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TARUGA

29 January 2021

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

Taruga Minerals Limited (**Taruga** or the **Company**) is pleased to present its quarterly activities report for the December 2020 quarter.

HIGHLIGHTS:

- Historic data review identifies near Surface Copper Mineralisation over 34km at Mt Craig Copper Project. Significant trenching results included:
  - **0.3m** at **12% Cu** (Birthday Ridge Prospect)
  - **1.2m** at **3.8% Cu** (Birthday Ridge Prospect)
  - **3.7m** at **2.4% Cu** including 1.2m at 5.8% Cu (Birthday Ridge Prospect)
  - **1.5m** at **4.8% Cu** (Napoleon Prospect)
  - **1.5m** at **3% Cu** including **0.6m** at **6.4% Cu** (Napoleon Prospect)
  - **7.9m** at **1.7% Cu** including **4.3m** at **2.5% Cu** and **0.6m** at **5.1% Cu** (Napoleon Prospect)
  - **2.7m** at **3.1% Cu** (Wyacca Prospect)
- Highly anomalous copper reported from near-surface auger drilling at Jenkins South - open in all directions. Results strongly associated with the northern and southern contacts of the high magnetic anomaly. Significant results included:
  - 2m at 2,045ppm Cu from 1.5m (JKSAUG017)
  - 3m at 700ppm Cu from 2.5m (JKSAUG003)
  - 7m at 405ppm Cu from 1m (JKSAUG001)
- Gravity modelling and interpretation completed over the southern and northern portions of the Flinders Project.

  At the northern portion:
  - Gravity anomalies have strong magnetic and geochemical support and correlation
  - Significant pipe-like gravity anomalies identified at Jenkins

  At the southern portion:
  - Significant gravity and coincident magnetic and geochemical anomaly defined at Mt Stephen Prospect
- Exciting surface sampling results at the southern Flinders Project - new zone of high-grade surface mineralisation identified over 1.35km at Saddle Prospect from rock chip and soil sampling. Significant rock chip results included:
  - WK0602 – **21.7% Cu; 9.2g/t Ag**
  - WK0599 – **6.25% Cu; 3.8g/t Ag**
  - WK0581 – **5.82% Cu**
- Heritage survey over the Woolshed and Jenkins prospects at the Flinders Project completed
- Field reconnaissance completed at the Manjimup Base Metal Project, which adjoins the area of the Chalice Mining/Venture Minerals Joint Venture

- low-level hand-held XRF anomalism (up to 136ppm Copper, 113ppm Nickel and anomalous Vanadium, Cobalt and Zinc) that requires systematic exploration to confirm and define targets for advanced testing

- Geophysics reprocessing has confirmed the presence of magnetic highs (interpreted to represent intrusive ultramafic bodies) on the margin of gravity anomalies.
- Binding terms sheet executed to farm-out 80% of E51/1832 (**Yagahong North**), near Meekatharra, Western Australia.
- Option with Strikeline Resources extended by six months to 13 May 2021.
- The Company remains well funded with ~$4.5 million cash on hand at the end of the December quarter.

OPERATIONS

Australia

On 14 May 2020, the Company announced that it has entered into a 12-month Option Agreement, in which Taruga can purchase a 100% interest in Strikeline Resources Pty Ltd (**Strikeline**) and its Flinders IOCG-style Project (**Project**) located 80km north of Port Augusta, South Australia, 80km from Carrapateena and 160km from Olympic Dam IOCG's, with power and rail on the lease (**Option Period**). On executing the terms sheet with Strikeline, Taruga paid a cash consideration A$15,000, with a further A$25,000 paid on 28 October 2020 to extend the Option Period for a further 6 months to 13 May 2021.

Subject to Taruga having paid the cash consideration and having incurred exploration expenditure totalling A$250,000 across the Flinders Project prior to the first anniversary, Taruga will have earned the right to exercise the option to acquire 100% ownership of Strikeline and its 3 South Australian Projects through the issue of 40 million shares to the Strikeline vendors.[1]

Flinders Project, South Australia

The Flinders and Torrens Projects cover the eastern margin of the Gawler Craton in a similar structural setting as the nearby Olympic Dam (BHP) and Carrapateena deposits (Oz Minerals). Flinders is unique in that IOCG-style mineralisation has been mapped and sampled at surface and not under several hundred metres of sedimentary cover, as is often the case within the highly prospective G2 structural corridor shown in **Figure 1**. Mineralisation usually occurs in intrusive breccias hosted within structures that crosscut the dominant marine metasediments within the prospect area. The breccia often contains dykes and clasts of altered mafic volcanics that can be mapped for over 15km along the dominant Mt Stephen Thrust (MST) (**Figure 5**) and at Jenkins North. Sub-structures and fault splays which branch out from the MST have been proven to contain high-grade copper mineralisation, indicating the potential for a larger "fluid system" or mineralised network beneath the surface.

[1] Refer announcement 14 May 2020 "Taruga Option to Acquire High Grade, IOCG-style Flinders Project, South Australia" for full details of the acquisition of Strikeline.

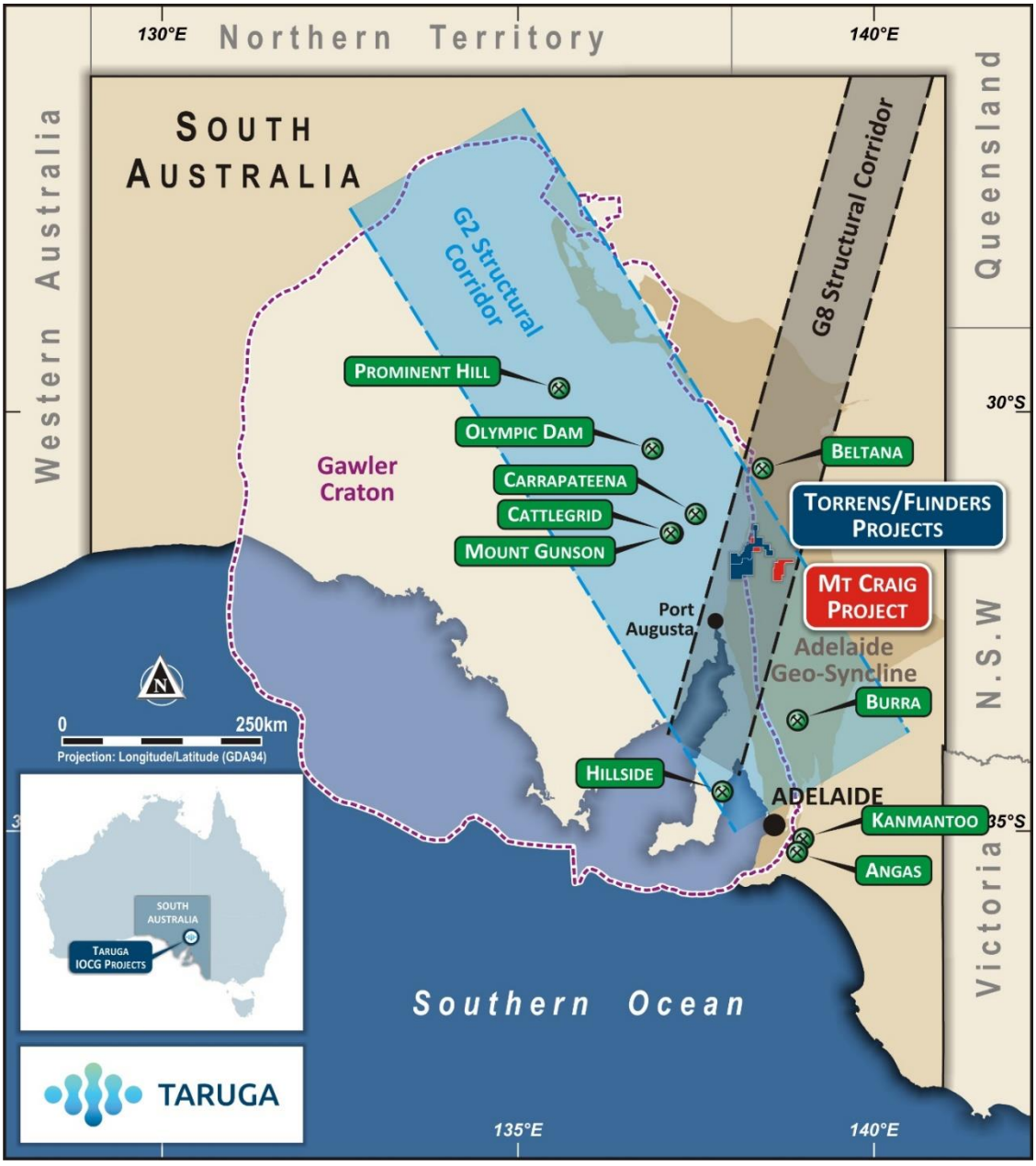

Figure 1: The Flinders Project Regional and Structural Setting including the Gawler Graton outline as published by the Geological Survey of South Australia in purple

Recent Exploration

Gravity Modelling

On 5 October and 5 November 2020, the Company announced that it had completed detailed geophysical modelling and interpretation over the northern portion and southern portion of the Flinders Project, respectively, with drilling targets confirmed. Significant gravity anomalies, directly coincident with or on the periphery of magnetic highs and geochemical anomalies have been defined at Woolshed and Jenkins as shown in **Figure 2**.

