2024 ANNUAL **REPORT**

LIHIRIANS EQUITY TRUST

MRL CAPITAL LIMITED

Prepared by MRL Capital Limited
as Trustee for Lihirians Equity Trust

CONTENTS

LIHIRIANS EQUITY TRUST

The Lihirians Equity Trust (LET or Trust) was established to hold in trust the shares in Lihir Gold Limited (LGL) for the benefit of the people of the Lihir Group of Islands. From 2005 these shares were sold and the proceeds of the sale reinvested into a portfolio of assets currently managed by MRL Capital Limited.

OUR VISION: LIHIR DESTINY

The Lihir Destiny sets out the following key principles:

Vision
To be self-reliant and financially independent.

Mission
To create a healthy, wealthy, happy and wise community.

Mining Development
To ensure resource development continues to proceed as per the Integrated Benefits Package and compensation for land owners.

Parallel
To ensure development in all villages on Lihir will happen in parallel with the development of the Lihir Gold Project.

Balanced
To ensure that development is balanced in all villages and wards on Lihir.

Sustainable
To encourage sustainable development on Lihir that is not dependent on the Lihir Gold Project.

Stable
To ensure development on Lihir is stable and in harmony with Lihir society, not destroying or eroding the order and culture.

Non-Mining Development
To ensure the Lihir Sustainable Development Plan is not dependent on the mine.

THE LET'S VISION

To create the wealth required to empower Lihirians to be independent by ensuring sustainable development in line with the Lihir Destiny.

OUR HISTORY

1995-1997

- Mineral Resources Lihir Pty Limited (MRL) incorporated as a wholly owned subsidiary of Mineral Resources Development Company Limited (MRDC).
- MRL acquired K77 million LGL shares (6% of LGL) and appointed as Trustee of the LET.

2005

- Commenced sale of K15 million shares on the ASX to settle the outstanding EUR16 million debt with European Investment Bank.

2007

- The Lihir landowners equity in the Lihir Gold Mine completely liquidated on the ASX.

2016

- The LET acquired 100% interest in South Sea Lines Limited (SSL).
- Construction of Blue Orchid Apartments.
- Awarded 'Best Private Sector Employer' by the PNG HR Institute.

2017

- Developed and implemented the 2017-2021 Five-Year Strategic Plan.

2018

- Incorporation of Lihir Development Finance Corporation Limited and MRL Energy Limited.

2019

- MRLP acquired St Lucia Marketplace, Brisbane.
- Investment in Trident Funds Management Pty Ltd (TFM).
- Disposal of 99 Racecourse Road, Brisbane.

2020

- Disposal of 76 Lake St, Cairns.
- TFM awarded Australian Financial Services License (AFSL: 298979).

2021

- 40% acquisition in Trident Property Advisory Pty Ltd.
- Acquired 11 Lang Parade, Milton and 689 Nicklin Way, Currimundi (under TFM).
- Incorporation of MRL Funds Management Limited (MRLFM).

2008

- MRL changed its company name to MRL Capital Limited and issued the first dividend payment of K18 million.
- Incorporation of wholly owned Australian subsidiary Mineral Resources Lihir Pty Ltd (MRLP).
- MRL exercised its right to exit the Management Agreement with MRDC.

2009

- MRLP acquired its first property at 76 Lake St, Cairns.
- Second dividend payment of K20 million distributed to Beneficiaries.

2010

- MRLP acquired its second property at 120 Bunda St, Cairns.

2011

- MRLP acquired its third property at 316 Adelaide St, Brisbane.
- MRL acquired properties at Doyle St and Eagle St, Lae.

2012

- MRLP acquired its fourth property at 488 Queen St, Brisbane
- The LET acquired a 20% shareholding in Gazelle International Hotel.

2013

- Established the MRL Foundation (Previously CSO Foundation).

2022

- LET Trust Deed amendments accepted and approved.
- Developed and implemented 2022-2026 Five-Year Strategic Plan.
- MRLFM granted Trustee Services License & Fund Management License.
- Incorporation of MRL Property Services Limited.
- Acquired 163 Draper St, Cairns and 344 New Cleveland Rd, Tingalpa (under TFM).
- Disposal of 11 Lang Parade, Milton.

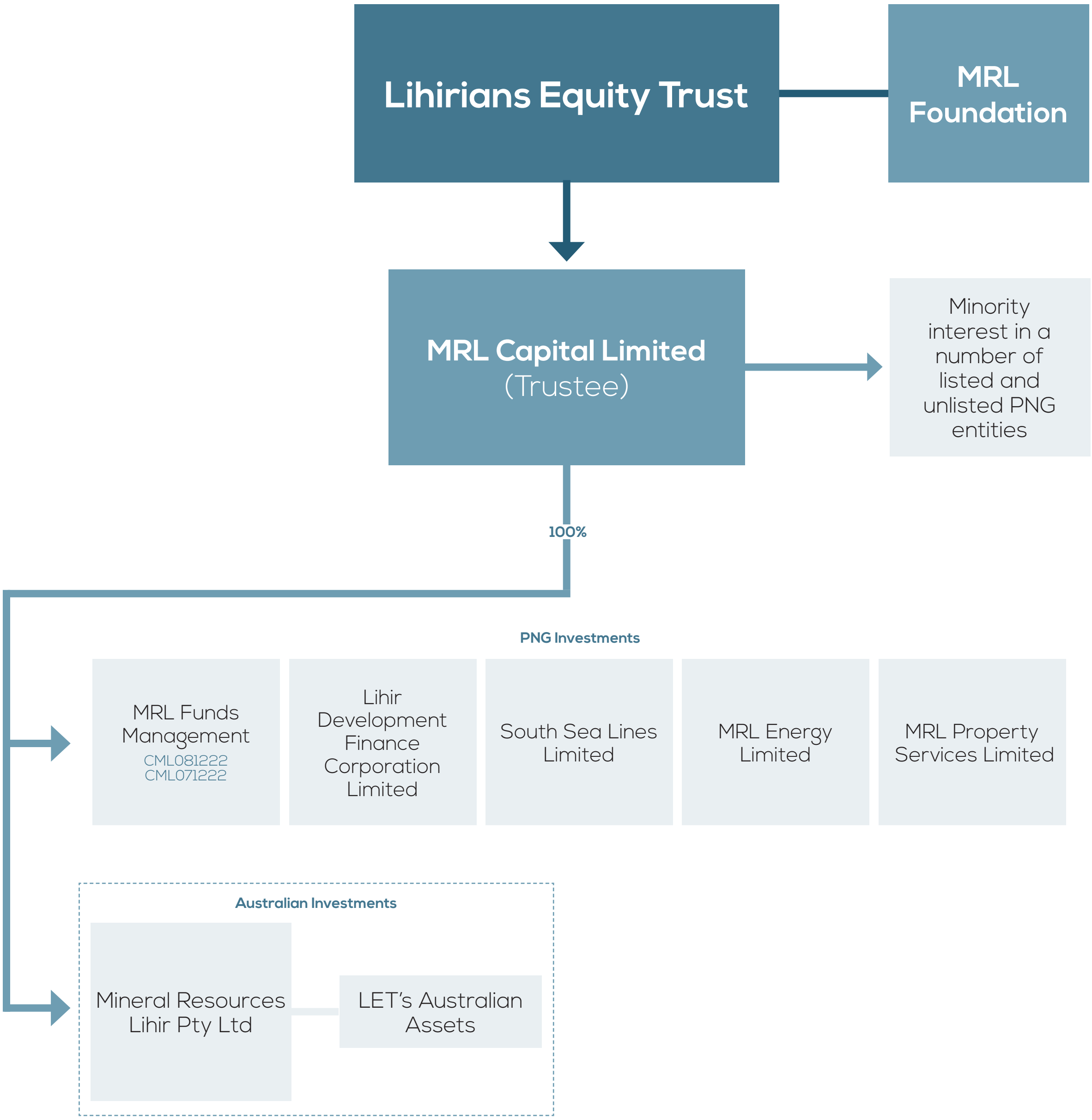
2023

- Chairman Mark Soipang awarded Companion of the Star of Melansesia (CSM).
- Acquisition of 36-40 Hofmann Drive, Noosaville and commencement of medical centre development.
- Acquisition of TAMS Group diving and ferry services contracts and vessels.
- Establishment of TWL Lihir Limited.

2024

- Completion of 36-40 Hofmann Drive, Noosaville medical centre development.
- TWL Lihir Limited changed its company name to Argo Lihir Limited.
- Official launch of the Lihir Investment Fund by Trade & Investment Minister the Hon. Richard Maru, MP.

CORPORATE STRUCTURE

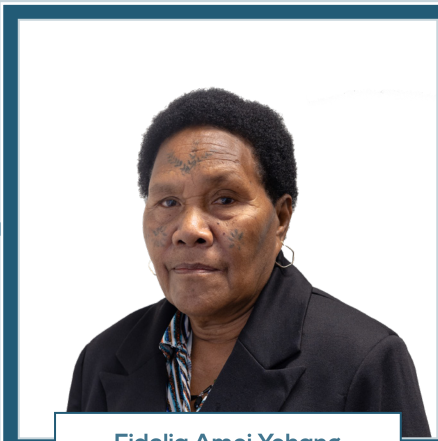


BOARD OF DIRECTORS & MANAGEMENT

BOARD OF DIRECTORS

Mark Soipang
Board Chairman
Tinetalgo Clan

Lawrence Rausim
Director
Nikama Clan



Fidelia Amoi Yohang
Director
Lamatlik Clan

Joseph Braun
Director
Tengawom Clan

Jerry Morrus
Director
Nissal Clan

John Yaspot
Director
Unawos Clan

EXECUTIVE MANAGEMENT

Lawrence Rausim
Chief Executive Officer

Bruce Apana
Chief Operating Officer
& Company Secretary

CHAIRMAN'S STATEMENT

On behalf of the MRL Board, as Trustee, I am pleased to report the financial performance of the LET and highlight its significant achievements for the period ending 31 December 2024.

The 2024 year has been a significant one for the LET, with strong progress made toward our long-term goals and a continued focus on delivering value to our Beneficiaries. Despite a challenging global economic environment during the year, the Fund has shown resilience and maintained momentum across its key initiatives.

Among the most significant milestones was the first investments in the Lihir Investment Fund (LIF), an innovative investment vehicle designed not only for LET's Beneficiaries but also accessible to other Papua New Guineans eager to build personal wealth.

The LIF, established and managed by MRL Funds Management Ltd (MRLFM), offers Beneficiaries access to investment opportunities that were previously out of reach. This initiative enables Lihirians to take greater control of their financial futures beyond mine closure and reflects our shared vision of achieving the Lihir Destiny.

