

TEM | Transformative Acquisition - Lole Mining Tolukuma & Mt Penck Projects

Key Points

- TEM to acquire Lole Mining for equity transaction valued at \$25.69M
- Transformative deal will place the Company as a gold developer and producer with potential for a strong revenue stream
- Tolukuma mine boasts a large legacy gold and silver resource (Non-JORC) with potential to define significant increases
- Tolukuma mine is a historically operated high-grade gold/silver producer with an infrastructure replacement cost in the order of \$200 million
- Yalgo projects aggressive exploration plans will continue as previously announced
- Shareholders to be derisked with multiple jurisdiction development, near term production and huge exploration potential

Tempest Minerals Ltd (TEM) is pleased to announce that the Company has entered into a conditional agreement with Lole Mining Ltd (Lole) to acquire the world class portfolio of assets including the high grade Tolukuma Mine (+1Moz gold historic production) and Mt Penck Project (Historical Exploration Targets) in Papua New Guinea (PNG).

This transformative deal means TEM shareholders will benefit from the additional value of a near term production asset within a +2,000km² exploration portfolio along strike from some of the biggest gold and copper mines in the world.

Shareholders will remain exposed to the significant upside and potential developments from the ongoing aggressive exploration at Meleya and other projects in Western Australia.

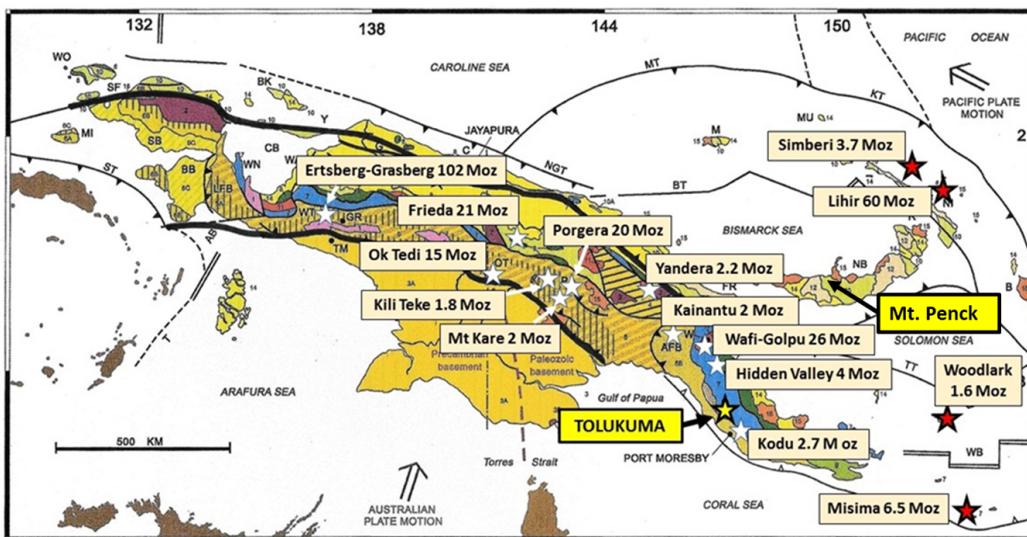


Figure 01: Regional geological map of Papua New Guinea with notable gold projects.

The deal comprises a conditional multi-stage transaction where Lole will amalgamate with TEM under its ownership in Papua New Guinea on an equity-based acquisition value of approximately \$25.7M. The completion of the acquisition is subject to a number of conditions including: successful due diligence, shareholder approval and capital raising to support the transaction.

Managing Director Don Smith said in response to the deal

"This is a major milestone development for Tempest and our shareholders. In line with the company strategy of sustainable discovery and development, we are pushing full steam ahead with our exploration fronts at the Meleya and other Yalgoo regional projects in Western Australia. At the same time we have identified this fantastic opportunity to drive growth by positioning ourselves as a near term gold producer with associated revenue stream and by adding high potential exploration ground to the portfolio. Many of the current TEM team have previously been mine developers and we are really excited to work with the great team at Lole and look forward to generating value through this transformative deal."

Lole Projects

Tolukuma

Tolukuma is located approximately 100km North of Port Moresby in the Central Province of PNG. Geologically the project sits within the Owen Stanley Metamorphic Complex which is part of the greater PNG metallogenic belt, a terrain which hosts numerous world class major deposits including: Grasberg (102MOz), Wafi Golpu (26MOz), Lihir (60MOz), Porgera (20MOz), Ok Tedi (15MOz) and Kora (5+MOz).

