SPEC BUY

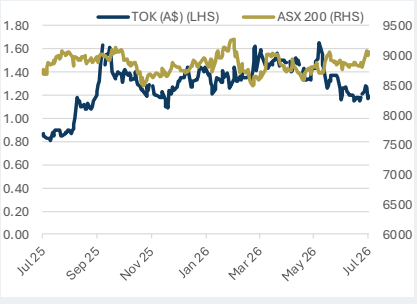
Current Price	**A$1.19**
Price Target	**A$2.50**
TSR	**110%**

Ticker	TOK ASX
Sector:	Metals & Mining
Shares on issue (m)	259
Market Cap (A$m)	308
Net cash (debt) (A$m)	51
Enterprise Value (A$m)	257
52 Week High	1.78
52 Week Low	0.81
ADTO (A$m)	0.09

Key Metrics	**FY26E**	**FY27E**	**FY28E**
P/E (x)	(7.9)	15.4	1.6
EV/Ebit (x)	(6.0)	8.7	0.1
EV/Ebitda (x)	(6.0)	7.3	0.1
FCF yield (%)	(19.3%)	6.4%	72.1%
Dividend yield (%)	0.0%	0.0%	0.0%

Financial Summary	**FY26E**	**FY27E**	**FY28E**
Revenue (A$m)	8	97	400
Ebitda (A$m)	(47)	36	299
Ebit (A$m)	(47)	30	278
Earnings (A$m)	(39)	20	195
Op cash flow (A$m)	(14)	41	240
Capex (A$m)	(11)	(15)	(14)
Free CF (A$m)	(59)	20	222
Debt (cash) (A$m)	(26)	(46)	(268)
Gearing (%)	(45%)	(79%)	(937%)
Gold production (koz)			
Tolukuma (koz)	1.2	14.8	53.2
AISC			
Group (A$/oz)	nm	4,055	1,956

Share price performance vs ASX 200



Source: Factset, Argonaut July 2026

Please refer to important disclosures at the end of the report

Friday, 31 July 2026

Tolu Minerals (TOK)

4QFY26 HIGHLIGHTS PROGRESS TO PRODUCTION

Analyst | Patrick Streater

QUICK READ

TOK continued to make progress in 4QFY26 at the Tolukuma Gold mine, with key highlights being record drilling, two new high-grade discoveries and advancements towards the updated MRE and first production. which is expected in August 2026 and first production which remains on track for 1QCY27. Drilling is expected to deliver an updated MRE and Maiden Ore reserve in the 2HCY26, which will underpin a resumption of 200-300ktpa mining rates commencing in the 1QCY27. Spot gold price changes drives our price target 7% lower to A$2.50/sh. Speculative Buy rating is maintained

KEY POINTS

Progress towards the restart of full-scale mining: Mine development work continues at Tolukuma with a targeted commissioning date of the existing 200-300ktpa CIL plant by year-end CY26, with first production expected in the 1QCY27. Underground development has recommenced on the 1560 Level, with early face-sampling grades including multiple intervals exceeding 30g/t Au. TOK is targeting an eventual quarterly production run rate of 20-25kozpa per quarter with a 12-18-month ramp-up period required. Refurbishment work on the CIL plant continues with total capital cost requirements not expected to exceed ~A$10m.

MRE update in August: Exploration accelerated in the quarter, with 11,686m of drilling completed in the opening phase of ~75,000m near-mine drilling campaign. The updated MRE is expected in late August 2026 and will underpin the new mine plan, which is designed to grow the operation across the Southern Expansion Zone, Northern Expansion Zone and Central Mine Zone at Tolukuma.

Solid cash position: TOK ended the period with a cash position of A$50.0m, which lifted from A$39m QoQ on the use of convertible debt securities which offset ~A$9.7m in exploration spend and ~A$2.5m in corporate spend.

VALUATION & RECOMMENDATION

Spot gold price changes drives our price target 7% lower to A$2.50/sh. Speculative Buy rating is maintained. Our price target methodology assumes a 50/50 Blend of our NPV using Argonaut gold price forecasts and at spot prices. The updated MRE and Ore Reserves in August is a key near-term catalyst and TOK remains on target for first production in 1QCY27.