Despite global economic challenges, including inflationary pressures, high interest rates and currency fluctuations that impacted asset values, the LET continued to deliver encouraging results.

Our consolidated assets under management grew from K716.94 million to K723.87 million, representing a very modest, yet commendable 0.97%, increase in a complex global environment.

The Board remains focused on ensuring strong governance and strategic oversight, actively supporting initiatives that align with our 2022–2026 Strategic Plan.

We are on course to achieve our target of K750 million in total fund value by 2026, and we remain vigilant in identifying prudent investment opportunities to support sustainable, long-term growth.

I commend the Executive Management and our dedicated teams in both Papua New Guinea and Australia for their ongoing commitment and professionalism throughout the year. Their efforts to enhance beneficiary-facing processes, including upgrades to the distribution system and the full reconciliation of the Savings Scheme, have significantly strengthened our transparency and operational efficiency.

I also extend heartfelt gratitude to my fellow Board Directors for their continued wisdom, guidance, and commitment to acting in the best interests of every LET Beneficiary.

Let us continue to work together to realise the Lihir Destiny, creating a healthy, financially secure, and empowered community for generations to come.

God bless the LET and its Beneficiaries.

Mark Soipang
Chairman

LETTER FROM THE CEO

Dear Beneficiaries,

As managers of the LET, the Board of Directors and the dedicated management teams in both Papua New Guinea and Australia remain committed to delivering sustainable outcomes for the Beneficiaries.

Now in the third year of our 2022-2026 Strategic Plan, our focus throughout 2024 has been on optimising key initiatives and investments that contribute to the long-term wellbeing of Lihirians. These efforts are guided by our shared vision of achieving the Lihirian Destiny, which envisions a thriving, self-reliant Lihirian community with the means to prosper well beyond the life of the mine.

Despite global economic challenges, the LET continued to demonstrate resilience in 2024 and delivered positive growth, with a strong emphasis on improving how we support and engage with our Beneficiaries.

Strengthening Beneficiary Services

Over the past few years, MRL has made major strides in improving the efficiency of the cash distribution process. What was once a complex manual task is now streamlined, thanks to extensive registration and verification efforts that began in 2018. Today, eligible Beneficiaries receive their annual distributions securely and efficiently through MiBank.

We also reached a major milestone in 2024 with the full reconciliation of the Savings Scheme, which was originally established in 2008. All data has been fully reconciled and backed up with individual beneficiary statements issued, reflecting our ongoing commitment to transparency and accountability.

Another standout achievement this year was the official launch of the Lihir Investment Fund (LIF), a new initiative providing Beneficiaries and local Lihirian businesses with access to diversified investment opportunities. The Fund plays a critical role in enabling Lihirians to build wealth and progress toward financial independence post mine closure.

Through the MRL Foundation Association Inc., we continue to invest in impactful community projects and initiatives on Lihir. In 2024, the focus was heavily on scholarship programs, helping educate and empower the next generation of Lihirians.

LET's Financial Performance

While global growth is expected to remain soft in 2025, it is accompanied by risks such as tariffs, inflation, geopolitical tensions, and climate related pressures. For a country like Papua New Guinea, which relies heavily on imports, these factors can significantly affect domestic economic conditions.

To manage this, we remain guided by the LET's strong investment policies and risk management strategies. These ensure that funds are prudently invested and responsibly managed, with a focus on long-term sustainability, diversification, and stable returns across both global and local markets.

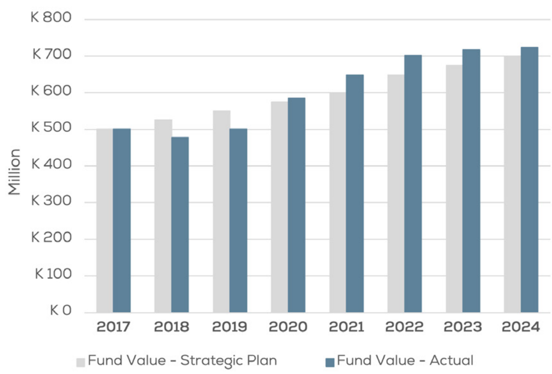
We remain firmly on track to achieve our strategic goal of a K750 million Fund Value by 2026.

As at the end of FY2024:

- Total Assets under management grew from K716.94 million to K723.87 million, while Net Assets stood at K508.12 million, a decrease of K27.42 million, primarily due to fair value adjustments on investments.
- Profit Before Income Tax was K3.98 million, a K15.30 million turnaround from the previous year, which included expected credit losses of K16.45 million.
- Total Comprehensive Loss was K18.78 million, compared to K16.64 million in FY2023, reflecting fair value movements in investment in both MRLP and South Sea Lines.
- Total Operating Income was K15.89 million. Operating expenses, adjusted for depreciation, amortisation, unrealised foreign exchange differences, and credit losses, decreased by 8.66% compared to the prior year.
- The Fund continues to declare and distribute returns to Beneficiaries after adjusting for non-operating items.

Five-Year Strategic Plan Targetting K750 million Fund Value by 2026

Our strategic target remains clear: to achieve a Fund Value of K750 million by 2026.



Acknowledgements

To our Chairman, Mr. Mark Soipang, and the Board of Directors, I extend my sincere gratitude for your continued guidance and support throughout 2024.

I also acknowledge the exceptional efforts of our management teams and staff in both PNG and Australia. Your dedication, professionalism, and hard work have made a meaningful difference in supporting and advancing the interests of our Beneficiaries.

God bless the LET and its Beneficiaries.

Lawrence Rausim
CEO

2022-2026 FIVE-YEAR STRATEGIC PLAN

All of MRL's business activities are guided by the current Strategic Plan, each one covering a five-year period. These plans frame the company's decision making process, sets strategic goals and assists in measuring the Fund's long-term progress.

Our Strategic Success

In 2017, MRL Capital initiated its first Five-Year Strategic Plan with a strong focus on maximising Fund performance, fostering Lihirian economic sustainability, and pursuing growth opportunities.

"In the 2017-2021 Strategic Plan our main goal was to reach a Fund Value of K600 million by 2021, which was achieved with K664.5 million assets under management at the end of 2021. This put us in a great position coming into 2022 and working towards our future financial goals."

- Lawrence Rausim | CEO & Director

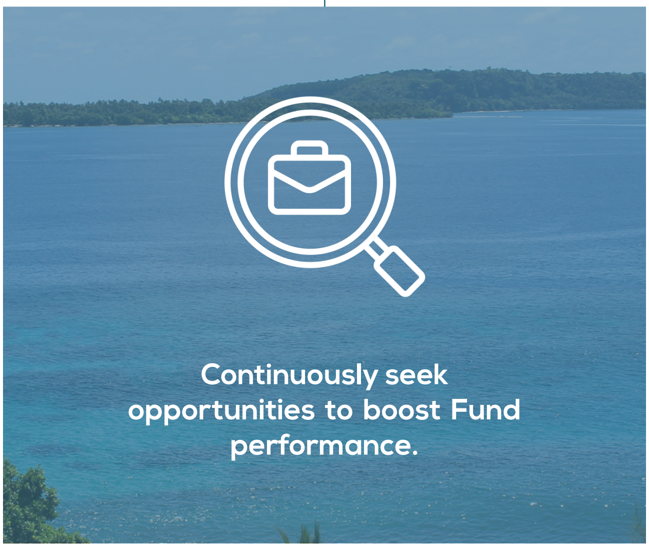
Strategic Direction

By 2026, the goal is for MRL to grow the LET Fund Value to K750 million, operating as a high performing investment manager for the LET with a balanced portfolio and income streams. The main focus will be on longer term investments in the interest of creating sustainable growth.

MRL continues to manage and provide funding to the MRL Foundation to deliver projects and services for Beneficiaries, thereby meeting the vision of the Lihir Destiny.

As at 31 December 2024, the Fund Value grew to K723.87 million, which is on track to acheive the target of K750 million by 2026. MRL continues to focus on strategic initiatives and investment opportunitities in pursuit of its K750 million target.

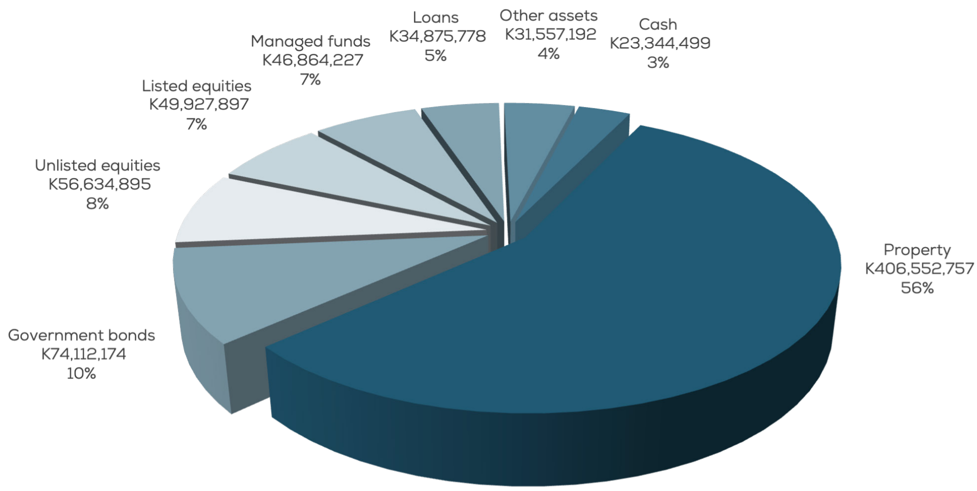
STRATEGIC GUIDELINES



FUND INVESTMENTS

The LET's investment portfolio includes a combination of PNG and Australian assets. The PNG assets are held by MRL as Trustee for the LET, while the Australian assets are held by MRLP, a wholly-owned Australian subsidiary of MRL.

The LET's asset allocation as at 31 December 2024 is summarised below.



