TARUGA GOLD

ACN 153 868 789

ANNUAL FINANCIAL REPORT 2014

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TARUGA GOLD

AND CONTROLLED ENTITIES

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COMPANY INFORMATION

TARUGA GOLD

AND CONTROLLED ENTITIES

ACN	153 868 789	
Directors	Frank Terranova	Non-Executive Chairman
	Bernard Aylward	Managing Director
	Daniel Smith	Non-Executive Director
	Myles Campion	Non-Executive Director
Joint Secretaries	Daniel Smith and Samuel Edis	
Registered Office	Office J, Level 2, 1139 Hay Street West Perth, WA 6005	
	Telephone:	+61 8 9486 4036
	Facsimile:	+61 8 9486 4799
	Email:	admin@tarugagold.com.au
Share Registry	Computershare Investor Services Pty Ltd	
	Level 2, Reserve Bank Building 45 St Georges Terrace Perth, WA 6000	
	Telephone:	+61 8 9323 2000
	Facsimile:	+61 8 9323 2033
Auditor	HLB Mann Judd Level 4, 130 Stirling Street Perth, WA 6000	
	Telephone:	+61 8 9227 7500
	Facsimile:	+61 8 9227 7533
Bankers	Westpac Banking Corporation 116 James Street Northbridge Perth, WA 6000	

Securities Exchange Listing

Taruga Gold Limited Shares are listed on the Australian Securities Exchange.

The home exchange is Perth, Western Australia.

ASX Code: TAR

Website www.tarugagold.com.au

CHAIRMAN’S LETTER

Dear Shareholders,

It is with pleasure that I present your Company’s 2014 Annual Report.

Globally, the past twelve months has been an extremely challenging period for exploration companies as capital markets continue to recalibrate across the sector. As access to capital remains constrained, the levels of in-ground exploration have diminished, causing a broad frustration across the sector to eventuate. As sentiment continues to improve, I am confident that capital will return to the sector and be immediately attracted to those companies which appear most prospective.

Whilst the level of in-ground activity has slowed, the Targua management has completed a number of acquisitions over the course of the year and has established a significant and highly prospective landholding within Mali and Cote d’Ivoire.

The West African region has historically been a barometer and a leading indicator with respect to the market sentiment for exploration companies. Therefore we remain well placed to ensure Taruga is positioned to immediately capitalise on any improving sentiment across the investment community.

It is testament to the quality of the Taruga portfolio that it has recently been able to attract additional investment capital which will enable in-ground exploration activities to recommence in a meaningful fashion, thereby providing investors in the near future with a updated status of our overall prospectivity within the portfolio.

I am delighted that as part of this recent corporate reinvigoration, the Board has been enhanced with Myles Campion and Dan Smith bringing additional depth to the Targua network.

The next twelve months are certain to be telling as the Company progresses its objective of progressing its investor relevance within the market. Taruga's assets remain within one of the world’s most prospective regions, surrounded by a number of large existing gold producers. The Board and management remain ready to assess value adding opportunities in real time and, providing capital continues to be satisfactorily procured to enable Taruga to sustain in-ground exploration activities, I believe our Company will be well placed to capitalise as the global sentiment for West African exploration continues to improve.

I would like to thank the past and present Targua Board members, management and staff as well as the service providers that Taruga relies on for their diligent and committed efforts.

In closing, I again would like to express my appreciation to shareholders for their ongoing support and look forward to Taruga reporting substantial progress throughout the coming periods.

Frank Terranova
Non-executive Chairman

REVIEW OF OPERATIONS

Company Overview

Taruga Gold Limited ("Taruga" or "the Company") is a West African gold explorer that listed on the Australian Securities Exchange (ASX) on 7 February 2012. The Company operates exploration projects located in Niger, Cote d'Ivoire and Mali. Taruga is targeting, subject to successful exploration, the delineation of new mineral resources and the Company's objective is to exploit economic gold resources through downstream mine development.

During the past year, the Company completed a number of key acquisitions and subsequent exploration has focused on the Nangalasso and SLAM projects in Mali, together with initial reconnaissance work at the Company's Cote d'Ivoire Projects.

Project Overview

Nangalasso Project, Mali

During the reporting period, the Company announced that it had acquired the Nangalasso Project in Mali (Figure 1). The project is located in southern Mali, 30km from the 7Moz Syama gold mine, and is in a similar geological setting to Randgold's Morila and Perseus' Tengrela gold deposits.

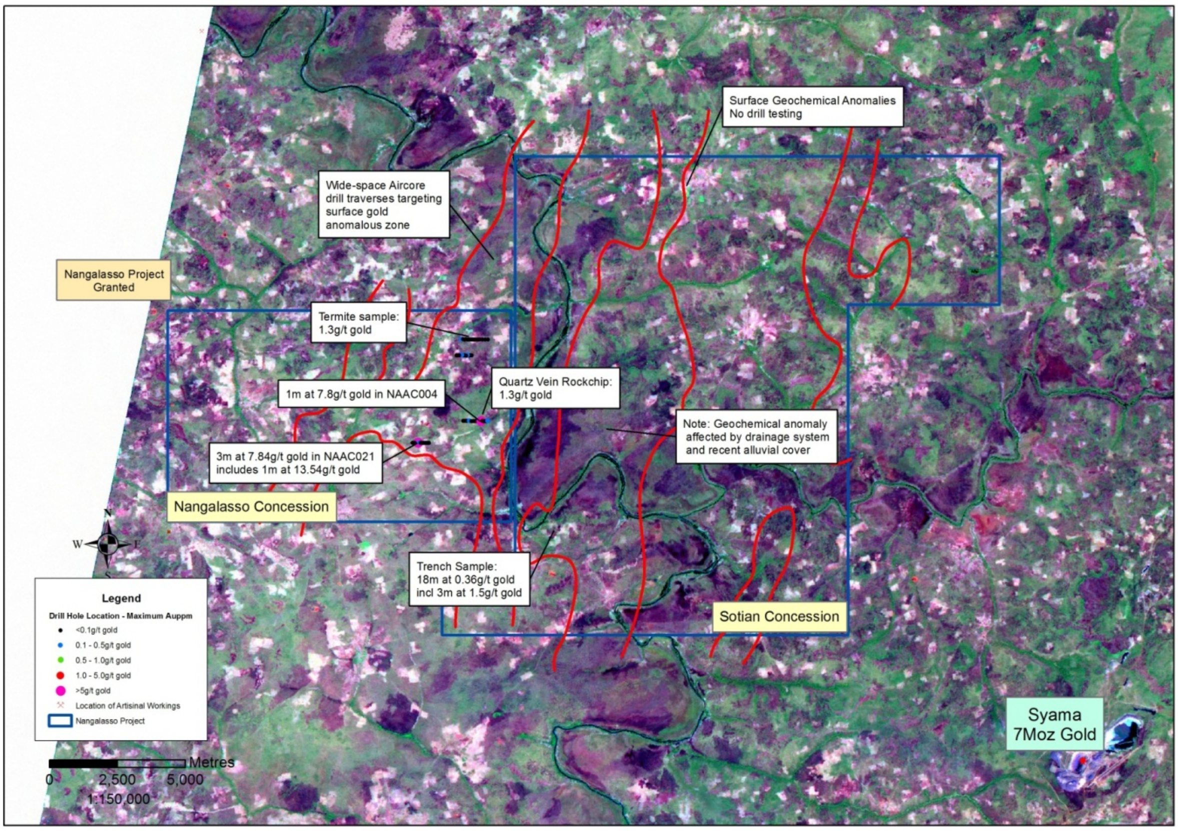

Figure 1: Nangalasso Project – drill hole location and outline of gold anomalous zones.

The Nangalasso Project consists of two options over granted concessions (Nangalasso and Sotian concessions) extending over an area of 345km^2. The option agreements grant the Company exclusive access to the ground for exploration and alsogrant the right to purchase 100% of the concessions for an agreed amount (refer ASX announcement 5 August 2013).

Taruga commenced field exploration at the Nangalasso in November 2013 to follow-up the gold mineralised intersections returned from wide-spaced reconnaissance drilling and extensive surface geochemical anomalism. The program consisted of field reconnaissance, trenching, mapping and geochemical sampling of the project.

The trenching program was designed to provide improved geological understanding of the target areas. The initial trench, NNTR002, was completed 200m north of the gold mineralised drill intersection of **1m at 7.8g/t gold** in drill hole NAAC014* (Figure 2). Geological sampling of the trench returned significant gold mineralisation up to **7m at 4.32g/t gold** hosted in quartz veining and altered sediments, as well as additional samples up to 2.79g/t gold (see Table 1, Figure 3 – ASX announcement 14 January 2014).

