



ACN 153 868 789

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

**For the General Meeting to be held
on Friday, 26 September 2014 at 10:00 am (WST)
at 24 Colin Street, West Perth, Western Australia**

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9222 5800.

If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

TARUGA GOLD LIMITED

ACN 153 868 789

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of the Shareholders of Taruga Gold Limited will held on Friday 26 September 2014 at 10:00 am (WST) at 24 Colin Street, West Perth, Western Australia.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are the holders of Shares in the Company at 10:00am (WST) on 24 September 2014.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in the Glossary.

AGENDA

Resolution 1 – Ratification of Placement: Tranche 1

To consider and if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders approve the prior issue of:

- (a) 24,092,400 Shares issued pursuant to ASX Listing Rule 7.1; and*
- (b) 15,907,600 Shares issued pursuant to ASX Listing Rule 7.1A,*

at an issue price of 0.5 cents on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this resolution by the parties who participated in the issue as noted in the Explanatory Memorandum and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 2 – Approval to Issue Shares and Options Under Placement: Tranche 2

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 145,000,000 Shares at an issue price of 0.5 cents each to raise up to \$725,000 and 46,250,000 free attaching Options on the terms set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this resolution by the parties who will participate in the issue as noted in the Explanatory Memorandum and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 3 – Approval for Participation in Placement by Director: Bernard Aylward

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolution 2 being passed, for the purpose of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 20,000,000 Shares at an issue price of 0.5 cents each and 5,000,000 free attaching Options to Bernard Aylward (or his nominee) on the terms set out in the Explanatory Statement.”

Voting Exclusion

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by the Director (or his nominee), and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Approval for Participation in Placement by Director: Frank Terranova

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

“That, subject to Resolution 2 being passed, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Frank Terranova (or his nominee) of 6,160,000 Shares at an issue price of 0.5 cents each and 1,540,000 free attaching Options on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by the Directors (or their nominees), and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5 – Approval for Participation in Placement by Director: Peter Newcomb

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

“That, subject to Resolution 2 being passed, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Peter Newcomb (or his nominee) of 11,440,000 Shares at an issue price of 0.5 cents each and 2,860,000 Options on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by the Directors (or their nominees), and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board

Mr Bernard Aylward
Managing Director
Dated: 28 August 2014

TARUGA GOLD LIMITED
ACN 153 868 789
EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions. The Directors recommend that Shareholders vote in favour of all of the Resolutions except Mr Bernard Aylward who abstains from making a recommendation about Resolution 3, Mr Frank Terranova who abstains from making a recommendation about Resolution 4, and Mr Peter Newcomb who abstains from making a recommendation about Resolution 5.

Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolution.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a **proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

1. Resolution 1 – Ratification of Placement: Tranche 1

Background

The Company announced on 27 August 2014 that it had raised \$200,000 by way of the placement of 40 million Shares at 0.5 cents per Share to sophisticated and professional investors (**Placement**).

Pursuant to ASX Listing Rule 7.4, Resolution 1 of the Notice of General Meeting seeks approval for the ratification for the prior issue of:

- (a) 24,092,400 Shares issued pursuant to ASX Listing Rule 7.1; and
- (b) 15,907,600 Shares issued pursuant to ASX Listing Rule 7.1A,

at an issue price of 0.5 cents per Share.

ASX Listing Rule Requirements

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.1A provides that an “Eligible Entity” may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting. This extra 10% capacity is in addition of the Company’s 15% capacity under ASX Listing Rule 7.1. The Company confirms that it is an “Eligible Entity” and that it obtained approval

from Shareholders at its last annual general meeting for this placement capacity in accordance with the ASX Listing Rules.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 25% annual placement capacity set out in ASX Listing Rule 7.1 and 7.1A without the requirement to obtain prior Shareholder approval.

In compliance with the information requirements of ASX Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the Placement:

- (a) Number of securities issued: 24,092,400 Shares issued pursuant to ASX Listing Rule 7.1 and 15,907,600 Shares issued pursuant to ASX Listing Rule 7.1A.
- (b) Price at which the securities were issued: 0.5 cents per Share.
- (c) Terms of the securities: The Shares are ordinary fully paid shares and rank equally in all respects with the existing Shares on issue.
- (d) Name of the allottee: The allottees are sophisticated and professional investors. The allottees are not related parties of the Company.
- (e) Intended use of funds raised: The Company intends to use funds from the Placement to conduct a drilling campaign on the Company's West Africa projects (**Drilling Campaign**), and otherwise for working capital purposes, as follows
 - (i) Conduct drilling campaign at Company's projects in Mali;
 - (ii) Undertake geochemical sampling and exploration work at Company's granted projects in Cote d'Ivoire;
 - (iii) Working capital for requirements of Company's projects in West Africa; and
 - (iv) General working capital.

