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Tolu Minerals Limited

Interim Report

For the half-year ended 30 June 2023

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TOLU MINERALS LIMITED

DIRECTORS' REPORT

The directors present their report together with the financial report of Tolu Minerals Limited, the "Company", for the half-year ended 30 June 2023 and auditor's review report thereon. The financial statements are presented in Australian dollars which is the Company's presentation currency.

Directors names

The names of the directors in office at any time during or since the end of the half-year are:

John Anderson (Chairman)

Larry Andagali

Howard Lole

John Macpherson

Brian Moller

Naime O'ome (Company Secretary)

The directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Results

The loss of the Company for the half-year after providing for income tax amounted to \$1,896,504 (2022: \$804,237).

Review of operations

The Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

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

Principal activities

The principal activity of the Company during the half-year was mine acquisition and evaluation activities.

No significant change in the nature of these activities occurred during the half-year.

After balance date events

Particulars of matters or circumstances that have arisen since the end of the financial half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years are as follows:

- On 3 August 2023 the Company entered into in converting loan agreements with various parties. The converting loans totalled \$A240,000 and PGK375,000. They bear interest at 8.5% with a maturity date of 31 December 2023. In the event of an IPO of the company the Noteholder and/or the Company shall be entitled to convert the notes into shares at the IPO price; and
- On 7 November 2023, the Company allotted 34,671,590 shares at \$0.50 each raising \$17,335,795 in the initial public offering of the company. The company is expected to list on the exchange on 10 November 2023.

TOLU MINERALS LIMITED

DIRECTORS' REPORT

Signed on behalf of the board of directors.



Director: _____

John Anderson (Chairman)

Dated this

7th day of November 2023

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TOLU MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2023

	Note	June 2023 \$	June 2022 \$
Revenue and other income			
Other revenue	3	128,384	-
Other income	3	-	96,355
		<u>128,384</u>	<u>96,355</u>
Expenses			
Depreciation and amortisation expense	4	(11,150)	(10,878)
Employee benefits expense		(173,121)	-
Finance costs	4	(178,764)	(112,392)
Legal and professional fees		(463,945)	(556,421)
Mine security and standby costs		(629,582)	(49,393)
Travel expenses		(428,230)	(120,970)
Other expenses		(140,096)	(50,538)
		<u>(2,024,888)</u>	<u>(900,592)</u>
Loss before income tax expense		(1,896,504)	(804,237)
Income tax expense		-	-
Net profit / (loss) from continuing operations		<u>(1,896,504)</u>	<u>(804,237)</u>
Loss for the period		<u>(1,896,504)</u>	<u>(804,237)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations		<u>51,154</u>	<u>(37,112)</u>
Other comprehensive income for the year		<u>51,154</u>	<u>(37,112)</u>
Total comprehensive income		<u>(1,845,350)</u>	<u>(841,349)</u>

The accompanying notes form part of these financial statements.

TOLU MINERALS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	June 2023 \$	December 2022 \$
Current assets			
Cash and cash equivalents	5	141,813	1,461,638
Receivables		<u>159,166</u>	<u>79,104</u>
Total current assets		<u>300,979</u>	<u>1,540,742</u>
Non-current assets			
Mine tenements, information and other assets	6	8,533,305	8,355,899
Property, plant and equipment		14,327	11,715
Lease assets		<u>31,611</u>	<u>41,273</u>
Total non-current assets		<u>8,579,243</u>	<u>8,408,887</u>
Total assets		<u>8,880,222</u>	<u>9,949,629</u>
Current liabilities			
Payables	7	995,768	481,238
Lease liabilities		<u>23,165</u>	<u>20,569</u>
Total current liabilities		<u>1,018,933</u>	<u>501,807</u>
Non-current liabilities			
Lease liabilities		10,519	22,699
Borrowings	8	<u>4,571,077</u>	<u>4,300,080</u>
Total non-current liabilities		<u>4,581,596</u>	<u>4,322,779</u>
Total liabilities		<u>5,600,529</u>	<u>4,824,586</u>
Net assets		<u>3,279,693</u>	<u>5,125,043</u>
Equity			
Share capital	9	8,337,859	8,337,859
Reserves	10	511,666	460,512
Accumulated losses		<u>(5,569,832)</u>	<u>(3,673,328)</u>
Total equity		<u>3,279,693</u>	<u>5,125,043</u>

The accompanying notes form part of these financial statements.

