

Mining Research

Exchange	ASX
Ticker	TOK
Price (A\$/sh)	0.83
Target price (A\$/sh)	2.00
Return to target	141%
52-week high/low	1.07/0.47
Shares in issue (m)	166.9
Shares FD (m)	183.1
Market cap (A\$m)	139
B/S cash Dec '24 (A\$m)	16.7
Net debt/-cash (A\$m)	-12.6
Enterprise value (A\$m)	126

Commodities	Gold
Country	PNG



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Tolu Minerals Ltd

Building a mid-tier gold producer in the land of giants

Tolu Minerals is on the cusp of restarting gold production at its 100%-owned Tolukuma gold mine in Papua New Guinea. Tolu is leveraging existing mine and processing infrastructure to pursue a two-pronged strategy of gold production and high impact exploration. Minimal capex is required to return this exceptionally high-grade gold mine to production levels of >60kozpa. However, this is more than a re-start story as Tolu holds 1,500km² of spectacularly prospective exploration ground ripe for both near-mine resource expansion and new discoveries. We see Tolu as an earlier stage, direct analogue to its highly successful PNG peer; K92 Mining Inc.

Leveraging infrastructure. Tolukuma is a high-grade mine that produced c.1Moz at 15g/t Au over 20 years of continuous operation, peaking at 85kozpa in its heyday under DRD Gold's tenure. The mine closed due to high historical costs, largely due to the reliance on helicopter logistics and unreliable hydropower. Tolu is addressing these issues as part of a comprehensive restart plan and on the critical path is the completion of a 70km access road which is expected to slash the historical cost base. The replacement cost for Tolukuma's mining and processing infrastructure would likely run to several hundred million A\$ and Tolu now benefits from a low capital intensity restart opportunity to refurbish the mine and ramp up to nameplate gold production.

Near-term production. Whilst the historical logistics issues are being remedied and prior to hooking up the mine with cheaper hydropower, Tolu has elected to initiate early production by installing a low-cost modular gravity process plant that can be scaled up as production increases. First gold is expected in Q1-2025 and we assume c.5koz this year although an expanded gravity plant alone could potentially produce 30kozpa due to the high-grade ore at Tolukuma.

Back to nameplate. The current 500koz at 10g/t Au resource is the starting point to support refurbishment of the main CIL plant but Tolu has an exploration target of 2-3Moz at 8-11g/t Au in the near-mine area alone. A return to full-scale production will require further drilling to delineate face inventory, plant refurbishment, a new tailings storage facility and getting the mine back on hydro power. We assume production ramps up to 60kozpa, but this could be much higher given historical head grades and recent drilling.

Exploration likely a game changer. Tolu controls a c.1,500km² land package covering some of the most prospective ground in PNG (and Mt Penck on New Britain). Application of cutting-edge MT geophysics to define extensions to known vein sets is proving a highly effective targeting tool, being significantly quicker and cheaper than bootstrap exploration on the ground. This MT technology is so good that it's vectoring in on walk-up drill targets. This is the key to unlocking the greater regional potential along the prolific Tolukuma structure and beyond, and we share Tolu's genuine excitement that further standalone epithermal gold and gold-copper porphyry discoveries are possible in addition to near mine resource growth.

K92 analogue. Tolu draws startling similarities to K92 Mining, its PNG peer that grew from a C\$100m company to C\$2.5bn with Tolu now treading an almost carbon copy trajectory. K92 started off with small-scale production and invested heavily in exploration (latterly using MT) which was pivotal in growing the resource base from 2Moz to 18.4Moz. A recent masterstroke for Tolu has been appointing geologist Chris Muller to complement Tolu's highly experienced team. Chris was instrumental in driving discovery and resource growth at K92.

Valuation. We initiate with a target price of A\$2.00/sh based on our Tolukuma NPV and sum of the parts valuation conservatively risked at a 0.6x NAV multiple. This implies a return of 2.4x the current share price and that Tolu is trading at a mere P/NAV of 0.41x and a competitive 2.2x 2027 EV/EBITDA on a forward-looking basis. Our TP would be A\$2.30/share at US\$3,000/oz gold.

Tolu's low capital intensity restart plan is compelling especially considering positive gold price sentiment. However, the exploration opportunity here, both near mine and regionally is better than we've seen anywhere for a long time. Consequently, we view exploration as a major value driver that could see Tolu evolve into a mid-tier producer with long-life, high-grade gold assets.

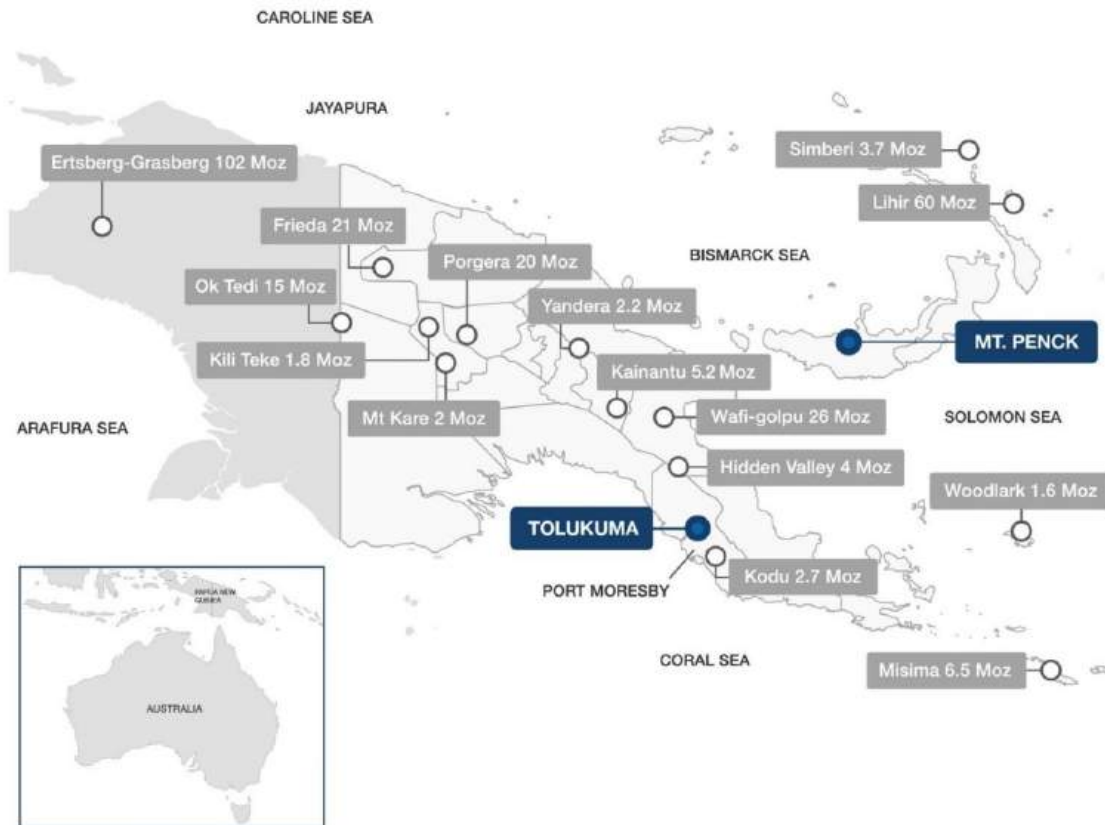
Contents

The land of giants	3
Tolu's 4 strategic aims.....	5
Corporate overview	6
Valuation is compelling.....	7
20 years of operating history at Tolukuma	16
K92: an analogue for Tolu's future path	18
Tolu's pathway to nameplate production	22
Overview of development schedule.....	23
Key capital projects for production restart.....	24
1,500km ² of untapped exploration upside	29
MT geophysics is a game changer	32
K92 used MT technology to great effect	33
Tolu's high impact MT surveys to unlock regional potential	33
Tolu Minerals: Company snapshot	38
Leadership	41
Model summary	43

The land of giants

Elephant country. Tolu's projects are located within a 2,300 km mineralised corridor in Papua New Guinea regarded as one of the most productive gold/copper metallogenic provinces in the world, hosting major discoveries and operating mines for a total combined resource exceeding 180 Moz Au. The region still remains underexplored due to steep topography and dense vegetation.

Figure 1 - Tolu Minerals' projects are located in a prolific metallogenic belt in PNG



Source: Tolu Minerals

Strategic summary. Tolu has a two-pronged strategy to leverage the existing infrastructure of the historical Tolukuma gold mine to grow and develop a substantial gold resource base and at the same time return Tolukuma to high grade gold production. Tolukuma has a 20-year operating history having produced c. 1Moz at 15g/t Au. *Page 16.*

Production: Near-term gold production via installation of a new modular gravity circuit process plant with production potential in the 5-20kozpa year range. Simultaneously, Tolu is evaluating options to return the existing Tolukuma plant to nameplate capacity (60-80kozpa range) with a defined plan to tackle the mine's high historical cost base (access road, hydropower, dewatering). *Page 5.*

Resource growth and Regional Exploration. Tolu has aspirations to become a mid-tier 500kozpa gold producer through near-mine resource expansion and making new discoveries across the extensive regional licence package. The near-mine area alone has an Exploration Target of 2-3Moz which we believe is conservative. Substantial exploration upside exists on Tolu's 1,500km² regional tenement package where the company is employing cutting edge geophysics to define extensions to known vein sets and entirely new gold and gold-copper porphyry deposits. Tolu's opportunity has startling similarities to K92 Mining (now a C\$2.5bn company) and we see Tolu as a direct analogue with potential to emulate K92's success – in particular with the application of MT geophysics. *Pages 18 & 33.*

Upcoming news flow

Gravity plant ramp up.

Installation and cold commissioning were completed in late December. The next step is to feed the plant and confirm operational specifications are met before final handover. We understand that the process plant operation started in February and production will start ramping up during **Q1 2025**.

Final results Phase 1 MT survey results

Expert Geophysics Ltd completed an Airborne Mobile Magneto Telluric (“MT”) survey over ML104 and surrounding tenements covering 723km². Initial results were reported in September 2024 which demonstrated a high correlation with existing mineralisation and identified numerous new targets. Final results for this area have been received, additional geological interpretation is underway with the results to be reported shortly. **Q1 2025**

Higher resolution MT results

During the last quarter, an additional higher resolution survey was completed over the Southern area of ML 104 including the known mineralisation extensions further to the SSE (Figure 34). 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 sulphidation gold and silver veins extending up to 4km South of the mine in support of Tolu’s short term exploration program in this area. Results expected shortly. **Q1 2025**

Phase 2 MT (over ELA 2780 and Mt Penck)

The Phase 2 MT survey was completed over Tolu’s porphyry/skarn exploration license application at ELA2780, 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 on New Britain Island, had now been completed and the airborne system has been demobilised. Final modelling results are expected later this quarter to allow for geological interpretation and target generation for follow-up ground exploration and drilling. **Q1 2025**

Further exploration results.

Including mine site diamond drilling at the Zine vein, to be followed by further drilling at Zine North and Gufinis high-grade surface exposures. Surface geological mapping and sampling has begun further South of the mine to define historically predicted vein extensions. Tolu’s team is currently setting up camp in the south to continue further exploration over the tributaries near Miliahamba including trenching and sampling to generate drill targets.

Road completion

The completion of the mine access road is a critical project that will generate significant cost savings on all activities on site. In late 2024, after experiencing some delays with road construction, Tolu made the decision to select an alternative route utilising the mountain ridges to mitigate land slip risks and optimise long term maintenance. However, this has resulted in a short-term delay in completion. **Road expected to connect mid-2025.**

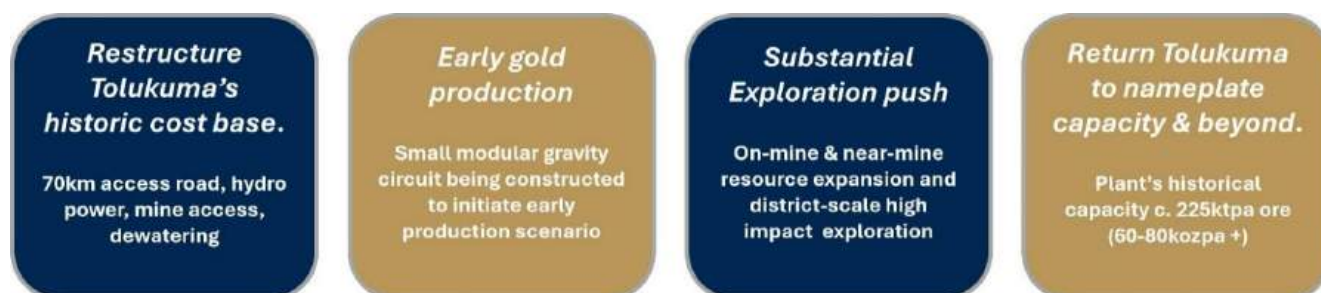
Tolu's 4 strategic aims

Tolu's operational strategy is based on four key work streams, a mixture of addressing historical performance issues and pushing ahead with a substantial exploration programme not previously undertaken by prior operators.

Strategy to leverage the existing infrastructure at Tolukuma to support gold production restart and substantial exploration push

1. **Reduce historical cost structure of the Tolukuma mine**, the key solutions being completing the 70km access road, refurbishing the hydro power station and developing a dewatering strategy (see page 24).
2. **Initiate early gold production** at Tolukuma by refurbishing the existing infrastructure and developing new process capacity to support initial gold production. As Tolu builds the reserve base in the mine to address the historical backlog (see below bullet point on reserve flexibility) it provides an opportunity to process ore sourced from new development drives.
3. **A substantial exploration programme** including development and drilling on-mine to expand and improve the current Mineral Resource Estimate ("MRE") and near mine exploration. Also a major regional exploration push on the broader Tolukuma low sulphidation epithermal structure and at Mt Penck using Airborne MT technology that was so successful for K92 Mining (a C\$2.5bn PNG peer).
4. **Return to name plate capacity (>80koz pa)** production following the refurbishment of the existing gold plant and creation of a new tailings facility prior to ramping up and/or expanding capacity.

Figure 2 - Tolu Minerals' four primary strategic objectives



Source: Greenwood Capital Partners

A few historical issues being fixed

Before Tolu can move ahead and put Tolukuma back into production, the company needs to address some of the issues that ultimately precipitated the previous poor performance (in the latter years) of the mine and its eventual demise into liquidation in 2018. Tolu attributes the previous failure of the Tolukuma Gold Mine to four key factors, all of which are being addressed as part of the operational strategy.

High historical logistics costs. Tolukuma was 100% supported by helicopter logistics because the access road was never completed. **Solution:** complete access road construction which Tolu estimates will reduce logistics cost per ton transported by a factor of circa 30 times. *Page 24.*

Diesel generated power. Unreliable hydro power resulted in the mine running predominantly on high-cost diesel generators (diesel also helicoptered to site). **Solution:** Refurbish existing hydro power station, *Page 27.*

Insufficient mine development and Reserve flexibility. Previous operators failed to maintain resource exploration and subsequent reserve development to ensure operational flexibility. **Solution:** Comprehensive UG drilling & Reserves delineation.

Pumping load. The planned bottom mine entrance was never completed resulting in a high cost and high-risk pumping load. **Solution:** two phased dewatering to provide long-term drainage solution and have a major impact on the efficiency and productivity of the mine. *Page 26*

Corporate overview

- ▶ **Tolu (formerly Lole Mining Ltd), was incorporated in PNG** under the Companies Act on 19 March 2020. It was established to focus on the acquisition and development of the Tolukuma Project in the Goilala District of the Central Province of PNG and the development of the Mt Penck Project located on the island of New Britain.
- ▶ **Tolukuma acquisition.** On 17 February 2021, Tolu executed a binding term sheet with Tolukuma Gold Mines (in liquidation) to acquire the Tolukuma Project. A formal sale of assets agreement was subsequently finalised and executed on 27 April 2021. The Mt Penck Tenement was granted to Tolu in October 2021 and In October 2022, Tolu completed its acquisition of the Tolukuma Project, including six exploration licences surrounding the Tolukuma mine
- ▶ **Frontier acquisition.** In December 2022, the Company entered into a binding agreement with Lanthanein (formerly known as Frontier Resources Ltd to acquire all the shares in its wholly owned subsidiary, the 100% holder of the EL 2531 (which is immediately adjacent and entirely surrounds Tolukuma).
- ▶ **ASX IPO.** Tolu Minerals completed its initial public offering and listing on the ASX in November 2023.
- ▶ **Capital raisings.** Primarily undertaken to accelerate exploration activities including the MT geophysical survey (2 years ahead of schedule) and also redevelopment of the Tolukuma Gold Mine, including study work, mine development and dewatering:
 - Pre-IPO: A\$11.3m at A\$0.37/sh
 - November 2023 (IPO): A\$17.3m at \$0.50/sh
 - April 2024: A\$8.8m at A\$0.50/sh
 - October 2024: A\$26.7m at A\$0.80/sh

ASX: TOK

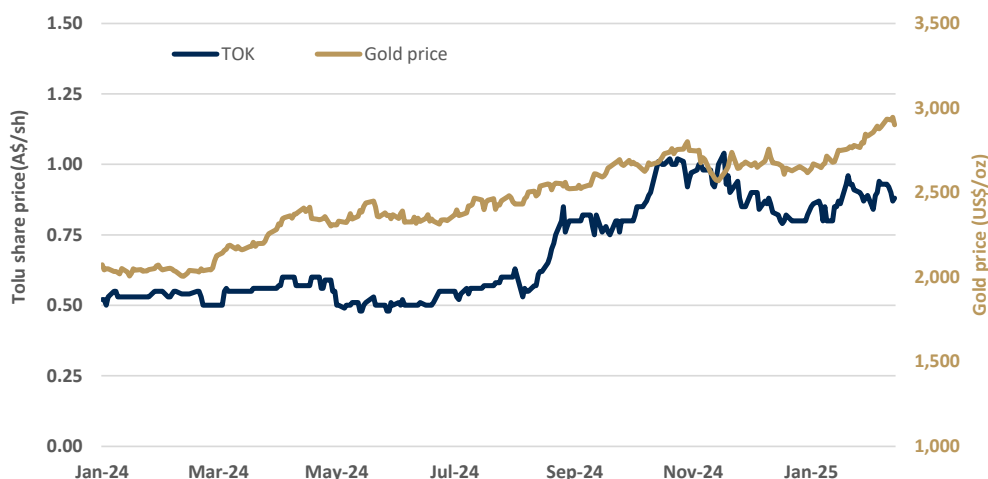
**Also listed on the US OTC:
OTCQX:TOLUF**

Figure 3 - Tolu Minerals capital structure

Security	Number
Shares (quoted)	113,316,121
Shares (in escrow until 10th Nov 2025)	53,592,603
Fully paid ordinary shares	166,908,724
Performance rights (in escrow until 10th Nov 2025)	2,750,000
Unquoted options exercisable at A\$0.80/option (expiry 24th June 2026)	4,101,056
Performance rights	9,350,000

Source: Tolu Minerals

Figure 4 - Tolu Minerals recent share price performance



Source: Greenwood, Comex, ASX

Valuation is compelling

Initiating with a A\$2.00/sh target price

We initiate with a A\$2.00/sh target price based on a 0.60x NAV multiple of our base-case Tolukuma NAV driven by our Tolukuma DCF model, supplemented by additional sum-of-the parts items. Our A\$2.00/sh target price represents a compelling uplift of 2.4x the current share price, a 141% return to target and our valuation implies that Tolu is trading at a low P/NAV of 0.41x.

