is to explore for additional gold resources for future life of mine extensions.

So far, Tolu's exploration team has cleared, mapped and sampled most of the tributaries of the Ilive creek going south up to Miliahamba. A total of nine trenches were cleared and sampled. Several targets have been confirmed including Badap vein, Aivololop vein, Kagam vein, Milimbe vein and Kunda vein (Figure 9). The exploration team is currently setting up camp in the South to continue further exploration of these veins with trenching, sampling and scouting to confirm extensions aimed at producing some drill targets at the end of the drilling program.

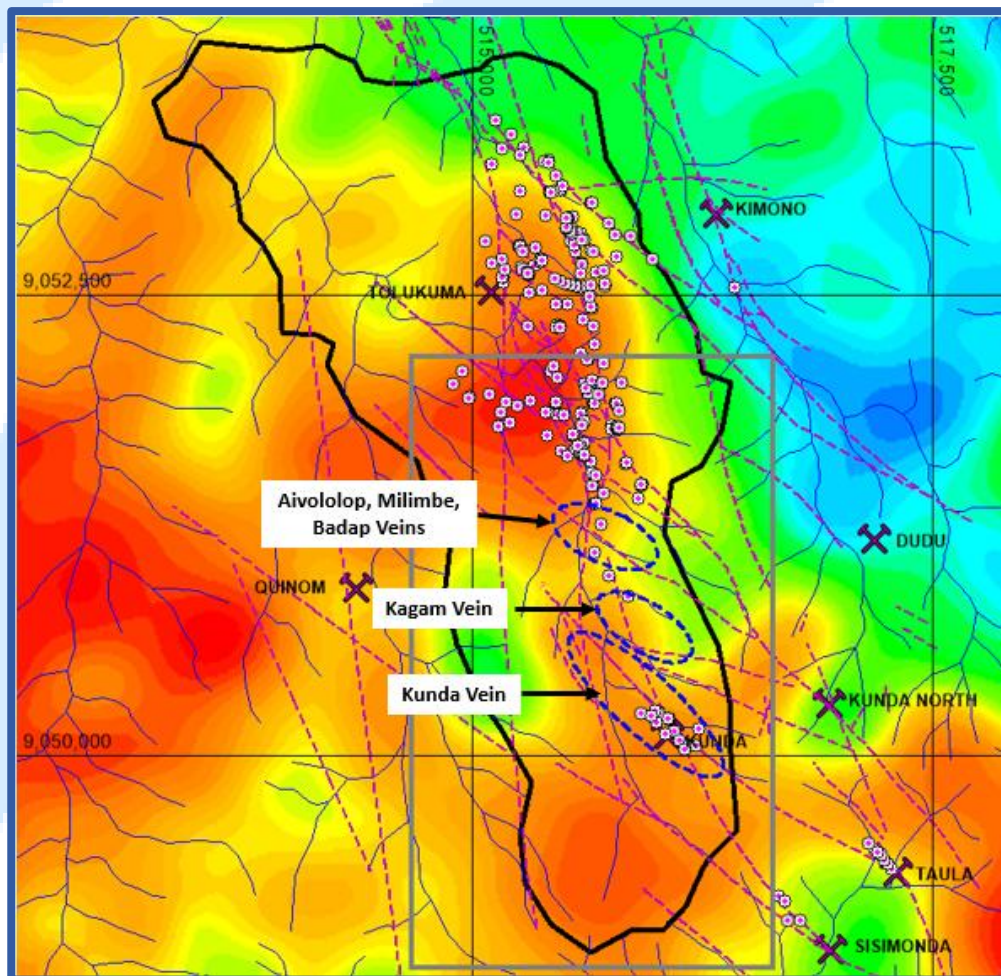


Figure 9: Exploration focus to the south showing vein targets currently being detail mapped and sampled.

REVIEW OF OPERATIONS

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

The following table sets out the tenement information held at 31 March 2025.

License Number	Type of License	Tolu Ownership	Sub-blocks	Area * (km2)	Grant Date	Expiry Date
ML104 Tolukuma	Mining Lease	100%	N/A	7.71	01-Sep-21	28-Aug-32
EL2531	Exploration License	100%	32.73	110.60	25-Feb-19	24-Feb-25 [#]
EL2385	Exploration License	100%	58	197.78	26-May-16	25-May-24 [#]
EL2535	Exploration License	100%	8	27.28	26-Jan-22	25-Jan-24 [#]
EL2536	Exploration License	100%	30	102.30	26-Jan-22	25-Jan-24 [#]
EL2538	Exploration License	100%	14	47.74	26-Jan-22	25-Jan-24 [#]
EL2539	Exploration License	100%	29	98.89	26-Jan-22	25-Jan-24 [#]
EL2723	Exploration License	100%	54	183.30	08-Nov-22	07-Nov-24 [#]
EL2662	Exploration License	100%	30	102.60	26-Oct-21	25-Oct-23 [#]
ELA 2780 Ipi River	EL Application	100%	116	395.56	Pending	N/A
ELA2859 Mt Tafa	EL Application	100%	27	92.07	Pending	N/A
ELA2862 Mt Tafa W	EL Application	100%	29	98.46	Pending	N/A
ELA2860 Belavista	EL Application	100%	20	67.91	Pending	N/A
ELA2866 Namo	EL Application	100%	59	201.80	Pending	N/A
TOTAL			506.73	1,734		