The Tolukuma Mine produced high grade gold and silver intermittently since commencement in 1995 ¹. To date, the mine has produced approximately 1 Moz Au and 2.4 Moz Ag from small open pit and underground operations.

The project currently boasts a legacy mineral resource estimate. This estimate is historic, is not in accordance with international standards such as JORC and a competent person has not completed sufficient work to verify all data. However, an updated resource estimate is currently being completed to current standards.

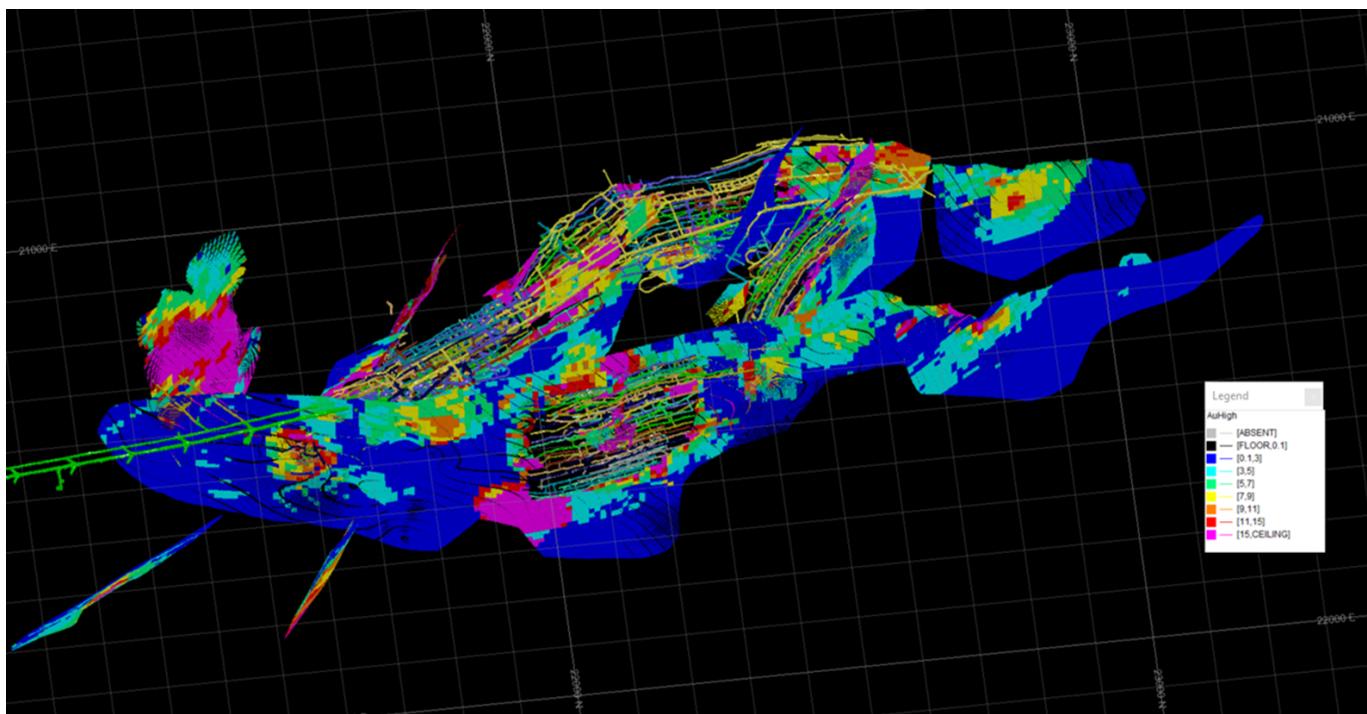


Figure 02: Oblique view of the underground workings and resource block model



Figure 03: Aerial view of the mine and infrastructure

Tolukuma has significant established infrastructure including a fully established power system - both hydropower and diesel, mine camp and helipad facility which requires some refurbishment but comes at a replacement value of approximately \$200M.

Tolukuma has been on care and maintenance since 2015. Much of the mine is accessible and it is anticipated that after a preparatory phase; access to the existing mine workings can be readily achieved, dewatering commenced and production restarted in the near term achieved along with drilling of known structures in order to extend the current mineralisation.