We see significant scope for further value accretion as Tolu transitions into a high-grade gold producer on the back of the near-term commissioning of the new modular gold gravity circuit and the longer-term goal of refurbishing the existing Tolukuma processing plant back to nameplate capacity (and beyond potentially).

Exploration could be the game changer here

However, it is the exploration prospectivity that has the potential to generate a considerable re-rating of the stock, in our view. Tolu has the sought after combination of on-mine and near mine resource growth coupled with a highly prospective regional licence package that has **clear potential to host new standalone discoveries of both high-grade epithermal gold and large-scale copper-gold porphyry systems.**

Exploration success remains the key that could ultimately unlock Tolu's aspirations to become a mid-tier gold producer with unrivalled growth potential and there is direct analogue to this path of glory in nearby C\$2.5bn K92 Mining (page 18). K92's value growth was largely driven by exploration success of which geophysical MT surveys proved to be a game changing technology for low-cost drill targeting. Tolu has access to the very same technology and the recent appointment of geologist Chris Muller who was instrumental in executing K92's exploration strategy, provides Tolu with an exceptional platform to leverage the inherent geological prospectivity of the land package.

Figure 5 - Sum of the parts risked NAV valuation

Valuation summary				
Unrisked NAV	Disc Rate	NAV (%)	A\$m	A\$/sh
Tolukuma NPV	10%	74%	426	1.91
Nearmine resource expansion	-	17%	99	0.44
Exploration	-	9%	50	0.22
<i>Subtotal</i>			575	2.57
Risked NAV	NAV multiple	NAV (%)	A\$m	A\$/sh
Tolukuma NPV	0.60x	63%	255	1.14
Nearmine resource expansion	-	24%	99	0.44
Exploration	-	12%	50	0.22
<i>Sub-total</i>			404	1.81
Cash B/S + funding			17	0.08
Cash from option exercise			3	0.01
Cash in from new equity			40	0.18
LT Debt			(5)	(0.02)
Forward Corporate G&A / Other			(13)	(0.06)
NAV VALUATION			A\$447m	A\$2.00
Current shares on issue (basic)			166.9m	
Options & performance rights			16.2m	
Current shares (fully diluted)			183.1m	
Shares (diluted for 2025 equity raise)			223.1m	

Source: Greenwood estimates

Sum of the parts assumptions

Operating NAV

Our unrisks NPV¹⁰ for Tolu's wholly-owned Tolukuma mine is A\$426m (US\$270m) using a conservative flat-forward gold price of US\$2,600/oz (A\$4,108/oz) from 2026+ along with a slightly higher near-term assumption of US\$2,785/oz (A\$4,400/oz) for 2025 to reflect the current gold price environment. We don't calculate an IRR because our model doesn't produce an initial negative cashflow due the minimal capex for the gravity plant and resultant revenue and cash flow.

We derive our base-case valuation using a 10% discount rate, higher than we would typically employ for the ASX junior gold space but appropriate we feel, to set out a conservative stance to take account of higher perceived jurisdiction risk in Papua New Guinea and as a consequence, the higher rates of return we believe to be required by investors. As reference, K92 used NPV⁵ in its recent 2024 Kora PEA. Nevertheless, we provide a full sensitivity at various discount rates which demonstrates the robust nature of our base-case valuation. To give a flavour, using a 5% discount rate increases the Tolukuma mine NPV to A\$594m and our TP would be A\$2.46/sh.

We risk adjust our Tolukuma NPV by using a 0.6x P/NAV multiple. We generally value advanced exploration and development companies in the range of 0.25-1.2x NAV, in line with industry averages. We believe that Tolu currently deserves to trade towards the lower-middle of this range with an advanced project on the cusp of small-scale gold production, significant mine and processing infrastructure in place and exciting resource and exploration growth potential. We employ this rather low multiple to reflect risks around development, financing, timelines, and project execution and to account for any other as yet unknown equity dilution. Our overall NAV valuation on the same basis at 1x NAV would be A\$2.77/sh.

Funding, exploration and other adjustments

Corporately, we adjust for current cash and cash from option exercise and adjust for forward corporate G&A (DCF basis) and related costs. Our valuation includes near-term funding requirements and so we include funds from equity raise and adjust for the assumed equity dilution. We model equity being raised in 2025 at some point to fund future exploration and development plans. To be conservative, we assume a large raise of A\$40m at A\$1.00/sh, only a few cents higher than the current sp, equating to an extra 40m shares in issue. In reality, we believe the sp will be much higher (and dilution less) by then as first gold is poured, exploration continues, and gold price strength persists. We assume a further A\$20m raise in 2026 to counterbalance our punchy estimate of exploration spend going forward on the basis that Tolu's exploration ground is so prospective that we believe there will be very strong rationale to accelerate exploration prior to the restart of the main plant.

To reflect our view that exploration is a major driver of the company's value, we include A\$99m for near mine resource expansion, taking the mid-point of Tolu's Exploration Target range (2Moz-3Moz) and crudely applying a low US\$25/oz resource metric. The deeper we get into the details of Tolu's exploration package, the more we believe that regional exploration discoveries could be a major driver of value going forward, as proven at K92 Mining. Whilst its challenging to assign value to early-stage exploration, our view of the sector informs that we would expect a junior with similar package to be trading at an absolute minimum of US\$30m and hence we assign a placeholder value of A\$50m for regional exploration. This is likely a gross underestimate (*page 18* for K92 analogue and value accretion) and also it does not reflect the leverage and synergies of Tolu's in-place mining and processing infrastructure.

Target price A\$2.00/sh

Factoring in the above, our all-in risk-adjusted, post equity financing NAV is A\$447m, or A\$2.00/sh, based on the total diluted share capital of 223m shares. This implies a compelling uplift of 2.4x the current share price of A\$0.83/sh, a return of 141%. Put another way, this suggests Tolu's shares are currently trading at a 0.41x multiple to our risk-adjusted NAV at our conservative gold price deck. At spot (US\$2,951/oz) and risk-adjusted at 1x NAV, this becomes an uplift of 3.8x, a return to target of 286% and implied discount to P/NAV of 0.26x.

Our target price represents starting point for a company which we believe holds the keys to multi-million ounce potential and a clear discovery-driven trajectory to become a mid-tier gold producer.

Base-case DCF assumptions

In deriving our base-case NAV for the Tolukuma Mine and exploration package we use a combination of inputs based on current and historical company reports, company guidance and our own assumptions which in turn are based on similar projects with particular reference to close peer K92 Mining. The lack of a published feasibility-type study for the current small-scale production plan and main plant restart therefore means that our modelled parameters set out a conceptual framework for production ramp up for which we highlight our key assumptions below:

- ▶ **Phased gravity plant ramp-up.** We assume a near-term production scenario based on the new gravity plant installation and subsequent modular expansion thereafter. Theoretically, the current 6tph gravity plant could be upgraded incrementally up to c.24tph at minimal capex to increase gold production. We assume 2025 production at just over 5koz gold, ramping up to c. 23koz by 2027 concomitant with gravity plant expansion. This is based on a head grade of 10g/t Au and initial metallurgical recovery of 40% gradually increasing to 60% as the plant becomes more efficient.

We see this as the most likely approach given that restarting the large SAG mill in the existing plant would be opex heavy whilst the operation is still reliant on diesel power and prior to the execution of a long-term tailings (TSF) storage plan. The gravity plant also makes commercial sense, to provide meaningful cashflow to subsidise further exploration and development.

- ▶ **Main plant restart.** Ultimately, once the logistical elements start to click into place (hydro power, tailings solution, dewatering etc) and Tolu has rebuilt sufficient face inventory (60koz) to provide operational flexibility, we believe the rationale to restart the existing plant will be much stronger. Given the high-grade ore at Tolukuma it would make sense to target higher metallurgical recoveries over the gravity recoveries of 50-60%, more in line with CIL recoveries of 90%+. Thus, we assume that Tolu proceeds with plant restart with the aim of ramping back up to nameplate capacity which was approximately 225ktpa based on the plant's rated capacity of 26tph. We assume a conservative production profile maxing out at 60kozpa, well below the peak 85.7koz production achieved by DRD back in 2004.
- ▶ **Optionality remains.** Although the rationale for a full plant refurb remains, Tolu retains some optionality in this regard. A variety of scenarios are possible, one of which could be to run the gravity plant for longer and utilising some of the leaching capacity in the main plant instead of a full plant restart.
- ▶ **Production.** Consequently, our model is based on a hybrid approach of ramping up the gravity plant before an eventual start-up of the main plant from 2028. This could be earlier, but we conservatively push it out pending clarity on the tailings solution and permitting thereof. We believe it still makes sense to restart the existing plant in some form in order to benefit from higher metallurgical recoveries and reduced operating costs. We assume 90% recovery from 2028 onwards, assuming that leaching part of the flowsheet.
- ▶ **Mining and grade.** Our forward production profile utilising the bulk of the current mineral resource reflects both the reality of drilling and development in a high-grade vein underground environment and historical operating factors. As with all underground mines, the cost and logistics of drilling to delineate further resources often dictates that resource growth and future resource/reserve conversion tends to happen on a rolling basis. Thus, additional mine life is added incrementally as depletion occurs resulting in a relatively short mine life on paper not reflecting the reality of the operation, e.g. there are plenty of UG mines with only a 5-year LOM but have been in continuous production for decades. Therefore, our DCF assumes a 10-year LOM and total gold production of 500koz, but this could clearly be much higher.

As DRD Gold remarked in a 2000 annual report, *"The deposit is high-grade, has sharp grade boundaries and a high conversion rate of Resource to Reserve"* which resonates with earlier disclosure by Dome Resources NL that stated *"The ore is reported as a resource, but recent experience has shown the conversion to production to be in excess of 90% of the reported underground resource. Closer spaced surface drilling is not considered to be necessary"*.

Our view is that Tolu won't be scratching around for grade at Tolukuma. We understand that Tolu has been fairly ruthless with the top-cut for grade estimation which in conjunction with historical head

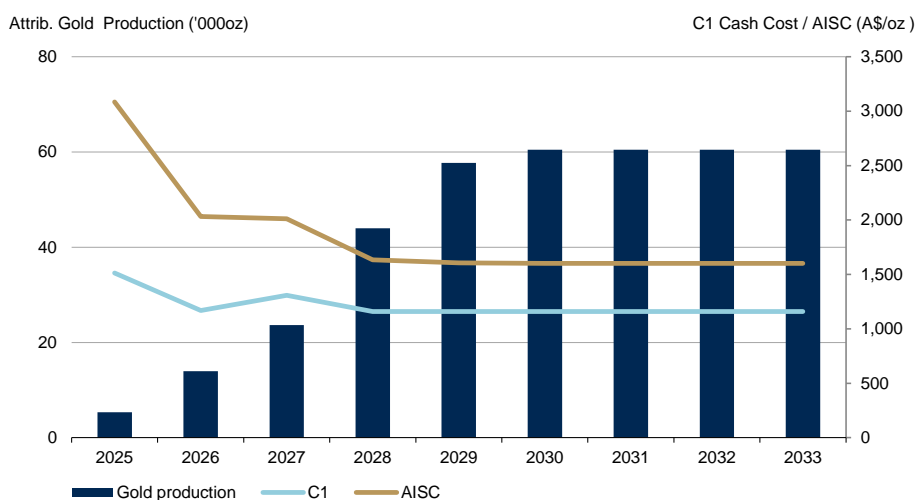
grades indicates substantial upside to the 10g/t Au resource. Back in 2000 when DRD acquired the operation the resource was 460koz at 25g/t Au at a cut-off of 6g/t Au. Taking the reported gold production from DRD between 2001 and 2005 and assuming 90% recovery and 200ktpa throughput, this back calculates as grade to the mill ranging between 11 and 14.8g/t Au.

- ▶ **Opex.** Difficult to peg at this stage but we again taken a conservative stance. Our operating cost assumptions (mining, processing, G&A) are based predominantly on unit costs derived from K92 Mining’s recent Kora underground 2024 PEA which we have further inflated by another 20% equating to c.A\$320/t of ore. For steady-state production at 60koz, this equates to C1 costs of c. A\$1,200/oz and AISC of \$1,600/oz. For reference, K92’s most recent quarterly results report cash costs of US\$584/oz (A\$921/oz) and AISC of US\$941/oz (A\$1,485/oz). We have conservatively assumed high opex for the initial start-up of the gravity plant until further clarity emerges, although actual opex for this simple gravity plant is likely to be much lower. For simplicity, we have assumed opex is expensed during this ramp up period, but accounting treatment of income + costs could change.
- ▶ **Capex.** We model modest capex this year, largely to support commissioning and ramp up of the gravity plant in addition to other mine infrastructure works. In terms of full plant re-start, a capex number is not available yet, but we assume A\$50m to be spent from 2026 to 2028. We conservatively assume high sustaining capex with unit costs benchmarked from K92. This capex is separate to expenditure on exploration which we recognise in TopCo and assume annual exploration expenditure varying between A\$15m and A\$20m per year as the plethora and quality of exploration targets more than support an exploration budget of this magnitude.
- ▶ **Commodity price / FX.** We model a flat-forward gold price of US\$2,600/oz (A\$4,108/oz) from 2026+ along with a slightly higher near-term assumption of US\$2,785/oz (A\$4,400/oz) for 2025 to reflect the current gold price environment. Although as we write the current gold price is nudging \$3,000/oz, we prefer to use a lower gold price and provide sensitivity analysis at various other levels. We model a flat spot USD:AUD FX rate of 1.58.

Production scenario

- ▶ **Our production scenario** sees first gold in Q1 this year (2025 calendar year) as the 6tph gravity circuit is currently undergoing final commissioning. We forecast 5koz this year, but this could be materially higher depending on actual grade. We then assume a gradual ramp up in gravity plant throughput and recovery until out model transitions to full plant (CIL) and large-scale underground mining from 2028. We set peak production at 60kozpa which is eminently achievable with a long run head grade of 9.5g/t Au. See sensitivity for the impact of grade upside. We note that Tolu’s aspiration would be to return to the 80-85koz level, which if grade delivers would not require mill expansion. Our model indicates LOM average C1 cash costs of c.A\$1,200/oz and AISC of A\$1,600/oz.

Figure 6 - Tolukuma LOM production profile (Greenwood estimates)

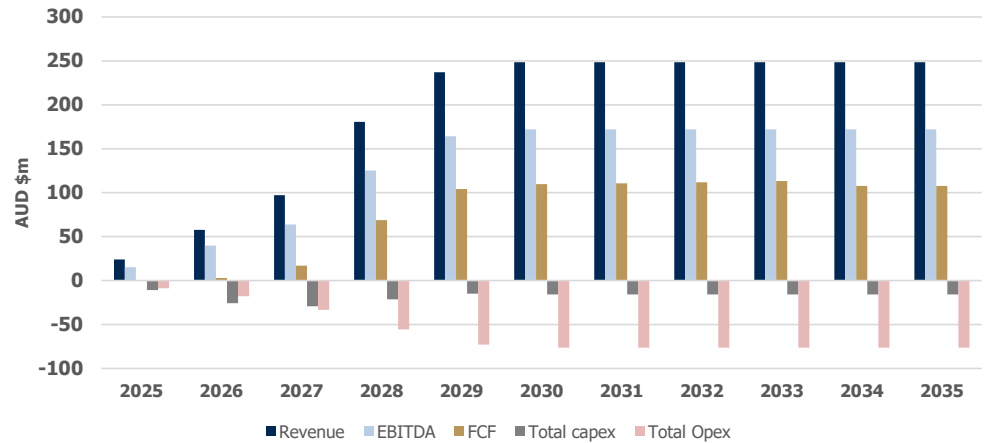


Source: Greenwood estimates

Financial outputs – project level

- ▶ At steady-state 60kozpa and our base-case gold price assumption, we forecast annual revenue of A\$248m, EBITDA of A\$172m and FCF at A\$110m, assuming only sustaining capex from 2029 onwards.

Figure 7 - Tolukuma project financial outputs (Greenwood estimates)



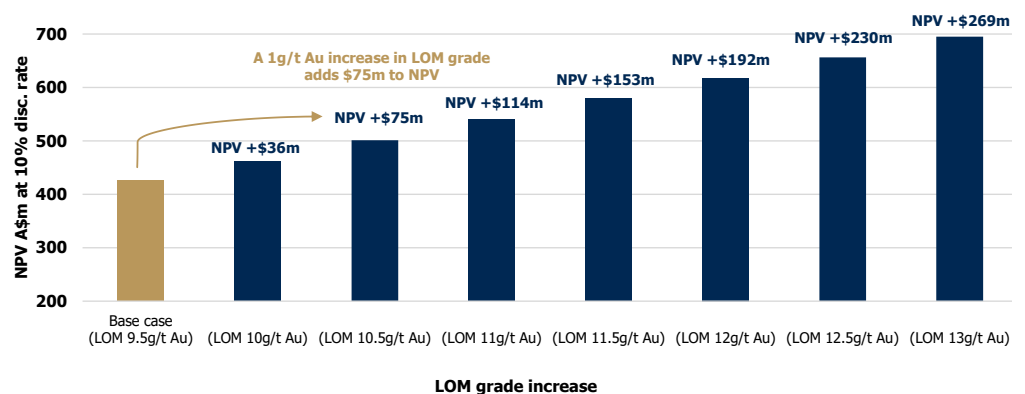
Source: Greenwood estimates

Numerous avenues for upside

We see scope for significant upside to our valuation from a variety of sources including:

- ▶ **Higher head grades.** Tolukuma is a high-grade epithermal vein system and based on historical production and recent sampling and drilling there is clear upside to our base case LOM head grade assumptions. We back calculate approximate average grades to the mill ranging between 11g/t Au and 14.8g/t Au for the reported gold production from the DRD Gold tenure between 2001 and 2005 and assuming 90% recovery and 200kpta throughput. A relatively small increase in head grade and sustained positive grade reconciliation would provide a material increase to project NPV (see chart below). For example, a 1g/t Au increase over LOM boosts the project NPV by A\$75m and would boost steady-state annual revenue by 10%.

Figure 8 - Tolukuma NPV upside to higher gold grades



Source: Greenwood estimates

- ▶ **Additions to mine life.** Similarly, exploration work undertaken by Tolu on ML104 and beyond looks likely to extend the LOM considerably with multiple extensions to vein sets and parallel zones, in addition to the potential for continuations of mineralisation at depth. We therefore see scope for Tolukuma to become a long-life operating asset.

- ▶ **Higher metallurgical recoveries.** Clearly, with such high-grade ore feed, small increases in metallurgical recovery will naturally boost the NPV and economics both at the initial gravity plant stage and for the restart of the main CIL plant.
- ▶ **Plant expansions.** The existing plant could be optimised and/or expanded to increase annual gold production to perhaps the 80-100koz range although this would be dependent on other factors such as underground mining rate and tailings storage. Beyond that, a new processing plant in another location would be required and naturally this would be a decision based on future exploration results.
- ▶ **Exploration success.** One of the most compelling angles for Tolu is drive value through exploration success, both resource expansion and regional discoveries which we cover elsewhere in this note. The key to unlocking this exploration option value is the application of the MT geophysics which was pivotal for K92 Mining.