*1 sub-block approximately 3.41 sq.km

Pending MRA Renewal for a further two-year term

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.

EL2531, EL2385, EL2535, EL2536, EL2538, EL2539, EL2723 and EL2662 are currently subject to an extension renewal process. The tenements remain in force until determinations of renewal are made by the Mining Advisory Council.

ELA 2780 has been reviewed by the MAC and is awaiting final Ministerial approval.

ELA 2859, ELA 2860, ELA 2862 and ELA2866 are in process for Warden's Hearings.

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TOLU MINERALS LIMITED AND CONTROLLED ENTITIES

ARBN: 657 300 359

**FINANCIAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2024**

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024. In order to comply with the provisions of the Companies Act 1997, the Directors report is 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 & 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 & Chief Executive Officer (CEO)

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

DIRECTORS’ REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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 (resigned June 2024)

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 (CFO), Assistant Company Secretary & Local Agent

Craig 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 more recently in the rapidly growing online and education 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)	Environmental Health & Safety Committee (EH&S)
Larry Andagali (c)	Brian Moller (r)
John (Iain) Macpherson	John Anderson
Howard Lole	Larry Andagali (c)

(c) Designates the chairman of the committee.

(r) Resigned June 2024

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 2024.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

OPERATING AND FINANCIAL REVIEW

The loss of the Company for the year after providing for income tax amounted to \$7,616,483 (2023: \$4,907,113).

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 2024, the Company had cash reserves of \$16,738,502 (2023: \$12,617,050) and net current assets of \$15,244,521 (2023: \$11,483,205).

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.

RISK	DETAILS
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 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 was previously 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	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.
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 wastewater 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 Company's projects (due to inability to meet minimum tenement expenditure commitments), result in a loss of business opportunity and excessive funding costs.</p>
Government Policy	<p>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.</p>

RISK	DETAILS
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

FOR THE YEAR ENDED 31 DECEMBER 2024

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	3,471,005
Howard Lole	15,880,980
Larry Andagali	11,353,572

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 2024 (2023 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 (2023: 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

FOR THE YEAR ENDED 31 DECEMBER 2024

REMUNERATION REPORT

This remuneration report for the year ended 31 December 2024 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.

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) *resigned June 2024*.

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 (CFO)
- Werner Swanepoel – Chief Operating Officer (COO)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

REMUNERATION REPORT (CONTINUED)

These executives are also considered part of the Key Management Personnel of the Group

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.

Executives' 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

REMUNERATION REPORT (CONTINUED)

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:

	Employer initiated termination	Termination for cause	Employee initiated termination
Executive notice period	6 months	None	3 Months

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 – Current year

2024	Short term benefits			Post-employment	Share-based payments		Total
Name	Cash Salary	Directors Fees	Non-monetary benefits	Super-annuation	Options	Rights	
	\$	\$	\$	\$	\$	\$	
Iain Macpherson	441,666	-	-	-	-	623,849	1,065,515
John Anderson	-	81,000	-	10,635	-	-	91,635
Brian Moller*	-	36,149	-	-	-	-	36,149
Larry Andagali	-	74,000	-	-	-	-	74,000
Howard Lole	76,559	-	76,611	-	-	62,385	215,555
Werner Swanepoel	362,500	-	-	-	-	-	362,500
Craig Dawson	175,000	-	-	19,750	-	-	194,750
Total	1,055,725	191,149	76,611	30,385	-	686,233	2,040,103

Director & specified executives disclosure entitlements – Comparative year

2023	Short term benefits			Post-employment	Share-based payments		Total
Name	Cash Salary	Directors Fees	Non-monetary benefits	Super-annuation	Options	Rights	
	\$	\$	\$	\$	\$	\$	
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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

REMUNERATION REPORT (CONTINUED)

Director and key management personnel options and rights holdings

During the comparative year, the following Performance Rights were issued to the executive Directors:

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

There were no options over ordinary shares held during the financial year by each KMP of the Group,

Employee share and awards plan

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

REMUNERATION REPORT (CONTINUED)

(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).