	PNG Assets	Australian Assets	LET Total Assets
	K	K	K
Property	14,215,073	392,337,684	406,552,757
Government bonds	74,112,174	-	74,112,174
Unlisted equities	51,262,163	5,372,732	56,634,895
Listed equities	26,985,400	22,942,497	49,927,897
Managed funds	-	46,864,227	46,864,227
Loans	18,005,081	16,870,697	34,875,778
Cash	7,607,468	15,737,031	23,344,499
Other assets	18,833,405	12,723,787	31,557,192
Group total assets	**211,020,764**	**512,848,655**	**723,869,419**
Less:			
MRLP liabilities			(206,113,121)
SSL liabilities			(9,636,723)
LET total assets			**508,119,575**
Less:			
LET liabilities			(8,423,696)
LET net assets			**499,695,879**

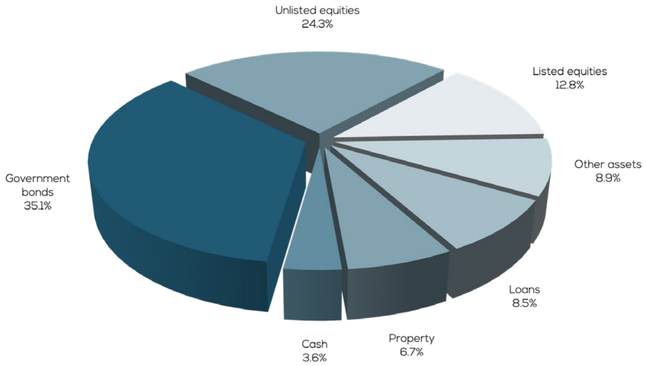
FUND INVESTMENTS

PNG ASSETS AS AT 31 DECEMBER 2024

Approximately 35.12% of the PNG assets are Government bonds. The remainder of the assets include unlisted equities, loans, property, cash and listed equities.

The largest unlisted equity is SSL, a Lae-based shipping company that provides regular services to Lihir.

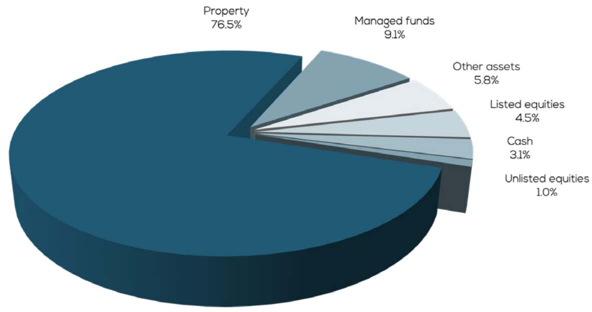
The PNG asset allocation as at 31 December 2024 is summarised below.



AUSTRALIAN ASSETS AS AT 31 DECEMBER 2024

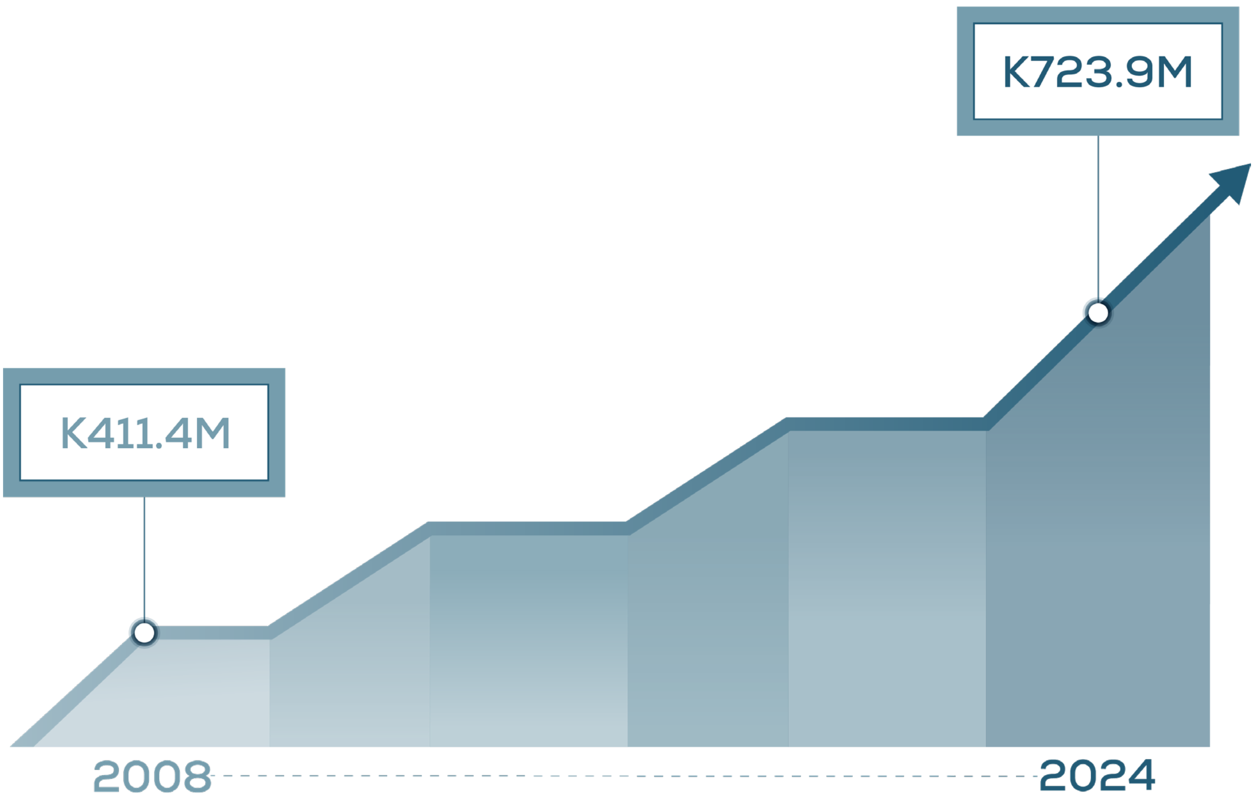
The majority of the Australian assets are property and listed equities. Key property assets include commercial buildings in Brisbane and Cairns. The listed equities are held in two portfolios, one managed by Macquarie Wealth Management and the other managed by Global Investment Services (Westpac Private Bank).

The Australian asset allocation as at 31 December 2024 is summarised below.



ASSET GROWTH

The LET's Fund Value has increased from K411.4 million in 2008 to **K723.9 million** in **2024**.



MRL is the Trustee and Manager of the LET. MRL seeks to meet the two primary objectives of the LET:

1. To **preserve and grow** the capital of the LET; and
2. To generate sufficient annual income to pay **distributions** to eligible Lihirians and to **support** the MRL Foundation program to improve education, health and social welfare standards for members of the Clans, who are Beneficiaries of the LET.

In its capacity as Trustee and Manager of the LET, MRL has created an appropriate Governance and Risk Management Framework for its administration.

A representative from each of the six Lihirian Clans – Unawos, Lamatlik, Tengawom, Tinetalgo, Nissal, and Nikama – make up the Board, which is primarily responsible for the governance and oversight of the LET.

Directors are elected by their respective Clan and serve for a term of three (3) years with eligibility for reappointment.

The Board holds frequent meetings, including quarterly scheduled board meetings, to discuss LET operations and assess potential investment opportunities. All decisions are made after careful deliberation and objective evaluation of all the facts available.

The Audit, Risk & Remuneration Committee assists the Board by providing an independent and objective review, advice and assistance in developing Board policies and monitoring corporate activities within the scope of its remit, and making recommendations to the Board for resolution. It is not a policy making body, nor does it have substantive executive function in its own right.

The function of the Audit, Risk & Remuneration Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities for the annual audited financial statements, financial reporting process, audit process, performance management, remuneration and retention initiatives.

As at 31 December 2024, the Audit, Risk & Remuneration Committee comprised of Mr David McDougall as Chairman, and Mr Mark Soipang, Mr Lawrence Rausim, and Ms Fidelia Amoi Yohang as committee members.

The Investment Committee supports the Board by reviewing and making recommendations to the Board on matters such as investment strategy, investment performance and outlook, compliance with the investment and gearing components of the company's Investment Policy, external group borrowings and compliance with debt covenants.

As at 31 December 2024, the Investment Committee comprised of Mr Mark Soipang as Chairman, and Mr David McDougall, Mr Lawrence Rausim and Mr Jerry Morrus as committee members.

When necessary, the Board requests briefing from the Executive Management Team and independent professional advisors to assist the Board in fulfilling its responsibilities.

External Auditor

It is MRL's policy to appoint external auditors who can clearly demonstrate quality and independence. KPMG has been the external auditor since 2017 and was reappointed in 2024. The performance of the external auditors is reviewed annually.

	Clan	MRL Board	Audit, Risk & Remuneration Committee	Investment Committee
Mark Soipang, Chairman	Tinetalgo	4/4	4/4	4/4
Lawrence Rausim (CEO)	Nikama	4/4	4/4	4/4
Jerry Morrus	Nissal	4/4	n/a	3/4
Joseph Braun	Tengawom	4/4	n/a	n/a
John Yaspot	Unawos	4/4	n/a	n/a
Fidelia Amoi Yohang	Lamatlik	4/4	4/4	n/a
David McDougall	n/a	n/a	4/4	4/4

n/a = not applicable

Overall Investment Approach

To maximise growth and protect the capital of the LET, MRL has established an investment governance framework consisting of an Investment Policy and Investment Strategy.

The objectives of the Investment Strategy require a proactive investment approach be adopted and provide that in order of priority, the goals of the LET's investment activities are:

1 Preservation of Capital;
2 Return on Investment; and
3 Liquidity.

1. Preservation of Capital

Preservation of capital is the principal objective of the approach to managing the LET investment portfolio. Investments are to be managed in a manner that seeks to ensure security of the capital of the overall portfolio in real terms, while growing the assets. This includes managing market risk, credit risk, interest rate and foreign exchange risks within the agreed risk management parameters.

2. Return on Investments

For each asset class the portfolio is expected to at least achieve a market average rate of return taking into account the risk tolerance. Any additional return target set by the Investment Committee or Board will also consider the risk parameters, prudent investment principles and cash flow and distribution expectations.

3. Liquidity

The LET will retain sufficient liquid assets to meet its operating costs and distribution obligations.

Setting Return Requirements

The overall objective for MRL's management of the LET is to optimise risk-adjusted returns for the Beneficiaries while growing the Fund. The Investment Strategy determines how the investment portfolio is constructed and managed and is formulated by:

(a) Setting rolling risk-adjusted return objectives for the overall portfolio and individual asset classes which are designed to deliver a return above inflation;
(b) Determining a strategic asset allocation (set on a longer term basis);
(c) Implementing dynamic asset allocation tilts (to capitalise on significant market inefficiencies and anomalies or specific opportunities); and
(d) Using investment managers to complement in-house skills when required.