Risk outlook:

Gold Price. Large fluctuations in gold prices may materially affect revenues and returns. Gold prices have seen significant volatility in recent years and with gold at an all-time high, a substantial change in the gold price could materially affect our valuation, either positively or negatively for Tolukuma which will of course be highly leveraged to the gold price. Obviously, this is a risk shared by all gold miners.

Financing. Financing is a key risk for all resource development companies and Tolu will likely need to raise capital for exploration and development at least until reaching steady-state production levels and free cash flow milestones. We model a A\$40m equity raise in 2025 and A\$20m in 2026 but more capital could be required depending on the company's development strategy. With a quality high-grade project and the ability to leverage in-place infrastructure, we see financing risk as low.

Geological risk, Resources and Reserves. Given the 20 years of historical mining, the geology and mineralisation at Tolukuma is relatively well understood. Nevertheless, high-grade vein style mineralisation can present several operational challenges. Our model is based on a mining inventory that comprises the entire of the current inferred resource base although we are confident that the resource base will increase and also be upgraded to higher confidence levels. This is somewhat mitigated by Tolu's plan to have 60koz of face inventory in place prior to ramp up.

Mining and processing. Underground mining can be challenging but we believe that Tolu has an experienced team in place to mine Tolukuma effectively and mitigate mining risk. We see little process risk due to the favourable non-refractory, high-gravity recovery nature of the Tolukuma ore and the substantial track record of production under previous operators such as DRD Gold.

Other operational risks. Tolu has permits for riverine discharge of tailings but this does not meet Tolu's best practise philosophy and a hybrid or dry-stack solution may be pursued. The restart of the main plant and ramp up to 60-80koz pa production levels will be dependent on a tailings (TSF) solution. PNG has steep terrain, high rainfall and high levels of seismic activity. However, the volume of tailings produced by Tolukuma will be relatively small and a portion will be directed back underground as paste backfill support. Low-cost operations will be depending on finishing and maintaining the new access road and refurbishing the hydropower plant. Mine access will be dependent on successful implementation of the dewatering strategy.

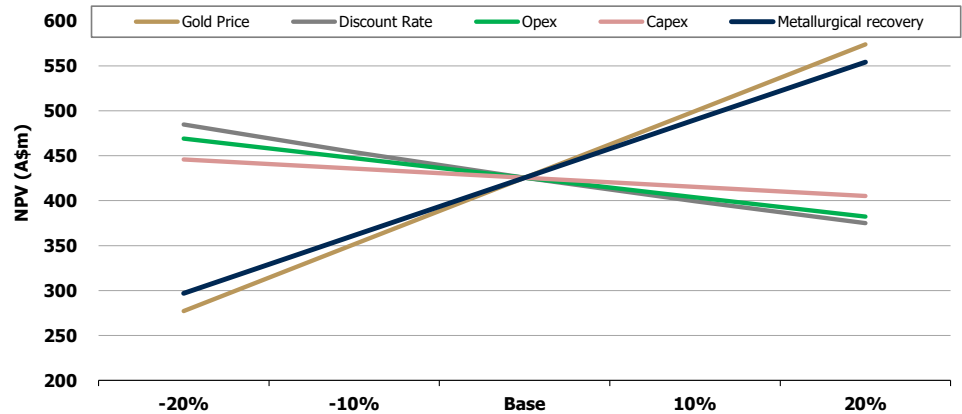
PNG specific risks. Tolukuma already has a mining lease, but a new tailings solution will need to be permitted. PNG is a developing country with a democratic system of government, and well-established mining industry but risks could include economic, social or political instability or change, security 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. Any future material adverse changes in government policies or legislation in PNG that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company. 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 historically the State has not recently taken 30% in small or medium-sized mining projects.

Sensitivity Analysis

Tolukuma NPV sensitivity

Our sensitivity analysis suggests that Tolukuma is extremely robust over a wide range of inputs. As to be expected, Tolukuma shows high sensitivity to the gold price and also metallurgical recovery being a high-grade deposit. Sensitivity to opex is actually fairly low and sensitivity to capex is minimal given the low capital intensity restart and infrastructure in place.

Figure 9 - Sensitivity analysis: Tolukuma NPV upside/downside to key inputs



Source: Greenwood estimates

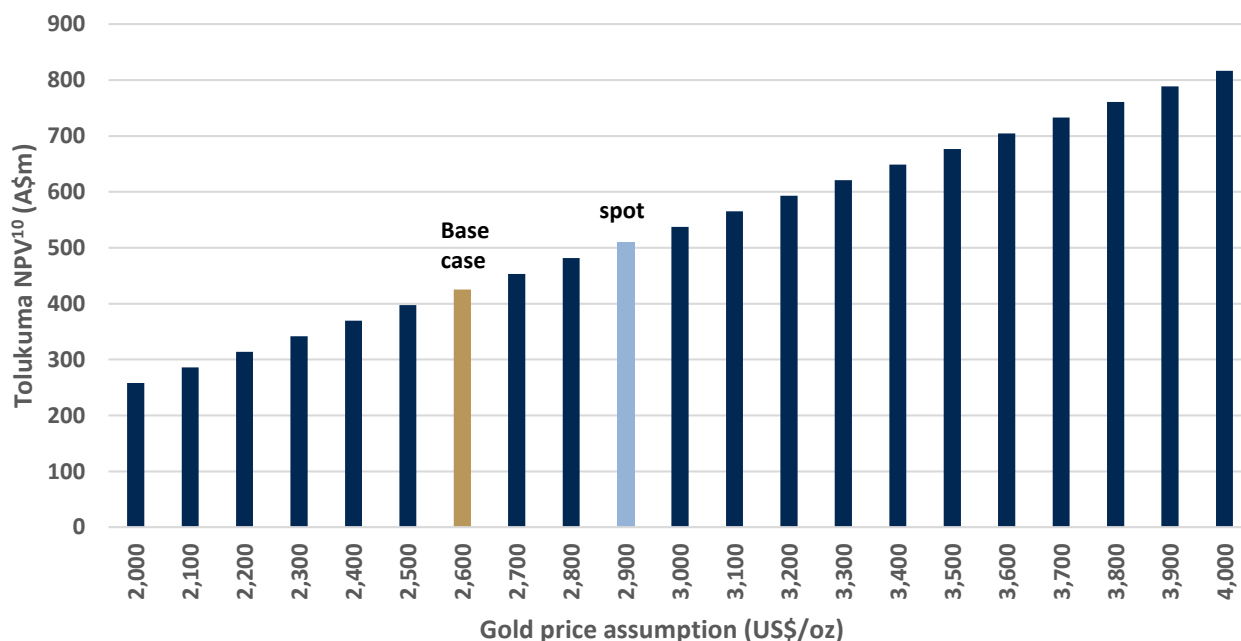
Sensitivity analysis also shows that Tolukuma has robust downside protection to lower gold prices and higher discount rates, whilst retaining compelling upside leverage to higher prices, even just at spot gold.

Figure 10 - Sensitivity analysis: Tolukuma NPV: Gold price vs discount rate

Tolukuma NPV (A\$m)						
US\$/oz	Discount rate					A\$ gold price equiv
	5%	8%	10%	12%	15%	
2,000	365	295	258	226	187	3,160
2,100	403	327	286	251	208	3,318
2,200	441	358	314	276	229	3,476
2,300	479	390	342	301	250	3,634
2,400	518	422	370	325	271	3,792
2,500	556	453	398	350	292	3,950
base 2,600	594	485	426	375	312	4,108
2,700	633	516	453	400	333	4,266
2,800	671	548	481	425	354	4,424
spot 2,900	709	580	509	449	375	4,582
3,000	748	611	537	474	396	4,740
3,100	786	643	565	499	417	4,898
3,200	824	674	593	524	438	5,056
3,300	863	706	621	549	459	5,214
3,400	901	737	649	573	480	5,372
3,500	939	769	677	598	501	5,530
3,600	978	801	705	623	522	5,688
3,700	1,016	832	733	648	543	5,846
3,800	1,054	864	761	673	563	6,004
3,900	1,092	895	789	697	584	6,162
4,000	1,131	927	816	722	605	6,320

Source: Greenwood estimates

Figure 11 - Sensitivity analysis: Tolukuma NPV¹⁰: Gold price sensitivity



Source: Greenwood estimates

Risked target price sensitivity

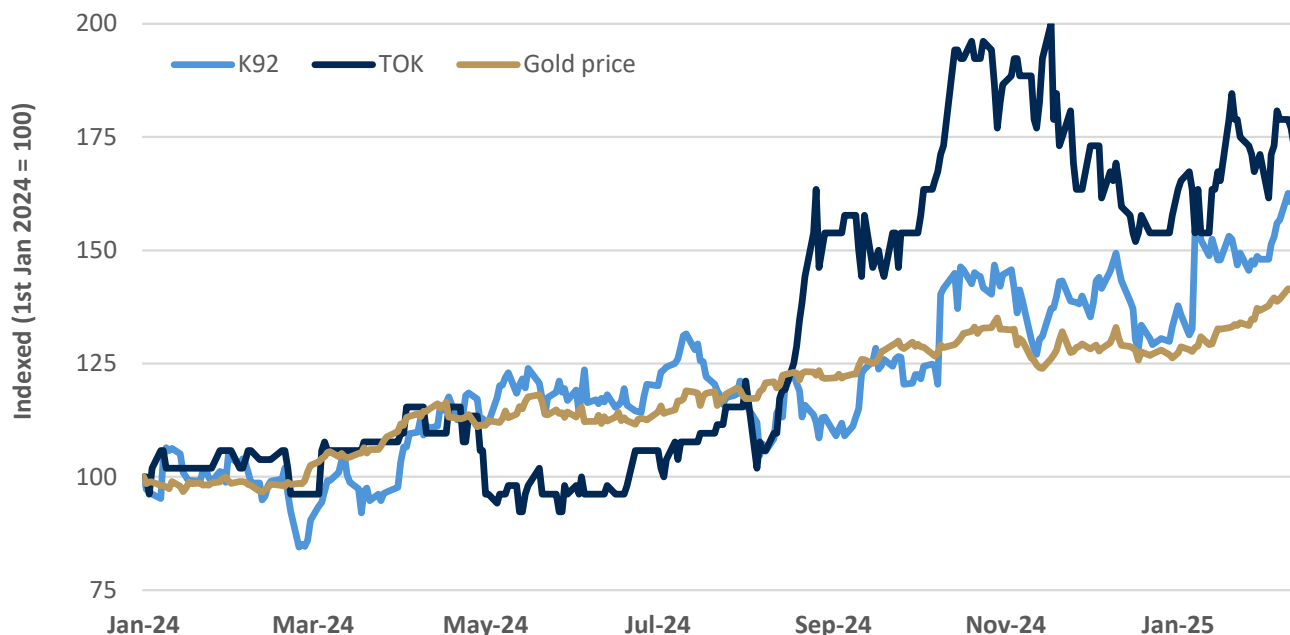
The tables below demonstrate the sensitivity of our risked target price to changes in our modelled long-term gold price assumption. I.e. this is our current valuation standpoint with the Tolukuma NPV risked at 0.6x and all variables the same apart from gold price. As such we see material upside to our target price at higher gold prices, including at current spot gold at US\$2,900/oz.

Figure 12 - Sensitivity analysis: risked target price to gold price assumption (LHS) and uplift to current share price (RHS)

Target price (A\$/sh) sensitivity (risked at 0.6x NAV)						A\$ gold price equiv	Uplift to target vs. current share price						A\$ gold price equiv
US\$/oz	Discount rate						US\$/oz	Discount rate					
↓	5%	8%	10%	12%	15%		↓	5%	8%	10%	12%	15%	
2,000	1.84	1.65	1.55	1.47	1.36	3,160	2,000	2.2x	2.0x	1.9x	1.8x	1.6x	3,160
2,100	1.94	1.74	1.63	1.53	1.42	3,318	2,100	2.3x	2.1x	2.0x	1.8x	1.7x	3,318
2,200	2.05	1.82	1.70	1.60	1.47	3,476	2,200	2.5x	2.2x	2.1x	1.9x	1.8x	3,476
2,300	2.15	1.91	1.78	1.67	1.53	3,634	2,300	2.6x	2.3x	2.1x	2.0x	1.8x	3,634
2,400	2.25	1.99	1.85	1.73	1.59	3,792	2,400	2.7x	2.4x	2.2x	2.1x	1.9x	3,792
2,500	2.35	2.08	1.93	1.80	1.64	3,950	2,500	2.8x	2.5x	2.3x	2.2x	2.0x	3,950
base 2,600	2.46	2.16	2.00	1.87	1.70	4,108	base 2,600	3.0x	2.6x	2.4x	2.2x	2.0x	4,108
2,700	2.56	2.25	2.08	1.93	1.76	4,266	2,700	3.1x	2.7x	2.5x	2.3x	2.1x	4,266
2,800	2.66	2.33	2.15	2.00	1.81	4,424	2,800	3.2x	2.8x	2.6x	2.4x	2.2x	4,424
spot 2,900	2.77	2.42	2.23	2.07	1.87	4,582	spot 2,900	3.3x	2.9x	2.7x	2.5x	2.3x	4,582
3,000	2.87	2.50	2.30	2.13	1.92	4,740	3,000	3.5x	3.0x	2.8x	2.6x	2.3x	4,740
3,100	2.97	2.59	2.38	2.20	1.98	4,898	3,100	3.6x	3.1x	2.9x	2.7x	2.4x	4,898
3,200	3.08	2.67	2.45	2.27	2.04	5,056	3,200	3.7x	3.2x	3.0x	2.7x	2.5x	5,056
3,300	3.18	2.76	2.53	2.33	2.09	5,214	3,300	3.8x	3.3x	3.0x	2.8x	2.5x	5,214
3,400	3.28	2.84	2.60	2.40	2.15	5,372	3,400	4.0x	3.4x	3.1x	2.9x	2.6x	5,372
3,500	3.38	2.93	2.68	2.47	2.21	5,530	3,500	4.1x	3.5x	3.2x	3.0x	2.7x	5,530
3,600	3.49	3.01	2.75	2.53	2.26	5,688	3,600	4.2x	3.6x	3.3x	3.1x	2.7x	5,688
3,700	3.59	3.10	2.83	2.60	2.32	5,846	3,700	4.3x	3.7x	3.4x	3.1x	2.8x	5,846
3,800	3.69	3.18	2.90	2.67	2.37	6,004	3,800	4.5x	3.8x	3.5x	3.2x	2.9x	6,004
3,900	3.80	3.27	2.98	2.73	2.43	6,162	3,900	4.6x	3.9x	3.6x	3.3x	2.9x	6,162
4,000	3.90	3.35	3.05	2.80	2.49	6,320	4,000	4.7x	4.0x	3.7x	3.4x	3.0x	6,320

Source: Greenwood estimates

Figure 13 - Recent share price performance: Tolu (ASX:TOK) vs K92 (TSX:KNT) vs gold price – all indexed from 1st Jan 2024



Source: Greenwood estimates

Cheap on forecast metrics

Financials and valuation metrics

Whilst it is still too early stage to forecast the exact timing and ramp up of gold production as the company's strategy evolves, the conceptual scenario that underpins our modelling sets out a robust operation. We view production in the years 2025 to 2027 most likely as gravity plant production with the ramp up of the main plant from 2028. Consequently, our revenue forecasts increase dramatically from 2028 onwards as our model reaches steady-state production (conservative 60kozpa) in 2029. At the corporate level we assume ongoing G&A costs of A\$6m pa and include annual exploration spend of A\$15m to A\$20m. Note that our forecast financial statements (page 42) could be subject to change depending on the accounting treatment of revenue and opex during the current development / ramp-up phase.

We see significant cash build up from 2028 as free cash flow increases post capital spend for the plant refurbishment. As evidenced at K92 Mining, we believe that Tolu could transition to become a largely self-funding mid-tier gold development company, especially if the current gold price environment persists. As cash builds up, we anticipate this would be spent on expansion or development of new discoveries and hopefully returns to shareholders in the form of an attractive dividend policy.

Our forward-looking EV/EBITDA profile suggests that Tolu is currently trading on 3.8x 2026 EV/EBITDA and 2.2x 2027 EV/EBITDA which is highly competitive versus the sector.

20 years of operating history at Tolukuma

The potential for gold in the Tolukuma area was first identified by Newmont in the mid-1980s, with discovery and initial drill testing in 1986-1987. The project was sold to Dome Resources Ltd of Canada in 1993 who developed the mine with first gold production from open pit in 1995, changing the name to Tolukuma Gold Mines. Underground production commenced in 1997 before the project was sold to South African firm, DRD Gold in 2000.

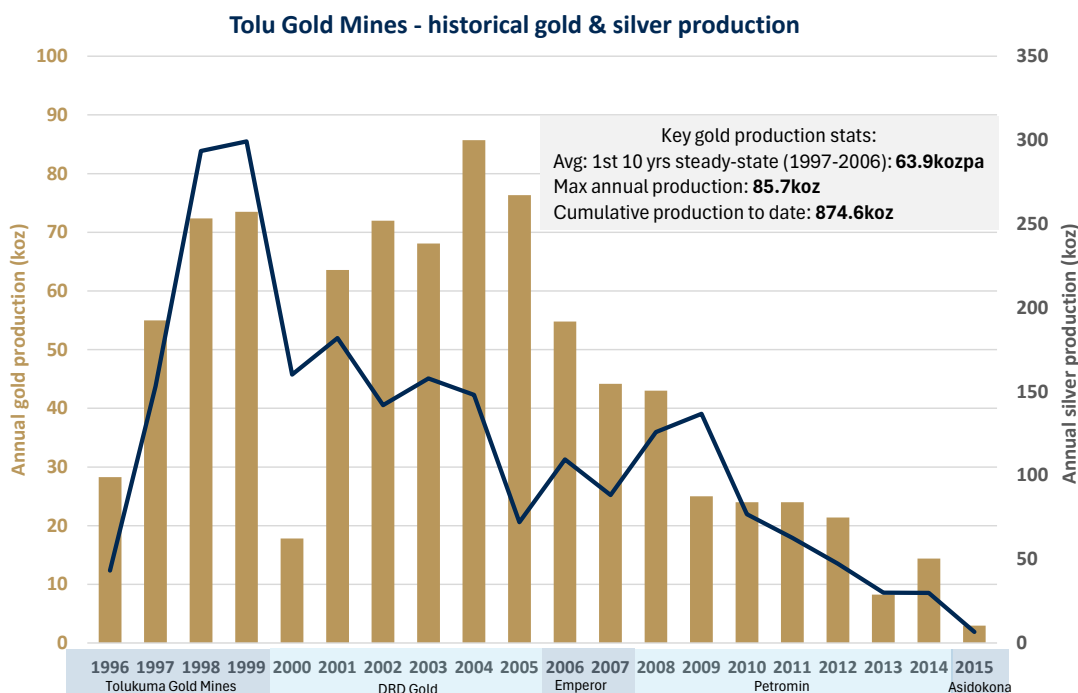
Production was predominantly from underground (>90%) with a with small open cut mining sourcing oxide ore for blending purposes. The mine operated fairly consistently for the first 10 years of operation with production only declining from the 50-85koz range after 2006. The Tolukuma Gold Mine still operated effectively until about 2011, “when a significant production drop-off due to mining practices was unable to sustain the costs of operation largely driven by helicopter borne logistics, impacting profit margins and ability to fund underground development and exploration”, according to AMC’s Independent Geologist Report.