(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:

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

REMUNERATION REPORT (CONTINUED)

- (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:

- (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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

REMUNERATION REPORT (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; or
 - (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 31 March 2025 in accordance with a resolution of the Directors of Tolu Minerals Limited



John Anderson
Chair



Iain Macpherson
Managing Director & CEO

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Consolidated Group 2024 \$	2023 \$
REVENUE AND OTHER INCOME			
Other income	4	376,745	118,444
Interest income		56,368	4,186
TOTAL REVENUE AND OTHER INCOME		433,113	122,630
Depreciation and amortisation expense	5	(233,033)	(24,198)
Employee benefits expense		(4,740,653)	(770,007)
Finance costs	5	(413,017)	(383,254)
Foreign currency gain (loss)		(132,639)	6,057
Legal and professional fees		(385,923)	(1,338,859)
Mine security and standby costs		-	(1,135,020)
Travel expenses		(1,053,519)	(898,659)
Fair value loss on financial liabilities through the profit or loss		(63,253)	-
Other expenses		(1,027,559)	(485,803)
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		(7,616,483)	(4,907,113)
Income tax (expense) / benefit	7	-	-
PROFIT (LOSS) FOR THE YEAR		(7,616,483)	(4,907,113)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss in subsequent years (net of tax):</i>			
Translation of foreign operations		554,865	(1,400,665)
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS)		554,865	(1,400,665)
TOTAL COMPREHENSIVE INCOME /(LOSS)		554,865	(1,400,665)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Consolidated Group 2024 \$	2023 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	16,738,502	12,617,050
Receivables		2,220,020	261,361
Prepayments		494,361	183,667
TOTAL CURRENT ASSETS		19,452,883	13,062,078
NON-CURRENT ASSETS			
Property, plant and equipment	9	384,282	72,824
Intangible assets	9	26,934	-
Lease assets	12	262,382	19,229
Mine tenements, information and other assets	10	34,338,893	10,602,074
Security deposits	11	66,647	-
TOTAL NON-CURRENT ASSETS		35,079,138	10,694,127
TOTAL ASSETS		54,532,021	23,756,205
LIABILITIES			
CURRENT LIABILITIES			
Payables	13	4,015,844	1,143,073
Lease liabilities - current	12	156,640	21,151
Borrowings - current	14	-	397,494
Provisions		35,878	17,155
TOTAL CURRENT LIABILITIES		4,208,362	1,578,873
NON-CURRENT LIABILITIES			
Lease liabilities - non-current	12	122,029	-
Borrowings - non-current	14	4,816,815	4,347,386
Contingent consideration liability	11	674,390	611,137
TOTAL NON-CURRENT LIABILITIES		5,613,234	4,958,523
TOTAL LIABILITIES		9,821,596	6,537,396
NET ASSETS		44,710,425	17,218,809
EQUITY			
Issued capital	15	60,509,187	26,739,403
Reserves	16	398,163	(940,152)
Accumulated losses	16	(16,196,925)	(8,580,442)
TOTAL EQUITY		44,710,425	17,218,809

For and on behalf of the Directors,

John Anderson
Chair

Iain Macpherson
Managing Director & CEO

Dated 31 March 2025

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Consolidated Group			Total
	Share Capital	Accumulated Losses	Reserves	
	Note 15	Note 16	Note 16	
	\$	\$	\$	\$
BALANCE AT 1 JANUARY 2023	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	-	-	(1,400,664)	(1,400,664)
Total comprehensive income / (loss) for the period	-	(4,907,114)	(1,400,664)	(6,307,778)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>				
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)	(940,152)	17,218,809
Comprehensive income				
Profit for the period	-	(7,616,483)	-	(7,616,483)
Other comprehensive loss for the period	-	-	554,865	554,865
Total comprehensive gain/ (loss) for the period	-	(7,616,483)	554,865	(7,061,618)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>				
Shares issued during the period	35,947,148	-	-	35,947,148
Transaction costs	(2,177,364)	-	-	(2,177,364)
Share-based payments	-	-	783,450	783,450
Total transactions with owners and other transfers	33,769,784	-	783,450	34,553,234
BALANCE AT 31 DECEMBER 2024	60,509,187	(16,196,925)	398,163	44,710,425