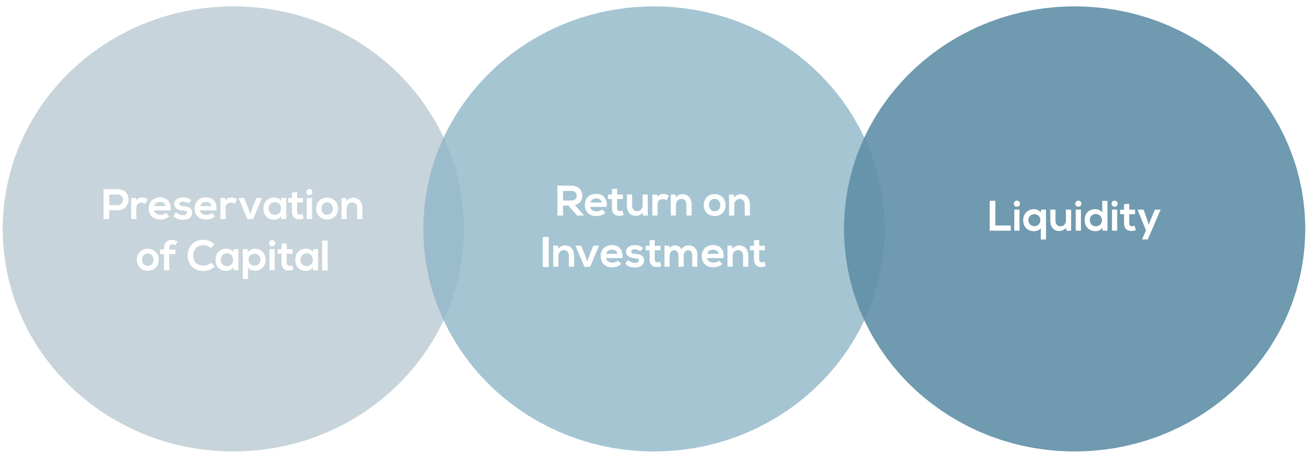
Setting Risk Parameters

Risk is the chance of something happening that will have an impact on objectives which can be measured in terms of consequences and likelihood. The risk management process involves systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

Managing investment risk in the portfolio is a critical component of MRL's overall Risk Management Framework.

Asset Allocation

MRL has evaluated the various categories of asset classes under which it manages the LET's assets. Considering the historical rates of return, the relative levels of risk associated with each category, and the objectives of the Strategic Plan, MRL recognises that



The MRL Foundation program is designed to support and assist Lihirians with a strong focus on health, education and social welfare services.

The MRL Foundation projects and activities are undertaken by the MRL Foundation Association Inc., a charitable institution funded by distributions from the LET and managed by MRL. Initiatives supported under this program aim to contribute to the Lihirian community and ensure a more prosperous future, in line with the Lihir Destiny.

MRL FOUNDATION OBJECTIVES

2024 MRL FOUNDATION PROJECT OVERVIEW

The following table provides a list of MRL Foundation projects initiated and undertaken during 2024. All projects are reviewed and approved accordingly to ensure they meet Trust Deed requirements and contribute towards the development of Lihir and its people.

Project Name	Type	Scope
Completed		
Mazuz Primary School	Education	Construction of a new 4x1 classroom. Handed over in January 2022.
Sekunkun Primary School	Education	Construction of a new 6x1 classroom completed 31 May 2023.
Continuous		
Solar Solutions	Infrastructure	All solar systems were operational. Maintenance and routine monitoring works completed as required.
Lihir Malaria Elimination Program	Health	The MRL Foundation is a partner of the Lihir Malaria Elimination Program on Lihir island.
Community Connectivity Project	Infrastructure	Aim is to provide internet connectivity to education and health facilities on the island to improve communication and access to education materials.
Palie House Maintenance	Infrastructure	Ongoing maintenance of house and yard.
Lihir Database	Management	The implementation and ongoing management of a Beneficiary Database.
Cadetship Program	Education	Sponsorship of Lihirian students across PNG & Australia in various fields of study.
In Progress		
Solar Off Grid Solutions	Infrastructure	Palie and Samo household surveys and mapping complete. Pending site reports and costings.

Sekunkun Primary School
6x1 classroom

MRL FOUNDATION CADETSHIP PROGRAM

The MRL Foundation Cadetship Program provides Lihirians with scholarships for the opportunity to further their education to build the capacity of future Lihirian leaders. Students enrolled in the Cadetship Program during 2024 based in Papua New Guinea and Australia have been listed below with expected graduation dates.

Australian Based Students

There were no Australia-based students in 2024, as the Secondary Scholarship Program was in its development phase with applications opening at the start of the year. Two students are set to commence their studies under the program in 2025.

PNG Based Students

Student Name	Degree/Area of Study	Graduation*
Assumptah Rausim	Bachelor of Fisheries & Marine Resources	2026
Clairmatia Leto	Science Foundation	2028
Dessie Moab	Bachelor of Education	2027
Doreen Lalle	Bachelor in Education	2027
Ephraim Ziktana	Bachelor of Engineering	2025
Fintan Anap	Business Management Foundation	2028
Fiona Kembe	Bachelor of Physiotherapy	2025
Fiona Liomso	Bachelor in Secondary Education	2027
Getrude Geon	Bachelor in Education (Arts)	2027
Grace Kombing	Bachelor in Education	2027
Joe Funmat	Bachelor in Tropical Agriculture	2028
Lucy Kabariu	Bachelor in Education (Arts)	2025
Margaret Dardar	Bachelor in Arts (Journalism & Public Relations)	2027
Melanie Tzichtandal	Bachelor of Geology	2026
Michaella Kiapman	Bachelor in Arts (Linguistics & Modern Language)	2028
Panuel Moab	Science Foundation	2026
Patricia Kiapseni	Business Management Foundation	2027
Pauline Bongal	Bachelor of Social & Religious Studies	2026
Peter Toisiat	Bachelor in Education	2027
Quinten Malum	Bachelor in Business (Accountancy)	2028
Rachael Kiapleples	Bachelor Education	2025
Ronald Membup	Bachelor of Mathematics & Computing Science	2026
Salvian Phillippo	Bachelor In Science	2027

*Graduation dates are estimates only based on students' current program length and may change.

LIHIRIANS EQUITY TRUST

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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2024

TRUST AND TRUSTEE INFORMATION

Trust	Lihirians Equity Trust
Trustee	MRL Capital Limited
Registered office address	Suite 2, Level 3, PWC Haus Section 44, Allotment 34 Granville, Konedobu Port Moresby National Capital District Papua New Guinea
Postal address	PO Box 1817 Waterfront National Capital District, 121 Papua New Guinea
Address for service	Suite 2, Level 3, PWC Haus Section 44, Allotment 34 Granville, Konedobu Port Moresby National Capital District Papua New Guinea
Directors of the Trustee	Mark Soipang (appointed 13 December 1996) Jerry Morrus (re-appointed 21 February 2019) Joseph Braun (re-appointed 21 February 2019) Lawrence Rausim (appointed 15 March 2022) John Yaspot (appointed 15 March 2022) Fidelia Amoi Yohang (appointed 15 March 2022)
Chief Executive Officer	Lawrence Rausim
Secretary of the Trustee	Bruce Apana (appointed 18 March 2019)
Auditors	KPMG, Chartered Accountants PNG Nambawan Plaza Level B2, McGregor Street Port Moresby, 121 NCD Papua New Guinea
Bankers	Bank of South Pacific Limited Australia & New Zealand Banking Group (PNG) Limited Westpac Bank PNG Limited Kina Bank Limited

Independent Auditor's Report

To the beneficiaries of Lihirians Equity Trust

Opinion

We have audited the **Financial Statements** of Lihirians Equity Trust (the Trust).

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of Lihirians Equity Trust as at 31 December 2024, and of its financial performance and its cash flows for the year then ended, in accordance with the basis of preparation described in Note 2 to the Financial Statements.

The **Financial Statements** comprises:

- Statement of financial position as at 31 December 2024
- Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended; and
- Notes, including material accounting policies

Basis for opinion

We conducted our audit in accordance with *International Standards on Auditing*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements of the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Statements in Papua New Guinea. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that we have remained independent as required by the Code throughout the period of our audit and to the date of this Auditor's Report.

Emphasis of matter – Basis of preparation and restriction on use and distribution

We draw attention to Note 2 to the Financial Statements, which describes the basis of preparation.

The Financial Statements have been prepared to assist the Directors of MRL Capital Limited, the Trustee of Lhirians Equity Trust, in meeting the financial reporting requirements of the Trust Deed.

As a result, the Financial Statements and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the beneficiaries of the Trust and should not be used or distributed to parties other than the beneficiaries of the Trust. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Statements to which it relates, to any person other than the beneficiaries of the Trust or for any other person than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in the Lihirians Equity Trust's annual report which is provided in addition to the Financial Statements and the Auditor's Report. The Directors of the Trustee are responsible for the Other Information.

Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Statements

The Directors of MRL Capital Limited (the Trustee) are responsible for:

- the preparation and fair presentation of the Financial Statements in accordance with the financial reporting requirements of the Trust Deed and have determined that the basis of preparation described in Note 2 to the Financial Statements is appropriate to meet the needs of the beneficiaries.
- implementing necessary internal control to enable the preparation of Financial Statements that is free from material misstatement, whether due to fraud or error
- assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *International Standards of Auditing* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.

- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG
Chartered Accountants

Suzaan Theron
Partner
Registered under the Accountants Act 1996

Port Moresby
13 June 2025

DIRECTORS' REPORT

The Directors of the Trustee present their report together with the financial statements of Lihirians Equity Trust (the "LET") for the year ended **31 December 2024** and the auditor's report thereon. MRL Capital Limited is the Trustee (the "Trustee") of the LET.

Directors of the Trustee

The Directors of the Trustee during the year:

Name	Position	Appointed/Resigned
Mr Mark Soipang	Chairman	Appointed 13 December 1996
Mr Jerry Morrus	Director	Re-appointed 21 February 2019
Mr Joseph Braun	Director	Re-appointed 21 February 2019
Mr Lawrence Rausim	Director	Appointed 15 March 2022
Ms Fidelia Amoi Yohang	Director	Appointed 15 March 2022
Mr John Yaspot	Director	Appointed 15 March 2022

Secretary

Mr Bruce Apana was the Company Secretary for the Trustee during the year (appointed on 18 March 2019).

State of affairs

In the opinion of the Directors, the accompanying statement of financial position is presented fairly, in all material respects as at 31 December 2024, the accompanying statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows are presented fairly, in all material respects the results of the LET for the year ended.

Activities

The principal activity of the LET is to hold investment assets, including a selection of term deposits, equity investments (listed and unlisted) and commercial real estate in trust, on behalf of the beneficiaries of the LET.

Results

The total comprehensive loss for the year was K18,775,015 (2023: total comprehensive income of K16,639,413).

Distributions to Beneficiaries

On 7 August 2024, the Directors of the Trustee declared a distribution for the 2023 financial year of K6,023,940 (2023: The distribution for the 2022 financial year of K4,246,699 was declared on 31 August 2023).