Figure 14 - Tolukuma ownership history and gold production

Mine ownership Company	from	to	Avg gold prod koz	Total gold prod koz
Newmont	1985	1993	-	-
Dome Resources Ltd (Name chg to Tolukuma Gold Mines Pty Ltd >1995)	1993	2000	57.3	229.1
DRD Gold Ltd (South Africa)	2000	2006	63.9	383.5
Emperor Mines	2006	2008	49.5	99.0
Petromin (PNG) Holdings Ltd	2008	2015	22.9	160.1
Asidokona	2015	2018	3.0	3.0
Liquidator held	2018	2022		
Tolu Minerals Limited	2021	present		
				874.6

Source: Tolu Minerals, company reports

Figure 15 - Tolukuma – historical gold & silver production



Source: Tolu Minerals, company reports, Greenwood

Tolukuma was a solid performer in its heyday

Steady-state gold production for the first 10 years from 1997 to 2006 averaged 63.9kozpa Au (+ 170kozpa silver), with peak production of 85.7koz in 2004 under DRD Gold's tenure after commissioning the gold gravity circuit in 2000.

Poring over archived DRD Gold annual reports gives a flavour of both the consistency of the mine along with some of the operational challenges (largely due to logistics) that were starting to creep in, some excerpts below:

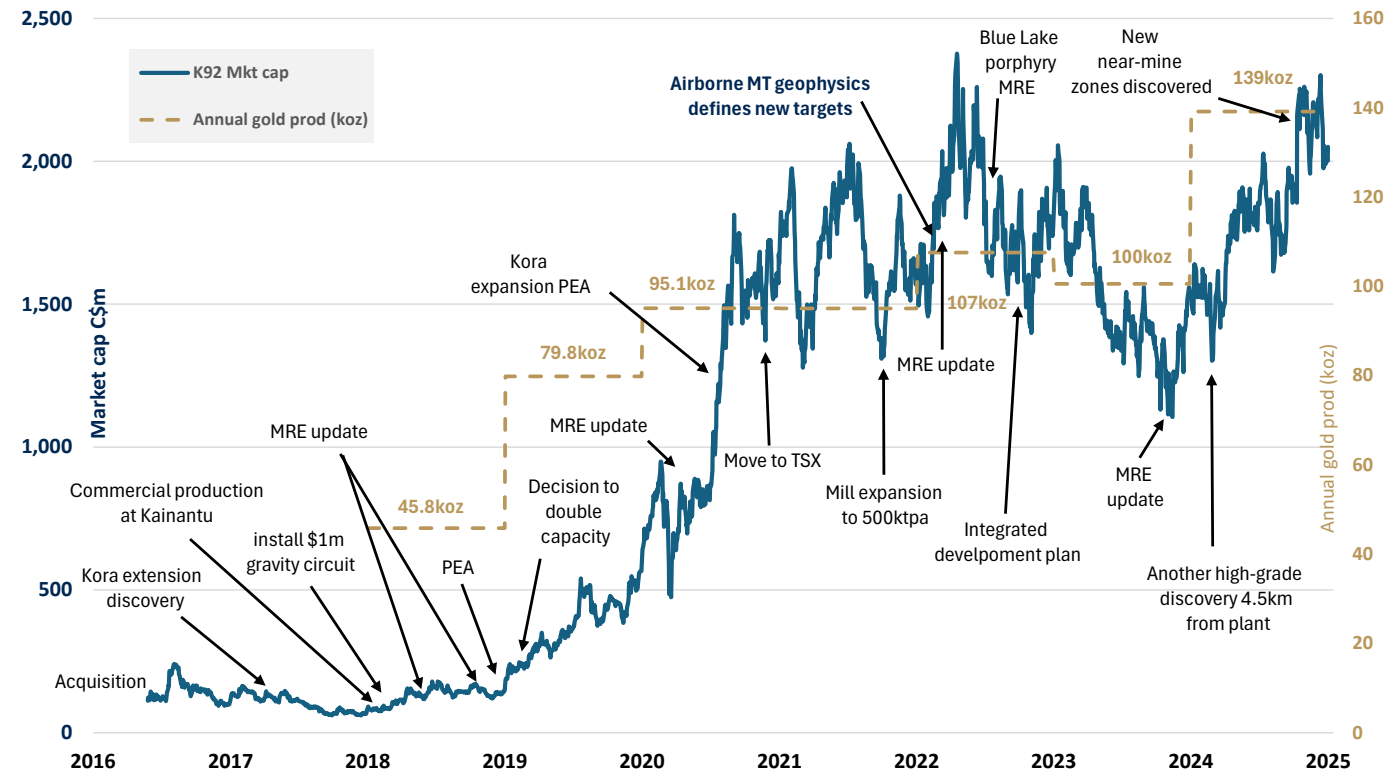
- ▶ Q4/2003. *"Tolukuma has become DRD's flagship in respect of improvement and consistency"*
- ▶ Q1/2004. *"Tolukuma continued to deliver outstanding results, with production in excess of 7koz per month (21koz per quarter) for 13 consecutive months. Cash operating costs were US\$254 per ounce."*
- ▶ Q3/2004. *"At Tolukuma, an 18-month run of production exceeding 7koz per month was broken in August when the mine fell slightly short of its target. Production during the quarter was hampered by lower grades mined from the Gulbadi vein."*
- ▶ Q3/2005. *Gold production was 24% lower at 14 199 oz. This reflects a 10% decrease in ore milled to 47 000 t and a 16% decline in yield to 9.40 g/t. Production was affected both by a lack of available stoping areas, leading to the mining of more underground stockpiled material, and by bad weather. The latter resulted in 19 'no-fly' days, during which stocks – primarily diesel for power generation and reagents for the milling process – could not be airlifted to the mine. Consequently, 11 days' production – the equivalent of some 2 300 oz – were lost.*
- ▶ Q1/2006. *"Gold production was 29% lower at 11 659 oz, reflecting a 13% decline in ore milled to 47 000 t and a 19% drop in yield to 7.70 g/t. Production was severely affected by the loss of the hydro on two separate occasions. Ten days of production were lost...flooding of the main production areas forced production to be moved to the upper areas of the mine, with delays incurred due to ordered pumps arriving late on site."*

**Heli logistics starting to bite
when bad weather enforces no
fly days**

K92: an analogue for Tolu’s future path

The most interesting and relevant peer company to Tolu Minerals is TSX-listed company, K92 Mining Inc (TSX: KNT, mkt cap C\$2.5bn), now a mid-tier gold miner in PNG which produced 150koz Au Eq in 2024 with aims to produce over 400koz Eq by the end of 2027. Apart from the obvious cross over in location, K92’s evolution has many similarities to the path being trodden by Tolu Minerals.

Figure 16 - K92’s value progression and key milestones since PNG asset acquisition



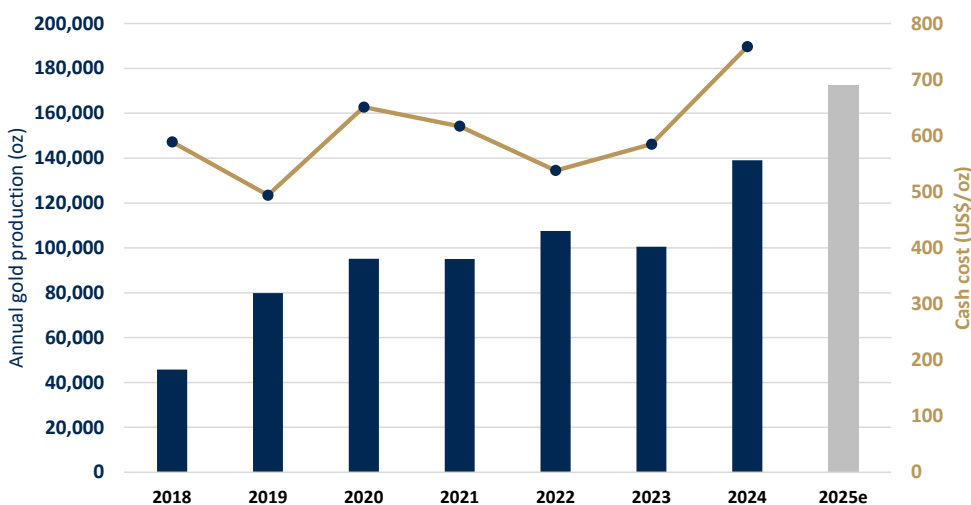
Source: Company reports, Greenwood Capital Partners

- ▶ **Similar starting point.** K92 completed the acquisition of the Kainantu gold mine in PNG in March 2015 from Barrick Gold Corporation following Barrick’s divesture programme in Southeast Asia. Barrick originally purchased Kainantu from Highland Pacific Group in 2007 for US\$141.5m and proceeded to invest significantly in underground mine development, drilling, regional exploration work, roadworks and camp amenities.
- ▶ **Picking up a dormant asset.** K92 acquired the mining lease containing the previously operating Kainantu underground mine (Irumafimpa & Kora deposits) along with several exploration licences giving a considerable tenement package of over 500km². Historically, the Kainantu mine operated between 2006 and 2008 producing a total of 68koz gold at an average head grade of 6.94g/t Au before Barrick put the mine on care and maintenance in January 2008.
- ▶ **Existing infrastructure leverage.** At acquisition, the site included fully developed infrastructure including an operational mill, camp, offices, access roads, reliable hydro supply via a dedicated power line, a life of mine tailings facility, and extensive underground mine development.
- ▶ **Resource starting point.** Upon acquiring the asset, K92 commissioned an independent NI-43-101 report which confirmed an Indicated Resource of 240koz at 13.3g/t AuEq and Inferred Resource of 1.84Moz at 11.6g/t AuEq, being a polymetallic deposit also containing some copper and silver. Kainantu now has a resource of 7.5Moz at 9.1g/t Au and K92 has a total resource base of 18.4Moz including the Blue Lake porphyry discovery.

Near-mine infrastructure discovery of Kora North in May 2017 was key, combining the Kora, Eutompi, and Kora North deposits to form one large deposit.

- ▶ **Proven path to add value.** Sometimes, acquiring a previously operating asset can present more challenges than opportunities depending on the project history. However, in K92’s case (and also for Tolu) the strategy of picking up an asset previously owned by a large/major mining company can present a fresh value proposition. This is especially the case when the asset was relinquished by the prior owner for corporate/portfolio reasons or where the operation ran into difficulties for well-defined but fixable non-geological reasons.
- ▶ **Refurb, rehabilitation and ramp-up.** In early 2016, K92 commenced the refurbishment of the mine, process plant and related infrastructure, with first underground ore being treated towards the end of 2016. K92 then undertook a PEA on the Kora deposit and an expansion of the existing processing capacity. The rest is history, with a series of expansions, resource upgrades and new discoveries paving the way to becoming a mid-tier producer. In the space of 6 years, K92 has taken a dormant asset and turned it into a 140koz producer (2024) with aims to be producing 400koz by 2027 and a long-term aspiration of >1Moz Eq where the regional exploration strategy is integral to this target.

Figure 17 - K92 Mining – gold production vs cash costs since start up



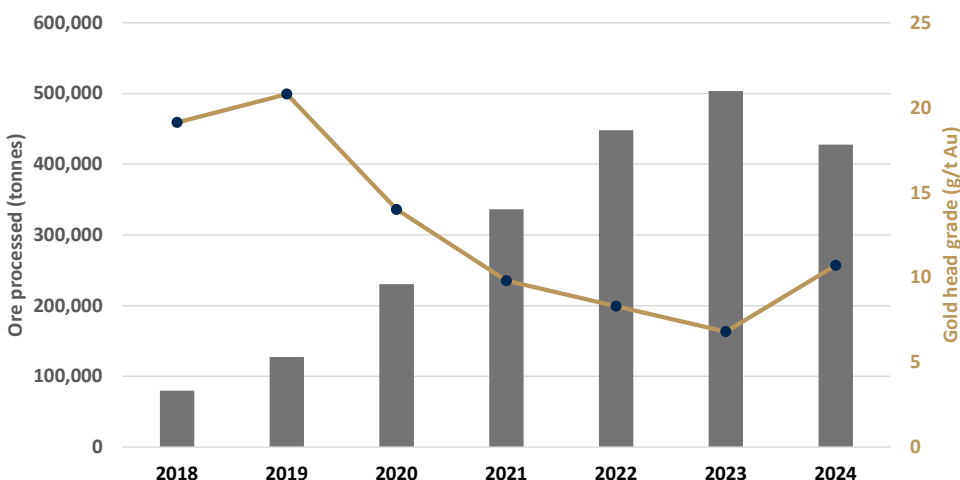
Source: K92 Mining Inc, company reports, compiled by Greenwood

K92 Mining EBITDA (US\$m)

- 2018: \$21m
- 2019: \$48m
- 2020: \$80m
- 2021: \$62m
- 2022: \$82m
- 2023: \$84m
- 2024 Q3 YTD: \$113m

K92 trading on forward EV/EBITDA of 11x

Figure 18 - K92 Mining – mill throughput vs head grade since start up

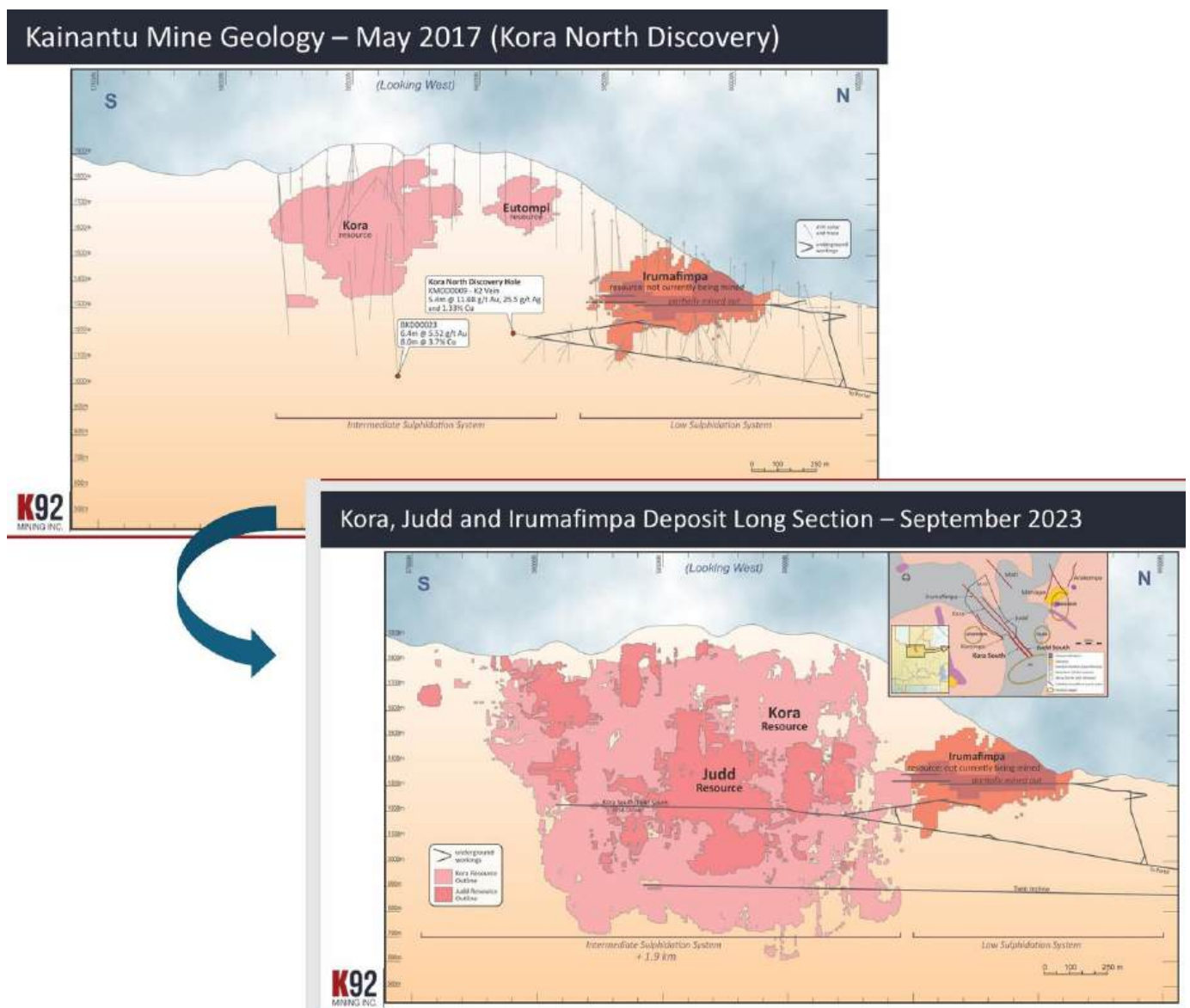


Source: K92 Mining Inc, company reports, compiled by Greenwood

K92 has 11 rigs operating – exploration has been the key to unlocking value

- ▶ **Near-mine exploration was transformational.** Early exploration success was pivotal to the K92's growth with the first round of underground exploration drilling discovering a high-grade extension to the Kora deposit, around 500m along strike and 150m down-dip from the closest point of the defined Kora Inferred Resource at the time, the discovery eventually becoming the Kora Northern Extension which informed a change in the mine development plan to incorporate the new discovery.
- ▶ **Airborne MT geophysics was pivotal** in K92's exploration success. In November 2021, K92 engaged Expert Geophysics Limited to conduct a helicopter-borne MobileMT electromagnetic and magnetic survey. This was the first time in over 10 years that airborne geophysics had been flown over the entire 860km² tenement package. The survey delivered excellent correlation between known mineral deposits and conductive bodies, demonstrating the potential for extensive untested strike length to key vein systems of several kilometres and providing multiple new direct drill targets.
- ▶ **K92 has a decent institutional share register.** Support for a mining company operating in PNG is evidenced by a quality institutional share register including Blackrock, Fidelity, Van Eck and high profile private investors such as Ross Beaty.