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Consolidated Group 2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(4,487,452)	(3,117,516)
Interest received		55,325	4,186
Finance costs		(42,241)	(12,489)
Net cash used in operating activities	17 (a)	(4,474,368)	(3,125,819)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(384,986)	(65,265)
Purchase of intangible assets		(26,934)	-
Payments for exploration & evaluation		(24,152,941)	(1,528,084)
Payment for business / subsidiary, net of cash acquired		-	(500,000)
Payments for other non-current assets		(65,605)	-
Net cash provided investing activities		(24,630,466)	(2,093,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		35,524,067	17,335,795
Proceeds from borrowings		-	399,340
Principal repayments - lease liabilities	12	(137,545)	(22,118)
Transaction costs on shares		(2,144,864)	(1,445,991)
Net cash provided by financing activities		33,241,658	16,267,026
Net increase / (decrease) in cash held		4,136,824	11,047,858
Effect of exchange rates on cash holdings in foreign currencies		(15,372)	107,554
Cash and cash equivalents at beginning of financial year		12,617,050	1,461,638
Cash and cash equivalents at end of financial year		16,738,502	12,617,050

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 was authorised for issue in accordance with a resolution of the directors on 31 March 2025.

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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 1a SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

in profit or loss for the period in which they arise. 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.

(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.

(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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 1a SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 1a SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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
Computers equipment at cost	2-5yrs	Straight Line
Office equipment at cost	5-10yrs	Straight Line
Motor Vehicles	5-8 yrs	Straight Line
Mining Equipment at cost	5-10 yrs	Straight Line

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 1a SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 1a SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 \$7,616,483 during the year ended 31 December 2024 (2023: \$4,907,113).

Following the successful raising of approximately A\$17.3 million as part of its listing on the ASX in November 2023, the Company completed a further two raises during the year with the share placements on 29 April 2024 totalling A\$8.8 million and 31 October 2024 totalling A\$26.7 million.

The share 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 1a SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

(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).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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.

NOTE 4 OTHER REVENUE AND OTHER INCOME

	Consolidated Group	
	2024	2023
	\$	\$
Refund of ASX listing costs (i)	-	118,444
Refund of legal fees (ii)	368,878	-
Other	7,867	-
Total other income	376,745	118,444

- (i) Represents the refund of initial ASX listing fees.
- (ii) Represents the write back of legal fees

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 5 OPERATING PROFIT

Losses before income tax has been determined after:

Finance costs

- Lease Liabilities - finance charges
- Convertible notes

Total finance costs

Depreciation and amortisation expense

- Computers
- Office equipment
- Motor vehicles
- Mining Equipment
- Software & other intangible assets
- Lease assets

Total depreciation and amortisation expense

Consolidated Group	
2024	2023
\$	\$
29,064	4,363
383,953	378,891
413,017	383,254
17,035	805
3,695	1,313
45,637	1,693
6,837	280
9,008	-
150,821	20,107
233,033	24,198

NOTE 6 REMUNERATION OF AUDITORS

Pitcher Partners (Brisbane)

- Audit or review of financial report

Kowas Chartered Accountants (Port Moresby)

- Audit or review of financial report

Total remuneration of auditors

Consolidated Group	
2024	2023
\$	\$
-	30,000
37,006	36,248
37,006	66,248

NOTE 7 INCOME TAX

INCOME TAX RECONCILIATION

The prima facie tax payable on profit/ (loss) before income

Add tax effect of:

Deferred tax assets not recognised

Income tax expense attributable to profit / (loss)

Consolidated Group	
2024	2023
\$	\$
(2,049,910)	(1,472,134)
2,049,910	1,472,134
-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 8 CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2024	2023
	\$	\$
Cash at bank	16,738,502	12,617,050
	<u>16,738,502</u>	<u>12,617,050</u>

NOTE 9 PROPERTY PLANT AND EQUIPMENT

	Consolidated Group	
	2024	2023
	\$	\$
PROPERTY PLANT AND EQUIPMENT		
Computer equipment at cost	97,556	8,017
Accumulated depreciation	(19,320)	(1,834)
	<u>78,236</u>	<u>6,183</u>
Office equipment at cost	23,657	7,207
Accumulated depreciation	(5,565)	(1,813)
	<u>18,092</u>	<u>5,394</u>
Motor vehicles at cost	268,776	60,686
Accumulated depreciation	(48,316)	(1,596)
	<u>220,460</u>	<u>59,090</u>
Mining equipment at cost	84,455	3,016
Accumulated depreciation	(7,953)	(859)
	<u>76,502</u>	<u>2,157</u>
Total property plant and equipment	<u>393,290</u>	<u>72,824</u>

	Consolidated Group	
	2024	2023
	\$	\$
INTANGIBLE ASSETS		
Software & other intangible assets	26,934	-
Accumulated depreciation	(9,008)	-
	<u>17,926</u>	<u>-</u>
Total Intangible Assets	<u>17,926</u>	<u>-</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

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.