Figure 1 - Earnings and valuation summary

Tolu Minerals Limited

ASX: TOK	Share price (A$)	A$1.19
	Market Cap (A$m)	308
Analyst: Patrick Streater	Shares (m)	259
www.argonaut.com		

Recommendation	SPEC BUY
Price Target (A$)	A$2.50
TSR (%)	110%

Key metrics	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
EPS (Ac)	(4.24)	(16.51)	7.74	75.29	89.04	80.60
DPS (Ac)	0.00	0.00	0.00	0.00	0.00	0.00
P/E (x)	nm	(7.9)	15.4	1.6	1.3	1.5
EV/Ebit (x)	nm	(6.0)	8.7	0.1	(0.6)	(1.5)
EV/Ebitda (x)	nm	(6.0)	7.3	0.1	(0.6)	(1.4)
EV/Production (x)	nm	233,858	17,667	751	(3,553)	(7,847)
Free cash flow yield (%)	(6.8%)	(19.3%)	6.4%	72.1%	77.7%	78.3%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net debt (cash) (A$m)	(21.6)	(26.3)	(45.9)	(268.2)	(507.8)	(749.1)
Gearing (%)	(50.5%)	(44.7%)	(79.3%)	(937%)	(2,595%)	8,055%

Profit & Loss	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Sales revenue (A$m)	**0.0**	**7.7**	**97.0**	**399.6**	**453.8**	**415.4**
Operating costs (A$m)	0.0	(11.8)	(47.4)	(89.1)	(94.5)	(96.0)
Exploraton expense (A$m)	(0.2)	(31.7)	(5.6)	(3.5)	(4.7)	(1.2)
Corporate overhead (A$m)	(6.4)	(10.8)	(8.0)	(8.2)	(8.4)	(8.7)
Ebitda (A$m)	**(6.6)**	**(46.7)**	**35.9**	**298.8**	**346.2**	**309.5**
Depreciation (A$m)	(0.1)	(0.5)	(5.6)	(20.6)	(22.5)	(23.1)
Ebit (A$m)	**(6.7)**	**(47.1)**	**30.3**	**278.2**	**323.7**	**286.4**
Net interest (A$m)	(0.1)	0.6	(1.6)	0.4	5.7	11.9
Pre-tax profit (A$m)	**(6.8)**	**(46.5)**	**28.6**	**278.6**	**329.5**	**298.2**
Tax (A$m)	0.0	7.5	(8.6)	(83.6)	(98.8)	(89.5)
Underlying earnings (A$m)	**(6.8)**	**(39.0)**	**20.0**	**195.0**	**230.6**	**208.8**
Exceptional items (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Reported Earnings (A$m)	**(6.8)**	**(39.0)**	**20.0**	**195.0**	**230.6**	**208.8**

Cash flow statement	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Net profit (A$m)	(6.8)	(39.0)	20.0	195.0	230.6	208.8
Depreciation (A$m)	0.1	0.5	5.6	20.6	22.5	23.1
Exploration, interest and tax (A$m)	0.4	24.4	25.1	38.7	5.9	(3.7)
Working Capital (A$m)	(2.5)	0.1	(9.6)	(14.1)	0.4	25.1
Other (A$m)	4.6	0.0	0.0	0.0	0.0	0.0
Operating cash flow (A$m)	**(4.2)**	**(14.0)**	**41.2**	**240.3**	**259.3**	**253.2**
Capital expenditure (A$m)	(0.5)	(11.0)	(15.2)	(14.1)	(14.5)	(10.5)
Exploration (A$m)	(16.2)	(34.4)	(6.3)	(3.9)	(5.2)	(1.3)
Other (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow (A$m)	**(20.9)**	**(59.5)**	**19.7**	**222.3**	**239.6**	**241.3**
Dividends (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Equity (A$m)	26.2	60.1	0.0	0.0	0.0	0.0
Debt draw / (repay) (A$m)	(0.0)	23.7	(0.0)	(0.0)	(23.8)	(0.0)
Net cash flow (A$m)	**5.3**	**24.4**	**19.7**	**222.3**	**215.8**	**241.3**