The Tolukuma Mine has been subject to limited modern exploration and is considered to have substantial copper and multi-million gold ounce potential in line with many other comparable projects in the region.

The mine itself also sits within a highly prospective 2000km² exploration package with significant potential for further discoveries.

Historic data has yielded multiple high priority drill ready targets across the portfolio and the potential to generate further short-term processing feed.

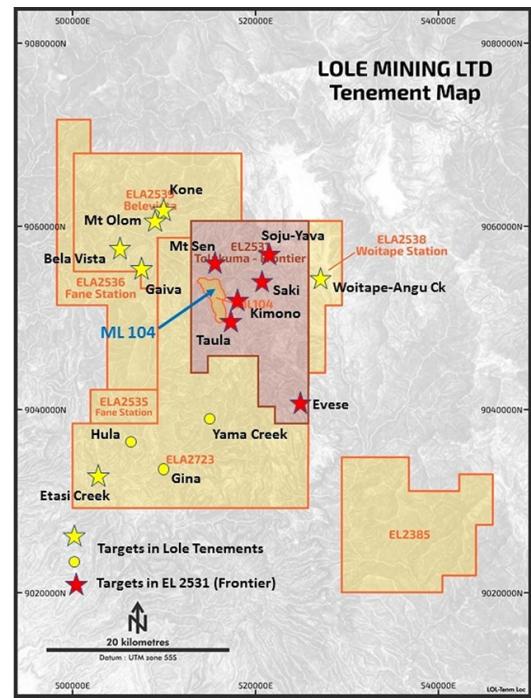


Figure 04: Tolukuma exploration overview

Mt Penck

The Mt. Penck project is located in the West New Britain Province of Papua New Guinea with vehicle access possible by car through existing agricultural infrastructure roads from the nearby town of Kimbe. Kimbe boasts numerous supporting facilities, including: logistics, heavy machinery, workshops, government services, banking, schools, hospital, hotel services; and acts as a regional hub and launch platform for multiple operations.

Mt. Penck is located on the strategically important Kulu-Simi regional geological structure and the mineralisation found to date is classified as a high sulphidation epithermal system, likely fed by underlying porphyries². This mineral corridor hosts a number of other notable projects with similar geology such as Mt Andrea, Simuku Copper-Moly and Mt Nakru Copper-Gold deposits. The larger New Britain arc and surrounding islands to the north host further large-scale deposits including the giant 60Moz Lihir deposit.