At Woolshed, the targeted zone of mineralisation is bounded by high-density footwall and hangingwall lithologies. The highest-grade rock chips at Metabase were collected directly above an isolated gravity high, while the high-grade rock-chips and channel samples collected at Woolshed are located at the southern tip of a similar gravity high (**Figure 2**). Both isolated gravity anomalies are coincident with a magnetic high and lie within the contiguous copper in soil anomaly at Metabase and Woolshed which extends over 3km.

At Main Lode, a strong gravity anomaly has been defined downdip from the historic mine workings where hematite breccias were mined for high-grade copper and iron over a maximum width of 6m. Soil and rock chip sampling in conjunction with the geophysical modelling have clearly defined the surface expression of the MST as shown in **Figure 3**.

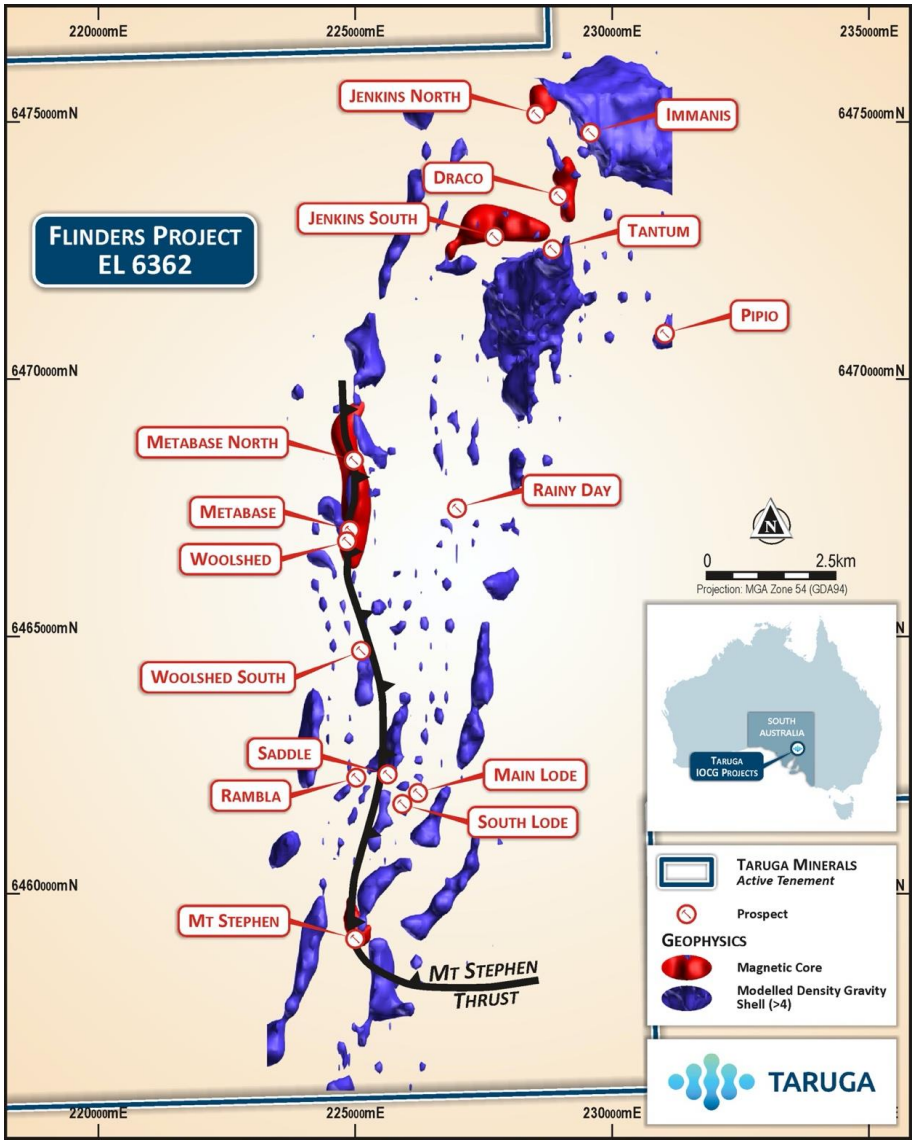

Figure 2: Significant Gravity and Magnetic Anomalies over the Flinders Project showing Prospects and Geophysical Anomalies

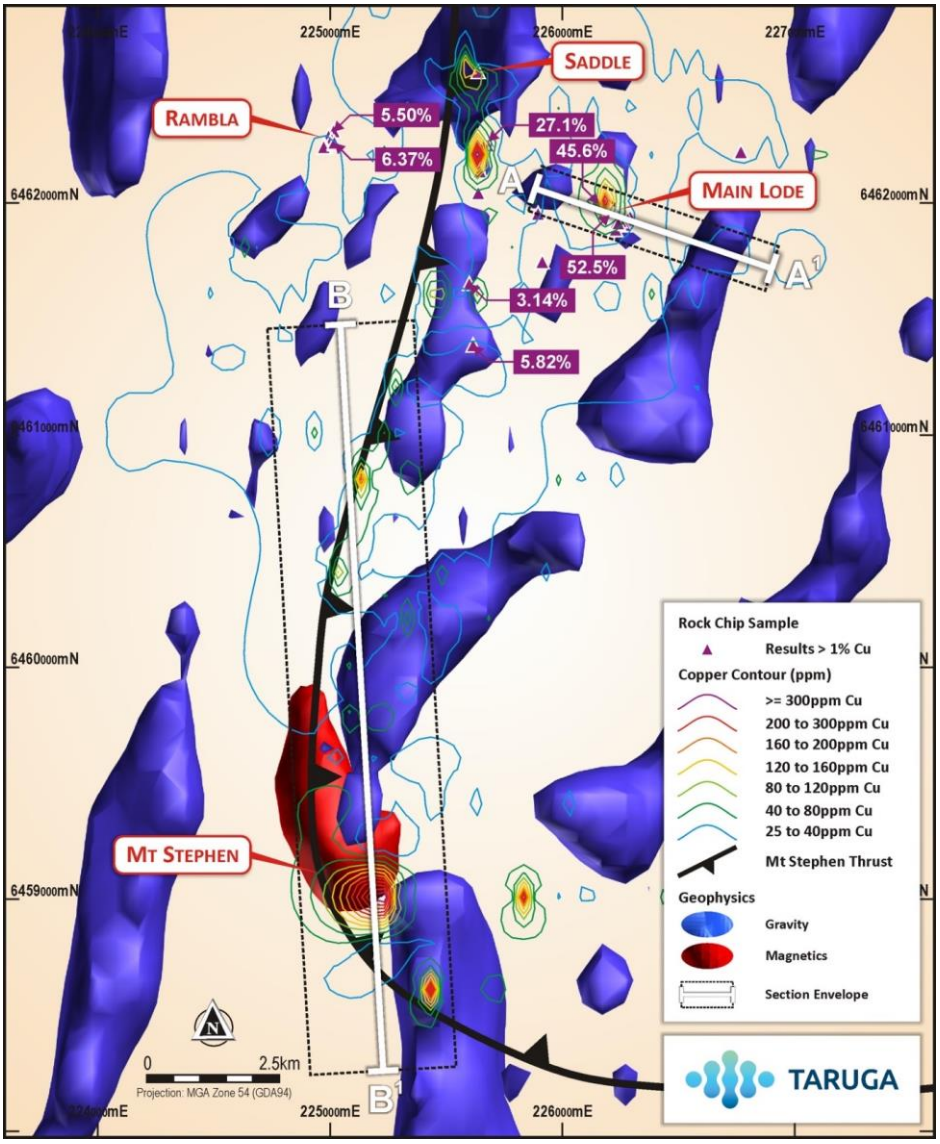

Figure 3: Copper in Soil Contours along the Interpreted MST showing Prospect Locations, Gravity and Magnetic Anomalies and Gravity Section Lines in the Southern half of the Flinders Project.

Auger drilling, soil & rock chip sampling

Jenkins North and South

Auger results have been received from limited auger drilling at Jenkins South as shown in **Figure 4** and in section in **Figures 5** and **6**. Best results were from calcareous breccias which reported 2m at 2,045ppm Cu in hole JKAUG017 and were anomalous to end of hole at 5m. The weathered dolerite intersected in JKAUG001 was also anomalous to end of hole at 7.5m and reported 7m at 409ppm Cu, 25ppb Pt+Pd and 12ppb Au with intense Miox alteration apparent. Carbonate boulders/clasts on surface in the auger area reported results of 4000ppm Cu to 6000 ppm Cu as shown in **Figure 4** contained visible chalcopyrite, chalcocite, malachite along with minor bornite. The north-south section shown in **Figure 5** clearly shows copper anomalism within 2 discrete zones which are coincident with the projected northern and southern

contacts of the strong magnetic anomaly shown at Jenkins South. Both zones are open in all directions, to the north and south and on strike to the west and east where the magnetic anomaly has been defined over 2km.

