

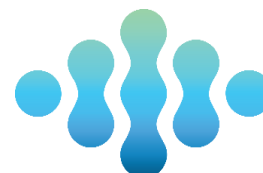
TARUGA

TARUGA MINERALS LIMITED

ACN 153 868 789

**INTERIM FINANCIAL REPORT
31 DECEMBER 2020**

CONTENTS



TARUGA

AND CONTROLLED ENTITIES

Directors' Report	3
Auditor's Independence Declaration	24
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	25
Condensed Consolidated Statement of Financial Position	26
Condensed Consolidated Statement of Changes in Equity	27
Condensed Consolidated Statement of Cash Flows	28
Notes to the Condensed Consolidated Financial Statements	29
Directors' Declaration	36
Independent Auditor's Review Report	37

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The following persons were Directors of Taruga Minerals Limited during the half-year and up to the date of this report unless otherwise stated:

		In office from	In office to
Gary Steinepreis	Non-executive Director	15 July 2016	present
Mark Gasson	Non-executive Director	28 February 2018	present
Paul Cronin	Non-executive Director	27 July 2020	present
Eric de Mori	Non-executive Director	27 July 2020	present
Cameron Williams	Non-executive Director	23 January 2020	27 July 2020
Stefan White	Non-executive Director	23 January 2020	27 July 2020

COMPANY SECRETARY

		In office from	In office to
Dan Smith	Company Secretary	29 August 2014	present
Sylvia Foong	Company Secretary (Joint)	2 June 2016	13 October 2020

RESULTS

The loss after tax for the half year ended 31 December 2020 was \$1,771,368 (31 December 2019: loss of \$742,328).

REVIEW OF OPERATIONS

Project Overview

Taruga Minerals Limited (**Taruga** or the **Company**) is a mineral exploration company which has projects located in South Australia and Western Australia.

Flinders, Torrens and Mt Craig IOCG Projects, South Australia (option to acquire 100%)

On 14 May 2020, the Company announced that it had 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 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**). The option agreement was subsequently amended, and Taruga now holds an all-inclusive option to acquire 100% of Strikeline Resources Pty Ltd and its 3 South Australian exploration projects, which includes the granted exploration licenses EL6362 (Flinders IOCG IOCG Project), and EL6541 (or the Mt Craig Copper Project). 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.

Taruga has paid the cash consideration and incurred exploration expenditure totalling A\$250,000 across the Flinders Project prior to the first anniversary and has 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.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Flinders IOCG Project

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 hematite-breccias and magnetite-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.

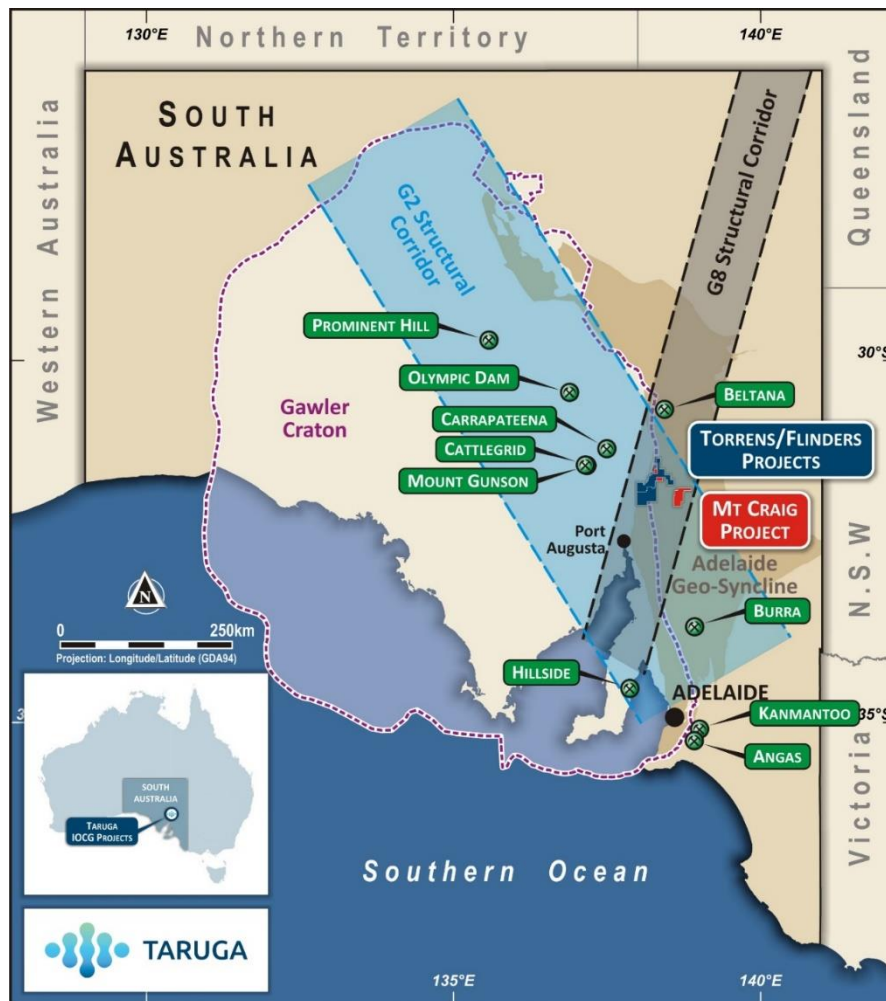


Figure 1: The Flinders Project Regional and Structural Setting including the Gawler Craton outline as published by the Geological Survey of South Australia in purple

Gravity Modelling

On 5 October 2020 and 5 November 2020, the Company announced that it had completed detailed geophysical 3D 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**.