TOLU MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2023

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance as at 1 January 2022	436,413	184,594	(810,387)	(189,380)
Loss for the half-year	-	-	(804,237)	(804,237)
Other comprehensive income for the half-year	-	(37,112)	-	(37,112)
Total comprehensive income for the half-year	-	(37,112)	(804,237)	(841,349)
Transactions with owners in their capacity as owners:				
Contributions	7,901,446	-	-	7,901,446
Total transactions with owners in their capacity as owners	7,901,446	-	-	7,901,446
Balance as at 30 June 2022	<u>8,337,859</u>	<u>147,482</u>	<u>(1,614,624)</u>	<u>6,870,717</u>
Balance as at 1 January 2022	8,337,859	460,512	(3,673,328)	5,125,043
Loss for the half-year	-	-	(1,896,504)	(1,896,504)
Other comprehensive income for the half-year	-	51,154	-	51,154
Total comprehensive income for the half-year	-	51,154	(1,896,504)	(1,845,350)
Balance as at 30 June 2023	<u>8,337,859</u>	<u>511,666</u>	<u>(5,569,832)</u>	<u>3,279,693</u>

The accompanying notes form part of these financial statements.

TOLU MINERALS LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2023

	Note	June 2023 \$	June 2022 \$
Cash flow from operating activities			
Payments to suppliers and employees		(1,275,544)	(565,863)
Finance costs		<u>(2,246)</u>	<u>(2,872)</u>
Net cash provided by / (used in) operating activities	11(a)	<u>(1,277,790)</u>	<u>(568,735)</u>
Cash flow from investing activities			
Payment for other non current assets		<u>-</u>	<u>(1,040,369)</u>
Net cash provided by / (used in) investing activities		<u>-</u>	<u>(1,040,369)</u>
Cash flow from financing activities			
Proceeds from borrowings		-	412,252
Principal portion of lease payments		(10,503)	(8,982)
Proceeds from share subscriptions received in advance		<u>-</u>	<u>993,168</u>
Net cash provided by / (used in) financing activities		<u>(10,503)</u>	<u>1,396,438</u>
Reconciliation of cash			
Cash at beginning of the financial year		1,461,638	1,189,704
Net increase / (decrease) in cash held		(1,288,293)	(212,666)
Foreign exchange differences on cash holdings		<u>(31,532)</u>	<u>18,632</u>
Cash at end of financial year		<u>141,813</u>	<u>995,670</u>

The accompanying notes form part of these financial statements.

TOLU MINERALS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements for the interim half-year reporting period ended 30 June 2023 and have been prepared in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The financial report covers Tolu Minerals Limited as an individual entity. Tolu Minerals Limited is a Company limited by shares, incorporated and domiciled in Papua New Guinea. Tolu Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(a) Foreign currency transactions and balances

Functional and presentation currency

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

Transactions and Balances

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

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

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

(b) Going concern

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

The Company incurred a loss from ordinary activities of \$1,896,504 during the half-year ended 30 June 2023 and has a net current asset deficiency of \$717,954 as at 30 June 2023.

The Company is currently undertaking a capital raising of A\$15 million to A\$20 million by way of IPO on the ASX in order to:

- Further explore in and around the Tolukuma Gold Mine;
- Complete the acquisition of Frontier Copper Png Ltd; and
- Recommence exploration on the Mt Penck gold/copper project.

On 7 November 2023, the company allotted 34,671,590 shares at \$0.50 each raising \$17,335,795 in the initial public offering of the company, and is currently awaiting final ASX approval to list on the exchange, which is expected on 10 November 2023.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of

TOLU MINERALS LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern (Continued)

the carrying amount of assets or the amount and classification of liabilities that might be necessary should the company not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the company not receive final ASX approval, there is a material uncertainty which may cast doubt over the company's ability to continue as a going concern, and the company may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statements.