Stream sediment samples and iron breccia float along the southern contact of the magnetic anomaly located 1.5km to the west of the auger drilling reported anomalous copper (up to 250ppm), strong vanadium (up to **2,060ppm**), LREE (up to 237ppm), silver (up to 320 ppb) and gold (up to 30ppb). Magnetite sampled in streams along this contact returned high purity results, with magnetite grading up to 68% Fe. Vanadium and pure magnetite are both indicative of a high temperature heat source which together with associated path finder elements are supportive of mineralisation in an IOCG system (ASX Announcement on 5 October 2020).

The auger drilling program will re-commence with full coverage of the magnetic anomaly pending further discussions with a local Aboriginal group.

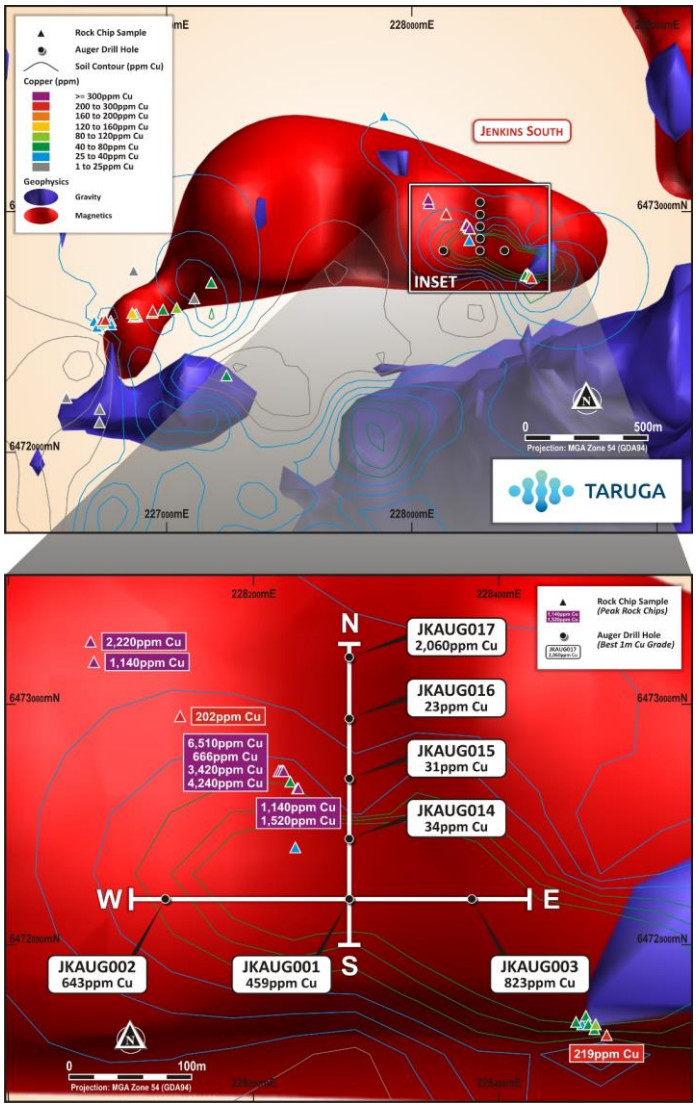

Figure 4: Soil Sample Contours, Anomalous Rock Chip Samples, Auger Hole Locations and best 1m copper intercepts and Two Section Lines on the Geophysics at Jenkins South.

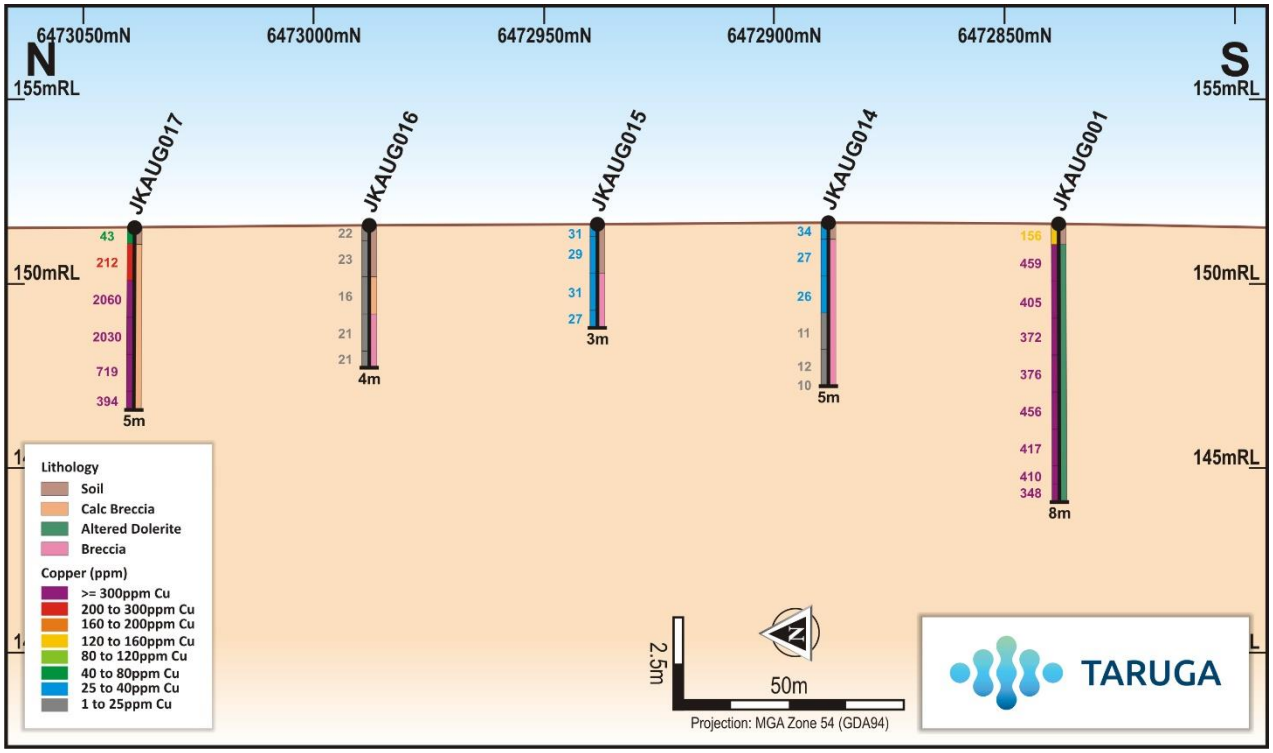

Figure 5: North-South Auger Drill Section (looking East) at Jenkins South

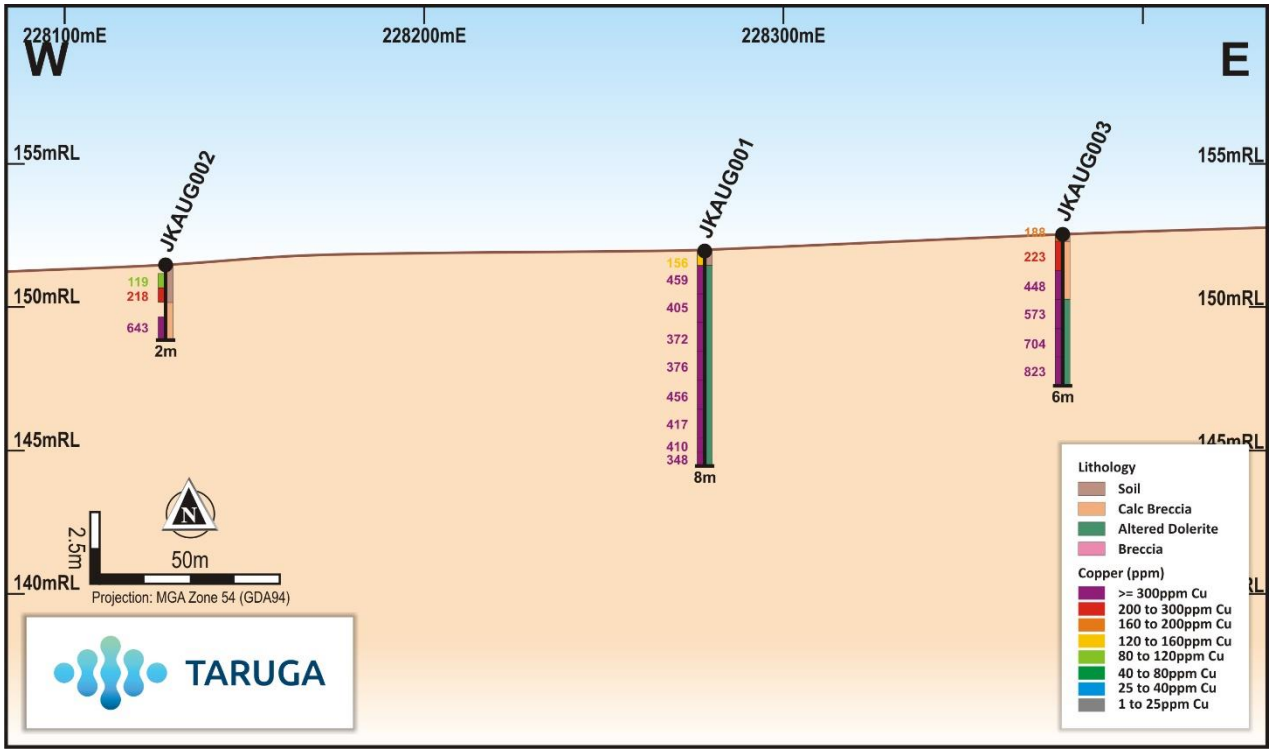

Figure 6: West-East Auger Drill Section (looking North) at Jenkins South

Main Lode

Grab samples from mining spoils at Main Lode reported exceptionally high copper grades of up to **52% Cu** and **14g/t Ag**. All indications are that Main Lode has the potential to develop into a significant mineralised system down-dip at depth as supported by the gravity inversion modelling.