	Computer equipment	Office equipment	Motor vehicles	Mining equipment	Total property plant & equipment	Software & other intangible assets	Total Intangible assets
	\$	\$	\$	\$	\$	\$	\$
Balance at 31 Dec 2022	1,833	7,253	-	2,629	11,715	-	-
Additions	5,144	-	60,686	-	65,830	-	-
Depreciation expense	(805)	(1,313)	(1,693)	(280)	(4,091)	-	-
Exchange rate differences	11	(546)	97	(192)	(630)	-	-
Balance at 31 Dec 2023	6,183	5,394	59,090	2,157	72,824	-	-
Additions	87,529	16,087	202,721	78,649	384,986	26,934	26,934
Depreciation expense	(17,035)	(3,695)	(45,637)	(6,837)	(73,204)	-	-
Amortisation expense	-	-	-	-	-	(9,008)	(9,008)
Exchange rate differences	1,559	306	4,286	2,533	8,684	-	-
Balance at 30 Jun 2024	78,236	18,092	220,460	76,502	393,290	17,926	17,926

NOTE 10 MINE TENEMENTS, INFORMATION AND OTHER ASSETS

	Consolidated Group	
	2024	2023
	\$	\$
Mine tenements, information and other assets at cost	34,338,893	10,602,074
<i>Reconciliation of mine tenements, information and other assets at cost:</i>		
Opening carrying amount	10,602,074	8,355,899
Subsequent expenditure	23,385,278	2,616,972
Net foreign exchange movement	351,541	(370,797)
Closing carrying amount	34,338,893	10,602,074

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 11 FRONTIER SHARE SALE AGREEMENT

Frontier Share Sale Agreement

On 6 December 2022 the Group entered into an agreement Lanthanein Resources Limited (Lanthanein) to acquire 100% of the issued share capital of Frontier Copper PNG Ltd (Frontier).

Frontier is a PNG based mining company and holds the Tolukuma exploration licence EL2531 which surrounds the Tolukuma gold mine.

Frontier is a PNG based mining company and holds the Tolukuma exploration licence EL2531 which surrounds the Tolukuma gold mine.

The acquisition of Frontier aligns with the Group's 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.

Purchase consideration

Pursuant to the agreement, the purchase consideration was as follows:

	\$
Cash paid	500,000
3,000,000 shares issued (refer note 12)	1,500,000
Contingent consideration	611,137
Total purchase consideration	2,611,137

The fair value of the 3,000,000 shares issued as part of the consideration paid for Frontier (\$1.5m) was based on the listing price of \$0.50 per share on 10 November 2023.

Net assets acquired

The assets and liabilities recognised as a result of the acquisition are as follows:

	\$
Tenement deposits	2,616,972
Payables	(5,835)
Total net assets acquired	2,611,137

Contingent consideration

If within 5 years of completion under the Frontier Share Sale Agreement, the Group 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 Group must make a further payment to Lanthanein of A\$1,000,000, payable at the election of the Group as follows:

- (a) by way of cash;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 11 FRONTIER SHARE SALE AGREEMENT (CONTINUED)

- (b) if the Group 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 Group's shares prior to the announcement of the satisfaction of the Milestone; or
- (c) a combination of (a) and (b).

At the time of the sale, the fair value of the contingent consideration was valued at A\$611,137 and was recognised as a financial liability in the statement of financial position, discounted at 10.35% p.a.

At 31 December 2024, the fair value was determined to be A\$674,390 as detailed below.

	Consolidated Group	
	2024	2023
	\$	\$
Opening balance	611,137	-
Initial recognition	-	611,137
Movement in fair value	63,253	-
	<u>674,390</u>	<u>611,137</u>

NOTE 12 LEASE ASSETS AND LEASE LIABILITIES

	Consolidated Group	
	2024	2023
	\$	\$
(a) Lease assets		
<i>Premises</i>		
Under lease	399,148	57,687
Accum amortisation	(136,766)	(38,458)
Total carrying value of lease assets	<u>262,382</u>	<u>19,229</u>
<i>Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:</i>		
Opening carrying amount	19,229	41,273
Additions	433,955	-
Revaluation of existing lease	(37,423)	-
Depreciation expense	(150,821)	(20,107)
Disposals	(5,324)	-
Net forex movement	2,766	(1,937)
Closing carrying amount	<u>262,382</u>	<u>19,229</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 12 LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)

	Consolidated Group	
	2024	2023
	\$	\$
(b) Lease Liabilities		
CURRENT		
<i>Premises</i>		
Lease liabilities	156,640	21,151
NON CURRENT		
<i>Premises</i>		
Lease liabilities	122,029	-
Total carrying amount of lease liabilities	278,669	21,151
<i>Reconciliation of the carrying amount of lease liabilities at the beginning and end of the financial year:</i>		
Opening carrying amount	21,151	43,268
Additions	433,955	-
Revaluation of existing lease	(37,423)	-
Lease repayments	(166,609)	(24,363)
Interest	29,064	2,246
Disposals	(6,388)	-
Net forex movement	4,919	-
Closing carrying amount	278,669	21,151