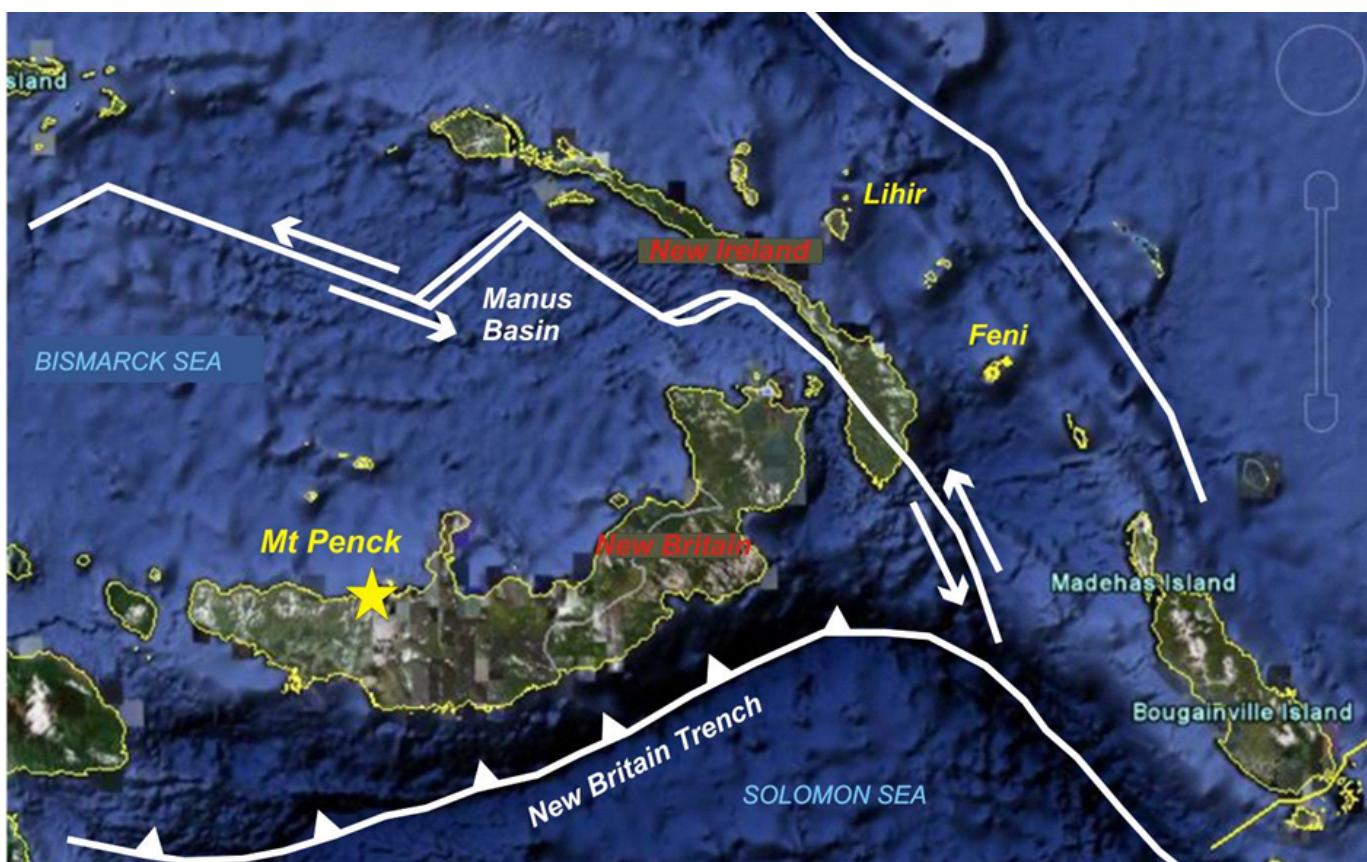


Figure 05: Mt Penck project location

The Project has a history of successful exploration dating back to at least the 1960's however no exploration has been completed since 2011. Parts of the project (Meto Creek) were explored by major companies such as BHP and Placer. Much of this work comprised preliminary surface sampling with results such as 49.4 gpt Au in rock chips, 17gpt pan concentrate from stream sediments and a 1200ppm Arsenic in soils being recovered but not followed up prior to the relinquishment of the project during the BHP/Newmont consolidation into Newcrest. RC Drilling at the Kavola target yielded results including 12m @ 5gpt Au.

Other companies such as Nord, Kanon and later Vangold uncovered widespread surface and subsurface mineralisation at the Kavola target including:

- Trench values: 131m @ 2.4gpt, 97m @ 3.4gpt, 40m @8.9gpt³
- Peak gold values in drilling: 72m @1.8gpt, 43m @ 2.4gpt, 13m @3gpt and 2m @ 36.7 gpt.*

Previous exploration programmes have identified significant gold intercepts along with the enormous copper and gold potential at the project. Large conceptual exploration targets have been reported at Mt. Penck which are yet to be verified and are not in accordance with the JORC or other international codes and viewed as conceptual guidance of potential only.*