2. Resolution 2 – Approval to Issue Shares Under Placement: Tranche 2

Background

This Resolution seeks Shareholder approval for the issue of:

- (a) 145,000,000 Shares at an issue price of 0.5 cents per Share to raise funds of up to \$725,000; and
- (b) 46,250,000 free attaching Options on the terms and conditions set out in Annexure A, under a placement (**Placement**).

The funds raised from the Placement be used to continue the Company's existing exploration program, to progress the development of the West African Assets and for working capital, as set out in section 1 above.

The Company's Directors wish to participate in and subscribe for Shares and Options. The Company seeks separate Shareholder approval under Resolutions 3, 4 and 5 to allow the Company to issue Shares to Mr Bernard Aylward, Mr Frank Terranova and Mr Peter Newcomb under the Placement.

ASX Listing Rule Requirements

The number of Shares to be issued under the Placement exceeds the Company's 15% placement capacity under Listing Rule 7.1 and so, the Company seeks Shareholder approval to issue the Shares (see section 1 above for a summary of Listing Rule 7.1).

The effect of Resolution 2 will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

For the purposes of Listing Rule 7.3 the following information is provided to Shareholders in relation to Resolution 2.

- (a) The maximum number of securities the Company will issue is 145,000,000 Shares at an issue price of 0.5 cents per Share to raise funds of up to \$725,000 and 46,250,000 free attaching Options on the terms and conditions set out in Annexure A (less any Shares and Options the Company will issue to the Directors under Resolutions 3, 4 and 5).
- (b) The Company will issue the Shares by no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (c) The issue price of the Shares is 0.5 cents each. The Options are free attaching and accordingly no funds will be raised from the issue of the Options.
- (d) The names of the persons to whom the Company will issue the Shares under this Resolution are not known. None of the Shares will be issued to related parties under this Resolution. The Directors propose to subscribe for Shares under the Placement. The Company seeks separate Shareholder approval to issue Shares and Options to the Directors under Resolutions 3, 4 and 5.
- (e) The Shares will be fully paid ordinary shares of the Company and will rank equally with the Company's current issued Shares. The Options are exercisable at 2 cents, on or before 1 December 2016. Further terms and conditions of the Options are set out in Annexure A.
- (f) The Placement will raise up to \$725,000. The funds are intended to be used as set out in section 1 above.

3. Resolutions 3, 4 and 5 – Approval to Participate in Placement by Directors

Background

Pursuant to Resolution 2 above the Company is seeking Shareholder approval for the issue of Shares and Options under the Placement described in section 2 above.

The Company's Directors wish to participate in the Placement as follows:

Director (or nominee)	No of Shares	No of free attaching Options
Bernard Aylward	20,000,000	5,000,000
Frank Terranova	6,160,000	1,540,000
Peter Newcomb	11,440,000	2,860,000
Total	37,600,000	9,400,000

Accordingly, subject to the passing of Resolution 2, Resolutions 3, 4 and 5 seek Shareholder approval for the issue of the Shares and free attaching Options set out above to the Directors (or their nominees) arising from their participation in the Placement.

ASX Listing Rule Requirements

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Placement involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Mr Aylward, Mr Terranova and Mr Newcomb are related parties of the Company due to their positions as directors of the Company, and accordingly the Company seeks Shareholder approval to issue Shares and Options to them. Separate approval under Listing Rule 7.1 is not required as approval is being obtained under Listing Rule 10.11, and accordingly the issue of Shares and Options to the Directors will not count towards the Company's 15% placement capacity.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 3, 4 and 5.