NOTE 13 TRADE AND OTHER PAYABLES

	Consolidated Group	
	2024	2023
	\$	\$
CURRENT		
<i>Unsecured Liabilities</i>		
Trade creditors	2,813,565	881,159
Other payables	1,066,805	234,510
Employee related payables	135,474	27,404
	4,015,844	1,143,073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 14 BORROWINGS

	Consolidated Group	
	2024	2023
	\$	\$
(a) Convertible notes		
CURRENT		
<i>Unsecured liabilities</i>		
Convertible notes	-	397,494
<i>Reconciliation of current borrowings at the beginning and end of the financial year:</i>		
Opening balance	397,494	-
Convertible note proceeds	-	388,029
Accrued interest	13,828	11,687
Convertible notes converted to equity	(423,078)	-
Changes in foreign currency translation	11,756	(2,222)
Closing balance	-	397,494
NON CURRENT		
<i>Unsecured liabilities</i>		
Convertible notes	4,816,815	4,347,386
<i>Reconciliation of non-current borrowings at the beginning and end of the financial year:</i>		
Opening balance	4,347,386	4,300,080
Accrued interest	356,947	359,144
Changes in foreign currency translation	112,482	(311,838)
Closing balance	4,816,815	4,347,386

(a) Convertible notes

Current

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 were to be repaid on the earlier of the conversion date, the maturity date or the early redemption date.

On 20 June 2024 the convertible notes were converted into shares at the conversion price of A\$0.50 per share (Note 15).

Non-current

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 14 BORROWINGS (CONTINUED)

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.

In addition, 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.

NOTE 15 SHARE CAPITAL

166,908,724 fully paid ordinary shares;
(Dec 2023: 114,963,447 fully paid ordinary shares)

Cost of capital raising

Consolidated Group	
2024	2023
\$	\$
63,120,802	27,173,654
(2,611,615)	(434,251)
60,509,187	26,739,403

Ordinary Shares

31 December 2022 share capital

Share issue - 10 November 2023

Share issue - 10 November 2023

Transaction costs relating to capital raising

31 December 2023 share capital

Share issue - 29 April 2024

Share issue - 20 June 2024

Share issue - 24 June 2024

Share issue - 27 June 2024

Share issue - 31 October 2024

Transaction costs relating to capital raising

31 December 2024 share capital

No. Shares	\$
77,291,857	8,337,859
34,671,590	17,335,795
3,000,000	1,500,000
-	(434,251)
114,963,447	26,739,403
16,727,175	8,363,588
846,153	423,078
80,000	-
910,204	455,101
33,381,745	26,705,396
-	(2,177,379)
166,908,724	60,509,187

- 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\$0.50 per share as part of the purchase of company Frontier Copper PNG Ltd (refer note 8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 15 SHARE CAPITAL (CONTINUED)

- On 29 April 2024 – 16,727,175 shares were issued for consideration of A\$0.50 per share as part of a share placement.
- On 20 June 2024 – 846,153 shares were issued for consideration of A\$0.50 per share as part of a convertible note debt conversion (refer note 14).
- On 24 June 2024 – 80,000 sign-on entitlement shares were issued at no cost to employees under the employee shares and awards plan
- On 27 June 2024 – 910,204 shares were issued for consideration of A\$0.50 per share as part of a share placement.
- On 31 October 2024 – 33,381,745 shares were issued for consideration of A\$0.80 per share as part of a share placement.

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.

NOTE 16 RETAINED EARNINGS AND RESERVES

(a) Movements in retained earnings were as follows:

	Total \$
Balance 1 January 2023	(3,673,328)
Net (loss) / profit for the period	(4,907,114)
Balance 31 December 2023	(8,580,442)
Net (loss) / profit for the period	(7,616,483)
Balance 31 December 2024	<u>(16,196,925)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 16 RETAINED EARNINGS AND RESERVES (CONTINUED)

(b) Movements in reserves were as follows:

	Other Reserves \$	Share based payments \$	Foreign currency translation \$	Total \$
Balance 1 January 2023	184,887	-	275,625	460,512
Foreign currency translation	-	-	(1,400,664)	(1,400,664)
Balance at 31 December 2023	184,887	-	(1,125,039)	(940,152)
Foreign currency translation	-	-	554,865	554,865
Share-based payment expense	-	783,450	-	783,450
Balance at 31 December 2024	184,887	783,450	(570,174)	398,163

(c) Nature and purpose of reserves

- 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.
- The share-based payments reserve is used to record the value of the share-based payments provided to employees including KMP, as part of their remuneration.
- The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