Matters or circumstances arising after the end of the year

No matter or circumstances have arisen since the end of the financial year which would impact the financial position of LET at 31 December 2024 or which significantly affected or could significantly affect the operations of the LET, the results of those operations or the state of affairs of the LET for the financial year ended on that date or in future financial years.

Signed on behalf of the Board of Directors of MRL Capital Limited as Trustee.

Mark Soipang
Chairman
12 June 2025

Lawrence Rausim
Director & CEO
12 June 2025

TRUSTEE DECLARATION

In the opinion of the Directors of MRL Capital Limited, the Trustee to the Lihirians Equity Trust (the "LET"):

(a) the financial statements comply with the applicable financial reporting standards approved for use in Papua New Guinea by the Accounting Standards Board;
(b) the financial statements of the LET, as set out on pages 8 to 47, are drawn up so that it is presented fairly in all material respects financial position as at 31 December 2024, and of its results, cash flows and changes in equity for the financial year ended on the date;
(c) there are reasonable grounds to believe the LET will be able to pay its debts as and when they become due and payable;
(d) the financial statements and notes are set out in accordance with International Financial Reporting Standards (issued by the International Accounting Standards Board); and
(e) The LET has operated in accordance with the provisions of the Trust Deed.

Signed at Port Moresby on this 12th day of June 2025.

Mark Soipang
Chairman

Lawrence Rausim
Director & CEO

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

As at 31 December 2024

		2024	2023
Operating income	**Note**	**K**	**K**
Interest income	6	11,252,722	9,971,654
Dividend income - PNG listed and unlisted shares	7	3,717,576	4,631,153
Rental income		1,126,143	1,054,598
Other income	8	473,296	309,449
		16,569,737	**15,966,854**
Property expenses	9	(677,666)	(726,451)
Total operating income		**15,892,071**	**15,240,403**
Operating expenses			
Reimbursement of Trustee personnel expense	10	(5,162,575)	(5,605,962)
Reimbursement of Trustee Directors expenses	11	(2,141,006)	(1,960,541)
Professional expenses	12	(490,231)	(847,143)
General administration expenses	13	(1,309,851)	(1,553,664)
Depreciation	24	(584,077)	(856,913)
Unrealised foreign exchange gain/(loss)		(244,357)	719,890
Expected credit losses on loan receivables	15	(1,979,465)	(16,453,475)
Total operating expense		**(11,911,562)**	**(26,557,808)**
Profit/(loss) before income tax		**3,980,509**	**(11,317,405)**
Income tax (expense)/benefit	14(a)	(705,178)	3,311,401
Profit/(loss) for the year		**3,275,331**	**(8,006,004)**
Other comprehensive income/(loss), net of tax			
Equity investments at FVOCI – net change	23(c)	(22,050,346)	24,645,417
Total comprehensive income/(loss) for the year		**(18,775,015)**	**16,639,413**

The Statement of Profit or Less and Other Comprehensive Income is to be read in conjunction with the notes to, and forming part of, the financial statements.

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2024

	Note	Settled sum	Retained earnings	Fair value reserve	Total
		K	K	K	K
Balance at 1 January 2023		10	439,925,826	72,176,284	512,102,120
Loss for the year		-	(8,006,004)	-	(8,006,004)
Other comprehensive income		-	-	24,645,417	24,645,417
Total comprehensive income		**-**	**(8,006,004)**	**24,645,417**	**16,639,413**
Transactions with beneficiaries of the LET, recognised directly in equity					
Distributions declared	29	-	(4,246,699)	-	(4,246,699)
Balance at 31 December 2023		**10**	**427,673,123**	**96,821,701**	**524,494,834**
Balance at 1 January 2024		10	427,673,123	96,821,701	524,494,834
Profit for the year		-	3,275,331	-	3,275,331
Other comprehensive income		-	-	(22,050,346)	(22,050,346)
Total comprehensive income		**-**	**3,275,331**	**(22,050,346)**	**(18,775,015)**
Transactions with beneficiaries of the LET, recognised directly in equity					
Distributions declared	29	-	(6,023,940)	-	(6,023,940)
Balance at 31 December 2024		**10**	**424,924,514**	**74,771,355**	**499,695,879**

The Statement of Changes in Equity is to be read in conjunction with the notes to, and forming part of, the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
Assets	**Note**	**K**	**K**
Cash	16	5,239,586	5,514,587
Term deposits	17	2,367,882	2,341,453
Trade and other receivables	18	4,112,868	3,576,297
Accrued interest on GIS and deposits		1,121,203	1,171,866
Current tax receivable	14(b)	14,104,186	13,213,121
Related party loans and receivables	19	27,265,937	29,518,330
PNG Government fixed income securities	20	72,990,971	76,740,646
PNG listed and unlisted shares	21	33,585,404	28,462,465
Investment properties	22	14,215,073	14,149,212
Shares in Australian subsidiary	23(a)	297,474,678	322,943,992
Shares in PNG subsidiary	23(b)	35,025,436	36,729,404
Property and equipment	24	616,351	1,179,772
Total assets		**508,119,575**	**535,541,145**
Liabilities			
Trade and other payables	26	3,479,059	6,268,323
Employee benefits	27	3,469,797	2,921,929
Lease liabilities	25(b)	107,692	720,385
Deferred tax liability (net)	14(c)	1,367,148	1,135,674
Total liabilities		**8,423,696**	**11,046,311**
Net assets		**499,695,879**	**524,494,834**
Equity			
Settled sum		10	10
Fair value reserve	30	74,771,355	96,821,701
Retained earnings		424,924,514	427,673,123
Total equity		**499,695,879**	**524,494,834**

The Statement of Financial Position is to be read in conjunction with the notes to, and forming part of, the financial statements.

STATEMENT OF CASH FLOWS

As at 31 December 2024

		2024	2023
Cash flows from operating activities	**Note**	**K**	**K**
Interest income received		11,252,722	9,971,654
Rental income received		1,126,143	1,054,698
Dividends received		3,717,576	4,631,153
Payments to suppliers, employees and other		(10,711,968)	(10,687,485)
Net cash generated from operating activities		**5,384,473**	**4,970,020**
Cash flows from investing activities			
Proceeds from maturity of PNG Government debt securities		-	6,085,299
Payments for capital expenditure for investment property		(65,861)	(25,072)
Purchase of property and equipment	24	(20,655)	(254,253)
Repayment of loan to related parties		(2,829,466)	(4,374,268)
Investment in Pacific Oil Management Limited	21	-	(1,000,000)
Net cash from/(used in) investing activities		**(2,915,982)**	**431,706**
Cash flows from financing activities			
Distributions paid	29	(2,096,246)	(4,390,804)
Payment of lease liabilities	25(c)	(647,246)	(537,567)
Net cash used in financing activities		**(2,743,492)**	**(4,928,371)**
Net (decrease)/increase in cash and cash equivalents held		(275,001)	473,355
Cash and cash equivalents at beginning of the year		5,514,587	5,041,232
Cash and cash equivalents at end of the financial year	16	**5,239,586**	**5,514,587**

The Statement of Cash Flows is to be read in conjunction with the notes to, and forming part of, the financial statements.

For the year ended 31 December 2024

1 General

The Lihirians Equity Trust (the "LET") is a Trust domiciled in Papua New Guinea and is a for-profit entity. The administrative address of the Trust and MRL Capital Limited, the Trustee of the Trust (the "Trustee"), is Level 3 PWC Haus, Harbour City, Port Moresby, Papua New Guinea.

The principal activity of the LET is to hold investment assets, including a selection of term deposits, equity investments (listed and unlisted) and commercial real estate in trust, on behalf of the beneficiaries of the LET.

The LET did not have any employees during the financial year ended 31 December 2024.

2 Disclosure on standards

The financial statements have been prepared on the historical cost convention basis except for the following material items in the statement of financial position:

- listed domestic equities at fair value through profit or loss (FVTPL) are measured at fair value;
- financial assets at fair value through other comprehensive income are measured at fair value (FVOCI); and
- investment properties are measured at fair value (Note 22).

The financial statements have been presented on a going concern basis.

Trust requirements

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- obtains funds from one or more investors for the purpose of providing them with professional investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both;
- measures and evaluates performance of substantially all of its investments on a fair value basis.

The Trust meets all of the above requirements.

Statement of compliance

The special purpose financial statements of the Trust have been prepared accordance with the International Financial Standards ("IFRSs") as adopted by the Accounting Standards Board of Papua New Guinea ("ASB"), and the Trust Deed. Accordingly, the financial statements may not be suitable for another purpose. The financial statements are intended solely for use of the Lihirians Equity Trust, the Trustee and its Directors and its members / beneficiaries.

3 Foreign currency transactions

(a) Functional and presentation currency

The financial statements are presented in the Papua New Guinea currency, the Kina (K) which is the LET's functional currency.

(b) Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, foreign currency differences arising from the retranslation of available-for-sale equity investments are recognised in other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

4 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(a) Use of estimates and judgement

The preparation of the financial statements in conformity with Special Purpose Frameworks requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 4 (m) determination of fair value.

(i) Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is:

- lease term: whether LET is reasonably certain to exercise extension options

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ended 31 December 2024 are:

- investment properties: at fair value;
- financial assets: estimate of the expected return;
- property and equipment: useful lives of property, plant and equipment for depreciation purposes
- measurement of expected credit losses (ECL) allowance for receivables: key assumptions about the likelihood and magnitude of an outflow of resources; and
- recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used.

(b) Revenue recognition

(i) Interest income and expenses

Interest income and expense are recognised in profit or loss using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the LET estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the statement of profit or loss and other comprehensive income composes of interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

Fair value changes on other derivatives held for risk management purposes, and all other financial assets and liabilities carried at fair value through profit or loss, are presented in net trading income in statement of profit or loss and other comprehensive income.

For presentation purposes, interest income is offset against amortisation expense of premium on Papua New Guinea government inscribed stocks. Amortisation expense is calculated using the straight line method. Discounts on Papua New Guinea treasury bills are recorded as interest income using the straight line method. The effects of the straight line method do not materially vary from the effective interest method.

(ii) Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex- dividend date for equity securities. Dividends are presented in net trading income. Dividends on equity instruments designated as at fair value through other comprehensive income are presented in other revenue in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case it is presented in other comprehensive income.

(iii) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities 'held for trading'.

(iv) Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(c) Cash

Cash comprises cash on hand, at bank and term deposits with an original term of 3 months or less. For the purposes of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts.

(d) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. The website is integral to the functionality of the Company is capitalised as part of that property and equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent expenditure

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the LET, and its cost can be measured reliably. The cost of the day-to-day servicing of property and equipment is recognised in profit or loss as incurred.