Mt Stephen Thrust/Mt Stephen Prospect

A continuous copper in soil anomaly supported by the geophysics has been defined over more than 10km along the Mt Stephen Thrust from Woolshed/Metabase in the north and the Mt Stephen Prospect in the south. It is highly likely that areas of increased anomalism are associated with cross-cutting structures with increased hydrothermal fluid flow. A new exposure, the Saddle Prospect (**Saddle**), was identified over an area of 650m x 30m along the MST and a further 700m along an adjoining splay structure for a combined strike length of >1,300m as shown in **Figure 3**. Highly significant results of **27.1% Cu** and **9.2g/t Ag** (WK0602) and **6.3% Cu** and 3.8g/t Ag (WK0599) were reported from the northern portion of Saddle and **5.8% Cu** (WK0619) and **3.1% Cu** (WK0606) were reported from the southern splay structure.

Rambla Prospect

Spoils from a single shaft at Rambla showed good copper mineralisation hosted within sediments with little iron association, which is typical of Zambian style sedimentary hosted mineralisation. Rambla mineralisation is associated with a low order copper in soil anomaly shown in **Figure 3** which extends over 1.5km in a north-east direction. Rambla lies to the west of the MST and supports a different style of mineralisation at Flinders and the Company plans to drill test the prospect pending approvals.

Metabase

Recent rock chips collected at Metabase (announced 23 November 2020) further highlighted the gold potential at Woolshed/Metabase where an exposed carbonate breccia reported **11.3% Cu**, **0.9ppm Au** and 2.8ppm Ag in WK0664. The highest gold grades reported at Woolshed previously were **4.73ppm Au** from sample WK076 and **1.3ppm Au** from sample WK067 (ASX Announcement on 14 May 2020).

Maiden Drilling Program

Woolshed/Metabase

Recent rock chips collected at Metabase during the quarter further highlighted the gold potential at Woolshed/Metabase where an exposed carbonate breccia reported **11.3% Cu**, **0.9ppm Au** and 2.8ppm Ag in WK0664. The highest gold grades reported at Woolshed previously were **4.73ppm Au** from sample WK076 and **1.3ppm Au** from sample WK067 (ASX Announcement on 14 May 2020). The true gold potential will only be realised from drilling results once the program re-starts at Woolshed/Metabase.

Drilling and Land Access Update

Laboratory results have been received for the 7 completed Aircore holes at Woolshed which confirm significant copper and silver anomalism associated with the Mt Stephen Thrust from surface. Given only a small percentage of the planned drill holes have been completed, the Company will wait until completion of the program before releasing Aircore results for the Woolshed Prospect.

The early stages of this maiden drilling campaign are essential in gathering information such as styles of mineralisation, geometry and lithological associations that may impact the ultimate design of the remaining 22 planned holes at Woolshed.

The Company announced on the 26th of October 2020 that it had to temporarily halt drilling operations due to weather and a community enquiry from local Aboriginal group.

Strikeline completed all land access and environmental requirements to commence exploration for the Woolshed and Jenkins Prospects in the northern portion of the Flinders Project.

In relation to Aboriginal Heritage Strikeline conducted a search of the South Australian Register of Aboriginal Sites and Objects which indicated no sites in the planned footprint for the exploration program. The exploration program is being conducted on pastoral land, subject to significant existing land disturbance, and is within an area that is subject to no current Native Title claim.

After meeting all requirements, Strikeline's program for environment protection and rehabilitation (PEPR) was approved by the Department of Energy and Mining (DEM) on 17 September 2020. Exploration commenced on 13 October, using best practice low-impact drilling methodologies.

In late October 2020 Strikeline was contacted by a representative of a local Aboriginal group who indicated that they held heritage knowledge over the area. The following day, at the request of the group, Strikeline ceased all exploration activity.

Strikeline conducted a site visit with representatives of the local Aboriginal group in late December, and subsequently received a heritage report from them. The parties are working together to identify a path forward for exploration in the northern portion of the Flinders project. Taruga will continue to closely monitor the situation and will provide further updates to the ASX as required.

Planned future exploration in the southern portion of the project is subject to a separate existing heritage agreement, with a different Aboriginal group.

Jenkins North and South

Approximately 4000 metres of Aircore drilling has also been planned across the geophysical and geochemical anomalies in areas of little to no overlying transported cover. Future drilling campaigns will target pathfinder elements at Jenkins South, Tantum and Draco shown in **Figure 2**.

Southern Flinders

An application for drilling permits to drill the Southern Flinders project targets (Main Lode, Rambla, Mt Stephens) has been submitted to the Department of Energy and Mining. Once approved, the drill program will be advanced in consultation with local aboriginal groups.

Mt Craig Copper Project (MCCP), South Australia

The Mt Craig Copper Project (**MCCP**) is situated within the Adelaide Geosyncline (AGS), which also lies within the G2 structural corridor (**Figure 7**). The AGS has hosted over 800 historic copper mines or workings, and multiple polymetallic mines since the 1840's. Copper-gold associations are common within the AGS, with many of the old copper mining ventures not recognising the presence of gold. Modern exploration has continued to uncover significant large-scale, polymetallic, base and precious metal potential around historic mining regions within the AGS, which have undergone limited exploration and development since initial mining ceased in the late 1800's.

On 22 December 2020, Taruga announced the the completion of in-depth compilation of all historical data and the reprocessing and 3D inversion modelling of company and governmental geophysical data at MCCP, shown in **Figure 9**. Taruga has defined 5 excellent copper and one copper/gold prospect as shown in **Figure 8**, all of which are defined by strong coincident surface geochemical and geophysical anomalies. Four of these prospects have been drilled down to shallow depths with the majority of holes reporting anomalous copper. Significant intersections included **23.4m @ 0.61% Cu** from 3.4m including **17.7m @ 0.73% Cu** from 9.1m and **1.9m @ 1.7% Cu** from 18.2m (Birthday Ridge) and **57.9m at 0.27% Cu** from 33.5m including **4.6m at 0.9% Cu** from 45.7m and **1.5m at 2% Cu** from 76.2m (Wyacca Prospect) and 10m at 0.2g/t Au from 52m including **4m @ 0.3g/t Au from 54m** (Hawk Prospect).

Most of the holes ended in mineralisation and no holes targeted or intersected the strong magnetic and gravity anomalies identified from the recent reprocessing and modelling. It is unlikely that the geophysical anomalies were known at the time when most of drilling was carried out. The prospects are closely associated with the Worrumba Anticline shown in **Figure 8** where between 30 and 50 historical artisanal copper mines and workings were active over 34km of this complex structural feature within the project area.

A series of channel samples were also collected over mineralised lithologies and mine shafts within the MCCP and reported up to **0.3m at 12% Cu** and **1.2m at 5.8% Cu** at Birthday Ridge Prospect**; 0.6m at 6.4% Cu** and **1.5m at 4.8% Cu** at Napoleon Prospect; and **0.9m at 3.6% Cu** and **0.8m at 3.6% Cu** at Wyacca Prospect**.** Most of the drilling was offset from mineralisation identified in the high-grade channel sampling results. Holes which intersected the surface mineralisation at depth were short and stopped within the mineralised zone.

A total of 3,274 stream sediment samples were collected historically with complete coverage of the license area and were assayed for Cu, Zn, Pb, Ba, Ag Fe and Mn for which Cu, Ag and Zn have been digitised. In addition to the highly significant copper anomalies, a number of contiguous silver and zinc anomalies were defined which require follow up.