Figure 19 - K92's resource growth through near-mine exploration from 2017 to 2023

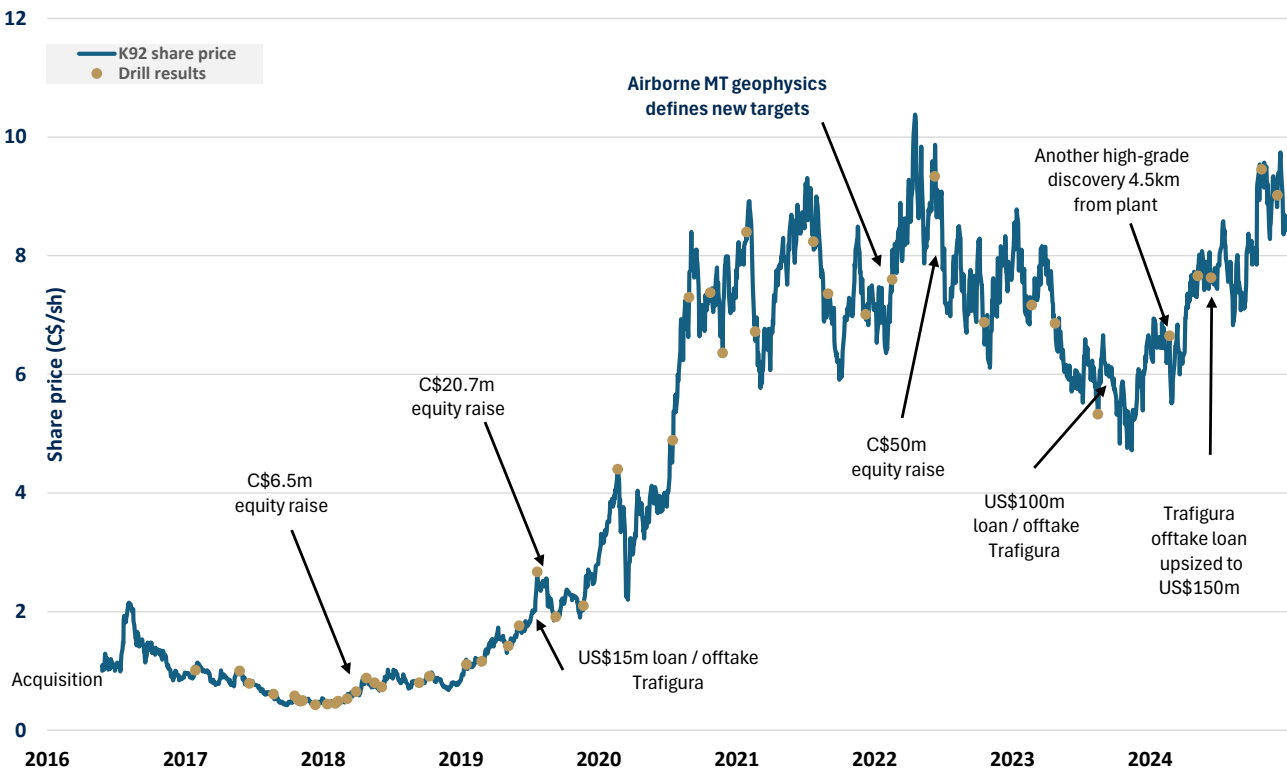


Source: K92 Mining, adapted by Greenwood Capital Partners

- **Exploration driven and self-funding.** A flick through K92’s history reveals exploration results reported at key inflection points (gold dots in the chart below). This reinforces our view of the importance of exploration for a company such as Tolu Minerals. Furthermore, once K92 was in production, it did not need to raise much more equity and thus dilution was minimal. In total, since 2018 we calculate that K92 only raised equity 3 times (C\$6.5m, C\$20.7m and C\$50m) for a total of C\$77m. Interestingly, a large portion of the use of proceeds for the C\$50m placing was for exploration; near-mine and regionally. Later on, K92 utilised debt funding as part of an off-take arrangement with Trafigura.

The point we are making is that with a high-grade deposit capable of producing high levels of free cashflow, beyond the initial exploration and development phase, further exploration and development could be funded internally from cash flow or debt further down the line, with minimal future dilution.

Figure 20 - K92’s share price, driven by exploration success and ability to self-fund once production ramped up



Source: Greenwood Capital Partners, company reports

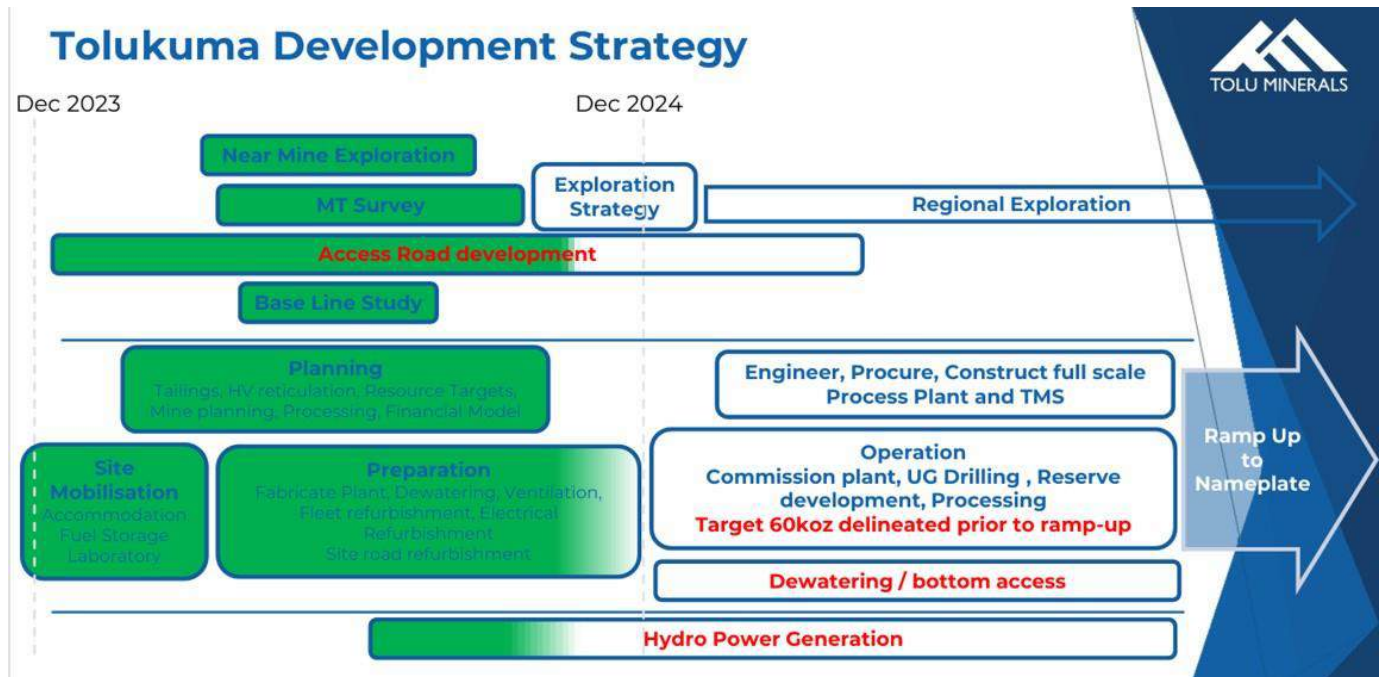
Tolu's pathway to nameplate production

The workstream for the pathway to return Tolukuma to full nameplate production naturally has a large degree of overlap with the near-term production plan from the new gravity circuit. For example, camp/site rehabilitation, staff recruitment, logistics items such as the access road and Phase 1 dewatering are all required for production in any capacity.

- ▶ **Camp refurbishment.** Phase 1 complete including refurbishing of accommodation units to support an increased workforce; upgrading the staff facilities, admin facilities and refurbishing all low voltage power reticulation in the camp. Phase 2 ongoing which includes additional accommodation units, the assay laboratory, workshops, lamp room, clinic and sewage treatment.
- ▶ **Mobile equipment.** Tolu has already made substantial progress in refurbishing mobile mine equipment including an underground loader, truck, hydraulic excavator, front end loader and air compressor in addition to an underground diamond drill rig, a production drill, a rock drill and an airleg. An order has been placed for an additional three LHD's and two 12t haul trucks with delivery expected imminently.
- ▶ **Mining services and infrastructure.** In preparation for the recommencement of mining the following services are in the progress of being procured and installed: water supply; ventilation equipment; compressed air; and underground high-voltage reticulation. In addition, mine rescue paraphernalia has been ordered and arrangements made for the supply and storage of explosives.
- ▶ **Plant refurbishment.** Refurbishment of SAG mill and CIL circuit in the existing plant.
- ▶ **Tailings disposal.** The Tolukuma mine is currently permitted for riverine discharge of treated tailings. However, in line with best practice, Tolu has committed to a zero tailings discharge approach. The interim tailings solution for the new gravity plant is to store tailings in geotextile tubes for later reprocessing. Engineering studies for long-term tailings storage is underway and will likely incorporate more than a single solution, options include underground paste fill storage and surface dry-stack tailings solutions. The long-term tailings solution is one of the longer lead items required for full nameplate restart.
- ▶ **UG drilling and reserve build up.** The key to unlocking the return to 80koz pa nameplate capacity is rebuilding the mining face inventory ahead of full-scale production. Tolu is aiming to have at least 60koz delineated prior to ramp-up to derisk the restart and provide operational flexibility. This will require an underground drill and reserve development programme.
- ▶ **Hydropower.** It is not feasible from cost perspective to restart full-scale production using the new onsite diesel gen sets. Consequently, the refurbishment of the existing hydro power facility is on the critical path.
- ▶ **Re-start strategy and beyond.** The factors listed above will feed into Tolu's final restart strategy which is supported by a combination of the existing resource and near-mine resource growth potential.

Overview of development schedule

Figure 21 - Tolukuma development strategy and timeline (top) and current progress (below)



Near mine exploration:	Status
Phase 1 airborne MT: flying complete over Tolukuma regional, Ipi River & Mt Penck (c. 1,000 km	✓
Secondary analysis underway	pending
Taula drill campaign completed	✓
Drilling commenced on ML 104	✓
Access road:	
Alternative, lower risk route now being followed	mid-2025
Mine Planning:	
Tailings concept: report completed	✓
HV reticulation: detail design	✓
Resources targets for start-up	✓
Mine planning: conceptual complete	✓
Process design: optimisation decision complete	✓
Financial modelling: underway	✓
Site mobilisation:	
Accommodation: 95 beds, clinic completed, mess, office	pending
Fuel storage – tank refurbishment completed, reticulation piping underway	✓
Assay laboratory: commissioned, calibration underway	✓
Preparation	
Plant fabrication complete and delivered to site	✓
Phase 1 Dewatering: 80% drawdown achieved to target level	✓
Ventilation: survey completed, procurement underway	✓
Fleet refurbishment	
Assessment complete	✓
Spares procurement – underway	✓
Orders placed for additional primary and secondary equipment.	✓
Generators delivered to site and orders placed for major electrical components	✓
Site road refurbishment: last section of hydro road to access power station outstanding	✓

Source: Tolu Minerals

Key capital projects for production restart

The recognition of historical issues forms the basis for the key capital workstreams required to restart the Tolukuma mine. These tackle road access, dewatering and power supply. Additionally, a fourth capital stream is to install a new modular gravity gold circuit to support initial production. These streams are in addition to general planning and preparation work at the site required to re-start production – e.g. mobilisation, mine planning drilling etc.

Figure 22 - 4 key capital projects to restart production



Source: Greenwood Capital Partners

Mine access road on critical path

Perhaps the most critical element for the Tolukuma production restart is the completion of the mine access road linking the Tolukuma mine site with Bakoiudu and Tapini road which itself links to the major Hiritano Highway providing a connection to Port Moresby. Despite the access road being recognised as a key infrastructure requirement since the early 2000s it was never completed and only 37km of the total 70km route was finished before the mine was put into liquidation in early 2018. This amounted to a gravel pilot road as an interim measure pending government upgrading to final feasibility specification.

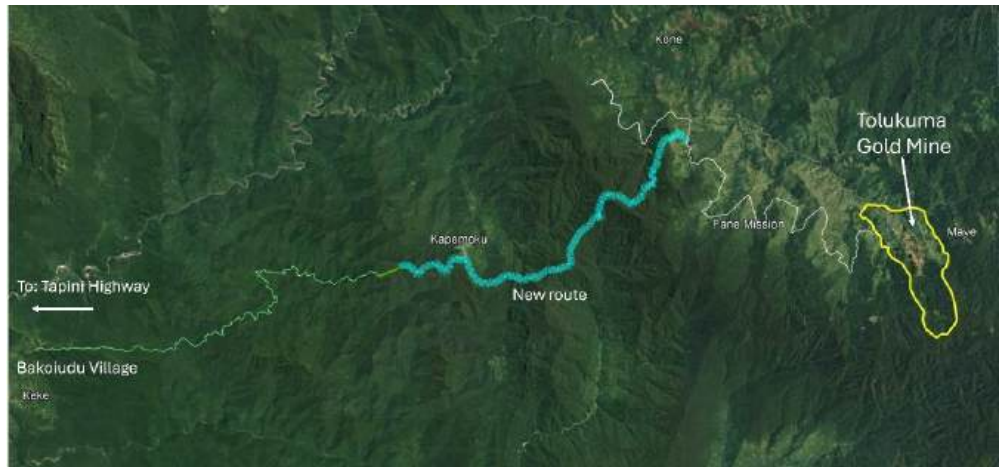
The access road is so important because historically the mine was 100% supported by helicopter logistics, with all equipment, supplies and personnel taken to site by helicopter. This included all of the mine site's diesel requirements – as an example, diesel costing A\$1/litre would be \$7-9/litre by the time it arrived on site. Consequently, the completed access road will be a cost game-changer for the Tolu Minerals restart plan. **Tolu estimates that the access road will reduce the logistics cost per tonne transported by a factor of 30x** compared to the historical helicopter logistics solution.

- **Access road status well advanced.** Tolu commenced work on the access road in December 2023 shortly after the ASX IPO by appointing the construction contract to Tunnel Engineering (PNG) Ltd, a major PNG civil engineering group. The road follows the route of an existing horse and cart trail. The road is fully permitted, and Tolu has national and regional government commitment to support the completion of the Tolukuma road link that represents a key regional infrastructure project, although Tolu has taken the lead to complete construction given the critical nature of this infrastructure. In late 2024, after experiencing some delays with road construction, Tolu made the decision to select an alternative route for the remaining portion of the road, utilising the mountain ridges to mitigate land slip risks and optimise long term maintenance. However, this has resulted in a short-term delay in completion but Tolu expects the road to connect by mid-2025.
- **Cost and efficiency game-changer.** From original mine commissioning in 1995, the site relied entirely on heavy lift and conventional helicopter support (typically large Russian helicopters). Records show that about 10,000t of freight and 25,000 personnel movements were carried out annually. Consequently, logistics costs amounted to c.50% of total site operating costs. In the latter years of the mine's operation, the combination of this logistics cost coupled with substantial fuel price increases severely impacted the profitability of the operation, a decisive factor leading to the suspension of mining operations in 2015 and closure in 2018. The switch to road logistics will be substantially lower cost and risk and should be transformative for the Tolu restart.

Figure 23 - Tolukuma mine access road (top) and route (below)



The bold green line represents the revised route for a portion of the road



Source: Tolu Minerals

Partial dewatering required for re-start

Upper-level dewatering is well advanced and has reached the c.1,550 level

Upon taking over ownership of Tolukuma, the mine was flooded to the upper portal (1563 mRL) due to the mine being suspended and the cessation of pumping. The lowest known development level is the 1336 mRL when mining was undertaken on the Zine vein. Consequently, partial dewatering is required to lower the water level in the mine. This will achieve multiple aims including providing access to the mine to refurbish the underground infrastructure and decline to facilitate access to areas earmarked for planned mine development and production restart. Tolu holds environmental permits for water harvesting and wastewater discharge.

Dewatering will also enable underground diamond drilling to commence to further explore the Fundoot, Mystery and Gulbadi Red veins and ultimately the entire Southern extensions of the mine and surrounding exploration licence. Tolu’s dewatering plan will be undertaken in 2 phases:

Phase 1 (underway)

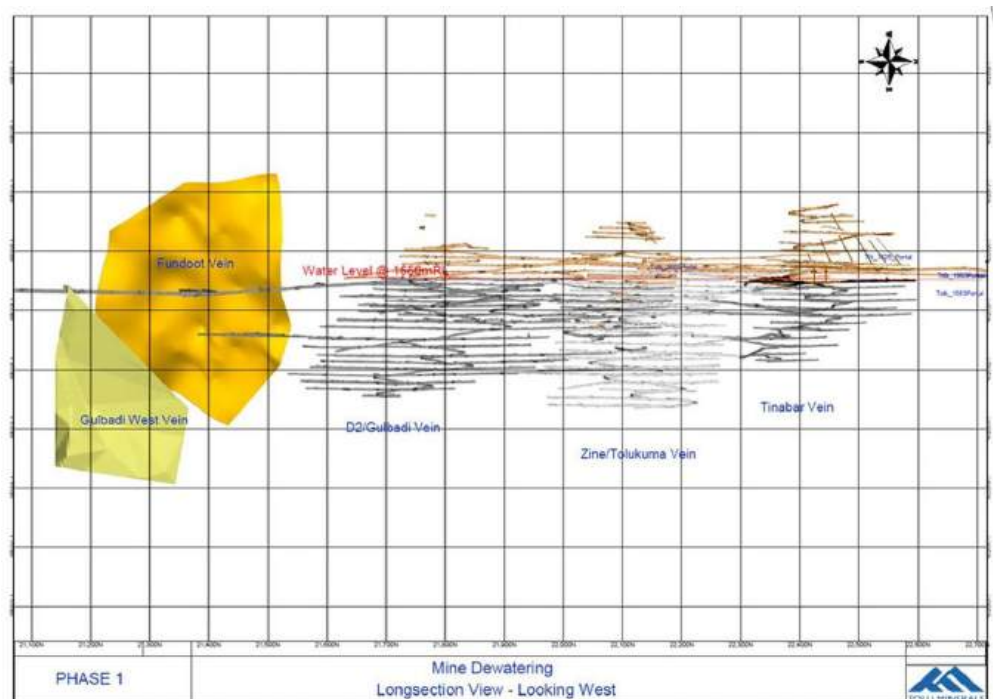
Phase 1 commenced with siphoning of water ahead of the commissioning of the main pumping system in early September and has now reached the first target level of 1540 mRL. The use of innovative siphoning has reduced pumping load (& cost) by 30% according to company estimates. Pumps have now been commissioned to accelerate dewatering and have been relocated to the final position to dewater the Fundoot vein that is accessed from the Miliahamba Drive with a plan to upgrade the MRE following the commencement of mining. The water level in the old workings will be maintained at 1548 mRL.

A further interim phase will involve drilling from the 1540 level to maintain the water level on the 1540 to allow access to the Miliahamba whilst the bottom dewatering tunnel is developed.

Phase 2. Phase 2 consists of the permanent solution to dewatering required to access below the 1330 level, it will involve pumping and the development of a new bottom access to the mine at the appropriate time, given that dewatering solely from the top down would be lengthy and require considerable time and effort. This will reduce pumping costs going forward.

Dewatering of the Miliahamba Drive to access critical Fundoot vein (91koz @ 13g/t Au, 59g/t Ag)

Figure 24 - Mine dewatering plan and Short-term Target Veins



Source: Tolu Minerals

Hydro power refurbishment

Experienced hydro power constructors and operators have undertaken a number of site visits to the existing hydro power facilities and completed a comprehensive site survey. Engineering work has commenced and Tolu now awaits a proposal to recommission the existing hydro power station. In the meantime, 1.3MW of diesel power generating capacity has been airlifted to site and commissioned to cover all pumping and ventilation demand as well as broader restart capability. Engineering on the high-voltage surface and underground reticulation has been completed and the transformers have already arrived on site.