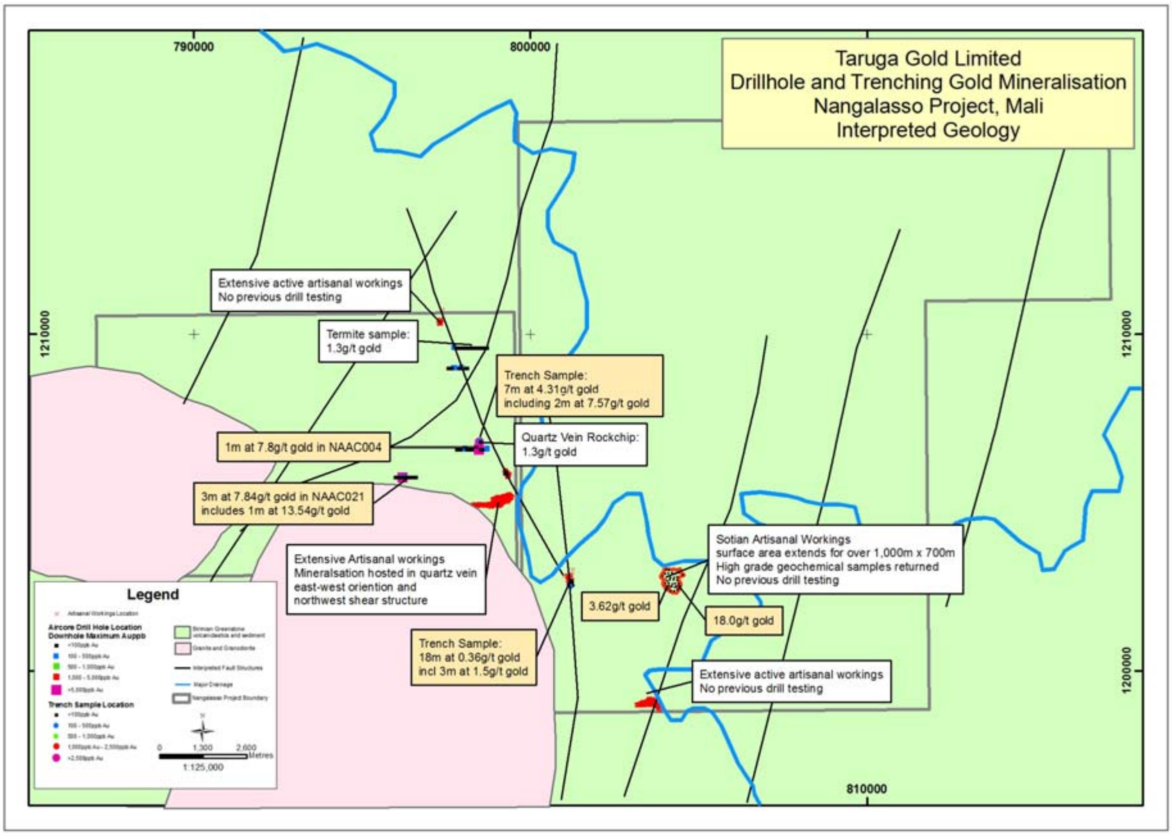

Figure 2: Nangalasso Project – Overview plan of geology and completed exploration.

Geological reconnaissance in the Nangalasso Project area located a new area of outcropping quartz veining and geological alteration located to the east of the existing trenching. During February an additional two trenches were completed with a best result of **2m at 1.17g/t gold** in trench NNTR004 (Figure 2). The results were encouraging as it is the first exploration completed in this new area. Additional exploration is planned for this area.

In addition, assay results from the Sotian concession, an extensive zone of active artisanal workings within Nangalasso, ranged from 18.0g/t gold, 3.62g/t gold and 3.54g/t gold to low level assay results with a minimum of 1ppb gold were returned from the 30 samples collected. Geological reconnaissance from Sotian has indicated that the main focus of the artisanal workings is a mottled, angular quartz-rich clay material located at the base of transported cover. It is interpreted that this horizon represents a transported layer, however the coarse angular nature of the quartz clasts indicates a proximal source. The presence of artisanal shafts mining material in the weathered residual bedrock highlights the potential for a bedrock mineralisation to be discovered.

Project highlights:

- Trench sampling, geochemical sampling, mapping and reconnaissance undertaken during the year in preparation for aircore drilling
- Results including **18g/t gold, 3.6g/t gold, 3.54g/t gold and 7m at 4.3g/t gold** from geochemical sampling
- **1,000m x 700m area** of artisanal workings identified within the Sotian concession at Nangalasso
- Trench sampling program at Nangalasso continued with results including 2m at 1.17g/t gold from trench NNTR004
- Bedrock mineralisation – a restricted zone of residual saprolite material has been observed, indicating a potential bedrock source for mineralisation

The Company plans reconnaissance drilling to target key prospect areas within the highly anomalous project area:

- Drilling to follow-up high grade gold intersections from regional drilling that currently remain open along strike and depth
- Drilling designed as first pass test of the extensive artisanal workings and high grade surface geochemical samples.
- Drill testing of geological structures identified by surface mapping, geochemical sampling and trench sampling that has outlined an extensive structure of high-grade gold anomalism.

Taruga will continue the geological and geochemical exploration of this highly prospective project to identify additional high priority targets for ongoing drill testing.

SLAM Project, Mali

Taruga announced the acquisition of the highly-prospective SLAM Project located in southern Mali in November 2013. Taruga acquired 100% of the project from Newmont Ventures Limited (“Newmont”), which completed initial geochemical sampling that defined highly anomalous zones for first-pass drill testing.

The SLAM project consists of four granted concessions – Djelibani, Djelibani Sud (forming a contiguous landholding of 230km^2), Balala and Kambali. The concessions are held as Option agreements with local landholders – the agreements grant Taruga exclusive access for all exploration activities upon payment of an annual option fee, and also grant the right for Taruga to purchase 100% of the concession for an agreed amount.

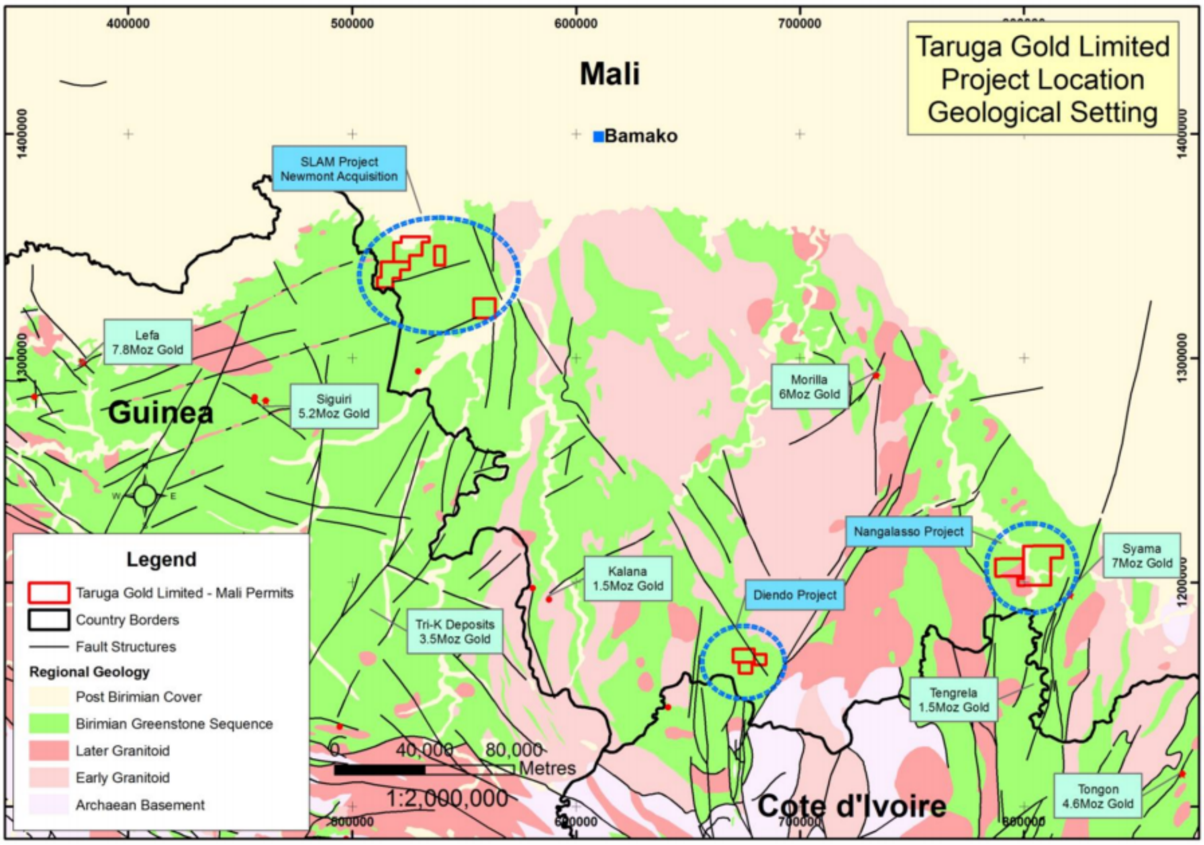

Figure 3 - SLAM project location

Project highlights:

- Extensive geochemical anomalies up to 6.4g/t gold with numerous +1g/t gold samples defining high-priority anomalous zones
- Artisanal mining in the area highlights prospective geology and gold mineralised structures
- SLAM project is more than 350km^2 and consists of option agreements granting access over four granted concessions within 100kms of Bamako, the capital city of Mali
- Project area located in highly prospective margin of Siguiri Basin – the host to major gold deposits including Siguiri (AngloGold Ashanti – 5.2Moz gold), Lefa (NordGold – 7.8Moz gold) and Tri-K (Avocet – 4Moz gold).

The Company plans reconnaissance drilling which will target extensive artisanal workings and strong geochemical anomalies as a first pass test of this exciting project area. Taruga has completed an extensive review and analysis of geochemical sampling as well as undertaken field mapping and verification during the year. A number of priority targets have been identified and a drilling program has been prepared to commence twsting of this project. The key anomalies identified for initial exploration are located within the Djelibani and Djelibani Sud concessions.

Mangkono Project, Cote d'Ivoire

At the start of the reporting period, the Company announced that it had received final approvals and a signed decree for the highly-prospective Mangkono concession in Cote d'Ivoire.