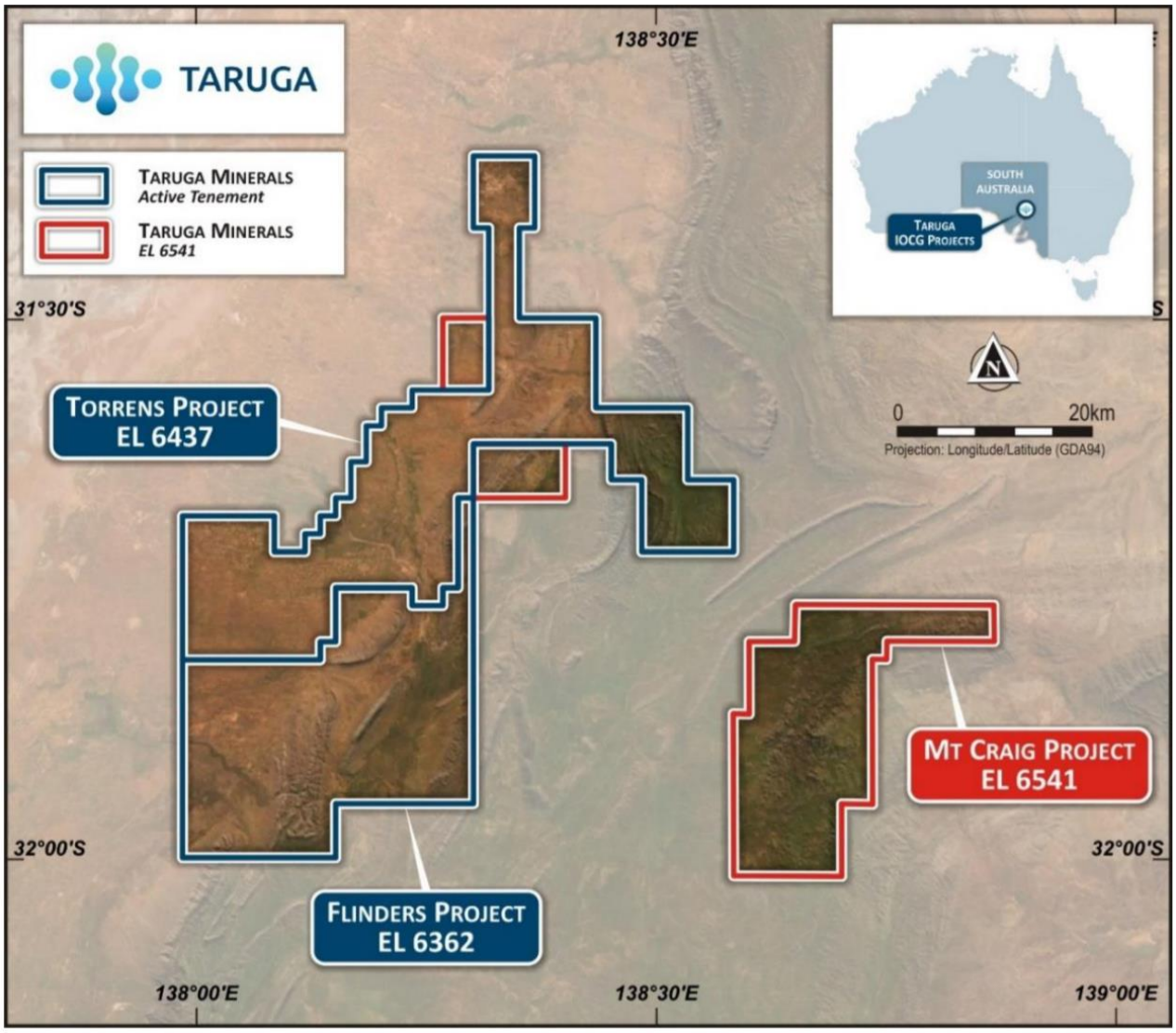

Figure 7: Tenement Map Showing the MCCP in Relation to the Flinders and Torrens Projects. Note the EL6541 is Comprised of 3 Separate Licence Areas Shown in Red Outline, of which one is the MCCP and the other two are extensions of the Torrens Project.

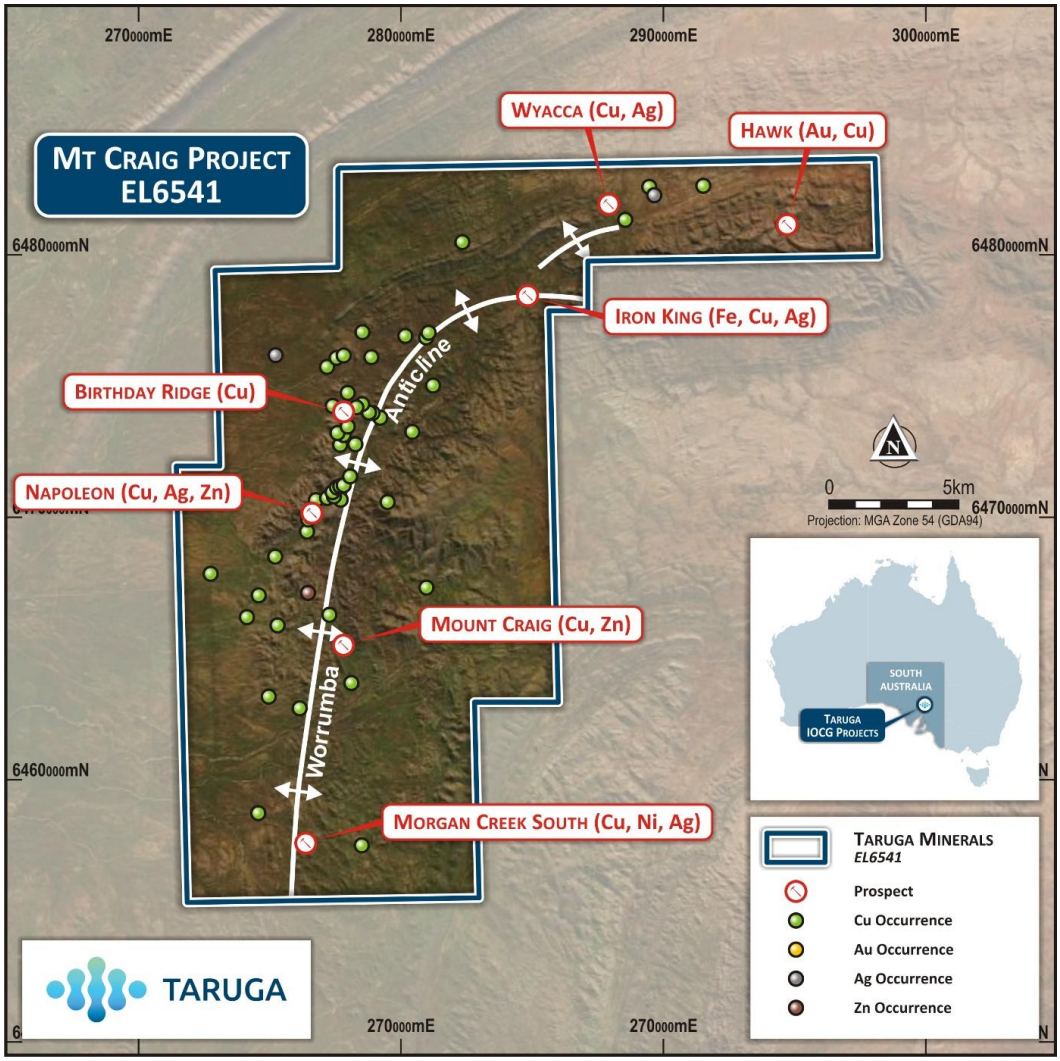

Figure 8: MCCP Project Outline showing Priority Exploration Targets, Historical Copper and Gold Mineral Occurrences & Mines, and the Main Structural Feature being the Worrumba Anticline.

Geophysics

All governmental regional magnetic and gravity and historical company gravity data was acquired, reprocessed, and modelled using 3D inversion software to produce the anomalies highlighted in **Figure 9**. Many isolated magnetic anomalies of significance, often coincident with gravity anomalies dominate the broad zone peripheral to the trace of the Worrumba Anticline shown in **Figure 9** with Iron King located in the north and Morgan's Creek in the south.

At Birthday Ridge and Napoleon, drilling was often close to the geophysical highs but did not intersect the anomalous bodies. However, best mineralisation was reported from trenches and drill holes adjacent to these anomalies making them a priority in future exploration.