The three turbine hydro power station was commissioned in 1997 with an installed capacity of 2.7MW. Historically, power to the mine was provided by a combination of hydroelectric turbines supplemented by diesel generating sets. However, as we have already outlined, the hydro power was unreliable and diesel was expensive due to high-cost helicopter logistics and not always able to be flown to site.

Gold plant optimisation – new gravity circuit

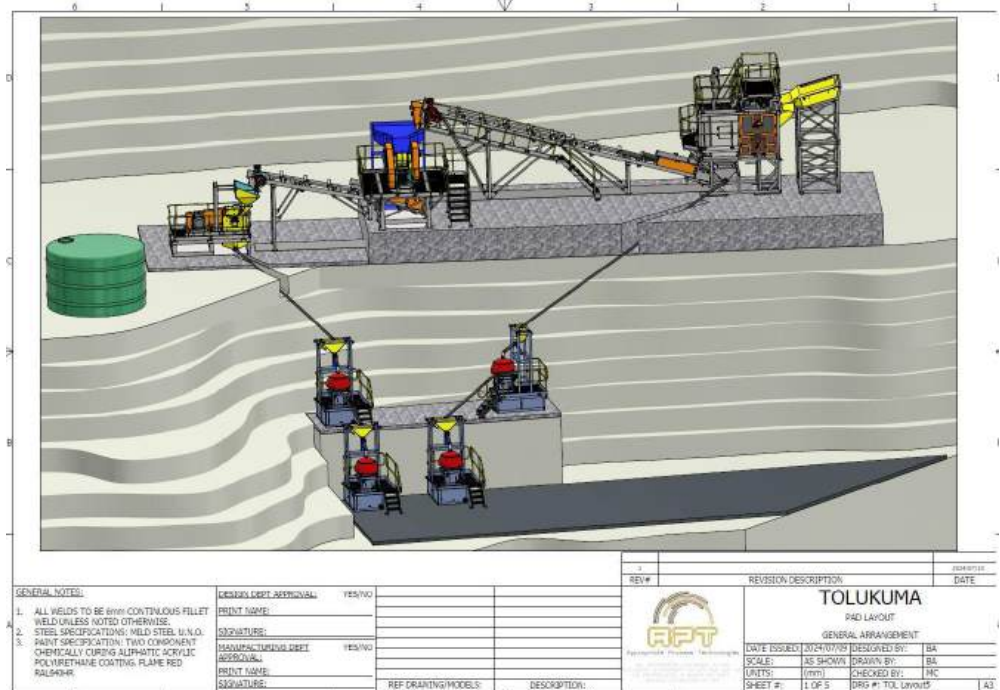
In order to support a low-cost early return to gold production, Tolu has procured and is in the process of constructing and commissioning a small modular gravity circuit to produce a concentrate which goes to the refurbished gold room in the existing plant utilising new shaking tables and electric smelting.

This is the preferred alternative to restarting the gold gravity circuit in the existing plant to produce doré which is based on large SAG mill and Knelson concentrator. However, this would be a high-cost and inefficient option for early production whilst still reliant on diesel power.

In contrast, the modular 6tph gravity circuit is a simple set up; scrubbing, crushing and a stamp mill flowing through to four centrifugal concentrators and cost Tolu less than A\$1m. This small plant provides better alignment with the initial mine production capacity and because the plant is simple and modular, it can be scaled up accordingly as mine production capability increases. Tolu expects around 635oz Au per month from the 6tph plant (at c.40% recovery) but potential exists for higher recoveries and future expansion of the plant to 24tph (c. 2,500oz per month).

As an interim tailings solution, the gravity plant tailings will be discharged and stored in geotextile cubes which can be stored and reprocessed to reclaim the remaining gold once the main CIL plant is recommissioned.

Figure 25 - New gravity processing circuit to support early production restart



Source: Tolu Minerals

Figure 26 - Modular gravity plant installed, photo taken December 2024



Source: Tolu Minerals

1,500km² of untapped exploration upside

Tolu's exploration gets a significant boost with the recent appointment of Chris Muller (ex-head of exploration at K92)

Tolu has exploration licenses on strike and parallel to mineralised structures to Tolukuma gold mine, with additional exploration licence applications underway. The exploration plan is simple:

1. Upgrade the confidence of the existing 503koz MRE at Tolukuma
2. Expand the existing MRE in the vicinity of the existing mine infrastructure and near mine where Tolu has a JORC Exploration Target of 2-3Moz
3. Step out regionally to identify new targets on the broader Tolukuma structure
4. Early-stage exploration at across the Mt Penck tenements on the adjacent island of New Britain, highly prospective for epithermal Au-Ag, polymetallic and porphyry mineralisation.

Upgrade and expand existing MRE

Prior to the ramp up to nameplate capacity, a key aim is to increase the confidence in the current 503koz mineral resource which currently sits entirely in the Inferred Category (AMC, August 2022). This is largely a function of the fact that areas of higher drillhole density have been depleted due to historical mining and the in-situ material along strike or below old workings has a drill hole density of >30m x 30m.

Tolu has identified several areas within the updated MRE that will be targeted to increase resource confidence which will be achieved by limited development drill drives, ore drives and raises along with a significant drill and face sampling programme. This is part and parcel of the company's dewatering and infrastructure refurbishment plan, e.g. to access the Fundoot vein (91koz at 13g/t Au) to support MRE upgrade which is accessed from the Miliahamba Drive, or the mystery vein which requires only minimal dewatering to access. Tolu also has access to immediately accessible resources in the Tinabar Top, Zine Top and Gulbadi structures adjacent to historically mined areas which can be accessed from the existing main portal.

Near-mine Exploration Target 2-3Moz.

The Tolukuma gold-silver mineralisation is hosted in a system of NNW, NW to SSE, SE trending fissure veins controlled by the Tolukuma Fault. The results of historical 3D IP (induced polarisation) geophysics indicate that the existing gold mineralised Tolukuma vein structure extends for a further 2km to the SSE of the mine and MRE area.

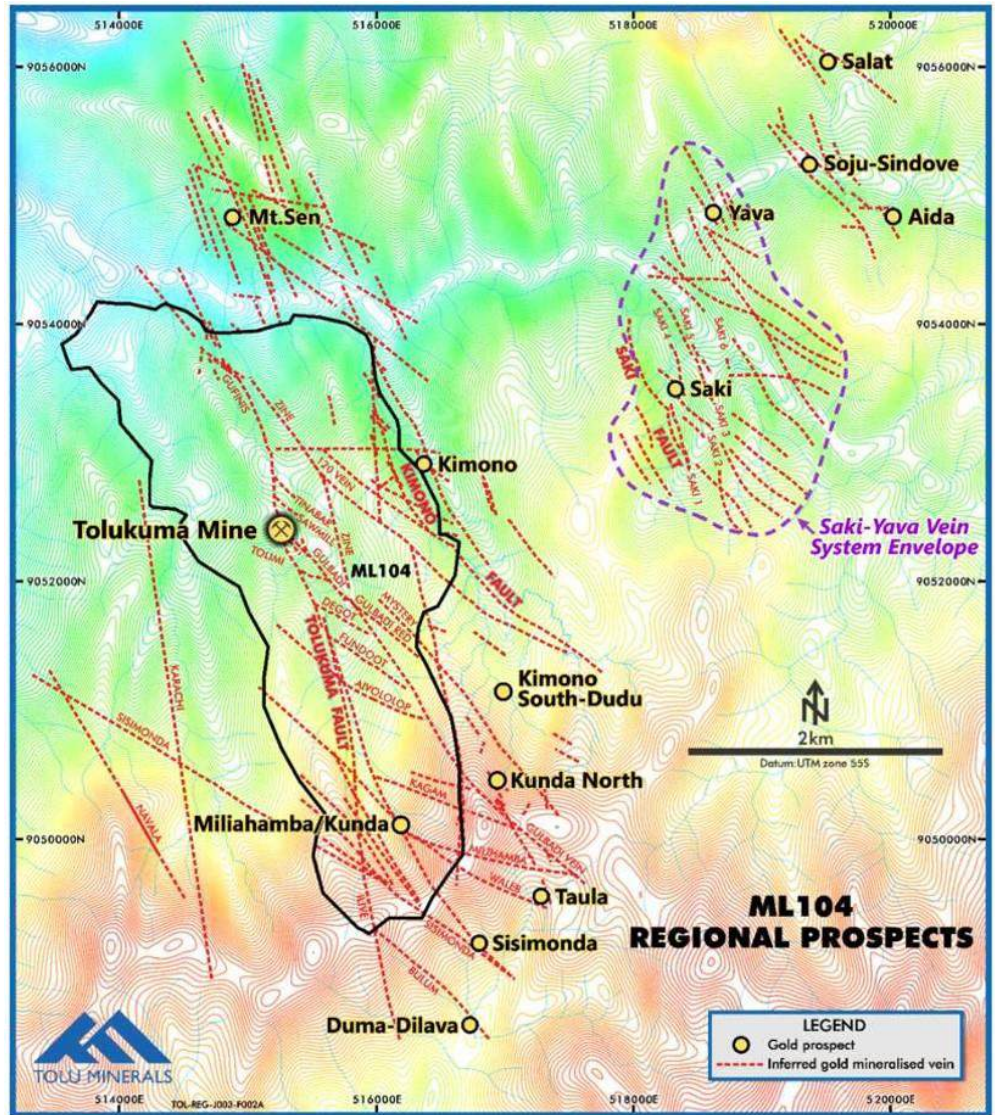
Figure 27 - Tolukuma project – Exploration Target (near-mine)

Exploration Target Deposit	Classification	Tonnes (kt)	Gold grade (g/t Au)	Gold (koz)
Tolukuma	Exploration Target			
Tolukuma South	Exploration Target			
Miliahamba	Exploration Target			
Taula	Exploration Target			
Kimono	Exploration Target			
Saki-Yava-Soju-Salat	Exploration Target			
LOW		7,800	8	2,006
HIGH		8,500	11	3,006
Mid-point ET	Total	8,150	10	2,506

Source: Tolu Minerals

Tolu has developed an Exploration Target for the near-mine area of between 2-3Moz at a grade range of 8-11g/t Au which is based on the extension of the Tolukuma vein system along with trench and drill results from other along strike vein prospects such as Miliahamba/Kunda, Taula and the Saki-Yava-Soju-Salat system of gold veins (Fig 28). The scale potential has now been confirmed by the recent MT survey and drilling at Taula.

Figure 28 - Tolukuma – near miner prospects including Taula



Source: Tolu Minerals

Taula drilling confirms near-mine upside

Taula is 4.5km SE from Tolukuma mine

4.8m at 22.79 g/t Au + 513.2 g/t Ag

Results confirm resource expansion potential and validate 3D-IP & MT geophysics as targeting tools

In late 2024, Tolu completed a 9-hole diamond drill programme at the Taula vein prospect based on geophysics and surface exploration, the results of which clearly demonstrate the potential to increase near-mine resources at the project. Highlights from this drilling (reported 14-11-2024) include high grade gold intersections along a structural inflexion zone where drillhole TDH08 intersected 1.0m @ 61.20 g/t Au + 1979 g/t Ag within a broader mineralised zone of 4.80m @ 22.79 g/t Au + 513.2 g/t Ag.

Previous trench and rock samples indicated that the Taula system of veins extends to over 1.5km strike length and the new drilling by Tolu has defined a further zone of gold mineralisation at depth extending over 450m of strike that is open ended to the North and South. The confirmation of higher-grade gold and silver zones along structural inflexion zones is an important indication, as that was an important feature of mining at Tolukuma.

These Taula results are highly significant, being the first drill programme outside of the Tolukuma mining licence boundary. The results confirm both historical work and validate Tolu’s geophysical targeting approach. The closer spaced 75m line Airborne MT data and interpretation covering the same area are expected to provide additional guidance to sub-surface mineralisation South and East of the mine.

Regional Exploration along Tolukuma structure

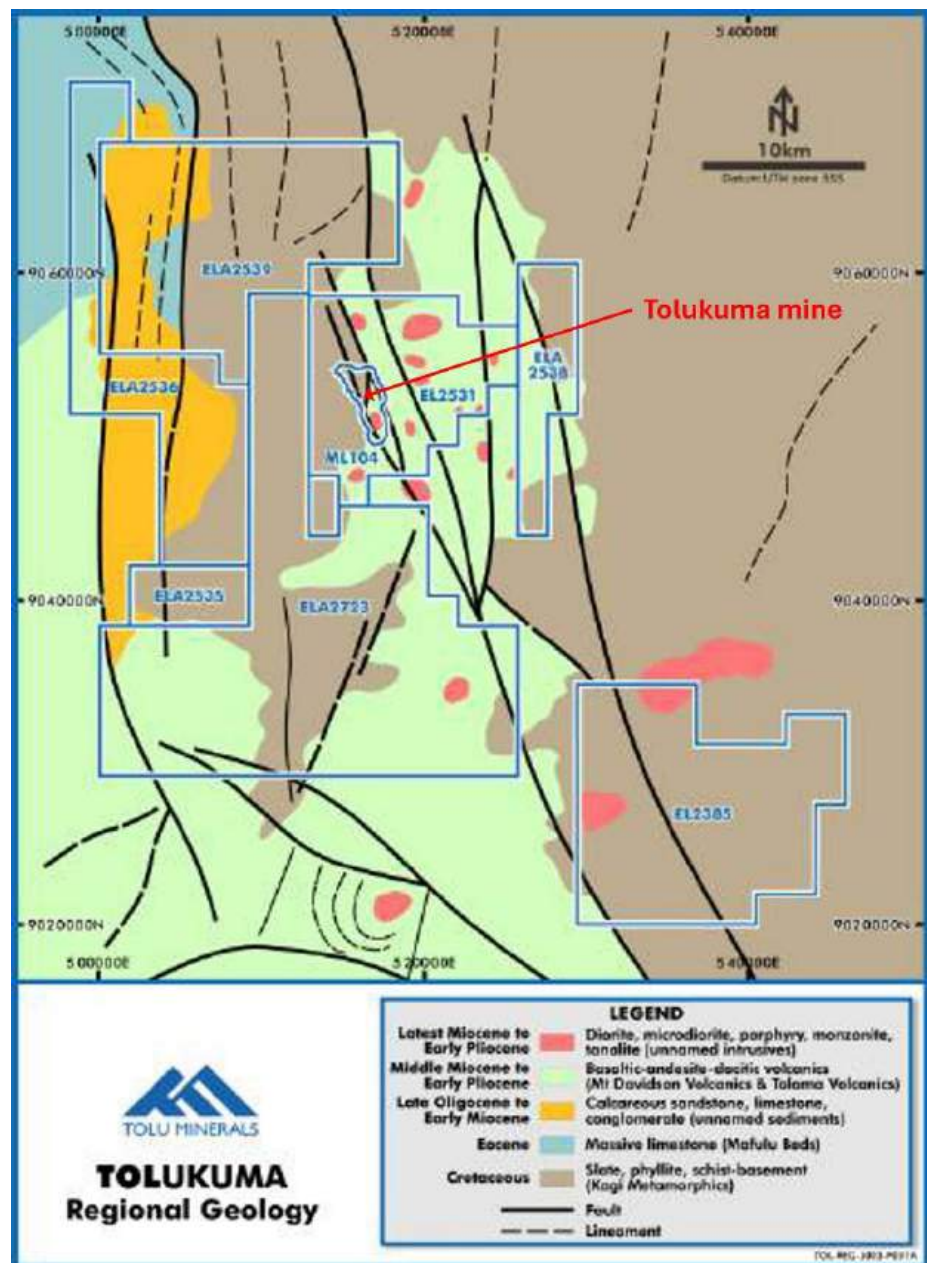
Tolu has assembled a highly prospective package of tenements covering nearly 1,500km² with a variety of targets including Tolukuma-style low to intermediate sulphidation epithermal Au-Ag fissure veins associated with the Tertiary volcanics, porphyry-style Cu-Au deposits associated with intrusive bodies emplaced into the basement metamorphics and one possible high sulphidation-style epithermal Au-Cu target. Despite this, most of this ground has seen little in the way of systematic exploration using modern technology.

Tolu has secured these tenements across key portions of the Tolukuma structural corridor offering potential for completely new discoveries along strike on the Tolukuma mineralised structures and also parallel structures (see fault lines in bold back in the below figure).

Key to unlocking the regional potential is application of Airborne Mobile Magneto Telluric (MT) Surveying technology across this large land package to provide vectors to mineralisation. *Page 32*

Figure 29 - Tolu's exploration tenements and key structures relative to the Tolukuma mine

Dominant landholding along the key structures, regional potential for both epithermal Au-Ag and porphyry Cu-Au



Source: Tolu Minerals

MT geophysics is a game changer

- ▶ **It's new tech...** MT survey technology was only designed in 2017 and first deployed in 2018, meaning that the technology has not been used extensively on tenements in any historical exploration programmes. Often it is the application of new technology to a project that produces the decisive discovery breakthrough, a vector to mineralisation that would have been previously missed by prior exploration, if any was undertaken. The nascent nature of this MT means that it has not been widely deployed, providing a compelling opportunity for companies such as Tolu.
- ▶ **.. and it's pretty good.** The Mobile MagnetoTellurics (MobileMT) is the most advanced generation of airborne audio-frequency techniques and is the only system proven to deliver geoelectrical information from shallow to > 1 km depth range with high spatial (lateral and in-depth) and resistivity resolution. The system detects resistivity contrasts of geology structures and boundaries of any shape and in any direction due to total field (three components) measurements.
- ▶ **How it works:** MobileMT technology utilizes naturally occurring electromagnetic fields in the frequency range of 25 Hz– 20,000 Hz band (standard ZTEM range would be only 25–720Hz) which are mainly associated with lightning discharges over the planet. Thunderstorms release energy, which is converted to electromagnetic fields that propagate through the ionosphere-Earth interspace. The electromagnetic fields and currents induced by these fields in the subsurface are used in MobileMT to understand the variations in the electrical resistivity of the subsurface.
- ▶ **What it does:** MobileMT is an efficient tool for exploration in various terrains and across a wide depth range from near-surface to between 1 and 2 km. The technology provides 2D and 3D images which can help to resolve and delineate; deep host rocks and overlying stratigraphy, fault zones and contacts, alteration and dissemination halos associated with mineralisation. It is a very powerful tool that when properly applied can almost directly detect mineralisation and generate drill targets.
- ▶ **Why is Tolu using it?** MobileMT provides a wealth of subsurface information for very low cost. The steep topography and dense vegetation in PNG mean that standard exploration is time and cost intensive. MobileMT potentially cuts out years of laborious exploration and expensive drilling and helps to rapidly advance regional exploration aims. The technology's deep penetration ability in combination with VLF data providing near-surface conductivity information provides unrivalled data. Tolu is using the technique to identify both continuations of existing mineralisation in the near-mine environment along with stepping outwards to target completely new discoveries in the extensive regional land package. The MT picks up high conductivity responses from sulphides and clay alteration mineralogy associated with the gold mineralised vein sets, whilst the quartz veins themselves should return a resistive response.

**State of the art geophysics:
low cost high-impact tool ideal
for PNG due to the mountains
and dense vegetation.**

**Gives high-res image of
structures, alteration, potential
mineralisation at depth down to
1.5km in places.**

Identifies drill targets.