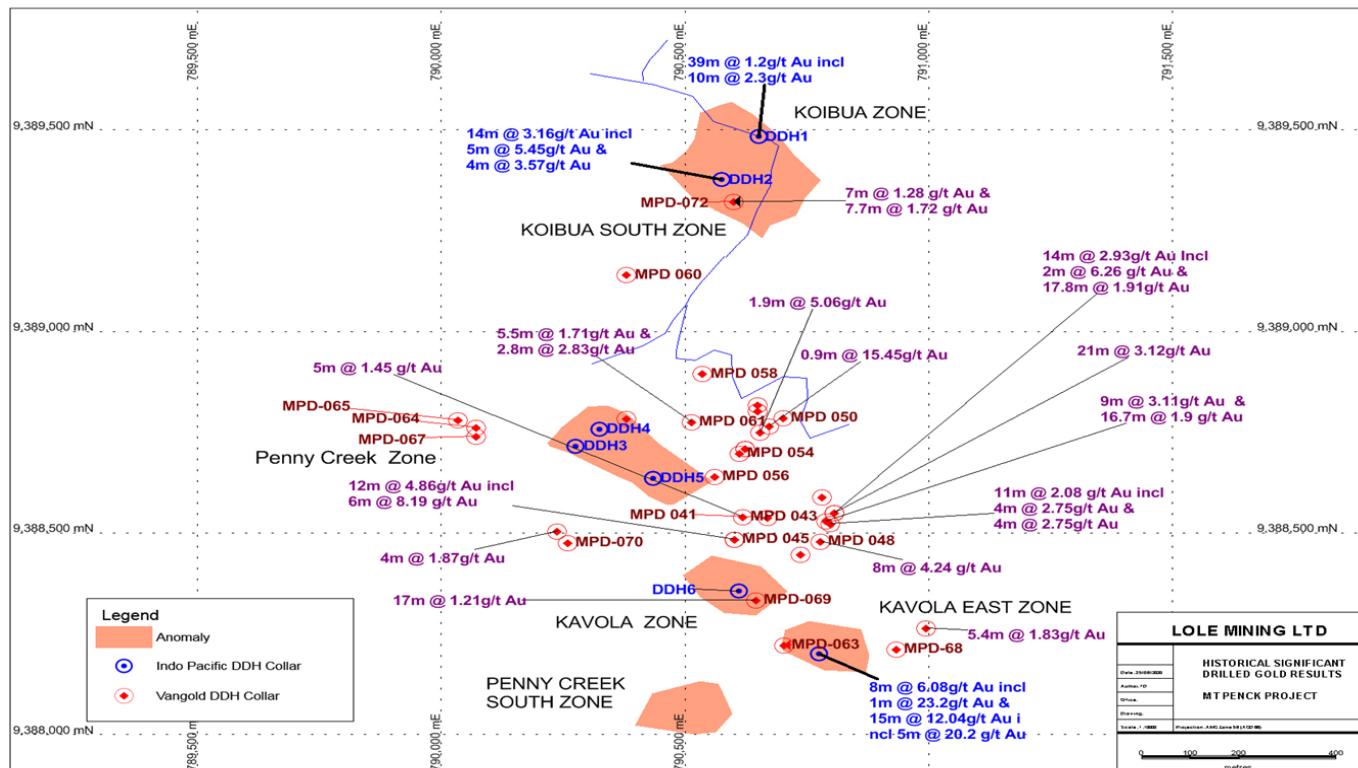


Figure 06: Plan view of significant drill intercepts at the Mt Penck Project *

* These results are taken from historical regulatory reports from a former owner of the project which may be not in accordance with JORC or other international standards. Specific details as to the methods and quality control of the work cannot be ascertained at this time and a competent person has not completed sufficient work to classify the historical results. Tempest and consultants are reviewing the data however, nothing at this time causes the acquirer to question the reliability of the former owner's results.

Background

The acquisition of the Lole Projects is in addition to and complements the current exploration activities and potential developments at TEM's Western Australian portfolio. An aggressive exploration strategy is in place which is designed to further advance the recent discovery of mineralisation in the newly defined mineral province at the Meleya Project.

TEM has identified the Lole opportunity as fitting the Company's profile for desired project criteria and includes a compelling commercial case for short-term production potential and exploration success. This is highlighted by the presence of a strong foundational base of tangible and intangible assets including: defined resources, infrastructure, geological potential, key personnel and support from local communities and government.

Lole Mining Ltd is an unlisted public Papua New Guinea company registered in Australia with a number of emerging mineral exploration and development opportunities. Lole has rights to three significant gold (+ silver and copper) projects in PNG. These comprise:

- the historically operated Tolukuma Mine with existing resources and short-term production potential;
- The Tolukuma Exploration Project comprising a number of exploration licences across the broader Tolukuma mineralized structure covering some 2,000 km²; and
- the Mt Penck gold/copper project, with substantial historic exploration.

Lole Mining comes equipped with a highly regarded and experienced management team including significant in country expertise including:

- Howard Lole - the namesake founding board member who is a multi-industry entrepreneur and former Chief Inspector of Mines responsible for development of several major mining projects.
- Iain Macpherson - +30 years' experience in senior management and executive roles in junior and major companies with a track record of developing, operating and financing mining projects on multiple stock exchanges.
- Larry Andagali - a high profile PNG businessman and entrepreneur
- John Anderson - +25 years in the Australia and Asia-Pacific resources sector, including 12 years as a senior executive in Santos Ltd with responsibility for PNG. and also a Non-Executive Director of Platina Resources Ltd (ASX: PGM).
- Brian Moller - The chairman of TEM is also a non-executive director of Lole Mining.
- A further rich pool of PNG and internationally based advisors and consultants covering a broad range of important disciplines from Technical, ESG (environment, social and governance) and corporate. This includes key personnel who drove the development of the nearby K92 Ltd (K92) Kainantu Mine ⁴.