(iii) Depreciation

Property and equipment including office equipment, furniture and fittings and motor vehicles are depreciated using a combination of straight line and reducing balance method, at rates which will write off the costs of those assets over their expected useful lives. The method of write off and the rates used are those considered appropriate to each class of asset.

The depreciation rates used for each class of asset for the current and comparative years are as follows:

Office equipment	15% to 20%
Furniture and fittings	10%
Motor vehicles	30%
Computer equipment	11% to 20%
Website	3%

(e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Rental income from investment properties are recognised as revenue on a straight line basis over the term of the lease.

The cost expenditure from investement properties relates to the day to day maintenance of investment properties that are not recognised / capitalised to the asset and are therefore expense. Such costs would normally include, repairs and maintenance, labour and other costs relating to maintaining the property on daily basis.

Investment property is derecognised by the Trust upon its disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(f) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

(g) Trustee employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date at the future expected cost.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the LET pays fixed contributions on behalf of the employees of the Trustee into separate entities such as National Superannuation Fund and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years. The LET's contribution to defined contribution plans are recognised as employee benefit expense when they are due.

(iii) Directors retirement benefits

Directors' retirement benefits are recognised when they accrue to Directors. A provision is made for the estimated liability as a result of services rendered by Directors up to the reporting date at the future expected cost.

(h) Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional taxes that arise from distribution made by the LET to beneficiaries are recognised at the same time as the liability to pay the related distribution is recognised.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

There are no differences between the tax treatments of a LET under Papua New Guinea's tax legislation.

(i) Leases

At inception of a contract, LET assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in, exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, LET uses the definition of a lease in IFRS 16.

As a lessee

LET recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimated of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to LET by the end of the lease term or the cost of the right-of-use asset reflects that LET will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain Remeasurement's of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, LET's incremental borrowing rate. Generally, LET uses its incremental borrowing rate as the discount rate.

LET determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that LET is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless LET is reasonably certain no to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in LET's estimate of the amount expected to be payable under a residual value guarantee, if LET changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

LET presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The LET has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The LET recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Provision and contingent liabilities

Provisions are recognised when:

i. LET has a present obligation (legal or constructive) as a result of a past event;
ii. it is probable that the LET will be required to settle the obligation; and
iii. a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Amounts are considered contingent liabilities when:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LET; or
- a present obligation that arises from past events but is not recognised because:
  i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
  ii. the amount of the obligation cannot be measured with sufficient reliability.

(k) Financial instruments

(i) Recognition and measurements

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the LET becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI equity investments or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the LET changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A equity investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the LET may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the LET may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The LET makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the LET's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the LET considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the LET considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the LET's claim to cash flows from specified assets (e.g. non recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets amortised at cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains losses are recognised in profit or loss. Any gain or loss derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The LET derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the LET neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The LET enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The LET derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The LET also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Modifications of financial assets

If the terms of a financial asset are modified, the LET evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the LET currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(l) Impairment

(i) Non-derivative financial assets

Financial instruments

The LET recognises loss allowances for ECLs on financial assets measured at amortised cost.

No impairment loss is recognised on equity investment.

The LET measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12 months on the ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the LET considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the LET's historical experience and informed credit assessment and including forward-looking information.

The LET assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The LET considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the LET in full, without recourse by the LET to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The LET considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the LET is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the LET expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the LET assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the LET on terms that the LET would not consider otherwise;
- it is probable that the borrower will enter LET bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the LET determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the LET's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the LET's non-financial assets, other than inventories and investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

(m) Determination of fair values

A number of the LET's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Receivables

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(iii) Investment property

An external independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the LETs investment property portfolio every two years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. Investment property are independently revalued by an external independent valuer every 3 years and every other year by an internal directors valuation, are are thus carried at fair value less accumulated deprecation and impairment losses.

(iv) Investment in equity securities

The fair value of financial assets at fair value through profit or loss and at fair value through other comprehensive income in the investment portfolio are determined by the reference to their quoted closing bid price at the reporting date.

(v) Unquoted investments

The fair value is determined by the use of the most appropriate valuation technique depending on the characteristic of the unquoted equity instrument and the information that is reasonably available to the LET.

(n) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of equity investments measured at fair value through other comprehensive income. When such equity instruments are derecognised the related cumulative amount in the fair value reserve is transferred to retained earnings.

5 Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, LET has not early adopted the following new ammended accounting standards in preparing these financial statements.

(a) IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presenatation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

LET is still in the process of assessing the impact of the new standard, particularly with respect to the structure of LET's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. LET is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

(b) Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on LET's financial statements.

- Lack of Exchangeability (Amendments to IAS 21)
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

	2024	2023
	K	K
6 Interest income		
PNG government treasury bills and GIS	9,087,935	9,669,511
Premium amortisation on PNG GIS	(399,675)	(435,299)
Loans (i)	2,563,017	732,737
PNG interest bearing deposits	279	2,344
Australian interest bearing deposits	1,166	2,361
	11,252,722	**9,971,654**

(i) Loans related to Anitua Limited, Unawos and Argo Lihir Limited.

		2024	2023
		K	K
7	**Dividend income**		
	South Sea Lines Limited	2,000,000	2,000,000
	Bank South Pacific Limited	1,460,161	1,711,579
	City Pharmacy Limited	-	516,276
	Gazelle International Hotel	200,000	350,000
	Credit Corporation Limited	57,415	53,298
		3,717,576	**4,631,153**
8	**Other income**		
	Foreign exchange gain	-	10,711
	Medical refunds	151	937
	Other income	473,145	297,801
		473,296	**309,449**
9	**Property expenses**		
	Blue Orchid Apartments - rental expenses	246,112	303,485
	Doyle Street - rental expenses	238,368	241,717
	Eagle Street - rental expenses	193,186	181,249
		677,666	**726,451**
10	**Reimbursement of Trustee personnel expense**		
	Salaries and wages	3,107,307	3,033,859
	Consulting fees	1,138,330	1,276,451
	Staff travel expense	514,355	766,584
	Staff allowances	250,333	368,919
	Contributions to superannuation	117,796	120,380
	Other staff expenses	34,454	39,769
		5,162,575	**5,605,962**

The reimbursement of Trustee personnel expenses paid by the Trust on behalf of the Trustee. These are expenses incurred while attending to the Trust obligations.

		2024	2023
11	**Reimbursement of Trustee Directors expenses**		
	Directors fees	900,000	822,554
	Directors travel expense	597,687	440,197
	Directors retirement	263,219	262,500
	Directors allowances	171,175	244,915
	Retirement clan chairman	144,000	144,000
	Directors and officers liability cover	64,925	46,375
		2,141,006	**1,960,541**

The reimbursement of Trustee Directors expenses paid by the Trust on behalf of the Trustee. These are expenses incurred while attending to the Trust obligations.

	2024	2023
	K	K

12 Professional expenses

Audit fees to KPMG in relation to audit of financial statements	253,100	284,851
Fees to KPMG in relation to tax services	208,371	300,710
Fees to KPMG in relation to financial statements preparation	15,000	22,000
Legal fees	13,760	239,582
	490,231	**847,143**

13 General administration expenses

Utilities, overheads, rent and rates	650,481	689,359
Insurance	242,210	260,196
Subscriptions and memberships	210,134	191,815
Interest expense	34,553	78,857
Motor vehicle expenses	111,444	75,194
Bank charges	31,165	67,344
Advertising	6,295	47,034
Office supply	15,728	32,615
Repairs and maintenance	6,364	1,983
Other expenses	1,477	109,267
	1,309,851	**1,553,664**

14 Taxes

(a) Income tax (benefit)/expense

Profit for the year	3,980,509	11,317,405
Income tax on the profit/(loss) at 30%	1,194,153	(3,395,221)
Under/(over) provision in prior years	201,376	(3,184,838)
Tax effect of permanent differences	657,989	4,769,882
Dividend rebate	(1,115,273)	(1,389,346)
Deferred tax movement	(233,067)	(111,878)
Income tax (benefit)/expense	**705,178**	**(3,311,401)**

Income tax (benefit)/expense comprises:

Current income tax	272,328	423,518
Deferred income tax	231,474	(550,081)
Under provision in prior years	201,376	(3,184,838)
Income tax (benefit)/expense	**705,178**	**(3,311,401)**

(b) Income tax receivable

Balance at 1 January	13,213,121	8,945,684
Current income tax	(1,387,601)	(1,812,864)
Under/(over) provision in prior years	(201,387)	3,184,838
Interest withholding tax (IWT)	1,364,780	1,506,117
Dividend rebate	1,115,273	1,389,346
Balance at 31 December	**14,104,186**	**13,213,121**

	2024	2023
	K	K
(c) Net deferred tax liability		
Deferred income tax asset movement		
Balance at 1 January	1,274,962	1,254,020
Net movement for the year	(122,785)	20,942
Balance at 31 December	**1,152,177**	**1,274,962**
Deferred income tax liability		
Balance at 1 January	(2,410,636)	(2,939,776)
Net movement for the year	(108,689)	529,140
Balance at 31 December	**(2,519,325)**	**(2,410,636)**
Net deferred tax liability	**(1,367,148)**	**(1,135,674)**
This balance comprises the tax effect of:		
Accrued audit fees	78,930	182,268
Provision for long service leave	253,570	211,376
Provision for Directors retirement	581,569	502,603
Provision for loan	205,800	162,600
Right-of-use lease liability	32,308	216,115
	1,152,177	**1,274,962**
Fixed asset temporary difference	(745,783)	(953,269)
Interest receivable	(1,745,993)	(1,423,765)
Prepaid insurance	(27,549)	(33,602)
	(2,519,325)	(2,410,636)
Net deferred tax liability	**(1,367,148)**	**(1,135,674)**

15 Expected credit losses on loan receivables

	2024 K	2023 K
Balance at 1 January	16,453,475	354,191
Net movement in allowance for loan losses and provisions (i)	(14,474,010)	16,099,284
	1,979,465	**16,453,475**

(i) Expected credit losses related to Anitua Ltd and Clan company loans (2023: Anitua Ltd, Clan company and Pacific Oil Management Limited).

16 Cash

	2024 K	2023 K
Cash at bank	5,239,075	5,514,072
Cash on hand	511	515
	5,239,586	**5,514,587**

17 Term deposits

	2024 K	2023 K
Term deposits	**2,367,882**	**2,341,453**

Term deposits presented in the statement of financial position are deposits made by the Trust to Kina Bank with a maturity date of 12 months with a 0.70% (2023: 2%) interest rate.