NOTE 2: OPERATING SEGMENTS

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

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

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TOLU MINERALS LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023

	June 2023	June 2022
	\$	\$
NOTE 3: OTHER REVENUE AND OTHER INCOME		
<i>Other revenue</i>		
Refund of ASX Listing costs (i)	<u>128,384</u>	<u>-</u>
<i>Other Income</i>		
Gain on convertible loans (ii)	<u>-</u>	<u>96,355</u>

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

NOTE 4: OPERATING PROFIT

Profit / (losses) before income tax has been determined after:

Finance costs		
- Convertible loans	-	109,520
- Convertible notes	176,518	-
- Lease liabilities - finance charges	<u>2,246</u>	<u>2,872</u>
	178,764	112,392
Depreciation		
- plant and equipment	146	153
- leased plant and equipment	10,351	10,143
- office furniture and equipment	279	258
- furniture and fittings	<u>374</u>	<u>324</u>
	11,150	10,878

	June 2023	December 2022
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	<u>141,813</u>	<u>1,461,638</u>

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TOLU MINERALS LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023

	June 2023	December 2022
	\$	\$
NOTE 6: MINE TENEMENTS, INFORMATION AND OTHER ASSETS		
<i>Mine tenements, information and other assets at cost</i>		
At cost	8,533,305	8,355,899
<i>Reconciliation of mine tenements, information and other assets at cost</i>		
Opening carrying amount	8,355,899	-
Balance of acquisition price	-	8,140,603
Transfer from other assets (deposit)	-	196,387
Additions - subsequent expenditure	-	6,563
Net foreign currency exchange movements	<u>177,406</u>	<u>12,346</u>
Closing carrying amount	<u><u>8,533,305</u></u>	<u><u>8,355,899</u></u>

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

Following the execution of the binding Term Sheet dated 17 February 2021 to acquire the assets from Tolukuma Gold Mines Limited (in liquidation) a deposit of K500,000 deposit paid. The Sale and Assets Agreement ('the agreement') was executed on 27 April 2021 and was subject to completion conditions required under the agreement.

On 1 September 2021 ML 104 was renewed for a further 10 years to August 2032.

On 30 September 2022 the conditions of the SAA were fully met and Tolu completed the acquisition of the former assets of Tolukuma Gold Mines Ltd., namely the Tolukuma Gold Project, in PNG including five exploration permits surrounding the Tolukuma mine providing a dominant landholding of 1,600 km² across the highly productive Tolukuma gold structure.

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TOLU MINERALS LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023

	June 2023	December 2022
	\$	\$
NOTE 7: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	493,818	256,705
Capital raised to be refunded	-	52,131
Other payables	<u>501,950</u>	<u>172,402</u>
	<u>995,768</u>	<u>481,238</u>

NOTE 8: BORROWINGS

NON CURRENT		
<i>Secured liabilities</i>		
Convertible notes	<u>4,571,077</u>	<u>4,300,080</u>

(a) Convertible notes

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

In the event of an IPO, the Noteholder is entitled to convert the notes into shares at a conversion price being the 15-day VWAP for trading of the Company's shares on ASX immediately prior to the issue of the conversion notice.

PRK may exercise their right to convert the notes at any time and the Company must redeem the notes at face value on the maturity date.

The Company has an early redemption right exercisable at any time over the 5-year period at 103% of the face value of the notes.

Interest shall be capitalised annually in arrears and repaid on the earlier of;

- (a) the conversion date;
- (b) the maturity date; or
- (c) the early redemption date.