**Employed by K92 Mining with
great success and note Tolu's
recent appointment of ex-K92
geologist Dr Chris Muller – a PNG
expert and knowledgeable
practitioner of Expert
Geophysics' airborne MT
methodology.**

Figure 30 - Airborne MT Underway over Tolukuma, Helicopter and suspended array



Source: Tolu Minerals

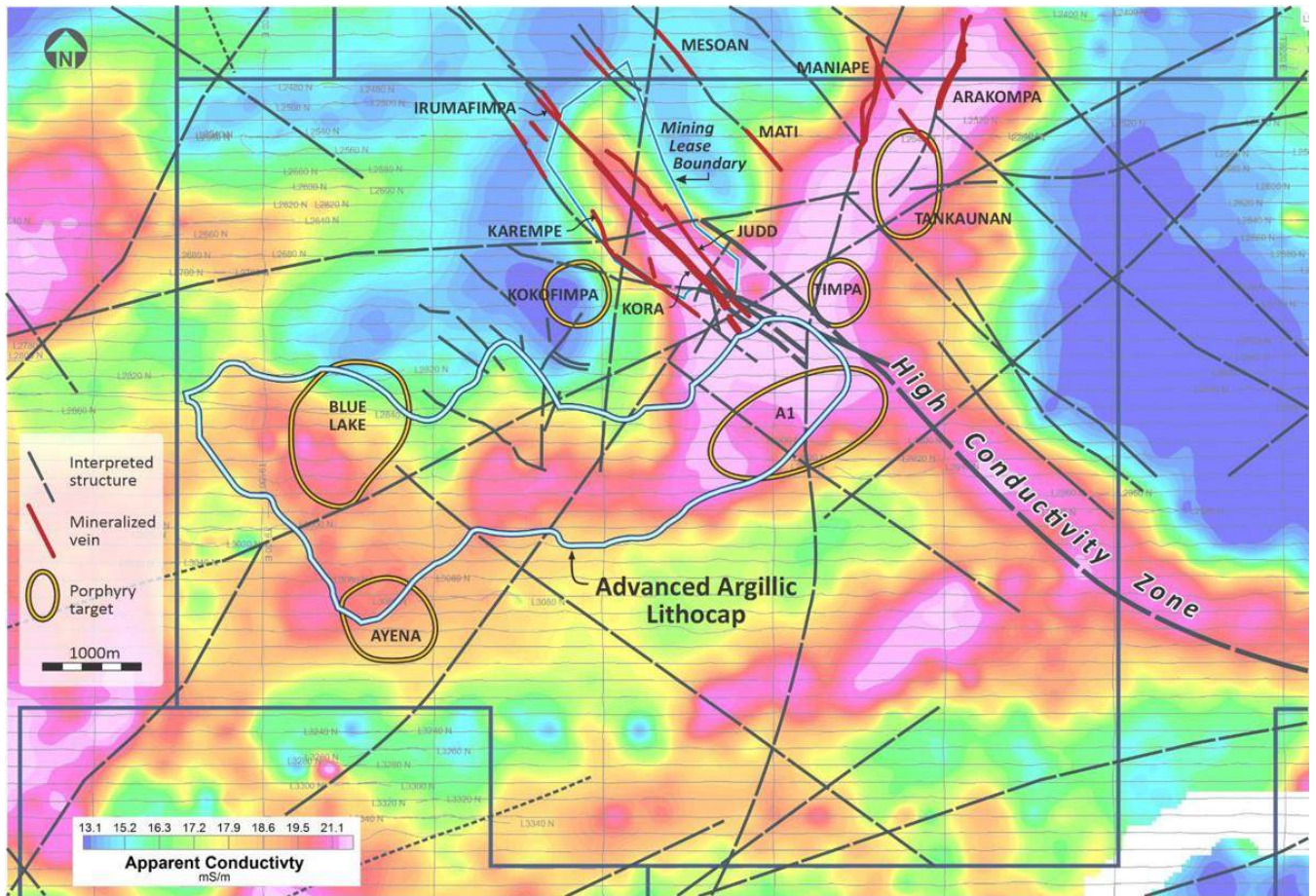
**The technique has been pivotal in
the exploration success and
growth at K92 Mining**

K92 used MT technology to great effect

K92's application of airborne MT geophysics has been highly successful, with the company commissioning a survey over its entire 830km² land package in 2021. The technology proved to be highly effective at mapping sub-surface conductivity zones and demonstrated an impressive correlation between already known deposits (both vein and porphyry). The K92 survey generated numerous high-priority near mine targets and the resultant conductivity data implies a potentially substantial continuation of the Kora Judd mineralised corridor to the south-east.

It's important to note that K92 only started using MT technology about 4 years in from commercial production at Kainantu whereas Tolu has been using the tool from a very early stage.

Figure 31 - K92's MT results, existing mineralisation and targets



Source: K92 Mining

Tolu may investigate the use of drones instead of helicopters for future MT surveys as this would be quicker, cheaper, provide higher resolution and the drone would be able to fly in most weather conditions

Tolu's high impact MT surveys to unlock regional potential

In June 2024, Tolu commenced its own helicopter-borne MT survey in June 2024, covering approximately 2,000km² over the Tolukuma Mining Lease ML104 and surrounding Exploration Licences and flown at a flight line spacing of 200m.

Following Phase 1 (completed), the survey has also been flown over EL2780, Ipi River (Phase 2) covering 200km² at 200m and on completion of these mainland legs, the survey equipment was relocated to fly over Tolu's gold and polymetallic Cu-Pb-Zn sulphide system at Mt Penck EL 2662 covering 185 km² (also at 200m spacing) with surveying now complete.

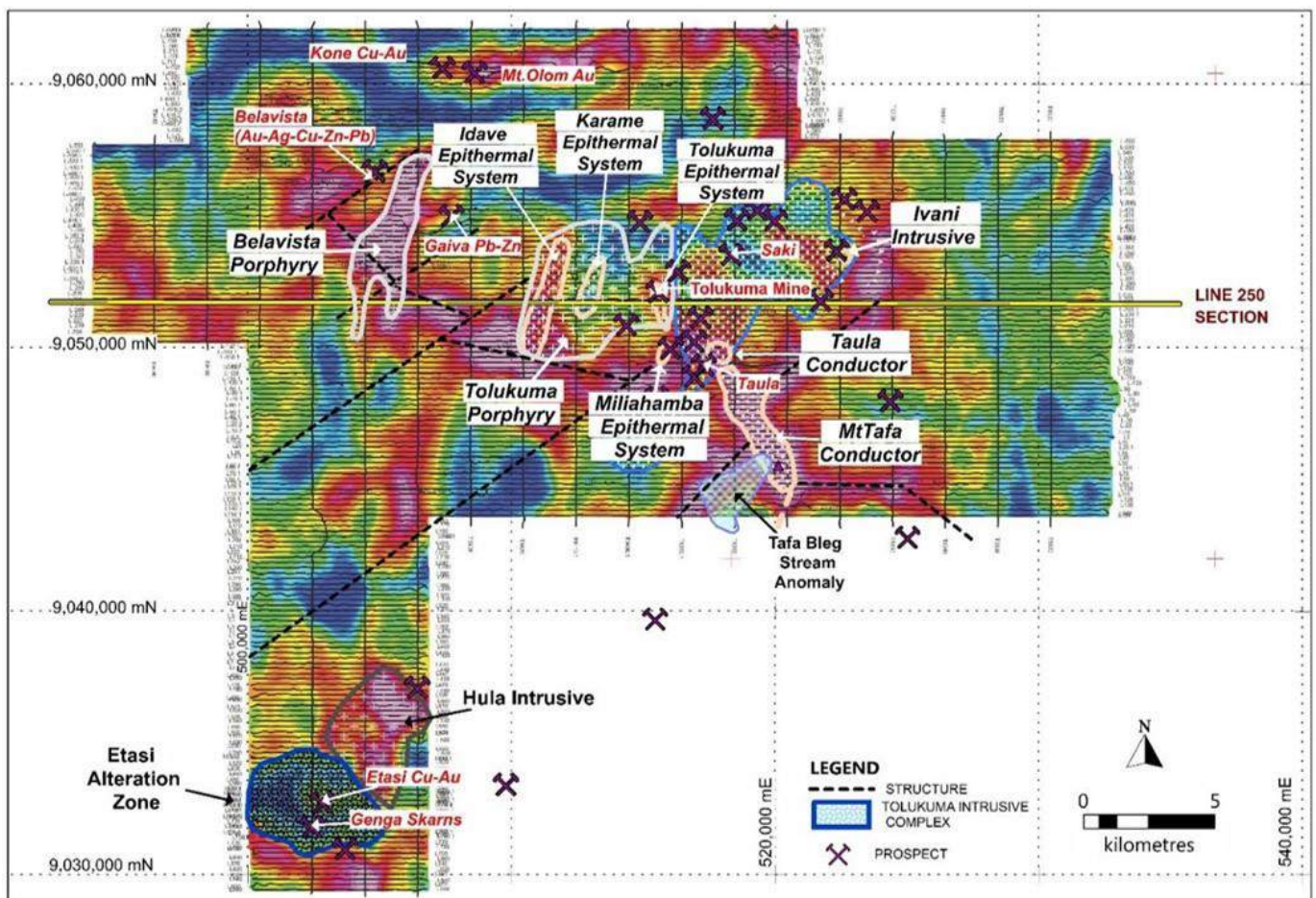
Numerous targets generated. The initial Phase 1 results (c700km² of the total 2,200km²) of the airborne MT were reported in September 2024, representing about 43% of the flown area (312km²). Key results detailed below:

The modelled conductivity from these initial Phase 1 results has identified several targets for follow up:

Historical samples at Belavista & Gaiva prospects include 8.88g/t Au, 140g/t Ag, 990ppm Cu and 5.6% Zn

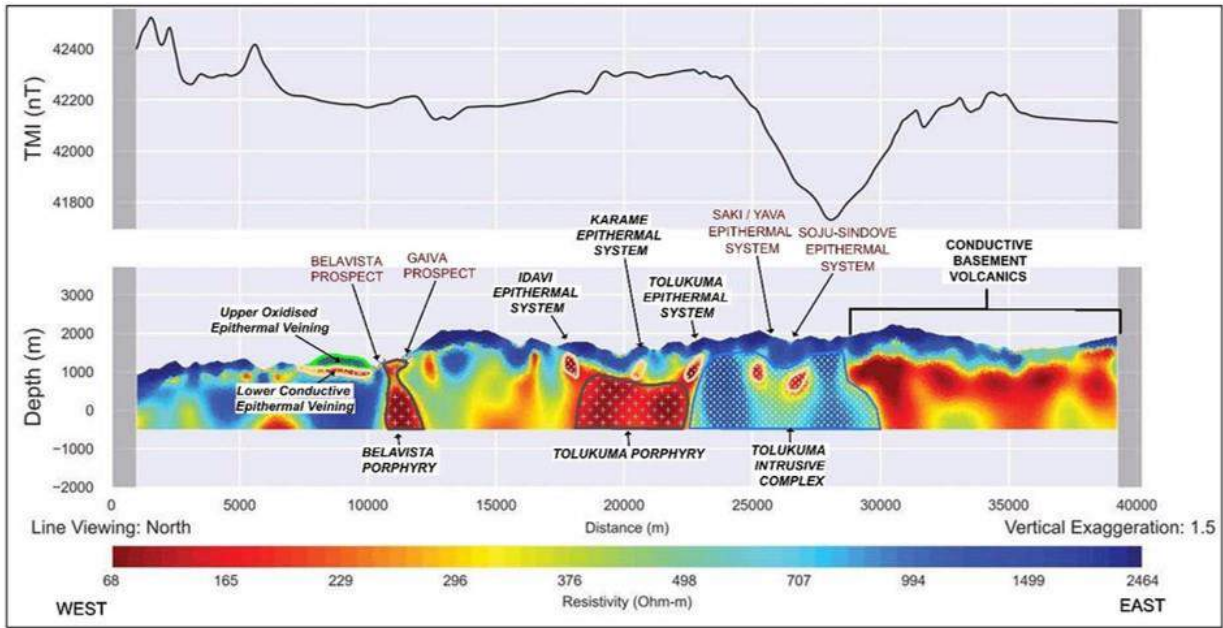
- ▶ **2 interpreted porphyry copper-gold systems** that extend to over 1.5km in depth. The interpreted 'Belavista Porphyry' Conductivity anomaly occurs adjacent to the Belavista and Gaiva prospects, where historical sampling and mapping indicates porphyry gold and base indicators. At depth, the MT shows this is related to a broader 4km wide intrusive system, with potential similarities to world class deposits such as Batu Hijau in Indonesia.
- ▶ **3 possible near-surface epithermal low sulphidation systems** that may replicate the existing Tolukuma mine system based on conductivity 2.5D modelling by Expert Geophysics.
- ▶ **Potential replication of the 'Tolukuma Epithermal System'** conductivity anomaly at the 'Karama Epithermal System' and 'Idave Epithermal System', 2km and 4km to the West respectively and potentially within striking distance of existing mine infrastructure. Tolu is planning a mapping and sampling program to significantly extend existing gold resources within and beyond the Mining Lease into Tolu's EL 2531 prior to drilling to extend Mineral Resources.
- ▶ **The underlying Tolukuma porphyry target** shows clearly in the data immediately beneath the Tolukuma mine, along the contact of the Tolukuma Intrusive Complex (TIC), and extending for a further 5km to the West (Figure 1). Tolu interprets this to be the main driving heat source for the gold mineralisation at the Tolukuma based on an idealised model of porphyry-epithermal systems.

Figure 32 - Interpreted Targets from initial Phase 1 Airborne results



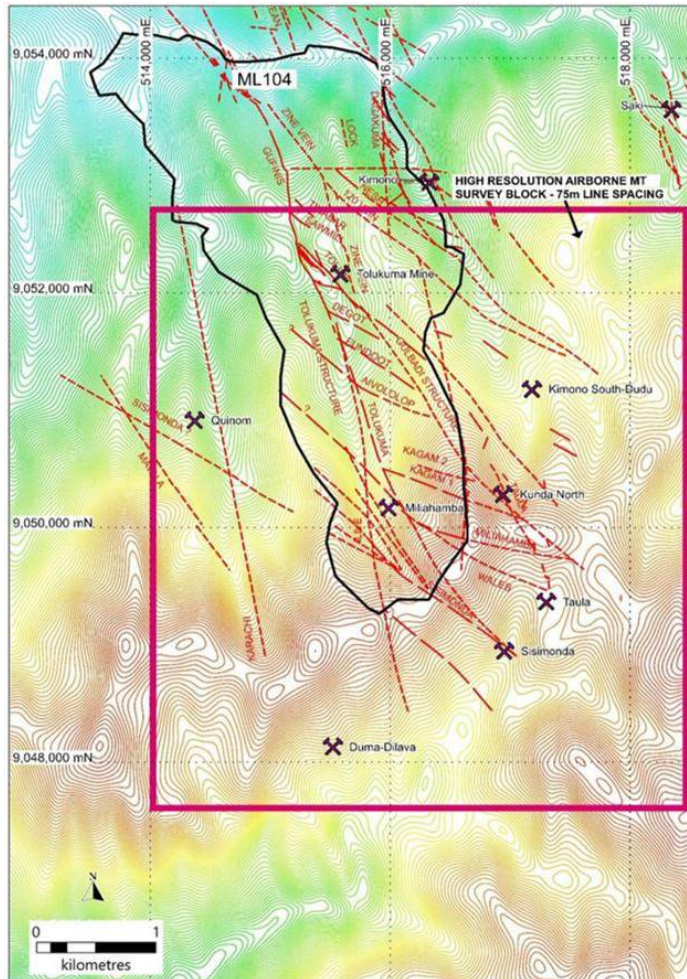
Source: Tolu Minerals

Figure 33 - Interpreted Targets along airborne MT cross-section (initial Phase 1 results)



Source: Tolu Minerals

Figure 34 - Airborne MT Block flown at 75m over southern area of ML104



Source: Tolu Minerals

Higher resolution survey to provide more detail.

Tolu has commissioned an additional higher resolution survey over the Southern area of ML 104 at a flight line spacing of 75m (vs 200m).

This will provide more detail and a higher resolution model that is expected to assist in targeting low sulphidation gold and silver veins with this more detailed survey covering the Tolumina mine site and extending to c.4km south of the mine.

Mt Penck: Epithermal Au-Ag and polymetallic targets

Tolu holds a 100% interest in the Mt Penck Exploration Tenement EL2662 located on the island of New Britain, situated to the NE of PNG. The EL covers c.100km² and has potential to host both epithermal gold-silver targets and polymetallic style mineralisation. The project area is accessible by road 56km from the existing deep-water port at the provincial capital of Kimbe on the Island. Tolu's tenement lies at the northwestern end of the Kulu-Simi structural corridor which hosts the Simuki porphyry copper deposit (200Mt at 0.47% Cu).