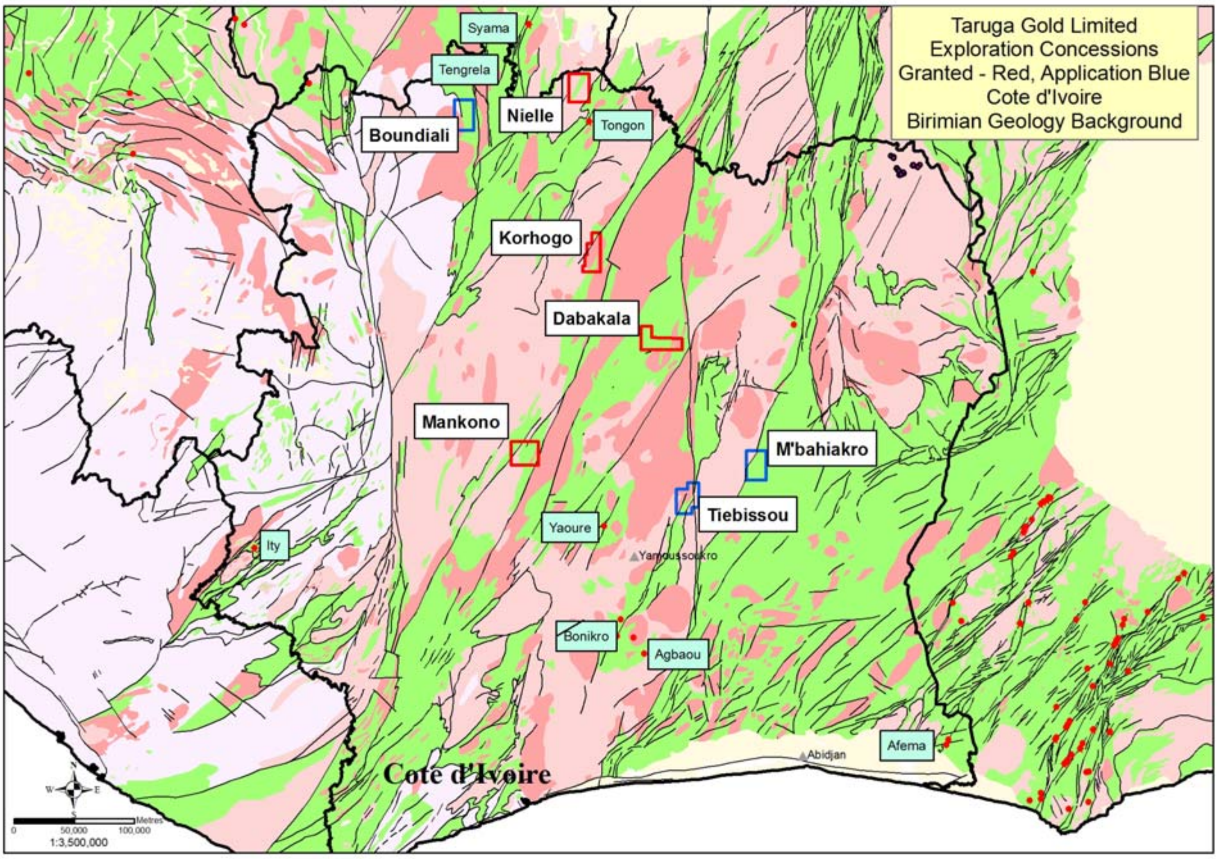

Figure 4 - Mangkono Project – location of granted concession with geological setting.

The Mangkono Project is located in central Cote d'Ivoire, approximately 410km by road from Abidjan, the major city within the country. The Mangkono Project consists of one granted concession covering an area of approximately 400km^2 with good access to the project area and a network of tracks and paths throughout the concession.

The project is a greenfields exploration project with very limited previous work. A review of the geological setting highlighted the presence of artisanal workings, major geological structures and geological setting that indicate the prospectivity for gold mineralisation.

The Bonikro gold mine operated by Newcrest is located 70km from the Mangkono concession, and the geological setting of Bonikro mineralisation is interpreted to be similar to the Mangkono geology.

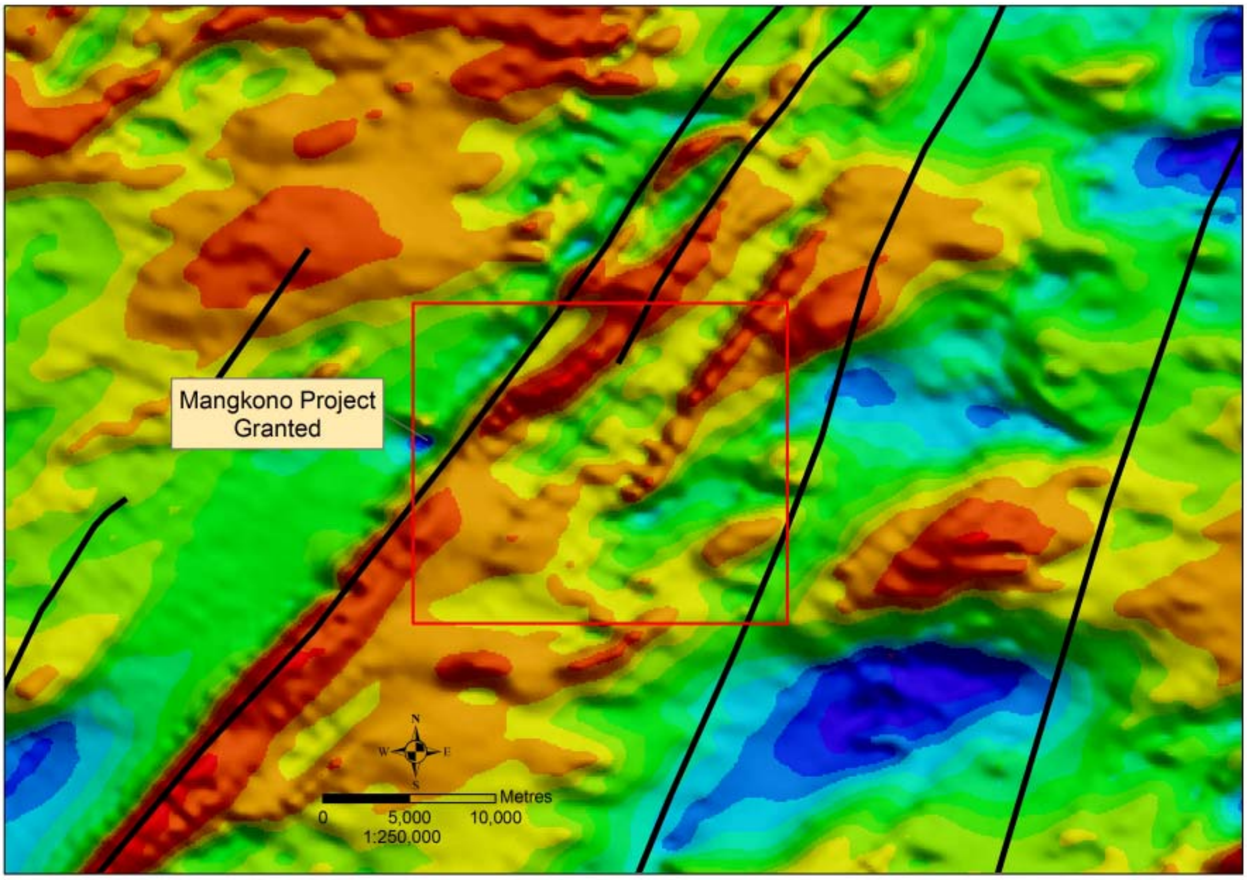

Figure 5 - Mangkono Project – granted concession overlying areomagnetics

Further applications

During the year, Taruga entered an agreement to acquire a further license applications in Côte d'Ivoire.

Taruga continued its field reconnaissance, geological mapping and geochemical sampling of the highly prospective Cote d'Ivoire landholding during the year. Taruga now has four concessions granted in the central and northern portion of the country. All concessions are 100% owned and are located within Birimian greenstone belts. The exploration is at an early stage however the presence of artisanal workings, highly prospective geology and know mineralisation on adjacent ground highlights the potential of these projects.

Taruga has submitted all reports to the Government for the initial exploration programs and continues to work closely with the Government to ensure additional concessions are granted within a timeframe that allows Taruga to plan and implement exploration programs

An exploration program of surface geochemical sampling has been prepared to rapidly advance these projects to define the potential for significant gold mineralisation to be defined and prepare key target areas for initial drill testing.

CORPORATE

Placements and Share Purchase Plan

On 30 July 2013, Taruga announced it would undertake a capital raising of up to $1 million to fund continued exploration on its West African portfolio. Pelamis Investments Ltd, the party involved in Taruga's Mali and Cote d'Ivoire project acquisitions, agreed to procure subscribers for $500,000 of the placement.

The placement was priced at 1.6 cents/share and was subject to shareholder approval, which was gained at an Extraordinary General Meeting held in Perth on 1 October. The oversubscribed placement was completed in October with all shares being taken up by existing and new shareholders. A total of 62,500,000 million fully paid ordinary in the capital of the Company were issued.

Subsequent to the reporting period, on 27 August 2014, Taruga announced that it had raised $925,000 through a further placement to sophisticated and institutional investors. In conjunction with the placement the company also announced a Share Purchase Plan (SPP) to raise up to an additional $320,000. The placement and the SPP were both offered at 0.5 cents per share.

Tranche 2 of the placement, totalling $725,000, was approved by Shareholders at a General Meeting of the Company held on 26 September 2014. Shareholder approval was also granted for the issue of free attaching options exercisable at $0.02 on or before 1 December 2016 to all participants in the placement on a 1 for 4 basis, as well as to authorise the participation of Mr Aylward, Mr Terranova and Mr Newcomb (a former Director) in tranche 2 of the placement.

Board changes

Mr Frank Terranova was appointed as the Chairman of Taruga's Board on 3 September 2013. Mr Terranova is a senior executive with extensive experience in corporate finance and company management across sectors including mining, agriculture and manufacturing. He is a Chartered Accountant and his most recent position has been as Managing Director and CEO of Polymetals Mining Limited ("Polymetals") (ASX: PLY) where he was instrumental in the successful merger of Polymetals and Southern Cross Goldfields Limited (ASX: SXG).

As part of a Board restructure, Mr Bernard Aylward stepped down as Executive Chairman to focus on his role as Managing Director. Mr Ed Edwards resigned as a Non-Executive Director of Taruga during the period.

Subsequent to the year end, the Company announced the appointments of Mr Myles Campion and Mr Daniel Smith as non-executive directors. Mr Smith and Mr Samuel Edis were simultaneously appointed as Joint Company Secretaries. Previous Non-executive Director and Company Secretary, Mr Peter Newcomb, resigned on the same day.

Competent person's statement

The information in this report that relates to geological information and exploration results is based on information compiled by Mr Bernard Aylward. Mr Aylward is the Executive Chairman and Managing Director of Taruga Gold Limited and is a full-time employee of the company. Mr Aylward is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Aylward consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

DIRECTORS' REPORT

Your Directors submit their report on the consolidated entity consisting of Taruga Gold Limited and its controlled entities ("Taruga") for the period ended 30 June 2014.