Reconciliation:

	June 2023	December 2022
	\$	\$
Opening balance	4,300,080	-
Convertible note proceeds	-	4,174,668
Accrued interest	176,518	122,651
Changes in foreign currency translation	<u>94,479</u>	<u>2,761</u>
Closing balance	<u>4,571,077</u>	<u>4,300,080</u>

TOLU MINERALS LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023

		June 2023	December 2022
		\$	\$
NOTE 9: SHARE CAPITAL			
Issued and paid-up capital			
77,291,857 (2022: 77,291,857) Ordinary shares	(a)	<u>8,337,859</u>	<u>8,337,859</u>

	June 2023		December 2022	
	Number	\$	Number	\$
(a) Ordinary shares				
Opening balance	77,291,857	8,337,859	52,936,600	436,413
Shares issued:				
25 February 2022 (i)	-	-	3,000,000	-
27 October 2022 (ii)	-	-	19,843,906	7,342,246
25 November 2022 (iii)	-	-	1,646,351	609,150
25 November 2022 (iv)	-	-	<u>(135,000)</u>	<u>(49,950)</u>
	<u>-</u>	<u>-</u>	<u>24,355,257</u>	<u>7,901,446</u>
At reporting date	<u>77,291,857</u>	<u>8,337,859</u>	<u>77,291,857</u>	<u>8,337,859</u>

(i) Ordinary shares issued for 0.00 cents per share for the acquisition of Frontier Copper PNG Ltd.

(ii) Ordinary shares issued for consideration of A\$0.37 per share as part of the Pre-IPO raise. This included the conversion of the convertible loans of K4,950,000 and payment of amounts owing to a director for A\$100,000.

(iii) Ordinary shares issued a further 1,646,351 shares for consideration of A\$0.37 per share as part of the Pre IPO raise.

(iv) Ordinary shares redeemed 135,000 shares for consideration of A\$0.37 per share.

Rights of each type of share

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

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

		June 2023	December 2022
		\$	\$
NOTE 10: RESERVES			
Foreign currency translation reserve		326,779	275,625
Other reserves		<u>184,887</u>	<u>184,887</u>
		<u>511,666</u>	<u>460,512</u>

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

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

TOLU MINERALS LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023

	June 2023	June 2022
	\$	\$
NOTE 11: CASH FLOW INFORMATION		
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) from ordinary activities after income tax	(1,896,504)	(804,237)
Adjustments and non-cash items		
Depreciation	11,150	10,878
Gain on convertible loans	-	(96,355)
Interest expense on convertible loans	176,518	109,520
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(80,062)	(19,581)
(Increase) / decrease in other assets	-	(24,266)
Increase / (decrease) in payables	<u>511,108</u>	<u>255,306</u>
Cash flows from operating activities	<u>(1,277,790)</u>	<u>(568,735)</u>

(b) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the half-year period (2022: nil).

	June 2023	December 2022
	\$	\$
(c) Reconciliation of liabilities arising from financing activities		
Liabilities arising from financing activities are liabilities for which cash flows are, or will be, classified as 'cash flows from financing activities' in the statement of cash flows. Changes in the carrying amount of such liabilities, which comprise borrowings (convertible loans), are summarised below.		
Balance at the beginning of the year	4,300,080	1,264,706
Proceeds from financing activities	-	4,592,135
Foreign currency movements	94,479	4,916
Unexpired interest - recognised in borrowings	-	(108,894)
Interest accrued	176,518	527,218
Conversion	<u>-</u>	<u>(1,980,001)</u>
Balance at the end of the year	<u>4,571,077</u>	<u>4,300,080</u>

During the financial year ended 31 December 2021, the Company entered into Converting Loan Agreements with various parties, denominated in Papua New Guinea Kina. The convertible loans totalling K3,950,000 as at 31 December 2021 are unsecured and interest free, with repayment in 2 years from the execution date of the agreements, or earlier at the sole discretion of the company. Repayment can be in the form of shares or cash, or a combination at the discretion of the company.

On 14 February 2022 a new convertible loan agreement for K1,000,000 was entered into by the Company taking the total to K4,950,000.

On 27 October 2022, the convertible loans totalling were converted for 5,351,351 shares in the Company at a conversion price of A\$0.37 per share.