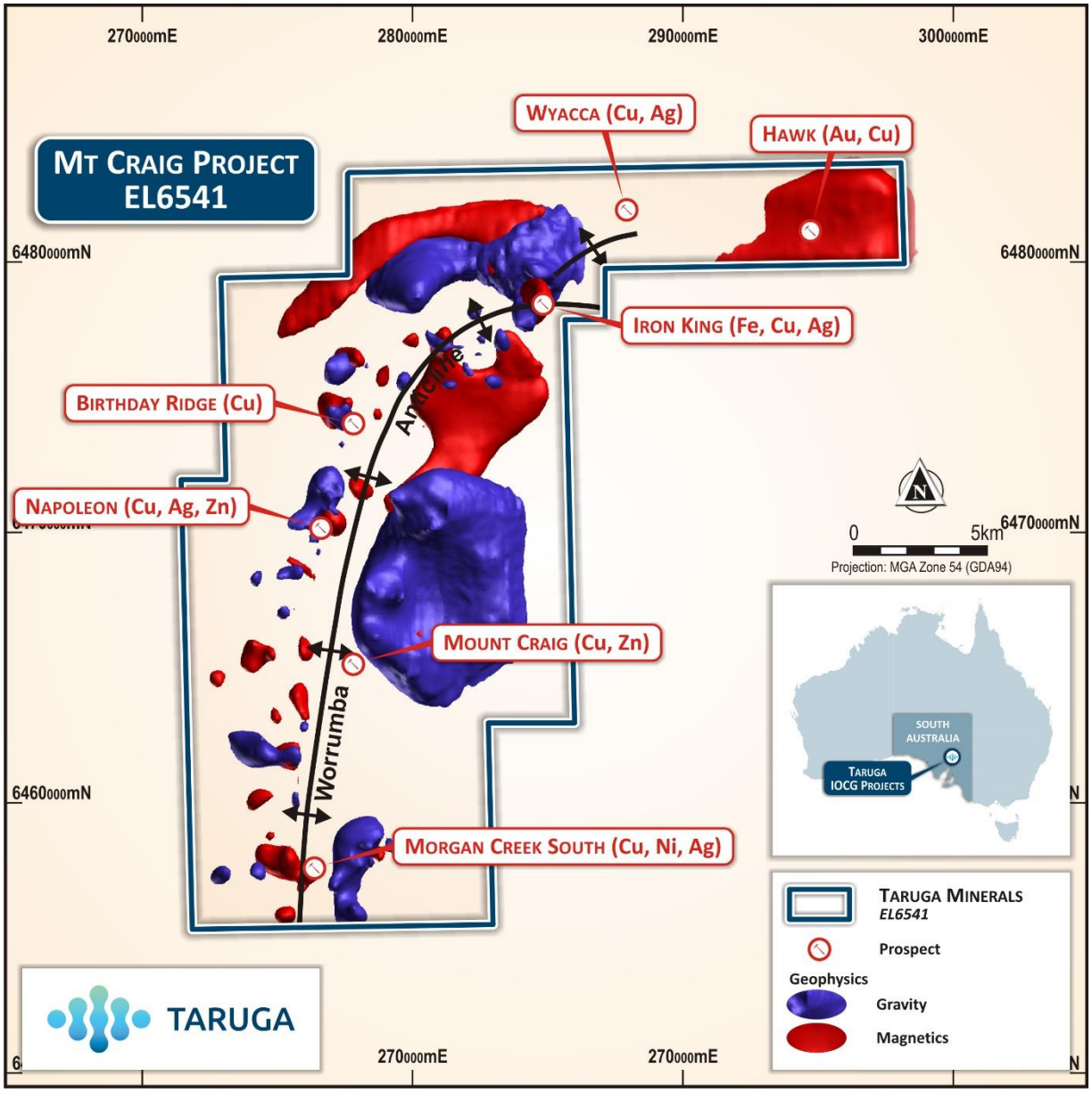

Figure 9: MCCP Project Outline showing Priority Exploration Targets on the Recently Completed Gravity and Magnetic Inversion Modelling, and the Main Structural Feature being the Worrumba Anticline.

Wyacca Prospect (Cu - Ag+/-Au)

The Wyacca Mine is located in the northern portion of the MCCP (**Figures 8** and **9**) and was the first operational small-scale mine in the MCCP area, being first discovered and developed in 1863. Incomplete mining production records indicate that Wyacca was operating with a run of mine grade of **40% Cu** during the early years of production after which higher tonnages at an average grade of **3% Cu** were mined for a total 306 tonnes of ore.

Previous explorer Copper Range (SA) Pty Ltd and CAMS Leases Pty Ltd conducted detailed soil sampling and limited RC drilling programs at Wyacca. Copper mineralisation was within shales adjacent to the NW trending pyritic shale horizon along the contact of the Tapley Hill Formation and potentially along the NW

trending thrust fault which dips to the NE at 40 - 50^0 within the Tapley Hill Formation as identified by Copper Range. A continuous, NW trending, copper in soil anomaly was defined over 1,000m and is marked by copper workings along the full extent of the 1,000m contact zone with the Wyacca mines located in the NW portion of the anomaly as shown in **Figure 4**. Best soil results appear to be associated with three NE trending faults which crosscut the pyritic shale and the Tapley Hill Formation as shown in **Figure 9**. It is likely that these structures controlled hydrothermal fluid movement and their mineralised potential will be investigated in future exploration.

Gold Copper Exploration Pty Ltd conducted a trenching program in the area and reported best results of **0.9m at 3.6% Cu, 0.8m at 3.6% Cu** and **2.7m at 3.1% Cu.**

Birthday Ridge Prospect (Cu – Ag – Zn)

The Birthday Ridge Prospect is defined by a NW trending, 3.5km x 2km copper in stream sediment anomaly (>50ppm Cu) which lies perpendicular to and transgresses the Worrumba Anticline as shown in **Figure 8**. The bull's eye of the stream anomaly lies adjacent to a substantial gravity anomaly which was not drilled. Furthermore, the > 50ppm soil contour overlaps with a coincident gravity and magnetic high which has not been tested in historical drilling. At least 13 small scale mines were identified within the prospect area confirming the potential of Birthday Ridge as a strong exploration target.

Gold Copper Exploration Pty Ltd conducted a detailed trenching program over the Birthday Ridge Prospect area and reported significant results of **0.3m at 12% Cu, 0.23m at 8.1% Cu, 3.7m at 2.4% Cu** including **1.2m at 5.8% Cu, 0.7m at 5% Cu** and **1.2m at 3.8% Cu.** The program included a close spaced circular array of short trenches and reported best intercepts of **1.6m at 3.7% Cu**, **1.6m at 2.3% Cu** and **2m at 1.2% Cu**. Five holes were drilled to test copper mineralisation identified at surface in the trenching but current data suggests that this shallow surface mineralisation was only partially tested in the drilling with the majority of trench anomalies being untested at deeper levels.

Three short holes which intersected copper mineralisation all ended in mineralisation and reported grades of **8m @ 0.83% Cu** from 3m including **4.9m at 4.9% Cu** from 4.5m and **1.9m @ 1.2% Cu** from 6.1m in GCL 47 (EOH = 11m), 10m at 0.41% Cu from 9.5m in GCL 52 (EOH = 19.4m) and 20.9m at 0.34% Cu from 3.4m including 7.6m at 0.6% Cu from 12.5m in GCL 53 (EOH = 24m).

Napoleon Prospect (Cu – Ag – Zn +/- Au)

The Napoleon Prospect is defined by a NW trending, 3km x 1km copper in stream sediment anomaly of >50ppm Cu which lies perpendicular and coincides with the Worrumba Anticline at its south-eastern margin as shown in **Figure 10**. The prospect has a similar geological setting to the Worrumba Prospect regarding size, orientation, strength of anomalies but has had limited drilling (7 drill holes in total). The Napoleon geochemical anomaly is associated with a strong magnetic anomaly along the Worrumba anticlinal axis in the SE and a coincident gravity and magnetic anomaly in the NW as shown in **Figure 9** which is covered by a stream sediment anomaly of >50ppm Cu. At least 12 small scale copper workings have been recorded historical ally within the prospect area with limited drilling only being carried out around these workings.

Trenching carried out historically by Gold Copper Exploration Pty Ltd reported best results of **1.5m at 3% Cu** including **0.6m at 6.4% Cu, 7.9m at 1.7% Cu** including **4.3m at 2.5% Cu and 0.6m at 5.1% Cu** and **1.5m at 4.8% Cu** confirming significant copper mineralisation at surface.

Hawk Prospect (Au - Cu)

A significant gold in soil anomaly covering 1000m x 500m with anomalous gold and copper drill results was identified from soil sampling and shallow drilling at the Hawk Prospect in the NE of MCCP as shown in **Figure 8**. Hawk Prospect is associated with a high-intensity magnetic anomaly which is yet to be explained. Two vertical holes and one angled hole were drilled which were most likely drilled at convenient locations and reported best intercepts of **10m at 0.2g/t Au** including **4m at 0.3g/t Au** from 52m and 20m at 245ppm Cu from 64m in hole HKRC01 and 46m at 270ppm Cu from 2m in HKRC03.

Mt Craig & Morgan's Creek Prospect Areas (Cu – Ag – Zn)

The Mt Craig and Morgan's Creek Prospects are associated with significant copper in stream sediment sample anomalies (>50ppm Cu) in an area where at least 10 artisanal copper workings were mined previously as shown in **Figure 8**. At Mt Craig the geochemical anomaly covers approximately 4km^2 whereas Morgan's Creek has a 3km^2 anomaly with the strongest portion identified adjacent to the historical workings surrounding the Worrumba anticline. High magnetic anomalies often associated with gravity highs are prominent in both prospect areas and possibly represent iron rich diapiric intrusions along the complex Worrumba Anticline.