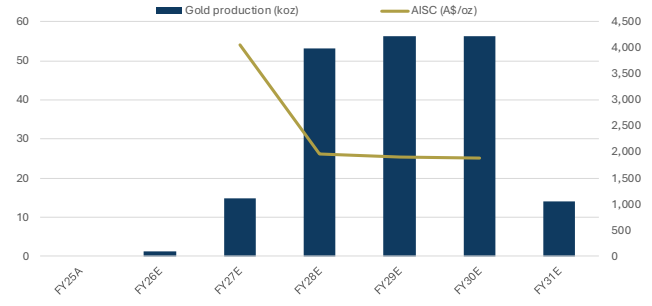
Balance sheet	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Current assets						
Cash at bank (A$m)	21.6	50.0	69.7	292.0	507.8	749.1
Receivables (A$m)	2.8	1.0	6.5	14.6	14.3	0.0
Inventories (A$m)	0.0	1.0	6.5	14.6	14.3	0.0
Other (A$m)	0.3	0.3	0.3	0.3	0.3	0.3
Current assets (A$m)	**24.7**	**52.4**	**83.1**	**321.5**	**536.8**	**749.5**
Non-Current assets						
PP& E and Development (A$m)	49.9	60.5	70.1	63.5	55.5	42.9
Exploration & evaluation (A$m)	0.0	2.7	3.3	3.7	4.2	4.3
Other (A$m)	0.3	0.3	0.3	0.3	0.3	0.3
Non-Current assets (A$m)	**50.2**	**63.5**	**73.7**	**67.5**	**60.0**	**47.5**
Total assets (A$m)	**74.9**	**115.8**	**156.7**	**388.9**	**596.8**	**797.0**
Current liabilities						
Payables (A$m)	4.9	0.5	3.3	7.3	7.2	0.0
Short-term debt (A$m)	0.1	4.8	4.8	4.8	0.0	0.0
Other (A$m)	0.1	0.1	0.1	0.1	0.1	0.1
Current Liabilities (A$m)	**5.2**	**5.4**	**8.2**	**12.2**	**7.3**	**0.2**
Non-current liabilities						
Long-term debt (A$m)	0.0	19.0	19.0	19.0	0.0	0.0
Lease liabilities (A$m)	0.0	0.1	0.1	0.1	0.1	0.1
Borrowings (A$m)	4.6	4.6	4.6	4.6	4.6	4.6
Deferred tax (A$m)	0.0	1.0	20.3	55.5	56.8	51.7
Other (A$m)	0.7	0.7	0.7	0.7	0.7	0.7
Non-Current liabilities (A$m)	**5.3**	**25.4**	**44.7**	**79.9**	**62.1**	**57.0**
Total liabilities (A$m)	**10.5**	**30.8**	**52.9**	**92.1**	**69.4**	**57.2**
Net assets (A$m)	**64.4**	**85.0**	**103.8**	**296.8**	**527.4**	**739.8**
Equity						
Contributed equity (A$m)	87.2	147.3	147.3	147.3	147.3	147.3
Accumulated earnings (losses)	(22.9)	(62.3)	(43.5)	149.5	380.1	592.5
Total attributable equity	**64.3**	**85.0**	**103.8**	**296.8**	**527.4**	**739.8**
Minorities (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity (A$m)	**64.3**	**85.0**	**103.8**	**296.8**	**527.4**	**739.8**

Source: TOK, Argonaut Research, July 2026

Commodity price assumption:	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Gold price (US$/oz)	2,821	4,248	4,700	5,500	5,775	5,175
A$/US$ exchange rate (x)	0.648	0.679	0.735	0.735	0.715	0.700
Gold price (A$/oz)	4,365	6,242	6,391	7,485	8,076	7,393

Mine production details	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Gold producton						
Tolukuma (koz)	0.0	1.2	14.8	53.2	56.2	56.2
Total (koz)	**0.0**	**1.2**	**14.8**	**53.2**	**56.2**	**56.2**
AISC						
Tolukuma (A$/oz)	nm	nm	4,055	1,956	1,903	1,886
Group (A$/oz)	**nm**	**nm**	**4,055**	**1,956**	**1,903**	**1,886**

Production Outlook



Reserves and Resources

Argonaut Model Mined Inventory

Project	Ore (Mt)	(g/t)	(koz)
Zine	0.48	7.2	110
Tinabar	0.06	9.3	17
Gulbadi	0.36	7.4	86
Fundoot	0.12	10.4	41
Existing Stockpiles/stoped material	0.09	10.0	30
Total	**1.11**	**7.94**	**283.1**