	2024	2023
	K	K
18 Trade and other receivables		
Trade debtors - current	220,176	157,107
GST receivable - current	3,231,251	2,935,523
Prepayment - current	382,798	214,661
Sundry debtors - current	134,245	105,757
Dividend withholding tax - current	98,748	98,748
Rent receivable from tenants - current	29,590	58,001
Funds withheld by agent - current	16,060	6,500
	4,112,868	**3,576,297**
19 Related party loans and receivables		
Loans to clan companies - non-current (i)	7,511,253	7,352,855
Expected credit loss on loans to clan companies - non-current	(331,977)	-
Loan to Anitua Limited (ii)	18,193,547	15,992,962
Expected credit loss on Anitua loan	(18,193,548)	(15,992,962)
Loan to Lihir Development Finance Corporation - non-current (iii)	4,756,446	4,659,892
Receivable / (payable) from / (to) MRL Foundation - current	(255,443)	1,331,631
Loan to Mineral Resources Lihir Pty Limited - non-current	9,324,618	11,171,628
Advances to staff and directors of the Trustee - current	1,837,714	1,357,944
Loan to Argo Lihir Limited - non-current	3,322,983	3,644,380
Loan to Pacific Oil Management Limited (iv)	541,117	541,117
Expected credit loss on Pacific Oil Management Limited	(541,117)	(541,117)
MRL Funds Management Limited	451,015	-
Lihir Investment Fund	404,278	-
South Sea Lines Limited	135,278	-
MRL Property Services Limited	96,657	-
Lihir Farms Limited	13,116	-
	27,265,937	**29,518,330**

(i) In 2014, LET's Board of Trustee created the "30 million Clan Company Facility". The approved policy enables the clan companies to borrow up to K5 million for the purpose of investing those funds in projects which would be income generating. As part of the clan loan agreement, the LET holds security against the assets that were acquired from the loans lent to the Clan companies. In the 2023 financial year, Board of Trustee resolved to windup the Clan Company Facility and undertake the process of transferring the assets to the LET.

(ii) Anitua Limited and LET entered into a loan agreement to extend the existing loan facility amount to K18.1 million (2023: K15.9 million). The loan facility is for Anitua Limited to assist in funding costs relating to the ongoing operations of the Lihir Farm Project and other Anitua operations, and for projects as agreed between the borrower and the lender. The current financial position of Anitua precludes an offer to convert its current debt to equity. As at 31 December 2024, management recognised an expected credit loss against the loan balance of K18.1 million.

(iii) LET provided funds to wholly owned entity, "Lihir Development Finance Corporation" ("LDFC") as a loan. LDFC was established to provide finance to support Lihirian owned business or development of new business and industries on Lihir. The base facility amount is four million Kina (K4,000,000) with a cost overrun facility of five hundred thousand Kina (K500,000). The term of the loan is seven (7) years with facility arrangements fee of 1.0% and interest rate of 10% per annum fixed for 2 years, with review thereafter. The payment of the loan will commence upon completion of the asset construction associated with the loan. payment of the loan will commence upon completion of the asset construction associated with the loan.

(iv) LET lent funds to Pacific Oil Management Limited of K0.54 million in 2023. This loan was fully provided for as at 31 December 2024.

	2024	2023
	K	K

20 PNG Government fixed income securities

	2024 K	2023 K
Par value PNG government inscribed stock	72,200,000	75,550,000
Net premium on government inscribed stock	790,971	1,190,646
	72,990,971	**76,740,646**

21 PNG listed and unlisted shares

	2024 K	2023 K
PNG listed shares (refer table below)	26,985,400	21,862,465
Investment in MRL Funds Management	2	-
Investment in MRL Property Services	2	-
Investment in Gazelle International Hotel	6,600,000	6,600,000
	33,585,404	**28,462,465**

	2024 K	2023 K
Balance at 1 January	28,462,465	34,378,617
Additional shares purchased (Pacific Oil Management Limited)	-	1,000,000
Adjustment of investment to fair value	5,122,935	145,928
Provision raised during the year	-	(7,062,080)
Adjustment of investment in MRL Funds Management	4	-
Balance at 31 December	**33,585,404**	**28,462,465**

	Number of shares	Share price	Shares at market value
		K	K
2024			
BSP Financial Group Limited	966,994	19.90	19,243,181
Credit Corporation Limited	228,747	2.7	617,617
City Pharmacy Limited	10,325,510	0.69	7,124,602
			26,985,400
2023			
BSP Financial Group Limited	966,994	13.70	13,247,818
Credit Corporation Limited	228,747	2.00	457,494
City Pharmacy Limited	10,325,510	0.79	8,157,153
			21,862,465

PNG listed and unlisted shares are classified as at FVOCI. Any changes in the value of the investments are recorded in other comprehensive income and fair value reserve.

22 Investment properties

The investment properties consist of three apartments and vacant land. Doyle apartment is located at Section 36, Allotment 35, Cnr of Doyle Street and Milford Haven Road, Lae, the 5 mile property is located at Section 82, Allotment 4, Hedu Street, Gordons, Port Moresby, while Blue Orchid apartment is located at Section 10, Allotment 5, Boroko Drive, Boroko, Port Moresby and Eagle apartments are located at Section 101, Allotment 7, Cnr of Eagle Street and Cassowary Road, Lae.

	2024	2023
	K	K
Doyle Apartment	5,240,068	5,240,068
Blue Orchid Apartment	4,632,255	4,566,394
Eagle Apartment	3,500,000	3,500,000
5 Mile Property	842,750	842,750
	14,215,073	**14,149,212**
Balance at 1 January	14,149,212	14,124,140
Additions during the year	65,861	25,072
Balance at 31 December	**14,215,073**	**14,149,212**

Measurement of fair value, fair value model and significant unobservable inputs

Information about how the fair values of the LET's investment properties are determined (in particular, the valuation method(s) and inputs used) is detailed as follows:

The fair value of the properties has been assessed by taking into consideration various sales within Port Moresby, Lae and adjusted according to the type of development, age and condition of improvements, location and the size of the land area. The valuation assessments were carried out as at 31 December 2021 by "The Professionals", an entity not related to the LET. The last valuation was conducted by "The Professionals" in 2023. In 2024, "The Professionals" again conducted another valuation, however, there were no significant changes to the property values as at 31 December 2024. The fair value movement during the year is nil.

Direct capitalisation is the fair valuation model, which considers the annual gross income of the property adjusted for vacancies and expenses. The net operating income is divided by a capitalisation rate. The capitalisation rate is derived from comparable markets transactions and adjusted for certain property specific characteristics such as the physical deterioration of the property and its location (prime or secondary). Key unobservable input includes the capitalisation rates of 12% (2021: 12%) and market lease rates.

The LET has no restrictions on the reliability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. In the current year and prior year, the Board of Trustee assessed that the carrying value of the investment properties are fairly stated.

Operating lease arrangements

Rental income earned from investment properties amounted to K1,126,143 (2023 K1,054,598). Costs of investment property operations recognised under "property expenses" (Note 9) amounted to K677,666 (2023: K726,451).

23 Shares in Australian subsidiary and PNG subsidiary

(a) Shares in Australian subsidiary

Balance at 1 January	322,943,992	294,440,776
Impact of foreign exchange translation	(8,150,893)	20,280,360
Adjustment of investment to fair value	(17,318,421)	8,222,856
Balance at 31 December	**297,474,678**	**322,943,992**

(b) Shares in PNG subsidiary - South Sea Lines

Balance at 1 January	36,729,404	33,671,052
Adjustment of investment to fair value	(1,703,968)	3,058,352
Balance at 31 December	**35,025,436**	**36,729,404**

Shares in Australian subsidiary Mineral Resources Lihir Pty Ltd and shares in South Sea Lines Limited are classified as equity investment at FVOCI. Any changes in the value of the investments are recorded in Other Comprehensive Income and Fair Value Reserve.

	2024	2023
	K	K
(c) Reconciliation for equity investments at FVOCI - net change		
Shares in Australian subsidiary - impact of foreign exchange translation	(8,150,893)	20,280,360
Shares in Australian subsidiary - fair value adjustment on investment	(17,318,421)	8,222,857
Shares in PNG subsidiary - South Sea Lines - fair value adjustment on investment	(1,703,968)	3,058,352
PNG listed shares - fair value adjustment on investment	5,122,936	145,927
PNG unlisted shares	-	(7,062,079)
	(22,050,346)	**24,645,417**

24 Property and equipment

	Furniture, fixtures & fittings	Motor vehicles	Office equipment	Computer equipment	Website	Office fit-out	Right-of-use assets	Total
	K	K	K	K	K	K	K	K
Cost								
Balance at 1 January 2023	181,087	962,186	2,702	215,462	23,390	1,756,972	3,120,242	6,422,041
Additions	-	175,000	67,328	11,925	-	-	-	254,253
Other adjustments	-	-	-	(820)	-	-	-	(820)
Balance at 31 December 2023	**181,087**	**1,137,186**	**230,030**	**226,567**	**23,390**	**1,756,972**	**3,120,242**	**6,675,474**
Additions	-	-	4,207	16,449	-	-	-	20,656
Balance at 31 December 2024	**181,087**	**1,137,186**	**234,237**	**243,016**	**23,390**	**1,756,972**	**3,120,242**	**6,696,130**
Accumulated depreciation								
Balance as at 1 January 2023	(90,466)	(584,002)	(122,532)	(132,569)	(17,906)	(1,756,972)	(1,935,161)	(4,639,608)
Depreciation expense	(17,955)	(116,524)	(21,790)	(16,244)	(700)	-	(683,700)	(856,913)
Other adjustments	-	-	-	819	-	-	-	819
Balance at 31 December 2023	**(108,421)**	**(700,526)**	**(144,322)**	**(147,994)**	**(18,606)**	**(1,756,972)**	**(2,618,861)**	**(5,495,702)**
Depreciation expense	(17,871)	(114,419)	(22,744)	(18,121)	(702)	-	(410,220)	(584,077)
Balance at 31 December 2024	**(126,292)**	**(814,945)**	**(167,066)**	**(166,115)**	**(19,308)**	**(1,756,972)**	**(3,029,081)**	**(6,079,779)**
Carrying value at 31 December 2023	**72,666**	**436,660**	**85,708**	**78,573**	**4,784**	**-**	**501,381**	**1,179,772**
Carrying value at 31 December 2024	**54,795**	**322,241**	**67,171**	**76,901**	**4,082**	**-**	**91,161**	**616,351**

25 Leases

On 1 March 2022, the LET entered into an agreement to lease Suite 2 Level 3 of PWC Haus for a term of 4 years and 11 months subject to early termination and rent review. The lease expires in February 2025.