Torrens Project, South Australia

The Torrens Iron-Oxide-Copper-Gold (IOCG) Project (EL6437), forms part of the 100% option agreement with Strikeline. The Torrens Project borders the Flinders Project to the north of Flinders (**Figure 10**) and is situated within the G2 Structural corridor which hosts the nearby Olympic Dam and Carrapateena IOCGs.

Strong magnetic and gravity anomalies have been identified at Torrens, which have had limited or no drilling. The magnetic anomalies at Torrens, which have recently been reprocessed, are similar to those at Flinders to the south where significant grades of copper and gold mineralisation have been reported from surface exposures.

Historic drilling at Torrens intersected anomalous copper, gold, LREE's and precious metals across several metres in various drill holes, often associated with altered breccias similar to those which host IOCG-style mineralisation identified at the Flinders Project. Taruga is in the process of assessing the integrity of the drilling data including quality control procedures and assay methods.

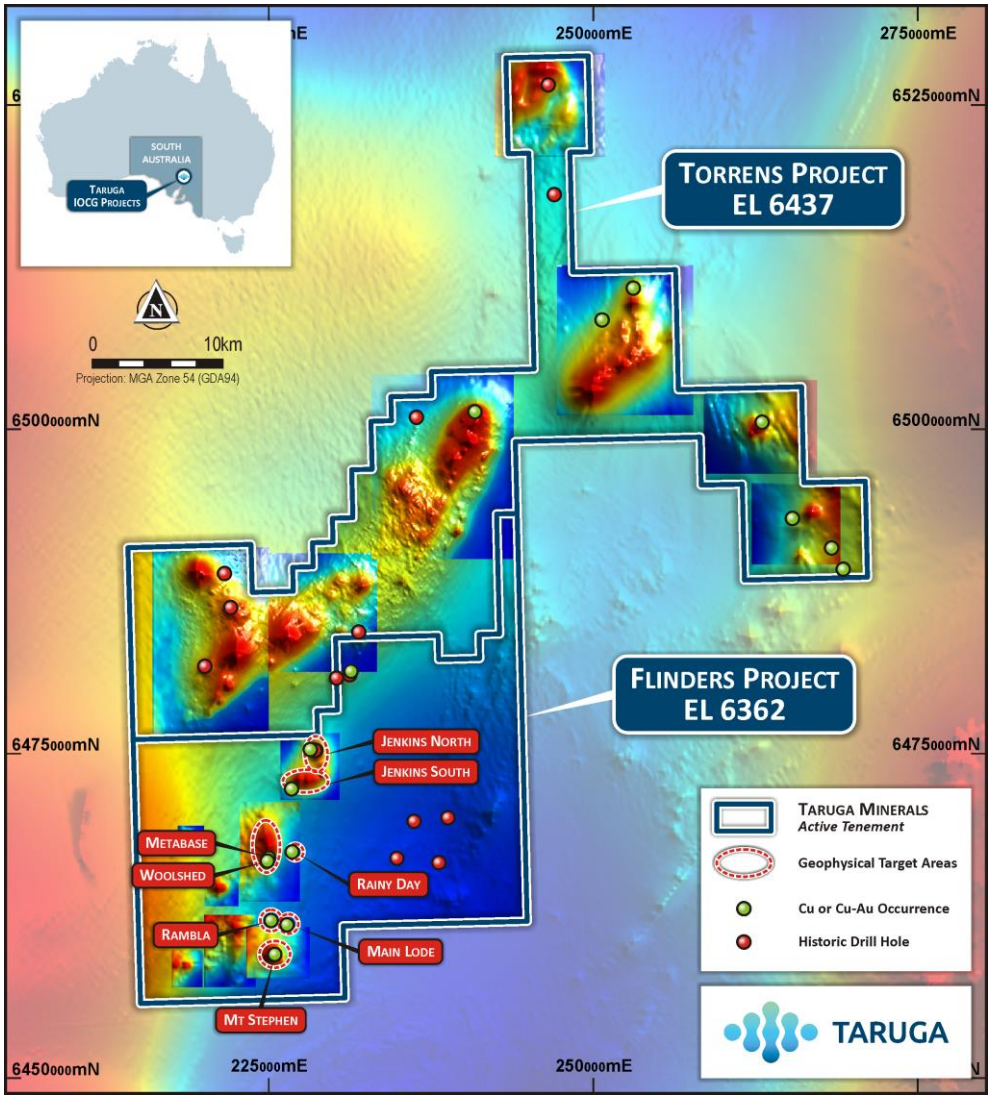

Figure 10: Location of Torrens Project

Manjimup Project, Western Australia

Taruga holds 3 exploration applications in the Greenbushes area of Western Australia (the **Manjimup Project**). The Manjimup Project tenements have potential for Greenbushes tin-tantalum-lithium and base metal types of mineralisation. Nickel and copper mineralisation in the area is hosted in mafic intrusive volcanics while lithium is hosted in pegmatites.

E70/5029 adjoins the recently announced Chalice Mines / Venture Minerals JV in a similar geological setting to the "Odin Prospect" with identified nickel, copper & PGE mineralisation (**Figure 11**). The tenements are applications that are being progressed to grant through the development of an Environmental Management plan, with initial meetings completed with the WA Department of Environment. The field reconnaissance visit focused on tenement E70/5029 and noted that access to, and within, the tenement is excellent and that reconnaissance and follow-up exploration can be undertaken utilizing existing tracks and access with little or no impact on the environment.

Field reconnaissance completed within E70/5029 revealed limited outcropping geology with the majority of the tenement masked by lateritic weathered residual and transported material and areas of transported alluvium and scree. The tenement includes areas covered by vegetation, however also includes cleared farmland, state forest and plantation forest with an extensive network of tracks, fence lines and pipelines allowing access for exploration.

Hand-held XRF analysis was used on traverses across the identified magnetic high unit and returned anomalous levels of nickel and copper, however, the unit is completely masked by lateritic material. It is expected that auger geochemical sampling on existing tracks will provide a reliable first pass test of the area.

In the southern portion of the tenement, the transported cover was reduced and a small amount of sub-cropping geology was located. Hand-held XRF analysis again confirmed anomalous copper (up to 136ppm Cu) and nickel (up to 116ppm Ni) that requires follow-up exploration. These anomalous zones are located on the southern margin of the interpreted gravity anomaly and may represent extensions of the "Odin Base Metal" targets identified on the Chalice Mining/Venture Minerals JV tenements located immediately to the west.

The field reconnaissance also reviewed the regional geology and confirmed the presence of ultramafic units that have the potential to host base metal mineralisation. These units are interpreted to extend into the Taruga tenements and represent priority exploration targets.

The next stage for the Manjimup Project is to complete the Environment Management plan and progress the grant of the tenements, with E70/5029 being the priority tenement. Following grant, a program of surface geochemistry and detailed geological mapping will be undertaken to identify and define targets for detailed exploration. Follow-up geophysical programs including ground-based EM program will also be evaluated.

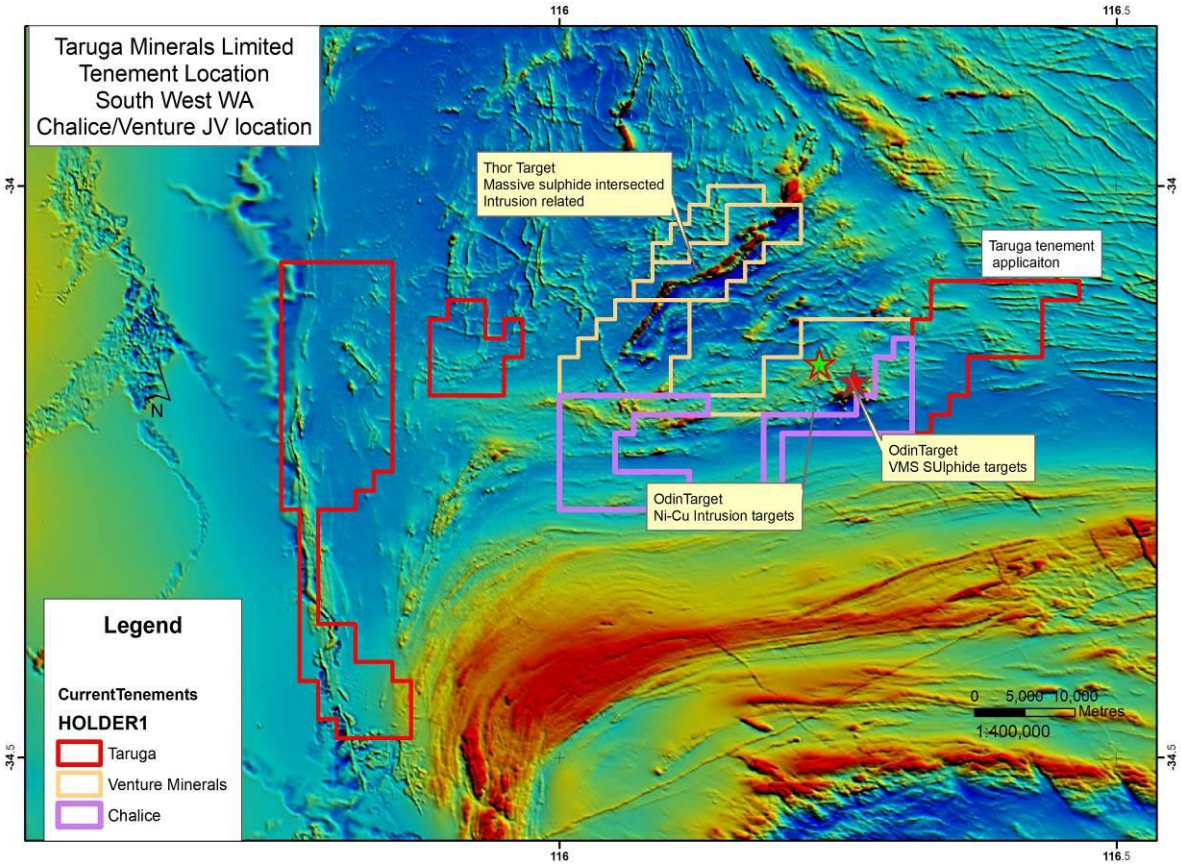

Figure 11: Taruga tenement location relative to Venture Minerals and Chalice Gold Mines