Mineral Resources

Tolukuma	Ore (Mt)	(g/t)	(koz)
Zine	0.49	9.31	146
Zine PK Splay	0.01	35.55	8
Tolukuma	0.14	8.89	40
Tinabar	0.06	13.01	23
Gulbadi	0.34	10.34	114
Gulbadi Red	0.12	7.84	29
120 Vein	0.06	4.44	8
Fundoot	0.21	13.35	91
Gufinis	0.15	6.47	31
Mystery	0.05	8.99	13
Total	**1.6**	**9.72**	**503**
EV/Resource (A$/oz)			590

Board and Management

John Anderson	Chairman
Chris Muller	Managing Director & Chief Executive Officer
Howard Lole	Executive Director
Larry Andagali	Non-Executive Director
Craig Dawson	Chief Financial Officer

Substantial shareholders	Shares (m)	Stake (%)
Petrindo / Petrosea	14.6	5.6%
Franklin Advisers	12.6	4.9%
Mackenzia Financial Corp	10.3	4.0%

Valuation	Spot Prices		Argonaut forecasts	
Asset	**A$m**	**A$/sh**	**A$m**	**A$sh**
Tolokuma	465.6	1.80	623.7	2.41
Resources	121.6	0.47	107.1	0.41
Hedge book	0.0	0.00	0.0	0.00
Corporate overhead	(19.2)	(0.07)	(19.2)	(0.07)
Unpaid capital	0.0	0.00	0.0	0.00
Cash	20.1	0.08	40.5	0.16
Debt	(0.1)	(0.00)	(23.9)	(0.09)
Total	**588.0**	**2.27**	**728.3**	**2.81**
Price Target (50/50 spot/base case)				**2.50**