Information about leases for which the LET is a lessee is presented below:

	2024	2023
	K	K
(a) Right-of-use assets		
Balance at 1 January	501,381	1,185,081
Depreciation charge for the year	(136,740)	(683,700)
Balance at 31 December	**364,641**	**501,381**
(b) Lease liabilities		
Balance at 1 January	720,385	1,257,952
Interest expense	34,553	78,857
Lease payment	(647,246)	(616,424)
Balance at 31 December	**107,692**	**720,385**
(c) Amounts recognised in statement of cash flows		
Total cash outflow for leases	647,246	537,567
	647,246	**537,567**

(d) Lease commitments

At 31 December 2024 and 2023, the future minimum lease payments under non-cancellable operating leases were payable as follows.

Maturity analysis - Contractual undiscounted cash flow		
Less than one year	(107,690)	647,246
Between one and five years	-	108,737
Total undiscounted lease liabilities at 31 December	**(107,690)**	**755,983**

26 Trade and other payables

Trade payables and accruals - current	1,823,337	1,855,747
Beneficiary savings - non-current (a)	1,602,755	4,354,133
Distributions payable - current (b)	40,328	45,540
Payroll tax payable - current	12,639	12,903
	3,479,059	**6,268,323**

(a) Beneficiary savings

Beneficiary savings relate to the 20% portion of distributions withheld by the Trust for certain beneficiaries. This is reinvested by the Trust for the beneficiaries to earn interest.

(b) Distributions payable

Balance at 1 January	45,540	2,760,075
Add: distributions declared (refer to Note 29)	6,023,940	4,246,699
Less: MRL foundation receivable	(3,677,784)	(2,123,350)
Less: cash paid (refer to Note 29)	(2,096,246)	(4,390,804)
Less: Distributions retained for Beneficiary Savings during the year	(255,122)	(447,080)
Balance at 31 December	**40,328**	**45,540**

	2024	2023
	K	K

27 Trustee employee benefits

Director's retirement benefits - current	2,624,563	2,217,344
Long service leave - non-current	845,234	704,585
	3,469,797	**2,921,929**

28 Related parties

Other than disclosed elsewhere in the financial statements, the following transactions took place between the LET and related parties during the financial year:

(a) Key management personnel compensation

Trustee retirement benefits	2,624,563	2,217,344
Reimbursement of Trustee - Director expenses	2,141,006	1,960,541
	4,765,569	**4,177,885**

(b) Related party transactions and balances

Loan to Mineral Resources Lihir Pty Limited	10,400,448	11,171,628
Loan to Lihir Development Finance Corporation	4,756,346	4,659,892
Net receivable from clan companies	7,179,276	7,352,855
Advances to Trustee staff and Directors	1,807,714	1,357,944
	24,143,784	**24,542,319**

29 Distributions declared

Declaration of 2023 distributions (i)	4,692,309	-
Declaration of a special distribution in 2023 (ii)	1,331,631	-
	6,023,940	**-**

(i) The Directors of the Trustee declared a distribution for 2023 financial year of K4,692,309 on 7 August 2024.
(ii) The Board resolved to declare a special distribution effective 2024 of K1,331,631 to recognise MRL Foundation expenses incurred during 2022 and 2023, which cumulatively exceeded the MRL Foundation share of LET distributions.

Distributions declared

Declaration of 2022 distributions	-	4,246,699
	-	**4,246,699**

On 31 August 2023, the Directors of the Trustee declared a distribution for the 2022 financial year of K4,246,699.

Distributions paid

2023 Distribution first batch	1,949,589	-
2023 Distribution second and final batch	146,657	-
	2,096,246	**-**
2020 Distribution second batch	-	221,763
2021 and 2022 Distribution payment	-	4,169,041
	-	**4,390,804**

30 Fair value reserve

Fair value reserve consists of subsequent changes in the fair value of investments that are not held for trading.

	2024	2023
	K	K
Shares in Australian subsidiary	41,127,476	70,391,000
Shares in South Sea Lines Limited	28,847,147	26,756,904
PNG listed shares	11,858,812	6,735,877
PNG unlisted shares	(7,062,080)	(7,062,080)
	74,771,355	**96,821,701**

31 Financial risk management

Overview

The LET has exposure to the following risks:

- credit risk;
- liquidity risk;
- market risk; and
- capital management.

This note presents information about the LET's exposure to each of the above risks, the LET's objectives, policies and processes for measuring and managing risk, and the LET's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors of the Trustee of the LET have overall responsibility for the establishment and oversight of the LET's risk management framework. The LET's risk management policies are established to identify and analyse the risks faced by the LET, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the LET's activities. The LET, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the LET if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the LET's loans and receivables.

The LET has established a policy under which each new investment is analysed for credit worthiness before the investment is made.

The maximum exposure to credit risk at reporting date is as follows:

	2024	2023
	K	K
Cash	5,239,586	5,514,587
Term deposits	2,367,882	2,341,453
Trade and other receivables	881,617	640,774
Accrued interest on GIS and deposits	1,121,203	1,171,866
PNG Government fixed income securities	72,990,971	76,740,646
PNG listed and unlisted shares	33,585,404	28,462,465
	116,186,663	**114,871,791**

(b) Liquidity risk

Liquidity risk is the risk that the LET will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The LET's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the LET's reputation.

The following are the contractual maturities of financial liabilities:

		Contractual cash flows	
	Carrying amount	Less than 1 year	Greater than 1 year
31 December 2024	K	K	K
Financial liabilities			
Trade and other payables	3,203,320	3,203,320	-
Lease liabilities	107,692	107,692	-
	3,311,012	**3,311,012**	**-**
31 December 2023			
Financial liabilities			
Trade and other payables	6,255,420	6,255,420	-
Lease liabilities	720,385	647,246	108,737
	6,975,805	**6,902,666**	**108,737**

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the LET's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

The LET adopts a policy of ensuring that its exposure to changes in interest rates on investments is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates. At the end of the reporting period the interest rate profile of the LET's interest bearing financial instruments was:

	2024	2023
	K	K
PNG Government fixed income securities	72,990,971	76,740,646
Loan to Lihir Development Finance Corporation	4,756,446	4,659,992
Net receivable from clan companies	7,511,253	7,352,855
	85,258,670	**88,753,493**

Fair value sensitivity for fixed rate instruments

The LET does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate at the reporting period would not affect profit or loss.

(ii) Price risk

The LET is exposed to equity securities price risks. These arise from investments held by the LET and are classified on the statement of financial position as financial assets at fair value through other comprehensive income. To manage its price risk arising from FVOCI, the LET diversifies its portfolio. Diversification of portfolio is done in accordance with allocations set by the LET. Financial assets classified as FVOCI include publicly traded PNG shares. A 10 percent change in market prices of listed shares would increase / (decrease) equity and profit and loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2024		2023	
	Equity	Profit or loss	Equity	Profit or loss
	K	K	K	K
10% movement	2,698,540	2,698,540	2,186,246	2,186,246

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The LET's exposure to foreign currency risk was as follows based on notional amounts:

	2024	2023
	AUD	AUD
Cash and term deposits	3,025	75,191
Net related party loans	3,749,895	4,379,278
Shares in subsidiary	119,629,442	126,594,045

The following significant exchange rates applied during the year:

	2024	2023	2024	2023
	Average rate		Reporting date spot rate	
AUD/PGK	0.3898	0.4192	0.3980	0.3920

A 10 percent strengthening of the PNG Kina against the Australian dollar would have increased or (decreased) equity and profit and loss by the amount shown below. This analysis assumes that all other variables remain constant.

	2024	2023
	Profit or loss	Profit or loss
	K	K
10% appreciation	(31,655,420)	(33,430,652)
10% depreciation	31,655,420	33,430,652

(d) Fair value versus carrying values

The LET's financial assets and liabilities are included in the statement of financial position at amounts that approximate their net fair value.

(e) Fair value hierarchy

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sales securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period.

Level 3: Relates to inputs which are unobservable inputs for asset or liability.

The table below analyses financial instruments carried at fair value, by the level of valuation hierarchy.

The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
2024	**K**	**K**	**K**	**K**
Cash	5,239,586	-	-	5,239,586
Term deposits	2,367,882	-	-	2,367,882
PNG listed shares	26,985,400	-	6,599,794	33,585,194
PNG unlisted shares	-	-	27,266,147	27,266,147
Shares in Australian subsidiary	-	-	297,474,678	297,474,678
Shares in PNG subsidiary	-	-	35,025,436	35,025,436
Investment properties	-	-	14,215,073	14,215,073
	34,592,868	**-**	**380,422,608**	**415,173,996**

	Level 1	Level 2	Level 3	Total
2023	**K**	**K**	**K**	**K**
Cash	5,514,587	-	-	5,514,587
Term deposits	2,341,453	-	-	2,341,453
PNG listed shares	21,862,465	-	-	21,862,465
PNG unlisted shares	-	-	6,600,000	6,600,000
Shares in Australian subsidiary	-	-	322,943,992	322,943,992
Shares in PNG subsidiary	-	-	36,729,404	36,729,404
Investment properties	-	-	14,149,212	14,149,212
	29,718,505	**-**	**380,422,608**	**410,141,113**

(f) Capital management

The Board of Trustee's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Trustee monitors the return on capital, which the LET defines as results from operating activities divided by total equity of the LET. The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The LET is not subject to any externally imposed capital requirements. The LET's policies with respect to capital management are reviewed regularly by the Trustee.

The LET's net debt to adjusted equity ratio at the reporting date was as follows:

	2024	2023
	K	**K**
Total liabilities	8,423,697	11,046,311
Cash	(5,239,586)	(5,514,587)
Net debt	**3,184,111**	**5,531,724**
Equity	499,695,879	524,494,834
Net debt to equity ratio	**0.0054**	**0.0105**

There has been no changes in the LET's management of capital during the year.

32 Capital commitments and contingencies

At the reporting date the LET had Nil capital commitments and contingencies (2023: K Nil).

33 Events after the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the financial position of the LET as at 31 December 2024, the results of its operations or the state of affairs of the LET for the financial year on that date or in future financial years.

NOTES

NOTES

MRL CAPITAL LIMITED

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HEAD OFFICE

MRL Capital Limited

Suite 2, Level 3, PWC Haus, Granville Road, Harbour City
Konedobu, National Capital District, Papua New Guinea
Email: mrl@mrlcapital.com.pg
Phone: +675 321 5066

LIHIR OFFICE

MRL Capital Limited

Tinetalgo Building, Londolovit
Lihir Island, New Ireland Province
Email: mrl@mrlcapital.com.pg
Phone: +675 986 4132

AUSTRALIAN OFFICE

Mineral Resources Lihir Pty Ltd

316 Adelaide Street
Brisbane, Queensland, Australia
Email: admin@mrlaustralia.com.au
Phone: +617 3229 9903