DIRECTORS

The following persons were Directors of Taruga Gold Limited during the period and up to the date of this report unless otherwise stated:

		In office from	In office to
Frank Terranova	Non-executive Chairman	3 September 2013	present
Bernard Aylward	Managing Director	21 October 2011	present
Myles Campion	Non-executive Director	27 August 2014	present
Daniel Smith	Non-executive Director & Joint Company Secretary	27 August 2014	present
Peter Newcomb	Finance Director & Company Secretary	21 October 2011	27 August 2014
Edmond Edwards	Non-executive Director	21 October 2011	3 September 2013

PARTICULARS OF DIRECTORS

Frank Terranova Non-executive Chairman

Qualifications and experience

Mr Terranova is a senior executive with extensive experience in corporate finance and company management across sectors including mining, agriculture and manufacturing. Mr Terranova is a Chartered Accountant and his most recent position was as Managing Director and CEO of Polymetals Mining Limited ("Polymetals") (ASX:PLY), where was instrumental in the successful merger of Polymetals and Southern Cross Goldfields Limited (ASX:SXG).

In addition, Mr Terranova was formerly the Managing Director and CEO of Allied Gold Mining PLC, where he presided over its successful +$500 million M & A transaction with St Barbara Mines (ASX:SBM). Mr Terranova had a major role in the strategic and operational development of Allied Gold.

Interest in Shares and Options

Fully Paid Shares – 1,000,000

Directorships held in listed entities

Company Name	Appointed	Resigned
Southern Cross Goldfields Limited	25 February 2013	8 September 2014

Bernard Aylward Managing Director BSc (Hons.), MAusIMM

Qualifications and experience

Mr Aylward is a geologist with over 20 years' experience as a manager and exploration geologist in the mining and exploration industry in a variety of commodities. Mr Aylward's experience includes serving as the Chief Operating Officer of International Goldfields Ltd, General Manager of Azumah Resources Ltd (Ghana), and Exploration Manager for Croesus Mining NL.

Mr Aylward has been involved in the discoveries and management of the Bepkong, Julie, Collette and Kunche deposits in Ghana, as well as the Deep South gold deposit, Gladstone North deposit, St Patrick's, Norseman Reef, and the Safari Bore gold deposit.

Mr Aylward brings considerable relevant skills and experience to the Board. He is a member of the Australasian Institute of Mining and Metallurgy.

Interest in Shares and Options

Fully Paid Shares	23,825,000
Options	5,000,000

Special Responsibilities

Mr Aylward is Executive Managing Director and is responsible for the day to day running of the Company.

Directorships held in listed entities

Company Name	Appointed	Resigned
Glory Resources Limited	31 May 2011	28 February 2014
International Goldfields Limited	30 June 2011	3 May 2013

Myles Campion Non-Executive Director BSc. (Hons.), MSc. (MinEx)

Qualifications and experience

Mr Campion is a geologist with a BSc.(Hons.) from University of Wales College Cardiff and a MSc.(MinEx) from the Royal School of Mines in London and is an Associate of the Royal School of Mines. Mr Campion has also completed a Graduate Diploma of Business (Finance).

Mr Campion has over 24 years' experience in the natural resources sector, including Resource analyst, Fund Manager, equities research and project and debt financing. Mr Campion has over 10 years as a field geologist that includes success at the Emily Ann Nickel Sulphide Mine.

Interest in Shares and Options
Nil

Directorships held in listed entities
Nil

Daniel Smith **Non-Executive Director and Joint Company Secretary** **GIA (Cert)**

Qualifications and experience

Mr Smith is a member of the Governance Institute of Australia with a strong background in finance. His previous career was in the securities industry but more recently in a corporate finance role inclusive of negotiations, technical due diligence and business development.

He has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings. He is currently a director of ASX listed Fraser Range Metals Group Limited and Minerals Corporation Limited. He is also a director of Minerva Corporate, a private corporate consulting firm.

Interest in Shares and Options

Nil

Special Responsibilities

Mr Smith is joint Company Secretary of the Company.

Directorships held in listed entities

Company Name	Appointed
Minerals Corporation Limited	26 March 2013
Fraser Range Metals Group Limited	5 February 2013

Information on Former Directors

Peter Newcomb
Mr Newcomb is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants in Australia, with over 35 years of commercial experience. He has worked in a number of industries and locations including London, Scotland, Singapore and Perth. The majority of his experience over the last 15 years has been in the resources industry in Western Australia and overseas.

Edmond Edwards
Mr Edwards has over 35 years' experience in the mining industry in Western Australia. He has previously served as Managing Director or Finance Director of a number of listed mining and exploration companies having taken many of these companies through the initial public offering, through exploration, feasibility and finally into production. Companies he has worked for include Scotgold Resources Ltd, Resource Mining Corporation Ltd, Fox Resources Ltd, Aztec Resources Ltd, Acclaim Exploration NL and Matlock Mining NL.

OPERATING AND FINANCIAL REVIEW

A review of the operations of the consolidated entity during the financial year is contained in the Review of Operations section of this Annual Report. The Company's strategy in West Africa is to continue with the targeted exploration program with a focus on the advanced Kossa Project in Niger. The Company also intends to undertake exploration activities on the grassroots projects in Ghana and Cote d'Ivoire. The Company will also continue to review opportunities as they arise with a focus on advanced gold projects located within West Africa.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration in West Africa.

Operating Results

Consolidated loss after income tax for the financial period is $2,569,453 (2013 $371,397)

Financial Position

At 30 June 2014 the Company has cash reserves of $239,484 (2013 $1,217,402)

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 27 August the Company announced a placement to sophisticated and institutional investors of $925,000 and a share purchase plan to raise approximately $320,000. The proceeds will be applied to accelerate drilling programs at the Company's projects in Mali and geochemical sampling within the Cote d'Ivoire projects.

On 27 August the Company further announced the appointments of Myles Campion and Daniel Smith as non-executive directors. Mr Smith and Samuel Edis were simultaneously appointed as Joint Company Secretaries. Previous Non-executive Director and Company Secretary, Peter Newcomb, resigned on the same day.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue its exploration activities with a view to the commencement of mining operations as soon as possible.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2014, and the number of meetings attended by each Director.

	Number eligible to attend	Number attended
Bernard Aylward	3	3
Frank Terranova[1]		
Peter Newcomb[2]	3	3
Edmond Edwards[3]		
Daniel Smith[4]	0	0
Myles Campion[5]	0	0

[1]Mr Terranova was appointed on 3 September 2013
[2]Mr Newcomb resigned on 27 August 2014
[3]Mr Edwards resigned on 3 September 2013
[4]Mr Smith was appointed subsequent to the year end
[5]Mr Campion was appointed subsequent to the year end

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director and "Key Management Personnel" of Taruga Gold Limited.

The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standards AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report and have been audited. Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, including any director.

Remunerations policy

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payment to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold securities in the company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre Directors and employees. Company officers and Directors are remunerated to a level consistent with size of the Company.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

Performance-based remuneration

The Company does not pay any performance-based component of salaries.

Details of remuneration for year ended 30 June 2014

Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to Directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the Directors or companies associated with the Directors in accordance with agreements between the Company and those entities.

Details of the agreements are set out below.

Agreements in respect of cash remuneration of Directors:

Executive Directors

Bernard Aylward (through Matlock Geological Services Pty Ltd) is on a contract dated 1 November 2011 which provides for a fixed fee, with a termination period of 3 months. At the date of this report the annual remuneration for Bernard Aylward is $270,000. In the event of a termination of contract giving less notice than provided for in the contracts, the remaining notice period will be paid in full.

Peter Newcomb (through Symbios Pty Ltd) was on a contract dated 1 November 2011 which provided for a fixed monthly fee and additional fees at a fixed day rate for work performed outside the scope of the terms of the agreement, with a termination period of 3 months.

Non-executive Directors

The Company's constitution provides that the Non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate sum determined by a general meeting. The aggregate remuneration has been set at an amount of $300,000 per annum.

Frank Terranova is on a contract dated 3 September 2013 which provides for a fixed fee of $4,000 per month. Myles Campion is on a contract dated 27 August 2014 which provides for a fixed fee of $2,500 per month. Dan Smith (through Minerva Corporate Pty Ltd) is on a contract dated 26 August which provides for a fixed fee of $2,500 per month, additional work will be billed at the rate of $1,000 per day.

Edmond Edwards (through Tied Investments Pty Ltd) was on a contract dated 1 November 2011 which provided for a fixed fee of $4,000 per month.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties. Executive Directors may be paid on commercial terms as the Directors see fit.

The total remuneration paid to Key Management Personnel is summarised below:

Period ended 30 June 2013

Director	Associated Company	Fees	Consultancy	Total
Bernard Aylward	Matlock Geological Services Pty Ltd	-	270,000	270,000
Peter Newcomb	Symbios Pty Ltd	-	96,000	96,000
Edmond Edwards	Tied Nominees Pty Ltd	48,000	-	48,000
		48,000	366,000	414,000

Year ended 30 June 2014

Director	Associated Company	Fees	Consultancy	Total
Bernard Aylward	Matlock Geological Services Pty Ltd	-	270,000	270,000
Peter Newcomb	Symbios Pty Ltd	-	96,000	96,000
Edmond Edwards	Tied Nominees Pty Ltd	12,000	-	12,000
Frank Terranova		40,000		40,000
		52,000	366,000	418,000

The consolidated entity does not have any full time Executive officers, other than the Managing Director as detailed above. There were no performance related payments made during the year.

Shareholdings of Key Management Personnel:

	Balance 30 June 2012	Balance on Appointment	Purchases	Balance on Termination	Balance 30 June 2013
Bernard Aylward	20,030,000	-	680,000	-	20,710,000
Peter Newcomb	140,000	-	-	-	140,000
Edmond Edwards	170,000	-	-	-	170,000
	20,340,000	-	680,000	-	21,020,000

	Balance 30 June 2013	Balance on Appointment	Purchases	Balance on Termination	Balance 30 June 2014
Bernard Aylward	20,710,000	-	3,125,000	-	23,835,000
Peter Newcomb	140,000	-	1,000,000	-	1,140,000
Edmond Edwards[1]	170,000	-	-	170,000	N/A
Frank Terranova[2]	N/A	-	1,000,000	-	1,000,000
	21,020,000	-	5,125,000	170,000	25,975,000

[1]Mr Edwards resigned on 3 September 2013 with a shareholding balance of 170,000 shares.
[2]Mr Terranova was appointed on 3 September 2013 with a shareholding balance of nil shares.