Eight Key Charts

Figure 2: Tolukuma production and AISC

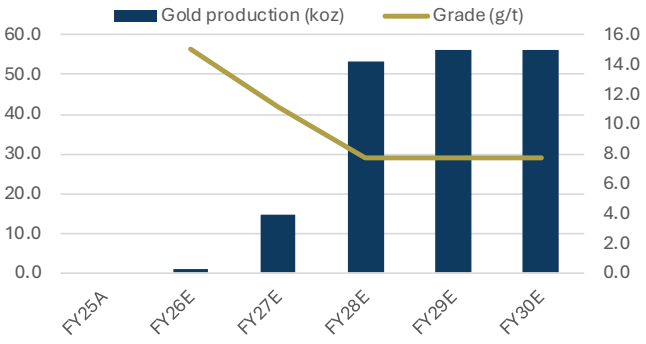


Figure 3: Tolukuma quarterly production and AISC

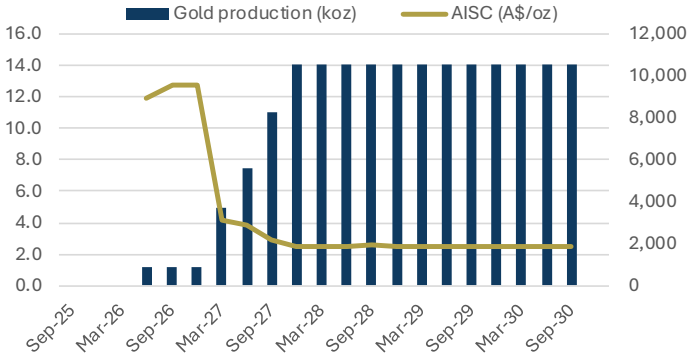


Figure 4: Tolukuma throughput and grade

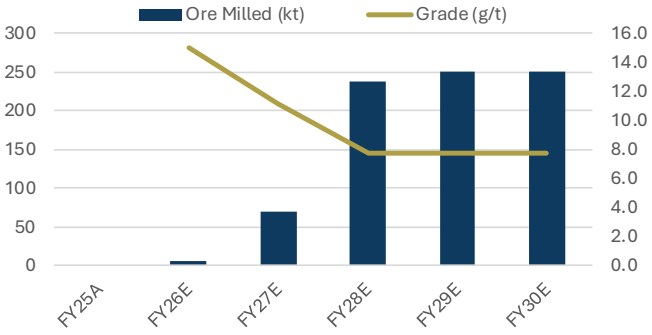


Figure 5: Tolukuma quarterly throughput and grade

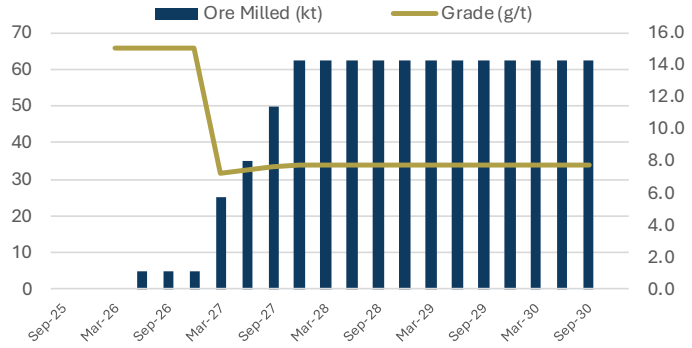


Figure 6: Resources by deposit

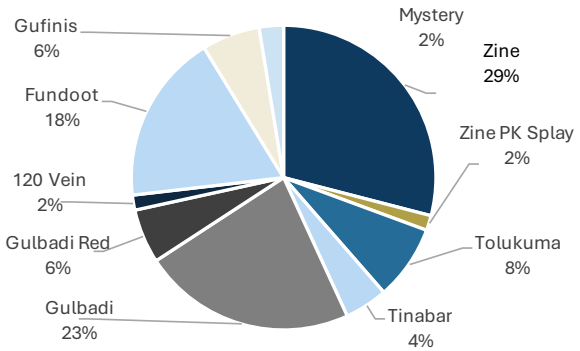


Figure 7: Capex breakdown

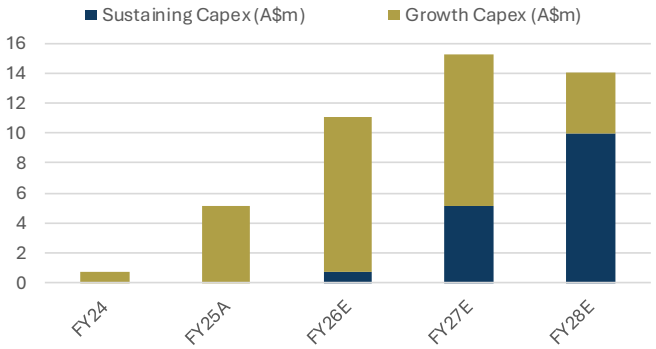


Figure 8: Net cash build vs market cap

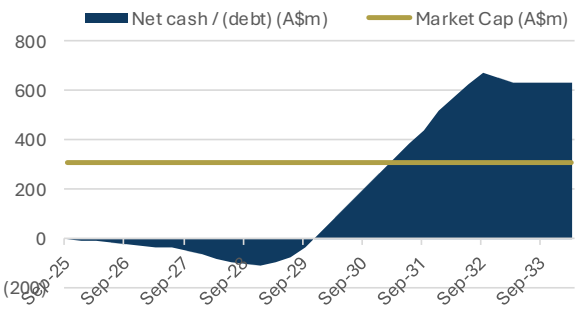
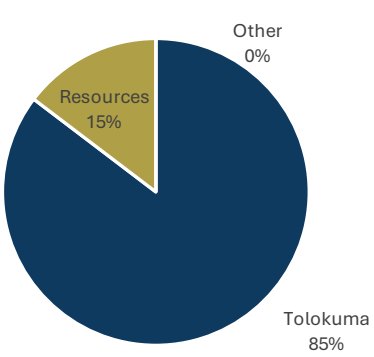


Figure 9: NPV Breakdown



Sources Fig 2-9: FactSet, Argonaut Research, July 2026

Tolukuma Update

MRE scheduled for next month

MRE update targeted for next month

Exploration accelerated in the quarter, with 11,686m of drilling completed in the opening phase of ~75,000m near-mine drilling campaign. The updated MRE is expected in late August 2026 and will underpin the new mine plan, which is designed to grow the operation across the Southern Expansion Zone, Northern Expansion Zone and Central Mine Zone at Tolukuma. The current Tolukuma MRE stands at 503koz 10g/t, and we expect the MRE update to grow the resource base towards 1.0-1.5Moz