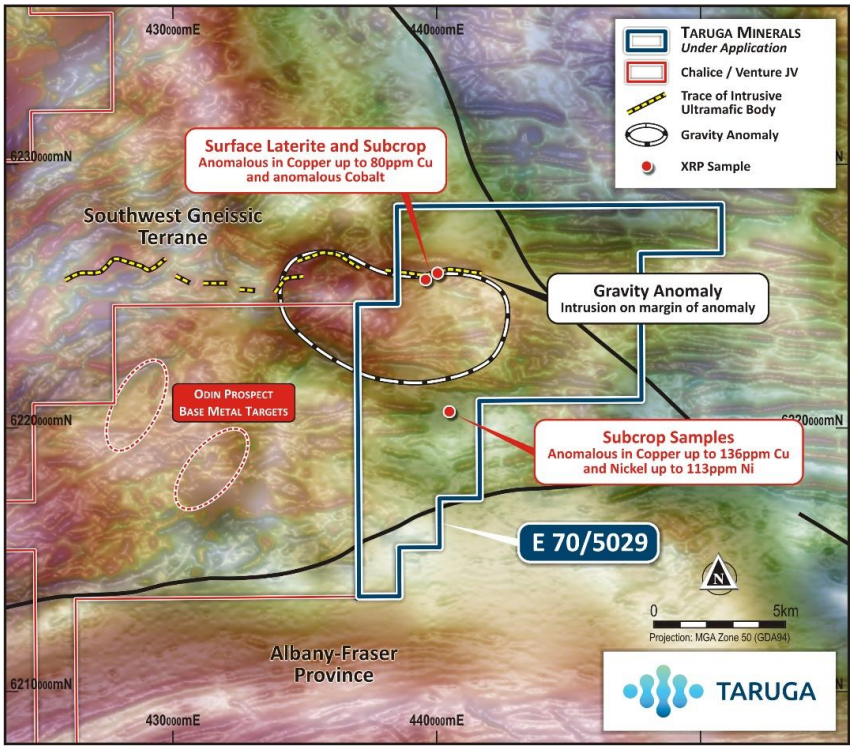

Figure 12: Combined aeromagnetic image overlying gravity image at E70/5029.

Yagahong North, Western Australia

Exploration licence E51/1832 is located 30km southeast of the regional centre of Meekatharra in the Murchison region of Western Australia (**Figure 13**).

On 19 November 2020, the Company announced that it had executed a a binding terms sheet with CU2 (WA) Pty Ltd (CU2), whereby CU2 can earn an 80% interest in E51/1832 through incurring a minimum of $150,000 of expenditure within three years from the date of execution (**BTS**). From commencement of the earn-in period, CU2 will be the manager of the project.

The key terms of the BTS are as follows:

- CU2 may earn a 40% interest in Yagahong North by incurring $50,000 of expenditure by 4 October 2021 (Stage 1 Earn-in)
- CU2 can earn an additional 40% interest (to earn a total of 80%) in Yagahong North through incurring a further $100,000 of expenditure within 24 months of the stage 1 earn-in (Stage 2 Earn-in)
- Taruga will be free carried to completion of a prefeasibility study (PFS)
- Following completion of a PFS, Taruga has the election to contribute funding towards its 20% interest or dilute to a 1% net smelter royalty

CU2 is unable to withdraw from the BTS until it has met the Stage 1 Earn-in expenditure.

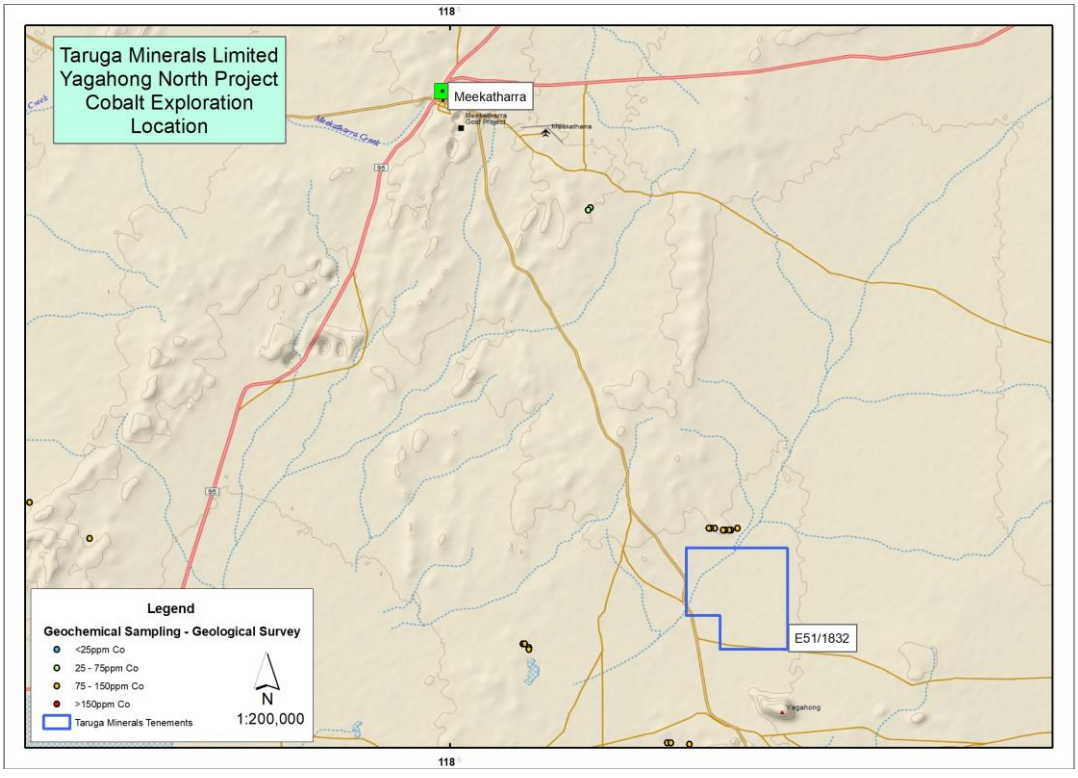

Figure 13: Yagahong North Project – E51/1832 Location plan

Summary of exploration Expenditure

In accordance with Listing Rule 5.3.1, the Company reports that there was $740,000 exploration expenditure incurred during the December quarter.

Cash Position

As at 31 December 2020, the Company had approximately ~$4.45 million of cash and nil debt. The Company retains sufficient funding to carry out its activities over the coming quarters.

Note 6 to Appendix 5B

Payments to related parties of the entity and their associates: during the quarter $35,000 was paid to Directors and associates for director and consulting fees.

This announcement was approved by the Board of Taruga Minerals Limited.

For more information contact:

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Competent person's statement

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Mark Gasson, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Processing and modelling of the geophysics has been conducted by Jim Allender, a geophysical consultant to the Company through Allender Exploration. Jim Allender is a member of the Australian Institute of Geoscientists (AIG) and is an experienced geophysicist with over 30 years' experience. Mr Allender has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration. Mr Gasson is a Director of Taruga Minerals Limited. Mr Gasson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Both Mr Gasson and Mr Allender consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Annexure 1: Taruga Minerals Limited – tenements held directly by Taruga Minerals or subsidiary company

Tenements	Acquired during quarter	Disposed of during quarter	Held at end of quarter	Country
EL6362 (Flinders)	-	-	Option to acquire 100%	Granted – South Australia
EL6437 (Torrens)	-	-	Option to acquire 100%	Granted – South Australia
ELA2020/00077 (MCCP)			Option to acquire 100%	Application – South Australia
E51/1832	-	-	100%	Granted – Western Australia
E70/5029	-	-	100%	Application – Western Australia
E70/5030	-	-	100%	Application – Western Australia
E70/5031	-	-	100%	Application – Western Australia