Aggregate amounts payable to Directors and their personally related entities.

	Consolidated Entity **2014** **$**	Consolidated Entity **2013** **$**
Accounts payable	323,625	82,700

During the period Athena Resources Limited charged the Company $36,000 for office support. Edmond Edwards (Director – resigned 3 September 2013) is a director and shareholder of Athena Resources Limited. During the period of Mr Edwards' directorship in the company, the charges incurred were $6,000.

Optionholdings of Key Management Personnel:

	Balance 30 June 2012	Balance on Appointment	Issues	Balance on Termination	Balance 30 June 2013
Bernard Aylward	5,000,000	-	-	-	5,000,000
Peter Newcomb	-	-	-	-	-
Edmond Edwards	-	-	-	-	-
	5,000,000	-	-	-	5,000,000

	Balance 30 June 2013	Balance on Appointment	Issues	Balance on Termination	Balance 30 June 2014
Bernard Aylward	5,000,000	-	-	-	5,000,000
Peter Newcomb	-	-	-	-	-
Edmond Edwards	-	-	-	-	-
Frank Terranova	-	-	-	-	-
	5,000,000	-	-	-	5,000,000

ENVIRONMENTAL ISSUES

The consolidated entity has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The consolidated entity aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

INDEMNIFICATION OF DIRECTORS

During the financial year, the Company has not given an indemnity or entered into an agreement to indemnify any of the Directors.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

There were no non-audit services provided during the current year by our auditors, HLB Mann Judd.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITORS' INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 29 and forms part of this directors' report for the year ended 30 June 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

Bernard Aylward.

....
Bernard Aylward

Managing Director

Dated Perth 26 September 2014

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Corporate Governance Principles and Best Practice Recommendations with 2010 Amendments (2nd Edition) ("Recommendations" or "Guide") as published by ASX Corporate Governance Council.

The following corporate governance charters, codes and policies have been implemented and are available on the Company's website at www.tarugagold.com.au:

- Board Charter
- Corporate Code of Conduct
- Diversity, Nomination and Remuneration Committee Charter
- Audit and Risk Committee Charter
- Shareholder Communication Guidelines and Policy
- Disclosure Policy
- Securities Trading Policy

For ease of comparison to the Recommendations, this Section addresses each of the Corporate Governance Principles and, where the Company has not followed a Recommendation, has explained the reasons for not following the Recommendation. This disclosure is in accordance with ASX Listing Rule 4.10.3.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be reviewed and amended as required.

Principle 1 – Lay Solid Foundation for Management and Oversight

Recommendation 1.1: Companies should establish those functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board is accountable to Shareholders for the performance of the Company. The Board operates under the Board Charter that details the Board's functions, responsibilities and powers, as well as those delegated to management. Broadly the key responsibilities of the Board are:

1. reviewing, ratifying and monitoring the Company's compliance with its corporate policies and protocols consistent with the Recommendations;
2. reviewing, ratifying and monitoring the Company's operations in relation to, and in compliance with, relevant regulatory requirements;
3. considering the extent and types of risk that are acceptable for the Company to bear;
4. actively and regularly participating in and overseeing strategic planning and implementation of strategy based on the identification of opportunities and the full range of business risks;
5. reviewing, ratifying and monitoring management systems and processes for managing the business risks the Company is exposed to, or may become exposed to, including financial controls and systems, risk management and internal control, codes of conduct and legal compliance;
6. establish and review the roles and responsibilities of the Board and Management, evaluate the performance and remuneration of individual directors and the Board as a whole;
7. appointing, monitoring, managing the performance of, and if necessary, terminating the employment of, the managing director of the Company;
8. ratifying the appointment of senior management, including in relation to the terms of equity remuneration;

9. approving and monitoring the progress of major capital expenditure, capital management and all major corporate transactions, including the issue of any securities in the Company and ensuring appropriate resources are available to senior executives;
10. reporting to and communicating with shareholders; and
11. approving, monitoring and overseeing financial and other reporting.

All directors and key executives of the Company have entered into formal appointment agreements or executive service agreements outlining key terms and conditions of their appointment.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

As at the date of this Report, the Company has employed only one senior executive, the Managing Director. The Board (in the absence of the Managing Director) will formerly assess the performance of the Managing Director at least once in each financial year. The other non-executive directors will meet with the Managing Director to provide the Managing Director with feedback on the Board's assessment.

Induction procedures to provide new senior executives with good information on the Company and industry are in place. The Board and Managing Director will monitor the performance of senior executives on a regular basis. The Managing Director will conduct an annual evaluation of each senior executive's performance, at which the senior executive's performance during the previous 12 months will be assessed against relevant performance indicators, and role expectations and goals will be set for the following year.

Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

This Section provides the information required under Principle 1. The Company's Board Charter is available from the Corporate Governance Section of its website and the Company will include the disclosure required by Recommendation 1.3 in its future annual reports.

Principle 2 – Structure the Board to Add Value

Recommendation 2.1: A majority of the board should be independent directors.

The structure of the Board complies with Recommendation 2.11 as the majority of directors are independent. Currently, out of the four directors, Messrs Terranova, Campion and Smith are independent. Mr Aylward is not considered to be independent due to his executive role as the Managing Director.

Details of each Board member's experience, expertise and qualifications are set out in Section 3.1 of the Prospectus. All the Directors have the expertise and skills to make quality and independent judgements in the best interests of the Company. Further, each Director is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, and non-executive directors are encouraged to meet without management on a regular basis in accordance with the procedures and subject to the conditions set out in the Board Charter.

Board structure and composition is reviewed as and when the Company's scale, strategic directions and activities change. The Company will only recommend the appointment of additional Directors to your Board where it believes the expertise and value added outweighs the additional cost.

Recommendation 2.2: The chair should be an independent director.

The Chair is an independent non-executive director.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

The roles of Managing Director and Chairman were held by separate individuals during the year under review.

Recommendation 2.4: The board should establish a nomination committee.

The Company does not comply with Recommendation 2.4. Given the current size and composition of the Board, and given the Company's stage of development, it has been decided that there are no efficiencies to be gained and it is not practicable to form a separate nomination committee. The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to a nomination committee.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board will have access to and receive all the information necessary to discharge its responsibilities effectively as provided in the Board Charter.

The Chairman will conduct an informal evaluation of each Board member's performance at least once each financial year. The review process will include a combination of qualitative and quantitative assessments, the results of which shall be discussed with the individual Director and the Board. The Board (excluding the Chairman) will conduct the review of the Chairman.

Before each annual general meeting, the Board reviews the performance of each director retiring in accordance with the Company's constitution before determining its recommendation to Shareholders on the re-election of the director (in the absence of the director involved). Induction procedures are in place to provide new directors with information on the Company and industry, to allow them to participate fully and actively in Board decision-making at the earliest opportunity.

All directors will have access to the Company Secretaries. The Company Secretaries are accountable to the Board, through the Chair, on all governance matters. The appointment and removal of the Company Secretaries is a matter for decision by the Board as a whole.

Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

This Section provides the information required under Principle 2. The Company's Board Charter is available from the Corporate Governance section of its website and the Company will include the disclosure required by Recommendation 2.6 in its future annual reports.

Principle 3 – Promote Ethical and Responsible Decision-Making.

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- **the practices necessary to maintain confidence in the company's integrity;**
- **the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

The Board has established a Corporate Code of Conduct that states the Company's core values, responsibilities to and expectations of shareholders, employees, customers, suppliers, creditors, consumers and the broader community. The key requirements of the Corporate Code of Conduct are:

1. the treatment of each other and outside parties with honesty, fairness and integrity, and without engaging in deceptive practices;
2. respect for the law and acting accordingly;
3. procedures of dealing with real and apparent conflicts of interest;
4. promotion of ethical behaviour and procedures of dealing with the reporting of unlawful or unethical behaviour;
5. protection of the Company's assets and confidential information;
6. employment practises to maintain a safe workplace; and
7. responsibility to the individual and to the community.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

The Board has adopted a Diversity, Nomination and Remuneration Committee Charter which sets out the Company's diversity policy. It has been decided not to establish a separate diversity, nomination and remuneration committee due to the current size and composition of the board and the functions that would otherwise be undertaken by a separate diversity, nomination and remuneration committee would be carried out by the current Board. The objectives of Company's diversity policy are to:

1. attract, employ and retain a diverse pool of candidates for all positions, including the Board and senior management and to develop measurable objectives to monitor the Company's performance in this area;
2. to ensure that the Company's recruitment and employment procedures encourage, promote and develop diversity and comply with relevant legislative and regulatory requirements for the benefit of the Company and its employees;
3. to ensure that the Company's remuneration is appropriate and is not inequitable to any proportion of personnel who are employed by the Company;

4. to ensure that the Company's succession plan encourages, promotes and develops diversity within the Company and that there are appropriate personnel with the relevant skills, experience and capability to be able to manage the Company's business strategies and objectives, ongoing operations, future growth and development; and
5. to formulate and develop appropriate strategies and procedures to manage the Company's diversity including to prepare measurable objectives and develop and implement appropriate education, training and mentoring programs.

The Executive Managing Director will monitor and report to the Board on the progress of the development and implementation of the Company's diversity policy and associated programs as required and the Board will review the Company's diversity policy on an annual basis and assess how the Company is meeting its diversity objectives.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. The Board does not consider it appropriate, at this time, to formally set objectives for gender diversity

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

As at 30 June 2014, the Company had no female employee or Board member.

Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.

This Section provides the information required under Principle 3. The Company's Corporate Code of Conduct and Diversity, Nomination and Remuneration Committee Charter are available from the Corporate Governance Section of its website.

Principle 4 – Safeguard Integrity in Financial Reporting

Recommendation 4.1: The board should establish an audit committee

Recommendation 4.2: The audit committee should be structured so that it:

- consists only of non-executive Directors;
- consists of a majority of independent directors;
- is chaired by an independent chair who is not chair of the board; and
- has at least 3 members.

The Company does not comply with Recommendations 4.1 and 4.2 in that there is no separate audit committee. Given the current size and composition of the Board, and given the Company's stage of development, it has been decided that there are no efficiencies to be gained and it is not practicable to form a separate audit committee. The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to an audit committee.