Reserve update to follow

Maiden Ore Reserve to follow

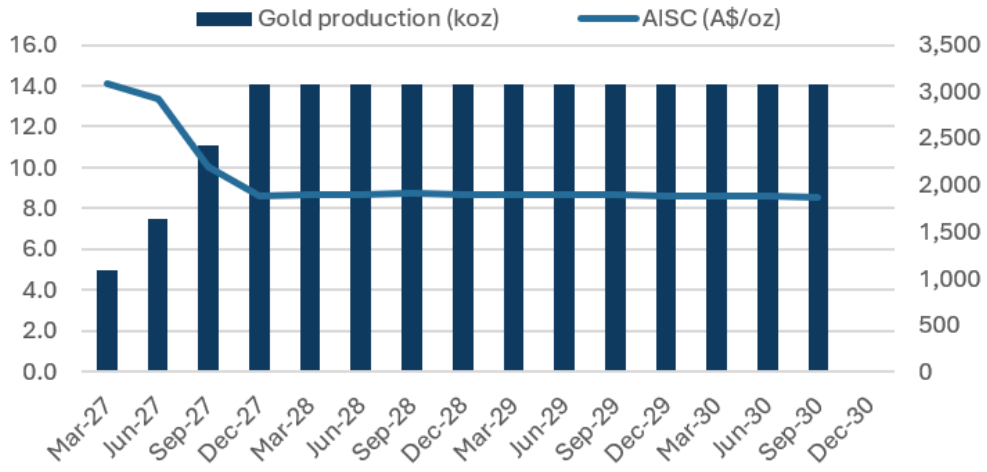
Following release of the updated MRE in late August, TOK will then move towards reporting a Maiden Ore Reserve at Tolukuma in 2HCY26, which will underpin a resumption of full-scale mining in 1QCY27. Drawing from an expected resource base of 1.0-1.5Moz, we expect the Maiden Ore Reserve to deliver a mining inventory in the 0.5-0.75Moz range, supporting a +5-year underground mine life at Tolukuma.

Targeting production in 1QCY27

Progress towards the restart of full-scale mining:

Mine development work continues at Tolukuma with a targeted commissioning date of the existing 200-300ktpa CIL plant by year-end CY26, with first production expected in the 1QCY27. Underground development has recommenced on the 1560 Level, with early face-sampling grades including multiple intervals exceeding 30g/t Au. TOK is targeting an eventual quarterly production run rate of 20-25kozpa per quarter with a 12-18-month ramp-up period required. Refurbishment work on the CIL plant continues with total capital cost requirements not expected to exceed ~A$10m.

Figure 10 – production to commence in 1QCY27



Source: TOK

Price target lowered from $2.70 to $2.50.

Speculative Buy rating maintained.

VALUATION AND RISKS

Price target and valuation

Our price target methodology assumes a 50/50 Blend of our NPV using Argonaut gold price forecasts and at spot prices. Our NPV7 cash flow valuations incorporate Argonaut's initial modelled mining inventory estimated from the existing JORC resource base. There is considerable scope for growth in our mining inventory with further drilling, face sampling, and capital development of the Tolukuma deposit. We also capture resources not incorporated into our production forecasts at 10% of in-ground value, reflecting our view that the Tolukuma system holds significantly more resources than currently defined. We don't model any debt package required in our restart scenario. We incorporate dilution into our valuation, assuming placements at the current share price.

Figure 11: Price target is a 50/50 blend of spot and Argonaut NPV

Valuation	Spot Prices		Argonaut forecasts	
Asset	**A$m**	**A$/sh**	**A$m**	**A$sh**
Tolokuma	465.6	1.80	623.7	2.41
Resources	121.6	0.47	107.1	0.41
Hedge book	0.0	0.00	0.0	0.00
Corporate overhead	(19.2)	(0.07)	(19.2)	(0.07)
Unpaid capital	0.0	0.00	0.0	0.00
Cash	20.1	0.08	40.5	0.16
Debt	(0.1)	(0.00)	(23.9)	(0.09)
Total	**588.0**	**2.27**	**728.3**	**2.81**
Price Target (50/50 spot/base case)				**2.50**

Source: Argonaut Research, July 2026

Key risks to our base case

Mining Inventory – TOK has yet to report a reserve for the Tolukuma project. Prior production at Tolukuma gives us an indication of modifying factors such as dilution, recovery and potential production rates.

Permitting risk – Construction of a new TSF will require permitting approval. In the absence of a Tailings Permit not being granted, TOK has identified 5-6 years of tailings storage capacity by backfilling existing underground workings.

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