NOTE 17 CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit after income tax

	Consolidated Group	
	2024	2023
	\$	\$
Profit / (loss) from ordinary activities after income tax	(7,616,483)	(4,907,113)
<i>Adjustments and non-cash items</i>		
Depreciation	233,033	24,198
Net foreign exchange differences	132,639	(6,057)
share based payments	783,450	-
Interest expense on convertible notes	383,953	378,891
Amounts classified as exploration costs	400,000	1,165,609
<i>Changes in operating assets and liabilities</i>		
(Increase) / decrease in receivables	(1,589,759)	(182,257)
(Increase) / decrease in prepayments	(310,694)	(183,667)
Increase / (decrease) in provisions	18,723	17,156
Increase / (decrease) in payables	2,872,771	661,835
Translation of foreign operations	217,999	(94,414)
Cash flows from operating activities	(4,474,368)	(3,125,819)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 17 CASH FLOW INFORMATION CONTINUED

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

- Lease assets and lease liabilities – note 12.

NOTE 18 RELATED PARTY TRANSACTIONS

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

	Consolidated Group	
	2024	2023
	\$	\$
Payments to related entities of Iain Macpherson (CEO)	-	147,700
Payments to related entities of Brian Moller (Director*)	328,000	158,502
	328,000	306,202

**Resigned June 2024*

- During the comparative year consultancy fees were paid to a related entity of Iain Macpherson.
- Payments made to a related entity of Brian Moller represent legal fees.
- At 31 December 2024 there were no payments outstanding to related parties.
- All transactions were made at arm's length.

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 2024.

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

	Consolidated Group	
	2024	2023
	\$	\$
Short-term employee benefits	1,323,485	234,261
Post-employment benefits	30,385	13,438
Share based payments	686,233	97,217
	2,040,103	344,916

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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:

Financial assets

		Consolidated Group	
	Note	2024 \$	2023 \$
<i>Amortised cost</i>			
Cash and cash equivalents	8	16,738,502	12,617,050
Receivables		2,220,020	261,361
Total financial assets		18,958,522	12,878,411

Financial liabilities

		Consolidated Group	
		2024 \$	2023 \$
<i>Amortised cost</i>			
CURRENT			
Trade and other payables	13	4,015,844	1,143,073
Borrowings	14	-	397,494
Lease liabilities	12	156,640	21,151
NON-CURRENT			
Borrowings	14	4,816,815	4,347,386
Lease liabilities	12	122,029	-
Total financial liabilities		9,111,328	5,909,104

(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	
	2024 AUD	2023 AUD	2024 AUD	2023 AUD
Papua New Guinea Kina denominated	2,089,148	11,891,309	7,414,637	4,551,107
US Dollar denominated	343,671	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 20 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
<i>Financial liabilities due for payment</i>						
Trade and other payables	4,015,844	1,143,073	-	-	4,015,844	1,143,073
Borrowings	-	397,494	4,816,815	4,347,386	4,816,815	4,744,880
Lease liabilities	156,640	21,151	122,029	-	278,669	21,151
Total expected outflows	4,172,484	1,561,718	4,938,844	4,347,386	9,111,328	5,909,104
<i>Financial assets - cash flows realisable</i>						
Cash and cash equivalents	16,738,502	12,617,050	-	-	16,738,502	12,617,050
Receivables	2,220,020	261,361	-	-	2,220,020	261,361
Total expected inflows	18,958,522	12,878,411	-	-	18,958,522	12,878,411
Net (outflow) / inflow	14,786,038	11,316,693	(4,938,844)	(4,347,386)	9,847,194	6,969,307

NOTE 21 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 2024, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 22 CONTINGENT LIABILITIES

On 24 May 2023, the Company 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 TGM, 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 TGM; 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 TGM

NOTE 24 EMPLOYEES

The number of employees at the end of 2024 was 85 (2023: 17)

NOTE 25 RETIREMENT BENEFITS

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

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.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1. The financial statements and notes, as set out on pages 40 – 66 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 2024 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



Iain Macpherson
Managing Director & CEO

Date: 31 March 2025

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 2024, 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 2024 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 2024:

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

A handwritten signature in blue ink, appearing to read "Fred Kowas", is written over a light blue horizontal line.