Recommendation 4.3: The audit committee should have a formal committee charter.

The role of an audit committee is taken by the Board as a whole. The Board has adopted a formal Audit and Risk Committee Charter that sets out the roles and responsibilities of the Board with respect to audit and risk management, and contains information on the procedures for the selection and rotation of the external auditor. When considering financial matters, the Board functions in accordance with this policy.

Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

This Section provides the information required under Principle 4. The Company's Audit and Risk Committee Charter is available from the Corporate Governance Section of its website. The Company will include the disclosure required by Recommendation 4.4 in its future Annual reports.

Principle 5 – Make Timely and Balanced Disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Board has established a Shareholder Communication Guidelines and Policy and a Disclosure Policy outlining procedures for compliance with ASX continuous disclosure requirements and the Corporations Act, and to ensure accountability at a senior executive level for that compliance.

Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

This Section provides the information required under Principle 5. The Company's Shareholder Communication Guidelines and Policy, and Disclosure Policy are available from the Corporate Governance Section of its website. The Company will include the disclosure required by Recommendation 5.2 in its future Annual reports.

Principle 6 – Respect the Rights of Shareholders

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Board has established a Shareholder Communication Guidelines and Policy and Disclosure Policy outlining the procedures for ensuring timely disclosures and the various ways the Company will communicate with shareholders and encourage shareholders to attend general meetings. All information disclosed to the ASX is to be posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation will be released to the ASX and posted on the company's website. Procedures are in place to determine where price sensitive information has been inadvertently disclosed, and if so, this information is released to the ASX.

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

This Section provides the information required under Principle 6. The Company's Shareholder Communication Guidelines and Policy, and Disclosure Policy are available from the Corporate Governance Section of its website and the Company will include the disclosure required by Recommendation 6.2 in its future Annual reports.

Principle 7 – Recognise and Manage Risk

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Refer to Recommendation 7.2 below.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Board has adopted a formal Audit and Risk Committee Charter that sets out the roles and responsibilities of the Board with respect to risk management including identifying, managing and monitoring material business risks. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management is responsible for ensuring that appropriate processes and controls are in place to effectively manage risk, and reporting to the Board on whether risks are being managed effectively. The Board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately.

Recommendation 7.3: The board should discuss whether it has received assurance from the Chief Executive Officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently in all material respects in relation to financial reporting risks.

The integrity of the Company's financial reporting relies upon a sound system of risk management and control. Accordingly, the persons performing the functions of Managing Director and Chief Financial Officer (or equivalent) will be asked to confirm that any declaration they provide in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently in all respects in relation to financial reporting risks.

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

This Section provides the information required under Principle 7. The Company's Audit and Risk Committee Charter is available from the Corporate Governance section of its website and the Company will include the disclosure required by Recommendation 7.4 in its future Annual reports.

Principle 8 – Remunerate Fairly and Responsibly

Recommendation 8.1: The board should establish a remuneration committee.

Recommendation 8.2: The remuneration committee should be structured so that it:

- **consists of a majority of independent directors**
- **is chaired by an independent chair**
- **has at least three members.**

The Company does not comply with Recommendation 8.1. Given the current size and composition of the Board, and given the Company's stage of development, it has been decided that there are no efficiencies to be gained and it is not practicable to form a separate remuneration committee. The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to a remuneration committee.

The Board has adopted a formal Diversity, Nomination and Remuneration Committee Charter. The current Board members will, considering matters within the ambit of the Diversity, Nomination and Remuneration Committee Charter, be guided by and, to the extent practicable, act in accordance with that Charter.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives. Remuneration for non-executive directors is fixed. The total remuneration for all non-executive directors is not to exceed $300,000 per annum unless approved by Shareholders at the Company's Annual General Meeting.

Neither the non-executive directors nor the executives of the Company receive any retirement benefits, other than superannuation. The Executive Managing Director is employed pursuant to an executive service agreement.

Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.

This Section provides the information required under Principle 8.

Securities Trading Policy

The Board has adopted a formal Securities Trading Policy that complies with ASX Listing Rule 12.12. Under the Securities Trading Policy, Directors and certain key management personnel are prevented from trading in the Company's shares during the period of 28 days prior to the announcement of quarterly, half year and full year reports.

This is a restriction over and above the requirement to not trade in the Company's securities when in possession of inside information which applies to all Directors, executives and employees of the Company. The Board may, in exceptional circumstances only, approve any member of key management personnel (or his or her associated parties) trading in the Company's securities during a restricted period. An exemption will not however be granted by the Board if it considers there is information that is not generally available, but if it were, would be likely to "materially affect" the price of the Company's securities.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Taruga Gold Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
26 September 2014

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

	Note	CONSOLIDATED	
		Year to 30 June 2014 $	Year to 30 June 2013 $
Revenue	2	(23,107)	(119,715)
Depreciation	3	42,991	34,483
Consultants		320,219	137,538
Impairment expense		1,846,143	-
Professional fees		56,162	35,413
Travel and accommodation		65,113	80,815
Office and communication costs		71,614	93,851
Other expenses		138,932	95,702
		2,518,067	358,087
Exchange loss/(gain)		29,214	(33,532)
Loss before income tax		2,547,281	324,555
Income tax benefit		-	-
Net loss for the period		2,547,281	324,555
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange loss on translation of foreign subsidiaries		22,172	46,842
Total comprehensive loss for the period		2,569,453	371,397
Basic loss per share (cents per share)	19	0.18	0.38

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

AND CONTROLLED ENTITIES

	Note	CONSOLIDATED 30 June 2014 $	30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents	5	239,484	1,217,402
Trade and other receivables	6	29,431	13,590
Total Current Assets		268,915	1,230,992
NON CURRENT ASSETS			
Plant and equipment	7	93,478	103,556
Mineral exploration and evaluation	8	7,944,634	8,265,401
Total Non Current Assets		8,038,112	8,368,957
TOTAL ASSETS		8,307,027	9,599,949
CURRENT LIABILITIES			
Trade and other payables	9	473,135	393,224
Total Current Liabilities		473,135	393,224
TOTAL LIABILITIES		473,135	393,224
NET ASSETS		7,833,892	9,206,725
EQUITY			
Issued capital	11	10,412,209	9,215,589
Reserves	12	625,862	648,034
Accumulated losses	12	(3,204,179)	(656,898)
TOTAL EQUITY		7,833,892	9,206,725

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

AND CONTROLLED ENTITIES

	Issued Capital	Options Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
Year to 30 June 2013					
As at 1 July 2012	9,215,589	648,944	(332,343)	45,932	9,578,122
Loss for the period	-	-	(324,555)	-	(324,555)
Exchange loss on translation of foreign subsidiaries	-	-	-	(46,842)	(46,842)
As at 30 June 2013	9,215,589	648,944	(656,898)	(910)	9,206,725
Year to 30 June 2014					
As at 1 July 2013	9,215,589	648,944	(656,898)	(910)	9,206,725
Issue of shares	1,200,000	-	-	-	1,200,000
Share issue expenses	(3,380)	-	-	-	(3,380)
Loss for the period	-	-	(2,547,281)	-	(2,547,281)
Exchange loss on translation of foreign subsidiaries	-	-	-	(22,172)	(22,172)
As at 30 June 2014	10,412,209	648,944	(3,204,179)	(23,082)	7,833,892

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

TARUGA GOLD

AND CONTROLLED ENTITIES

	Note	CONSOLIDATED Year to 30 June 2014 $	Year to 30 June 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(441,134)	(322,722)
Interest income received		23,107	176,090
Net cash used in operating activities	16	(418,027)	(146,632)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(1,555,836)	(3,137,684)
Payment for plant and equipment		-	-
Net cash used in investing activities		(1,555,836)	(3,137,684)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,000,000	-
Share issue transaction costs		(3,380)	-
Net cash provided by financing activities		996,620	-
Net increase/(decrease) in cash held		(977,293)	(3,284,316)
Cash and cash equivalents at the beginning of the period		1,217,402	4,501,262
Effect of exchange rate fluctuations on cash held		(625)	456
Cash and cash equivalents at the end of the period		239,484	1,217,402

The accompanying notes form part of these financial statements.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in West Africa. The entity's principal activity is mineral exploration.

The accounting policies detailed below have been consistently applied to all of the periods presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Taruga Gold and its subsidiaries.

The financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Comparative figures shown are for the year from 1 July 2012 to 30 June 2013.

Going Concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations and further develop their mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding can be derived from either one or a combination of the following:

- The placement of securities under the ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets.

Accordingly, the Directors believe the Company will obtain sufficient funding to enable it and the consolidated entity to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. While the Directors are confident of the Group's ability to raise additional capital, should the Group be unable to do so, there exists a material uncertainty that the Group will continue to be a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business.

Statement of Compliance

The financial report was authorised for issue on 26 September 2014.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2014, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial year, as required under AASB 101.

Accounting Policies

(a) Basis of Consolidation

A controlled entity is any entity controlled by Taruga Gold Limited. Control exists where Taruga Gold Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Taruga Gold Limited to achieve the objectives of Taruga Gold Limited. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profit or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(b) Income Tax

The charge for current income tax expenses is based on the result for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset:	Depreciation Rate:
Plant and Equipment	15 – 50%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(e) Impairment of Assets

At each reporting date, the Directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Provisions

Provisions are recognised where there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses. Receivables and payables in the statement of financial position are shown inclusive of GST.

(j) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Taruga Gold Limited.

(l) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key Estimates – Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

An impairment has been recognised in respect of costs carried forward as exploration assets in Note 8. The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

(m) Share based payments – shares and options

The fair value of shares and share options granted is recognised as an expense with a corresponding increase in equity. Fair value is measured at grant date and recognised over the period during which the grantees become unconditionally entitled to the shares or share options.

The fair value of share grants at grant date is determined by the share price at that time.

The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, any vesting and performance criteria, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

Upon the exercise of the option, the balance of the share-based payments reserve relating to the option is transferred to share capital.