Papua New Guinea

Papua New Guinea is a nation located North of Australia within the Melanesian archipelago. With a land area of approximately 452,860km² distributed over some 600 islands, PNG has a population of approximately 9.6 million people and a median age of 24 years ⁵.

Although initially heavily affected by the COVID-19 pandemic, PNG has now emerged from the pandemic and has normalised business and the economic recovery in line with many other countries internationally ⁶.

Mining has long been a major contributor to the PNG economy and is considered a mining friendly jurisdiction. The PNG government has recently granted Lole a 10 year extension to its mining lease at Tolukuma ⁷ as well as financial, regulatory support and fast-tracked approvals such as fully permitting Tolukuma to operate.

PNG has a number of large, successful and high-profile mining operations with the most recent being the high profile TSX listed K92 Kainantu Mine. K92 on the back of modern exploration at the Kora deposit went from a junior explorer to a producing miner with a market capitalization of over C\$1.9 billion.⁹

The Tolukuma deposit has had minimal exploration and the Lole team has multiple members of the team who led K92 through this transition.

Deal

The proposed deal with Lole will be completed in a multiple stage fashion

1. TEM completing due diligence and other regulatory requirements, Lole completing a pre-acquisition capital raising, and both parties entering into a subscription agreement.
2. Both companies will amalgamate PNG subsidiaries and Lole will be issued TEM script at a deemed issue price of \$0.05447 per share with a value of acquisition compensation totalling \$25.69M. It is expected that the current Board and management team of TEM will remain and that Lole will be entitled to several additional representatives on the board.

Next Steps

The acquisition is in line with the growth strategy of TEM to become a multi-jurisdictional, sustainable and development mining company.

TEM will maintain its current exploration strategy in Western Australia with aggressive exploration planning currently in progress.

However, the opportunity to add such a significant asset to the Company's portfolio including existing resources, infrastructure and a clear path to near term production reduces TEM's risk profile and is a major transformative moment for the company and its shareholders.

- Aggressive exploration at the Yalgoo Portfolio ongoing
- Multiple geophysics programs in progress and multiple sets of exploration results due
- Multiple drilling programs in final stages of preparation with anticipated commencement mid Q3
- Complete due diligence and regulatory steps including shareholder approval
- Complete transaction and commence reactivation works at the PNG projects

The Board of the Company has authorised the release of this announcement to the market.

About TEM

Tempest Minerals Ltd is an Australian based mineral exploration company with a diversified portfolio of projects in Western Australia considered highly prospective for precious, base and energy metals.

The Company has an experienced board and management team with a history of exploration, operational and corporate success.

Tempest leverages the team's energy, technical and commercial acumen to execute the Company's mission - to maximise shareholder value through focussed, data-driven, risk-weighted exploration and development of our assets.

Contact

For more information, please contact:

Don Smith

Managing Director

 Level 2, Suite 9
389 Oxford Street
Mt Hawthorn,
Western Australia
6016

 +61 892000435

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The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled. Tempest undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements).

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Competent Person Statement

The information in this announcement that relates to Exploration Results and general project comments is based on information compiled by Don Smith who is the Managing Director of TEM. Mr Smith is a Member of AusIMM, AIG and GSA and has sufficient experience relevant to the style of mineralisation under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Don consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix A: References

1. PNG Mineral Resource Authority archive
2. Vangold Resources Limited (2009) Mt Penck NI 43-101 report
3. Vangold Resources Limited (2013) EL1322 Annual Report
4. Lole Mining Ltd (2022) Information memorandum
5. CIA World Fact Book (accessed Aug 2022) Papua New Guinea
6. World Bank (2022) Papua New Guinea Economic Update: PNG Economy Navigating a Fragile Recovery
7. <https://www.pngreport.com/mining/news/1430793/lole-mining-granted-tolukuma-gold-ml>
8. K92 website (accessed Aug 2022) <https://k92mining>