3 styles of mineralisation

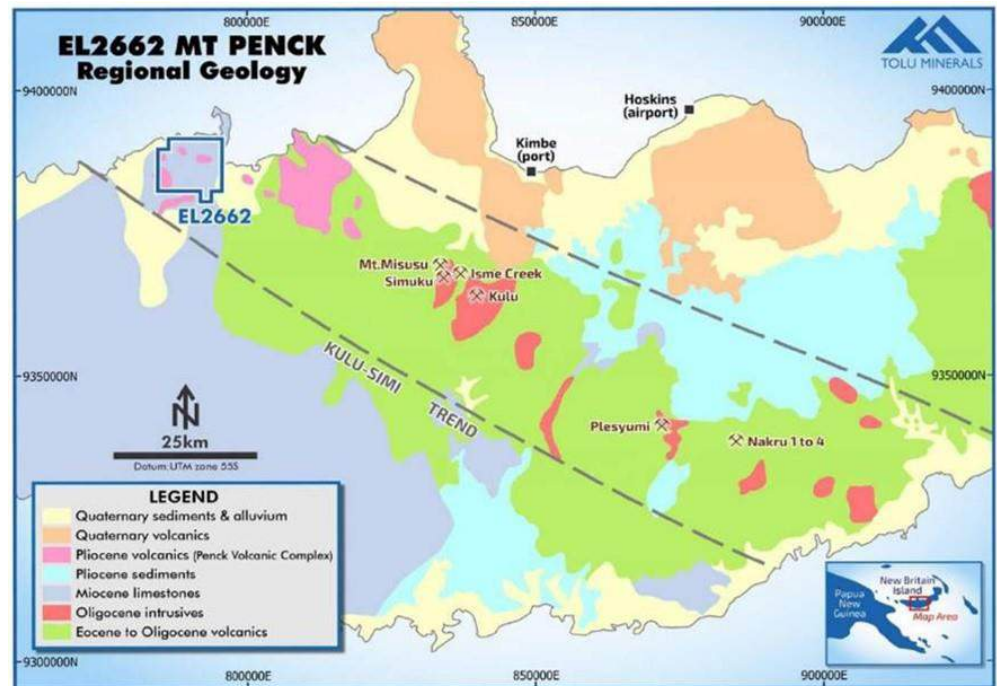
Mineable high-grade mineralisation near surface

Resource could be compiled with relatively little drilling

Fragmented historical ownership provides an opportunity

Mt Penck has the scale and potential to be a company maker in its own right, in our view

Figure 35 - Airborne MT Underway over Tolukuma, Helicopter and suspended array



Source: Tolu Minerals

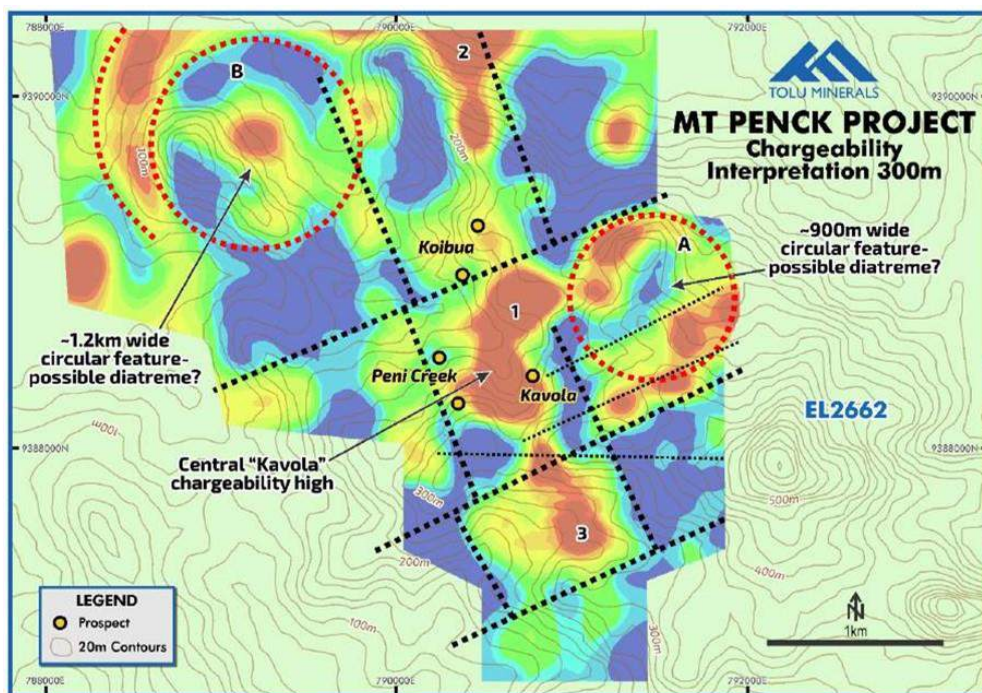
Historical work indicates potential. Tolu's initial review of historical drilling, surface geochemistry, geology and geophysics has identified a plethora of targets for follow-up exploration over multiple prospects. Although originally an epithermal gold-silver target, significant potential for polymetallic mineralisation has been identified at Kavola, Kavola East and Kavola West.

- ▶ **Kavola East.** Up to 6 subparallel vein sets over 200m width and 300m strike. Historical drill intercepts include 19m at 3.32g/t Au from 4m.
- ▶ **Kavola (copper).** Veining and stockworks associated with a chargeability anomaly, historical intercepts include 1m at 3.34g/t Au & 0.33% Cu from 88m.
- ▶ **Kavola West (zinc).** Evidence of potential polymetallic feeder zones, historical intercepts include 2m at 2.05g/t Au, 43g/t Ag, 7.4% Zn & >1% Pb from 27m and 1m at 2.36 g/t Au, 5.1g/t Ag + >1% Pb + 12.2% Zn from 28m.
- ▶ **Kavola Southeast.** Historical intercepts include 1m at 16.2g/t Au from 75m.
- ▶ **Peni Creek.** An epithermal system identified by previous explorers such as BHP-Utah and Nord Resources. The system exhibits overlapping low to intermediate sulphidation gold-silver and high sulphidation gold-copper mineralisation hosted in volcanics and porphyry intrusions. 12 aircore holes by BHP-Utah, 3 DD holes by Indo Pacific and 2 DD holes by Kanon/NGG suggest mineralised structures that may not have a surface expression. Historical intercepts include 4m at 2.41g/t Au from 24m and 4m at 5.71g/t Au from 22m. Trenching results reported by Tolu in early 2024 confirm the presence of high-grade near surface gold e.g. 4m at 5.57g/t Au inc 1m at 18.2g/t Au.

High resolution MT survey will be used to pinpoint drill targets

MT geophysics being deployed. Historical ground geophysical 3D-IP imagery known mineralisation occurs within a roughly NNW-trending belt of chargeability highs - designated areas 1, 2 & 3 (Fig 36) with known prospects clustered at intersections with an ENE-trending structural zone. The Central Kavola chargeability anomaly extends from surface to greater than 400m as a pipe-like body becoming larger with depth and two large circular target areas have been interpreted (A & B) which may represent diatreme type targets. Tolu has recently flown the airborne MT over these prospective areas. Results will be reported shortly and will be used to plan any follow-up drill programme.

Figure 36 - Airborne MT Underway over Tolukuma, Helicopter and suspended array



Source: Tolu Minerals

Exploration Target. Tolu has developed an initial Exploration Target of between 3.4Mt & 4Mt at a grade range of 2.1g/t to 3.1g/t Au equating to between 240koz and 400koz contained gold, based on trenching and drilling data. However, we view this as highly conservative given the magnitude of the geophysical data and potential for large-tonnage polymetallic deposits.

Greenwood’s view. Mt Penck is a large and highly prospective tenement that could be a flagship exploration project in its own right if sat within a junior exploration company. The fact that the tenement has potential for both epithermal and porphyry mineralisation, high-grades proven at surface and some substantial conductivity anomalies is compelling. Most of the historical work was rather sporadic and mostly conducted in the 1980s and 1990s. Although this remains an early-stage discovery play in our view, the combination of narrow high-grade vein mineralisation and broader lower grade disseminations and stockwork at project coupled with the coastal/less remote location sets the scene for an exciting exploration play with development potential if proven.

Tolu Minerals: Company snapshot

Tolu Minerals’ holds c.1,500km² of exploration licences and licence applications in Papua New Guinea, focused around the previously operating Tolukuma Gold Mine (Mining Licence ML104), all located in the highly productive Papua New Guinea Metallogenic Belt in the Pacific “Rim of Fire”. The Tolukuma Gold Mine (TGM) is located in the Goilala District of Central Province of Papua New Guinea, about 100 km north of the capital city Port Moresby. Additionally, Tolu holds an 100km² Exploration Licence called Mt Penck on the nearby island of New Britain.

Figure 37 - Tolu Minerals’ project locations in PNG (Tolukuma) New Britain (Mt Penck)



Source: Tolu Minerals

PNG Mining Act stipulates that ELs are granted for a renewable 2-year term, subject to satisfying work and expenditure commitments

100%-owned tenure

Tolu holds one 7.7km² Mining Lease (ML104) covering the previously operating Tolukuma Mine, 8 Exploration Licences and 3 Exploration Licence applications, all 100%-owned and covering a total area of 1,433km². The ML hosting the Tolukuma mine is valid until August 2032 and can be extended for any number of 10-year periods provided the company is in good standing.

The Tolukuma intrusions are associated with the same Late Miocene to Pleistocene (10Ma – 1Ma) that host Porgera and Ok Tedi.

High-grade quartz vein hosted gold system

503koz at 10g/t Au

Geology – vein-hosted epithermal gold

Tolu's project is located in the highly prospective New Guinea metallogenic belt, a 2,300 km mineralised corridor running along the central spine of the island of New Guinea, the second largest island in the world. The belt is regarded as one of the most productive copper-gold metallogenic provinces in the world and hosts some deposits which truly deserve the moniker of "world-class". These include Porgera (20Moz), Ok Tedi (15Moz) and Wafi-Golpu (26Moz) set within the belt that has a total endowment of >180Moz.

Tolukuma is a structurally controlled low sulphidation style epithermal Au-Ag deposit, hosted by volcanic rocks. The regional structure of the area is dominated by a series of sub-vertical N to NNW-trending sub-parallel faults (e.g. The Tolukuma Fault) which are postulated to represent reactivated deep-seated basement structures, playing a key genetic role in focussing hydrothermal fluids and controlling gold mineralisation.

The Tolukuma gold mineralisation is hosted by high-level fissure veins, typically massive quartz and quartz-sulphide veins, and a variety of stockworks, stringers and breccias. Vein widths range from c.0.5 m to 2m but pinch and swell and can bulge out to widths of 10m to 20m at the intersections of cross-cutting structures and splays.

Resource – just the starting point

The most recent Mineral Resource Estimate for Tolukuma was compiled by AMC Consultants Pty Ltd in August 2022 and amounts to 1.6Mt at 10g/t Au and 38g/t Ag for 503koz Au contained and 1.9Moz Ag. The resource is classified as Inferred, predominantly due to the higher drill density areas being depleted due to historical mining. Ordinary Kriging was used as the estimation method. The Mineral Resource is reported as an undiluted underground resource above 3 g/t Au, based on a grade tonnage relationship, taking into account potential mining development costs and examples from similar mining operations. K92's last MRE update (Dec 2023) for the Kora and Judd deposits employed a 3g/t AuEq cut-off grade.

Figure 38 - Tolukuma – Mineral Resource Estimate (AMC Aug 2022), 3g/t Au cut-off

Mineral Resource Domain	Classification	Tonnes (kt)	Gold grade (g/t Au)	Gold (koz)	Silver grade (g/t Ag)	Silver (koz)
Zine	Inferred	488	9	146	43	673
Zine Pk Splay	Inferred	7	35	8	145	33
Tolukuma	Inferred	140	9	40	27	121
Tinabar	Inferred	55	13	23	42	74
Gulbadi	Inferred	343	10	114	27	294
Gulbadi Red	Inferred	115	8	29	19	69
120 Vein	Inferred	56	5	8	15	28
Fundoot	Inferred	212	13	91	59	403
Gufinis	Inferred	149	7	31	39	187
Mystery	Inferred	45	9	13	46	67
Total Resources	Total	1,610	10	503	38	1,950

Source: Tolu Minerals

Mining – an underground mine

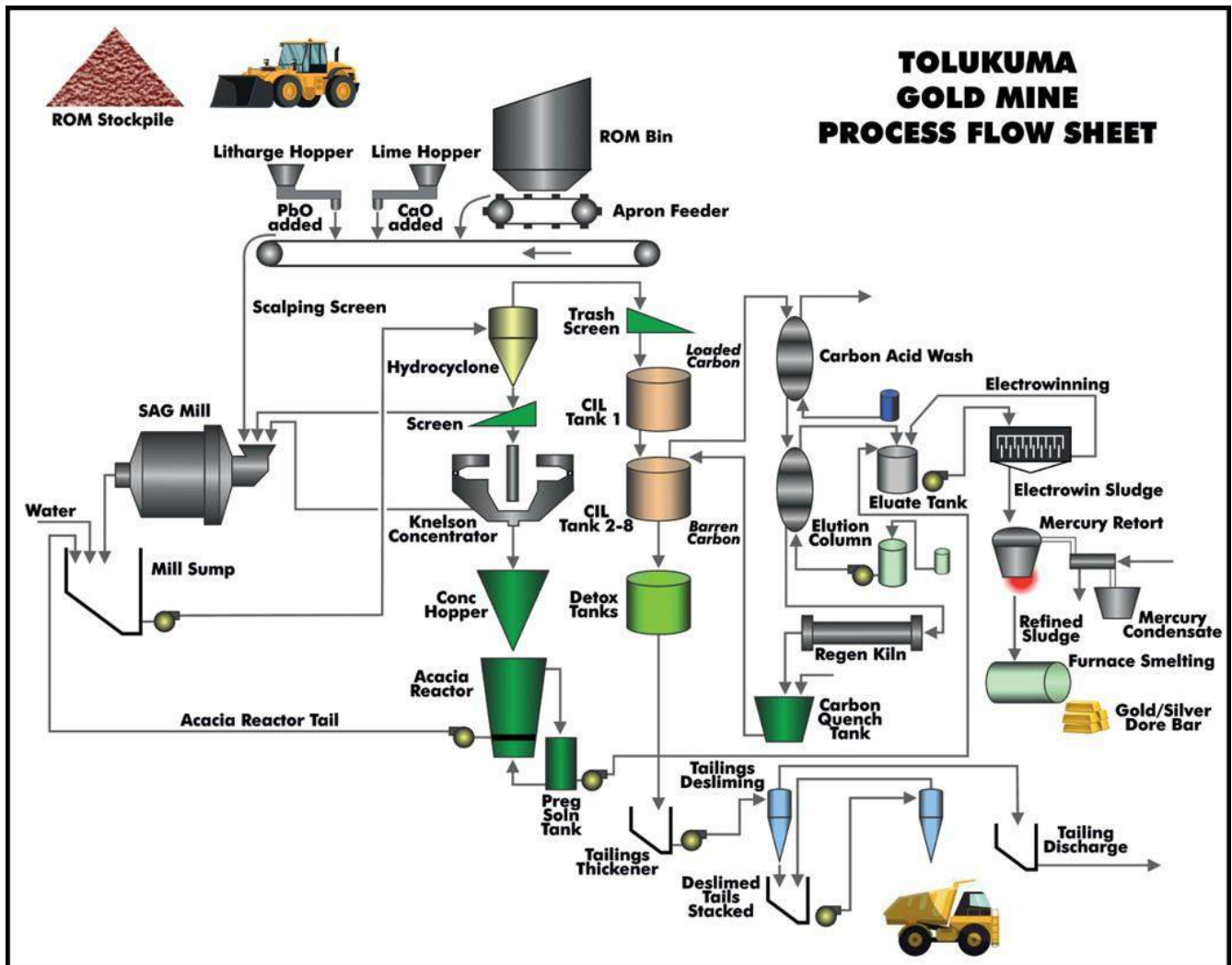
Mining commenced in 1995 initially as an open pit operation before the development of the decline and transition to underground mining methods using mechanised cut and fill shrinkage from 1997, methods well suited to high-grade, steeply-dipping vein systems.

Processing – standard CIL

The Tolukuma Gold Mine plant was initially designed to treat high grade ore at a design capacity of 13 tph, with subsequent modifications increasing throughput to 26 tph with a lower grade blended mill feed. The plant is a simple gravity/CIL set up with gold/silver doré produced at the onsite gold room (Fig 39) Tailings material was neutralised and partially disposed of and partially placed underground as backfill.

Previous theoretical nameplate capacity 26tph / c. 227kpta

Figure 39 - Tolukuma gold plant flowsheet



Source: Tolu Minerals, prospectus

Tailings – a key challenge

A key environmental risk for any mining project and a priority for Tolu Minerals. Although riverine discharge of treated tailings is often used in PNG due to the steep terrain and high rainfall (and Tolukuma is permitted for this), **Tolu has committed to a zero tailings discharge approach in line with best practice.** In any case, the volume of tailings produced by Tolukuma is relatively small and the mine has in the past returned a substantial proportion of tailings back underground as backfill to provide underground support. The Tolukuma tailings are relatively benign in terms of trace element and historical mine water was of reasonable quality. Tolukuma holds environmental permits for water harvesting and wastewater discharge.

The interim tailings solution for the new gravity plant is to store tailings in geotextile tubes for later reprocessing. Engineering studies for long-term tailings storage is underway and will likely incorporate more than a single solution, options include underground paste fill storage and surface dry-stack tailings solutions.

Policy

PNG has had a stable and attractive mineral policy for 19 years, corporate tax is 30%, royalties 2% and there is no additional profit tax or restrictions on repatriation of profits. 100% foreign ownership allowed through exploration although the PNG Government maintains the right to purchase up to 30% project equity at “Sunk Cost” if/when a Mining Lease (ML) is granted.

Leadership

Board

John Anderson - Chair. John has over 30 years' 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 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.

Iain Macpherson - MD & CEO. Iain is an experienced mining executive with over 30 years' 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' 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, 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.

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

Management

Iain Macpherson, Managing Director and Chief Executive Officer

Howard Lole, Executive Director External Affairs (PNG)

Chris is the most knowledgeable practitioner in PNG utilising Expert Geophysics' Airborne Magneto Telluric surveying methodology that has been recently undertaken by Tolu and is central to Tolu's exploration strategy. Most recently Chris utilised this advanced technology to create significant discoveries at K92.

Chris Muller, Executive Group Geologist. Chris has over 25 years' mining and exploration experience in underground and surface operations in multiple jurisdictions including Indonesian Borneo, Ghana and Mongolia. For the past 20 years, Chris has been committed to Papua New Guinea and was directly involved in the discovery of multiple new porphyries with the Morobe Mining Joint Venture (JV between Harmony Gold and Newcrest), resulting in the world class status of the Wafi-Golpu deposit.

At K92 Mining, he was central to the company's dramatic value trajectory underpinned by the definition of circa 18 Moz AuEq. At K92 he was a co-recipient of the prestigious Thayer Lindsley Award for the discovery of Kora North, now one of the world's highest grade gold operations. During his time with K92, the company defined three major resources at Kora/Judd deposit, Blue Lake Porphyry and the anticipated Mineral Resource at Arakompa.

Chris has first class honours in economic geology from the University of Tasmania (Centre for Ore Deposit Research) and a PhD from Macquarie University.

Craig Dawson – CFO & 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 and financial services. Craig holds a Bachelor of Commerce and is a Chartered Accountant.

Werner Swanepoel – Chief Operating Officer.

Werner is a professional mining engineer with 30 years' experience in a variety of roles including mining operations, mine management, consulting and project development within Central and Southern Africa. Werner's experience includes; senior mining consultant at Hatch Africa, Mining Project Manager for Uramin (2007-2011) advancing several uranium projects from exploration to BFS Stage and Study Project Manager for Elemental Minerals Limited's Sintoukola Potash project in the Republic of Congo (2011-2014 & 2016-2018). Prior to joining Tolu, he was the Chief Mining Engineer at Tharisa Minerals (2019-2023), overseeing strategic and long-term planning of the company's mining operations. Werner holds an MBA from the University of Stellenbosch, a Master of Engineering (M.Eng, Mining) from the University of Pretoria, Mine Manager's Certificates of Competency for both Metalliferous and Coal Mining in South Africa and is registered as a Professional Engineer with the Engineering Council of South Africa (ECSA).

Advisory Board

Ian Stalker. A senior international mining executive with over 45 years' experience in resource development. He has directed over twelve major mining projects, from initial exploration drilling to start-up, including gold, base metal, uranium and industrial minerals. Mr Stalker's CV includes CEO positions at LSC Lithium Corp, UraMin Inc and K92 Mining (PNG) and VP of Gold Fields Ltd.

Richard Johnson. Mining engineer with extensive experience in operational and executive roles for several international mining companies including in PNG. Mining consultant providing advisory services to mining companies and national governments, including PNG. Extensive Former General Manager of the Tolukuma Gold Mine.

Peter Swiridiuk - Geologist, former Managing Director of ASX listed Coppermoly Ltd working copper/gold assets on the island of New Britain in joint venture with Barrick Gold Corp. He is also a director of ASX listed Lanthanein with gold prospects adjacent to Tolukuma. Lanthanein recently deployed >A\$40m in exploration expenditure in PNG.

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