TOLU MINERALS LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023

NOTE 12: RELATED PARTY TRANSACTIONS

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

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

	June 2023	June 2022
	\$	\$
Payments to related entities of Iain Macpherson (CEO)	108,784	227,196
Payments to related entities of Brian Moller (Director)	-	322,801

At 30 June 2023, \$69,063 remains payable to related parties (Dec 2022: \$252,302). In October 2022 \$100,000 of the amounts owing to Iain Macpherson were paid by way of share issue.

	June 2023	December 2022
	\$	\$

NOTE 13: COMMITMENTS

To maintain current rights of tenure to exploration tenements, including tenements that had expired and were the subject of renewal applications by the Group as at 30 June 2023, the company is required to perform exploration work to meet minimum expenditure requirements as specified by the Papua New Guinea Mineral Resources Authority.

The following table sets out the minimum expenditure commitments:

- not later than one year	692,987	340,549
- later than one year and not later than five years	-	254,876
	<u>692,987</u>	<u>595,425</u>

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TOLU MINERALS LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023**

	June 2023	December 2022
	\$	\$

NOTE 14: CONTINGENT LIABILITIES

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

(a) A\$1,800,000 will be paid in cash in the following tranches:

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

(b) 4,400,000 shares will be issued to the Contractor (or its nominee) in the following tranches:

- (1) 880,000 shares upon mobilisation; and
- (2) 3,520,000 Shares in five equal tranches on completion of the main access road to the Tolukuma Gold Mine.

(ii) On 16 March 2022, the Company entered into a binding agreement with Frontier Resources Ltd (subsequently renamed Lanthanein Resources Limited, ASX:LNR (Lanthanein), to acquire all the shares in its wholly owner subsidiary Frontier Copper PNG Ltd, the 100% holder of the Tolukuma Exploration EL2531 in close proximity to Tolukuma as well as a pending Exploration License application for the historical Sinivit Gold Mine in East New Britain Province, PNG, ELA2529.

The agreement with Lanthanein is expected to complete concurrently with completion of the IPO. On completion, Tolu shall pay A\$500,000 cash to Lanthanein and a further A\$1.5 million in either cash or (more likely) shares at the election of Tolu. Further consideration of A\$1 million is payable if, within the next 5 years, an aggregate minimum of 500,000oz of gold of no less than JORC (2012) Indicated Category of Resource is identified on EL2531.

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

Particulars of matters or circumstances that have arisen since the end of the financial half-year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years are as follows:

- On 3 August 2023 the Company entered into in converting loan agreements with various parties. The converting loans totalled \$A240,000 and PGK375,000. They bear interest at 8.5% with a maturity date of 31 December 2023. In the event of an IPO of the Company the Noteholder and/or the Company shall be entitled to convert the notes into shares at the IPO price; and
- On 7 November 2023, the Company allotted 34,671,590 shares at \$0.50 each raising \$17,335,795 in the initial public offering of the company. The Company is expected to list on the exchange on 10 November 2023.

Independent Assurance Practitioner's Review Report to the Members of Tolu Minerals Limited**Report on the Interim Financial Report***Conclusion*

We have reviewed the interim financial report of Tolu Minerals Limited, (the 'Company') which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of Tolu Minerals Limited does not:

- a) present fairly, in all material respects, the financial position of Tolu Minerals Limited as at 30 June 2023 and of its financial performance and its cash flows for the interim period ended on that date; and
- b) comply with Accounting Standard IAS 134 Interim Financial Reporting.

Basis for Conclusion

We conducted our review in accordance with ISRE 2400 *Engagements to Review Historical Financial Statements*. Our responsibilities are further described in the *Assurance Practitioner's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) "the Code" that are relevant to our review of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to note 1(b) in the interim financial report, which describes events and/or conditions which indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the fair preparation of the interim financial report in accordance with International Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error.

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Assurance Practitioner's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. ISRE 2400 requires us to conclude whether we have become aware of any matter that causes us to believe that the interim financial report does not present fairly, in all material respects, the financial position of the Company as at 30 June 2023 and its financial performance and its cash flows for the interim period ended on that date, and complying with International Accounting Standard IAS 134 *Interim Financial Reporting*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
7 November 2023

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