(n) Foreign currency translation

Both the functional and presentation currency of Taruga Gold Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations Gecko Gold Niger, Gecko Gold CI and MGS Ghana is Australian Dollars.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Taruga Gold Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(o) Parent entity financial information

The financial information for the parent entity, Taruga Gold Limited, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements, except for Investments in subsidiaries which are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(p) New Standards Issued but not yet effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2014. They have not been adopted in preparing the financial statements for the year ended 30 June 2014 and are expected to impact the entity in the period of initial application.

In all cases the entity intends to apply these standards from application date as indicated in the table below.

(p) New Standards Issued but not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Annual reporting periods beginning on or after 1 January 2017[1]	Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. The entity does not currently have any financial instruments.

[1] The application date of AASB 9 has been deferred from annual periods beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017 by AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.*

(p) New Standards Issued but not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Makes three amendments to AASB 9: • Adding the new hedge accounting requirements into AASB 9 • Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements. Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI	Annual reporting periods beginning on or after 1 January 2015	The application date of AASB 9 has been deferred to 1 January 2017. The entity has not yet made an assessment of the impact of these amendments. The entity does not currently have any hedging arrangements in place.

NOTE 2 – REVENUE

Revenue	2014 $	2013 $
Interest received	23,107	119,715
Total revenue	23,107	119,715

NOTE 3 – LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSES

Expenses

Depreciation of non-current assets

Plant and Equipment	9,861	4,524
Office furniture and equipment	4,446	5,298
Motor vehicles	28,684	24,661
Total depreciation of non-current assets	42,991	34,483

NOTE 4 – INCOME TAX

The prima facie tax benefit at 30% on loss from ordinary activities is reconciled to the income tax benefit in the financial statements as follows:

	2014 $	2013 $
Loss from ordinary activities	2,547,281	324,555
Prima facie income tax benefit at 30%	764,184	97,366
Tax effect of permanent differences		
Share Issue Costs amortised	69,532	69,532
Other non-deductible expenses	(28,936)	(1,072)
Income tax benefit adjusted for permanent differences	804,780	165,826
Deferred tax asset not brought to account	(804,780)	(165,826)
Income tax benefit	-	-

The directors estimate the cumulative unrecognised deferred tax asset attributable to the company and its controlled entity at 30% is as follows:

DEFERRED TAX ASSETS	2014	2013
Revenue Losses after permanent differences	1,139,226	334,446
Capital Raising Costs yet to be claimed	139,062	208,594
	1,278,288	543,040

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2014 as the Directors do not believe it is appropriate to regard the realisation of the asset as probable. This asset will only be obtained if:

(a) The company and its controlled entity derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realised;

(b) The company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and

(c) No changes in tax legislation adversely affect the company and its controlled entity in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

Franking Credits

No franking credits are available at balance date for the subsequent financial year.

	2014 $	2013 $
NOTE 5 – CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	239,484	1,217,402

NOTE 6 – TRADE AND OTHER RECEIVABLES

Current		
GST receivable	13,160	9,679
Other receivables	16,271	3,911
	29,431	13,590

TARUGA GOLD

NOTE 7 – PLANT AND EQUIPMENT

Cost	Motor Vehicles	Plant & Equipment	Fixtures & Fittings	Total
Balance Brought Forward	104,494	19,470	22,537	146,501
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Balance Carried Forward	104,494	19,470	22,537	146,501
Accumulated Depreciation				
Balance Brought Forward	5,772	1,361	1,329	8,462
Charge	24,661	4,524	5,298	34,483
Disposals	-	-	-	-
Balance Carried Forward	30,433	5,885	6,627	42,945
Net Book Value June 30 2013	74,061	13,585	15,910	103,556
Balance Brought Forward	104,494	19,470	22,537	146,501
Acquisitions (i)	44,859	32,163	-	77,022
Disposals	-	-	-	-
Foreign exchange movement	(1,747)	(325)	(378)	(2,450)
Balance Carried Forward	147,606	51,308	22,159	221,073
Accumulated Depreciation				
Balance Brought Forward	30,433	5,885	6,627	42,945
Charge	28,684	9,861	4,446	42,991
Accumulated depreciation upon acquisition (i)	21,178	15,186	-	36,364
Disposals	-	-	-	-
Foreign exchange movement	5,228	710	(643)	5,295
Balance Carried Forward	85,523	31,642	10,430	127,595
Net Book Value June 30 2014	62,083	19,666	11,729	93,478

(i) See Note 24 for details of acquisition.

NOTE 8 – MINERAL EXPLORATION AND EVALUATION

	2014 $	2013 $
Opening balance	8,265,401	5,738,108
Acquisition costs (ii)	331,168	-
Expenditure during the year	1,194,208	2,527,293
Impairment (i)	(1,846,143)	-
Closing balance	7,944,634	8,265,401

(i) The above impairments costs represent the carrying value of the Ducie Project, Ghana. The Company is no longer involved in the project and has no retained interest.
.
(ii) See Note 24 for details of acquisition.

The ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploitation, or sale of the respective areas.

NOTE 9 – TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade creditors	454,283	393,224
Other payables	18,851	-
	473,135	393,224

NOTE 10 – INTEREST BEARING LIABILITIES

Financing Agreements
No overdraft facilities have been formalised at 30 June 2014 (2013: Nil) and neither the company nor its controlled entity have lines of credit at 30 June 2014 (2013: Nil).

NOTE 11 – ISSUED CAPITAL

	2014 $	2013 $
(a) Issued capital		
160,616,000 shares fully paid	10,412,209	9,215,589

Movements in ordinary share capital of the Company were as follows:

	Number	$
Opening balance at 30 June 2012	85,616,000	9,215,589
Closing balance at 30 June 2013	85,616,000	9,215,589
Opening balance at 30 June 2013	85,616,000	9,215,589
Acquisition of Mali Nangalosso and Diendio 29 August 2013	12,500,000	200,000
Placement 22 October 2013	62,500,000	1,000,000
Transaction costs	-	(3,380)
Closing balance at 30 June 2014	160,616,000	10,412,209

Movements in options were as follows:

	Number	$
Opening balance at 30 June 2012	15,000,000	648,944
Closing balance at 30 June 2013	15,000,000	648,944
Opening balance at 30 June 2013	15,000,000	648,944
Closing balance at 30 June 2014	15,000,000	648,944

Options are exercisable at $0.20 on or before 31 January 2016.

(d) Voting and dividend rights

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

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

	2014 $	2013 $
NOTE 12 – RESERVES AND ACCUMULATED LOSSES		
Options Reserve	648,944	648,944
Foreign Currency Translation Reserve	(23,082)	(910)
	625,862	648,034
Accumulated Losses		
Balance at beginning of the year	656,898	332,343
Net loss from ordinary activities	2,547,281	324,555
Balance at end of the year	3,204,179	656,898
Options Reserve		
Balance at beginning of the year	648,944	648,944
Reserve arising on issue of options	-	-
Balance at end of the year	648,944	648,944
Foreign Currency Translation Reserve		
Balance at beginning of the year	(910)	45,932
Reserve arising on translation of foreign subsidiaries	(22,172)	(46,842)
Balance at end of the year	(23,082)	(910)

Nature and purpose of Reserves

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

The Share Option Reserve contains amounts received on the issue of options over unissued capital of the company.

NOTE 13 – COMMITMENTS FOR EXPENDITURE

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay in the year ending 30 June 2013 amounts of $700,000 in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the financial report and are payable as follows :

	2014 $	2013 $
Not later than one year	250,000	700,000
Later than 1 year but not later than 2 years	350,000	700,000
Later than 2 years but not later than 5 years	350,000	700,000
	950,000	2,100,000

NOTE 14 – INVESTMENT IN CONTROLLED ENTITIES

	Registered Number	Country of Incorporation	Interest Held	Value of investment
Parent				
Taruga Gold Limited	153 868 789	Australia		
Subsidiaries				
Gecko Gold Niger SARL	RCCM-NI-NIA-2010-B-2625	Niger	100%	1,316,675
MGS Ghana Limited	CA-80, 601	Ghana	100%	-
Gecko Gold CI SARL	RCCM-CI-ABJ-2010-B-1899	Cote d'Ivoire	100%	1,350,367
International Goldfields Bermuda Limted		Bermuda	100%	323,277

NOTE 15 – SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Taruga Gold Limited.

The company operates in one operating segment therefore disclosures are consistent with the financial report.

NOTE 16 – NOTES TO THE STATEMENT OF CASH FLOWS

	2014 $	2013 $
Reconciliation of loss after income tax to net operating cash flows		
Loss from ordinary activities	2,547,281	324,555
Depreciation	(42,991)	(34,483)
Impairment	(1,846,143)	-
	658,147	290,072
Movement in assets and liabilities		
Receivables	(37,759)	(48,550)
Other current assets	15,119	(3,521)
Payables	(217,480)	(91,369)
Net cash used in operating activities	418,027	146,632

Non cash financing activities

	2014	2013
Shares issued for acquisition of subsidiaries	-	-

NOTE 17 – RELATED PARTY INFORMATION

a) Transaction with Key Management Personnel

The transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

The total remuneration paid to Directors and Executives is summarised below:

During the period Athena Resources Limited charged the Company $36,000 for office support. Edmond Edwards (Director – resigned 3 September 2013) is a director and shareholder of Athena Resources Limited. During the period of Mr Edwards' directorship in the company, the charges incurred were $6,000.

b) Directors and Executives Disclosures

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	2014 $	2013 $
Short-term employee benefits	418,000	414,000
Post-employment benefits	-	-
	418,000	414,000

NOTE 18 – REMUNERATION OF AUDITORS

	2014 $	2013 $
Auditing and reviewing of the financial statements of Taruga Gold Limited and of its controlled entities.	25,150	21,900
	25,150	21,900

NOTE 19 – LOSS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

	2014 $	2013 $
Earnings	2,547,281	324,555
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	139,040,658	85,616,000

There are no potential ordinary shares on issue at the date of this report.

NOTE 20 – FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The consolidated entity's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and hire purchase liabilities.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst maintaining potential adverse effects on financial performance. The Group has developed a framework for a risk management policy and internal compliance and control systems that covers the organisational, financial and operational aspects of the group's affairs. The Chairman is responsible for ensuring the maintenance of, and compliance with, appropriate systems.

Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk and liquidity risk.

Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market, interest rate and the effective weighted average interest rate on these financial assets, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2014	2013	2014	2013
Financial Assets				
Cash at Bank	2.36%	5.83%	234,012	1,157,822
Total Financial Assets			234,012	1,157,822

There are no financial liabilities subject to interest rate fluctuations.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

Interest Rate Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks.

At 30 June 2014 the effect on the loss and equity as a result of changes in the interest rate with all other variables remaining constant is as follows:

	2014 **$**	**2013** **$**
Change in Loss		
• Increase in interest by 2%	(19,590)	(41,071)
• Decrease in interest by 2%	19,590	41,071
Change in Equity		
• Increase in interest by 2%	19,590	41,071
• Decrease in interest by 2%	(19,590)	(41,071)

Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

Currency	Liabilities 2014 $	Assets 2014 $	Liabilities 2013 $	Assets 2013 $
US Dollars	66,004	240	245,490	9,300
Euros	17,361	-	-	-
West Africa CFA	-	4,154	-	50,598
Ghanaian Cedi	-	476	-	6,189

Foreign currency

Other than translational risk the Group has no significant exposure to foreign currency risk at the balance date.

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statement.

In the case of cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority Supervision.

The consolidated entity does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

Capital Management Risk

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the Group since the prior year.

Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. The consolidated entity has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

NOTE 21 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 27 August the Company announced a placement to sophisticated and institutional investors of $925,000 and a share purchase plan to raise approximately $320,000. The proceeds will be applied to accelerate drilling programs at the Company's projects in Mali and geochemical sampling within the Cote d'Ivoire projects.

On 27 August the Company further announced the appointments of Myles Campion and Daniel Smith as non-executive directors. Mr Smith and Samuel Edis were simultaneously appointed as Joint Company Secretaries. Previous Non-executive Director and Company Secretary, Peter Newcomb, resigned on the same day.

NOTE 23 - PARENT ENTITY DISCLOSURES

Financial Position

	2014	2013
	$	$
CURRENT ASSETS		
Cash and cash equivalents	234,590	1,157,822
Trade and other receivables	15,141	10,733
Total Current Assets	249,731	1,168,555
NON CURRENT ASSETS		
Investment in subsidiaries	2,990,319	4,050,393
Loans to subsidiaries less impairment	4,919,403	4,164,833
Total Non Current assets	7,909,722	8,215,226
TOTAL ASSETS	8,159,453	9,383,781
CURRENT LIABILITIES		
Trade and other payables	364,623	177,056
Total Current Liabilities	364,623	177,056
TOTAL LIABILITIES		
NET ASSETS	7,794,830	9,206,725
EQUITY		
Issued capital	10,412,209	9,215,589
Reserves	648,944	648,944
Accumulated losses	(3,266,323)	(657,808)
TOTAL EQUITY	7,794,830	9,206,725

Financial Performance

Loss for the year	567,301	238,037
Impairment	2,041,214	133,360
Total comprehensive loss	2,608,515	371,397

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries, has no contingent liabilities, and has no commitments for acquisition of plant and equipment.

NOTE 24 – ACQUISITION OF INTERNATIONAL GOLDFIELDS LIMITED

On 26 July 2013 the Company acquired 100% of the voting shares of International Goldfields (Bermuda) Limited (IGB), which included acquiring control of IGB's wholly owned subsidiary International Goldfields (Mali) SARL.

The total cost of the acquisition was $323,277 and comprised an issue of equity instruments and cash. The Company issued 12,500,000 shares with a value of $0.016 each, based on the share price of Taruga Gold Limited at the date of exchange.

	Fair value at acquisition date $
Cash and cash equivalents	1,492
Fixed Assets	36,457
Exploration expenditure	55,777
Trade payables	(45,840)
Fair value of identifiable net assets	47,886
Goodwill arising on acquisition (i)	275,391
	323,277

(i) Goodwill has been capitalised as additions to the deferred exploration and evaluation expenditure for the period.

	$
Acquisition date fair value of consideration transferred:	
Shares issued at fair value	200,000
Cash payments	123,277
Total consideration	323,277

	Consolidated $
The cash outflow on acquisition is as follows:	
Cash paid	(200,000)
Net cash acquired with the subsidiary	1,492
Net cash outflow	(198,508)

Directly attributable costs of raising equity have been included as a deduction from equity.

DIRECTORS' DECLARATION

In the opinion of the directors of Taruga Gold Limited ("the company"):

1) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   (a) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and

   (b) giving a true and fair view of the Group's financial position as at 30 June and of its performance for the period then ended; and

2) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3) The financial statements and notes thereto are in accordance with international financial reporting standards issued by the International Accounting Standards Board.

4) This declaration has been made after reviewing the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2014.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Bernard Aylward

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Bernard Aylward

Managing Director

Dated Perth 26 September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Taruga Gold Limited

Report on the Financial Report

We have audited the accompanying financial report of Taruga Gold Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Taruga Gold Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company will need to seek additional funding in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing these financial statements. Should these equity raisings or other sources of funding be unable to be completed or sourced, there is a material uncertainty that may cast significant doubt as to whether the company will be able to realize its assets and extinguish its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Taruga Gold Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Glasse

N G Neill
Partner

Perth, Western Australia
26 September 2014

ANALYSIS OF SHAREHOLDING as at 18 September 2014

			Shares	Shareholders
1	-	1,000	31	3
1,001	-	5,000	19,625	5
5,001	-	10,000	1,336,790	135
10,001	-	100,000	7,619,442	158
100,001	-	or more	191,640,112	107
Total on Issue			200,616,000	408

The number of shareholdings held in less than marketable parcels is 304.

Voting Rights

Article 16 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have:

a) for every fully paid share held by him one vote
b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares

Substantial Shareholders

The following substantial shareholders have notified the Company in accordance with Corporations Act 2001.

	Shares	%
N&J Mitchell Holdings Pty Ltd	34,666,709	17.28
Ascent Capital Holdings Pty Ltd	14,150,021	7.05
Bernard Aylward	23,835,000	11.88
Redstar Resources Limited	20,000,000	9.97

Directors' Shareholding

The interest of each director in the share capital of the Company is detailed at Note 17.

TOP TWENTY SHAREHOLDERS

Rank	Name	Shares	%
1.	REDSTAR RESOURCES LIMITED	20,000,000	9.97
2.	CROESUS MINING PTY LTD	16,000,000	7.98
3.	MATLOCK GEOLOGICAL SERVICES PTY LTD	15,635,000	7.79
4.	ASCENT CAPITAL HOLDINGS PTY LTD	14,150,021	7.05
5.	TIETTO MINERALS PTY LTD	10,000,000	4.98
6.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,983,333	4.98
7.	MR DAVID MICHAEL HARPER	8,950,000	4.46
8.	WERSMAN NOMINEES PTY LTD	8,125,000	4.05
9.	BERRINGER LIMITED	7,597,250	3.79
10.	MR BERNARD AYLWARD <THE GALBRAITH FAMILY A/C>	7,510,000	3.74
11.	6466 INVESTMENTS PTY LTD	6,220,687	3.10
12.	STEPSTONE PTY LTD	4,000,000	1.99
13.	6466 INVESTMENTS PTY LTD	3,151,403	1.57
14.	MR TERRANCE FREDERICK BURLING	3,125,000	1.56
15.	N & J MITCHELL HOLDINGS PTY LTD <STEINEPREIS SUPER FUND A/C>	2,875,000	1.43
16.	SCINTILLA STRATEGIC INVESTMENTS LTD	2,638,973	1.32
17.	ATHENA RESOURCES LIMITED	2,505,187	1.25
18.	MRS LINDA LOUISE STEINEPREIS	2,291,688	1.14
19.	MR THOMAS KOUTSOUPIAS	1,599,767	0.80
20.	GETMEOUTOFHERE PTY LTD <SINKING SHIP SUPER FUND A/C>	1,562,500	0.78
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	**147,920,809**	**73.73**
	Total Remaining Holders Balance	**52,695,191**	**26.27**

The names of the Joint Company Secretaries are Daniel Smith and Samuel Edis.

The address of the registered office is: Office J, Level 2, 1139 Hay Street, West Perth WA 6005.

Registers of securities are held at Computershare Investor Services Pty Ltd, Level 2, 45 St Georges Tce, Perth WA 6000.

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange Ltd.

There are nil securities currently subject to escrow.

Unquoted Options over Un-issued Shares

1. 10,000,000 options exercisable at $0.20 expiring 31 January 2016.
2. 5,000,000 options exercisable at $0.20 expiring 3 February 2016.

Unquoted Equity Securities Holders with Greater than 20% of an Individual Class

As at 18 September 2014 the following classes of unquoted securities had holders with greater than 20% of the class on issue.

Options exercisable at $0.20 expiring 31 January 2016.

Percentage Held	Name	Number of Securities held
50%	Matlock Geological Services Pty Ltd	5,000,000
40%	Redstar Resources Limited	4,000,000

Options exercisable at $0.20 expiring 3 February 2016.

Percentage Held	Name	Number of Securities held
50%	Mr Francis Harper	2,500,000
50%	Mr Stuart Richardson	2,500,000

Table 1: Taruga Gold Limited –Tenements held directly by Taruga Gold or subsidiary company

Tenements	Area	License Status	% Ownership	Country
Kossa 1		Granted	100%	Niger
Kossa 2		Granted	100%	Niger
Mankono	1,000km2	Granted	100%	Cote d'Ivoire
Korhogo		Granted	100%	Cote d'Ivoire
Dabakala		Granted	100%	Cote d'Ivoire
Nielle		Granted	100%	Cote d'Ivoire
		Application		Cote d'Ivoire
		Application		Cote d'Ivoire

Table 2: Taruga Gold Limited – Tenements held via option agreement by Taruga Gold or subsidiary company

Tenements	Area	License Status	Held at End of Quarter	Country
Djelibani			100%	Mali
Djelibani Sud			100%	Mali
Kambali			100%	Mali
Balala			100%	Mali
Nangalasso			100%	Mali
Sotian			100%	Mali
Diendo Sud			100%	Mali
Diendia			100%	Mali
Manankoro Nord			100%	Mali
Diossyan Sud			100%	Mali