- (a) The Shares and Options will be issued to the persons listed in the table above (or their nominees). Each of these persons is a director of the Company.
- (b) The maximum number of securities the Company will issue is 37,600,000 Shares and 9,400,000 free attaching Options, as set out in the table above.
- (c) The Company will issue the Shares and Options by no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) The issue price for the Shares is 0.5 cents, being the same price that the Placement Shares will be issued to all other participants.
- (e) The Shares will be fully paid ordinary shares of the Company and will rank equally with the Company's current issued Shares. The Options are exercisable at 2 cents, on or before 1 December 2016. Further terms and conditions of the Options are set out in Annexure A.
- (f) The Shares to be issued to the Directors will raise \$188,000 and forms part of the Placement. The funds are intended to be used as set out in section 1 above.

Requirements of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The Directors' participation in the Placement will result in the issue of Shares and Options which constitutes giving a financial benefit. The Directors are related parties of the Company by virtue of their positions as Directors of the Company.

The Directors, (excluding Mr Aylward who has a material personal interest in Resolution 3, Mr Terranova who has a material personal interest in Resolution 4, and Mr Newcomb who has a material personal interest in Resolution 5), are of the view that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of their participation in the Placement as the issue of Shares and Options to the Directors under the Placement is on reasonable arm's length terms, given that the Directors will subscribe under the Placement on the same terms as all other unrelated party subscribers. As such, the Company is not seeking shareholder approval under the related party provisions of the Corporations Act.

As all of the Directors have a material personal interest in the issue of the Shares and Options that are the subject of Resolutions 3, 4 and 5, the Company seeks approval under section 195 of the Corporations Act so that the Shareholders may pass a resolution to deal with this matter.

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Annexure A – Terms and Conditions of Attaching Options

Terms and Conditions of Attaching Options (Options)

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
 - (b) The Options will expire at 5:00 pm (WST) on 1 December 2016 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) The amount payable upon exercise of each Option will be 2 cents (**Exercise Price**).
 - (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
 - (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under this Deed and conditions in respect of the number of Options specified in the Exercise Notice.
 - (h) The Options are transferable.
 - (i) All Shares issued upon the exercise of Options will upon issue rank pari passu in all respects with other Shares.
 - (j) The Company will not apply for quotation of the Options on ASX.
 - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
 - (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
 - (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

TARUGA GOLD LIMITED

ACN 153 868 789

GLOSSARY

In the Notice and this Explanatory Statement the following expressions have the following meanings:

ASX	ASX Limited (ACN 008 624 691).
ASX Listing Rules or Listing Rules	the listing rules of the ASX.
Board	the Board of Directors of the Company.
Chairman	the chairman of the Company.
Company	Taruga Gold Limited (ACN 153 868 789).
Constitution	the constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Directors	the directors of the Company .
Explanatory Statement	this Explanatory Statement.
Meeting or General Meeting	the meeting convened by this Notice.
Notice	notice of meeting that accompanies this Explanatory Statement.
Option	an option to acquire a Share in the Company.
Resolution	a resolution referred to in the Notice.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a registered holder of Shares in the Company.
WST or Western Standard Time	Western Standard Time, Perth, Western Australia.
\$ or A\$	Australian dollars unless otherwise stated.

PROXY FORM

The Secretary
Taruga Gold Limited



By delivery:
24 Colin Street
West Perth, WA 6005

By post:
PO Box 1970
West Perth, WA 6872

By facsimile:
+61 8 9200 5697

ACN 153 868 789

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

Please mark to indicate your directions. Further instructions are provided overleaf. Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Step 1 – Appoint a Proxy to Vote on Your Behalf

The Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at the Office of the Company at 24 Colin Street, West Perth on **26 September** at **10:00am WST** and at any adjournment or postponement of that Meeting.

Please note the Chairman of the Meeting intends to vote all available proxies in favour of each Resolution.

Step 2 – Instruction as to Voting on Resolutions

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

	FOR	AGAINST	ABSTAIN
Resolution 1 –Ratification of Placement: Tranche 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Approval to Issue Shares and Options Under Placement: Tranche 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval for Participation in Placement by Director: Bernard Aylward	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval for Participation in Placement by Director: Frank Terranova	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval for Participation in Placement by Director: Peter Newcomb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature of Member(s): This section must be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name:

Contact Ph (daytime):

Date:

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate or Appointment of Representative prior admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy, of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicated the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received at the Perth office of the Company 24 Colin Street West Perth WA 6005 or Facsimile +61 8 9200 5697 not less than 48 hours prior to the time of commencement of the Meeting.