Fred Kowas, FCPA-PNG, CA
Registered under the Accountants Act 1996

Port Moresby
Dated this 31st day of March 2025

SHAREHOLDER INFORMATION

1 TWENTY LARGEST SHAREHOLDERS

(i) Ordinary shares inclusive of escrowed ordinary shares

As at 21 March 2025, there are 113,316,121 ordinary shares and an additional 53,592,603 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
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,630,600	10.56
GUSABA COMPANY LIMITED	15,880,980	9.51
TRANS WONDERLAND LIMITED	13,686,123	8.20
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	10,260,135	6.15
PETER MCCOY	7,951,654	4.76
PROMACO CONSULTING SERVICES LIMITED	7,912,901	4.74
VERNON ALAN WILLS <WILLS FAMILY A/C>	7,700,000	4.61
LLA INVESTMENT LIMITED	7,661,024	4.59
ALLEN JOHN TYSON <TYSON FAMILY A/C>	7,500,000	4.49
MR THOMAS MCCOY	7,176,655	4.30
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	4,875,000	2.92
KUMUL MINERALS HOLDINGS LIMITED	4,201,681	2.52
BNP PARIBAS NOMS PTY LTD	3,626,730	2.17
ANDERSON LARRY ANDAGALI	3,566,497	2.14
STANBURGH PTY LTD	3,300,000	1.98
ANDO ONE PTY LTD <ANDO FAMILY A/C>	3,300,000	1.98
TRUSTQORE (BVI) LTD <MACPHERSON FAMILY A/C>	2,970,270	1.78
CITICORP NOMINEES PTY LIMITED	2,126,715	1.27
ANDREW JOHN ARCHIBALD	1,286,300	0.77
PAUL STEPHEN SMITH	1,286,300	0.77

(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
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,630,600	15.56
TRANS WONDERLAND LIMITED	13,686,123	12.08
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	10,260,135	9.05
PETER MCCOY	7,951,654	7.02
MR THOMAS MCCOY	7,176,655	6.33
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	4,875,000	4.30

SHAREHOLDER INFORMATION

1 TWENTY LARGEST SHAREHOLDERS (CONTINUED)

Name	No. of Ordinary Shares Held	% of fully paid shares
KUMUL MINERALS HOLDINGS LIMITED	4,201,681	3.71
BNP PARIBAS NOMS PTY LTD	3,626,730	3.20
LLA INVESTMENT LIMITED	3,520,672	3.11
ANDERSON LARRY ANDAGALI	3,425,816	3.02
CITICORP NOMINEES PTY LIMITED	2,126,715	1.88
ANDREW JOHN ARCHIBALD	1,286,300	1.14
PAUL STEPHEN SMITH	1,286,300	1.14
BNP PARIBAS NOMS PTY LTD	1,125,000	0.99
IPWENZ HOLDINGS LIMITED	1,081,081	0.95
GIGIRA DEVELOPMENT CORPORATION LTD	1,000,000	0.88
EAST VISION INTERNATIONAL HOLDINGS PTE LTD	1,000,000	0.88
AG INVESTMENT LTD	1,000,000	0.88
TD2Q LIMITED	972,972	0.86
AUSTRALIAN DIRECT INVESTMENTS PTY LIMITED	805,450	0.71

(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	29.48
VERNON ALAN WILLS <WILLS FAMILY A/C>	7,500,000	13.99
ALLEN JOHN TYSON <TYSON FAMILY A/C>	7,500,000	13.99
PROMACO CONSULTING SERVICES LIMITED	7,500,000	13.99
LLA INVESTMENT LIMITED	4,140,352	7.73
STANBURGH PTY LTD	3,300,000	6.16
ANDO ONE PTY LTD <ANDO FAMILY A/C>	3,300,000	6.16
TRUSTQORE (BVI) LTD <MACPHERSON FAMILY A/C>	2,570,270	4.80
CRAIG ANTHONY DAWSON <DAWSON FAMILY A/C>	750,000	1.40
JAMIE WILLS <J V WILLS FAMILY A/C>	600,000	1.12
JULIEN PATRICK MARIE BABEY	200,000	0.37
SANY JEAN CABRALES TAYLARAN	150,000	0.28
ANDERSON LARRY ANDAGALI	140,681	0.26
JANET ANDAGALI	35,100	0.07
CECILIA ANDAGALI	35,100	0.07
OLI LAVARI	35,100	0.07
LUCY KOMBILI ANDAGALI	35,100	0.07

(iv) Unquoted equity securities

There are 2,750,000 performance rights issued to the executive Directors and 9,350,000 performance rights issued to consultants and employees.

SHAREHOLDER INFORMATION

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	42	22,057
1,001 - 5,000	184	678,308
5,001 - 10,000	55	459,163
10,001 - 100,000	139	4,478,892
Greater than 100,000	100	161,270,304
Totals	520	166,908,724

(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	13	53,452,203
Totals	17	53,592,603

(iii) Unmarketable parcels

	Minimum parcel size	Holders	Shares
Minimum \$500 parcel at \$0.90 per share	555	19	5,030

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	13,686,123
LARRY ANDAGALI	11,353,572