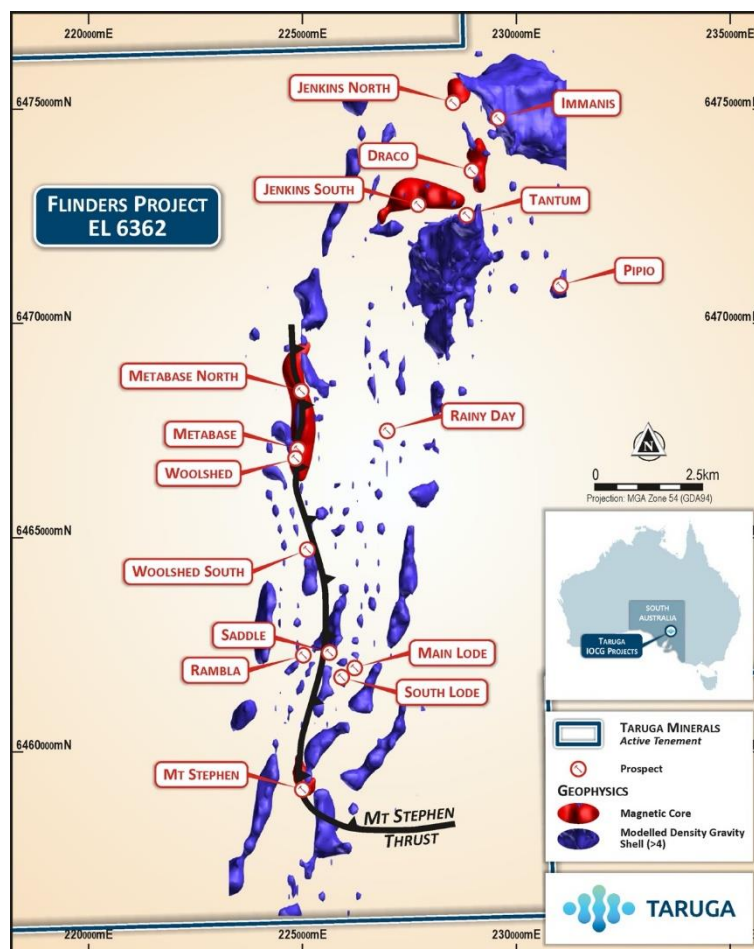


Figure 2: Significant Gravity and Magnetic Anomalies over the Flinders Project showing Prospects and Geophysical Anomalies

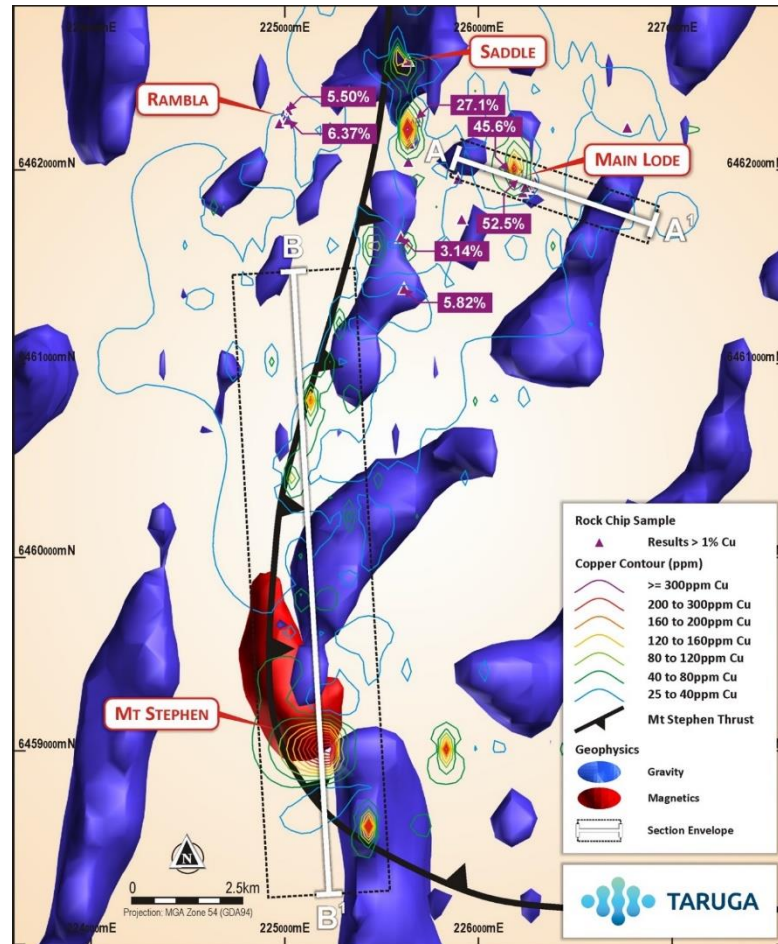


Figure 3: Copper in Soil Contours along the Interpreted MST showing Prospect Locations, Gravity and Magnetic Anomalies and Gravity Section Lines in the Southern half of the Flinders Project.

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 specular hematite 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** and 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.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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.

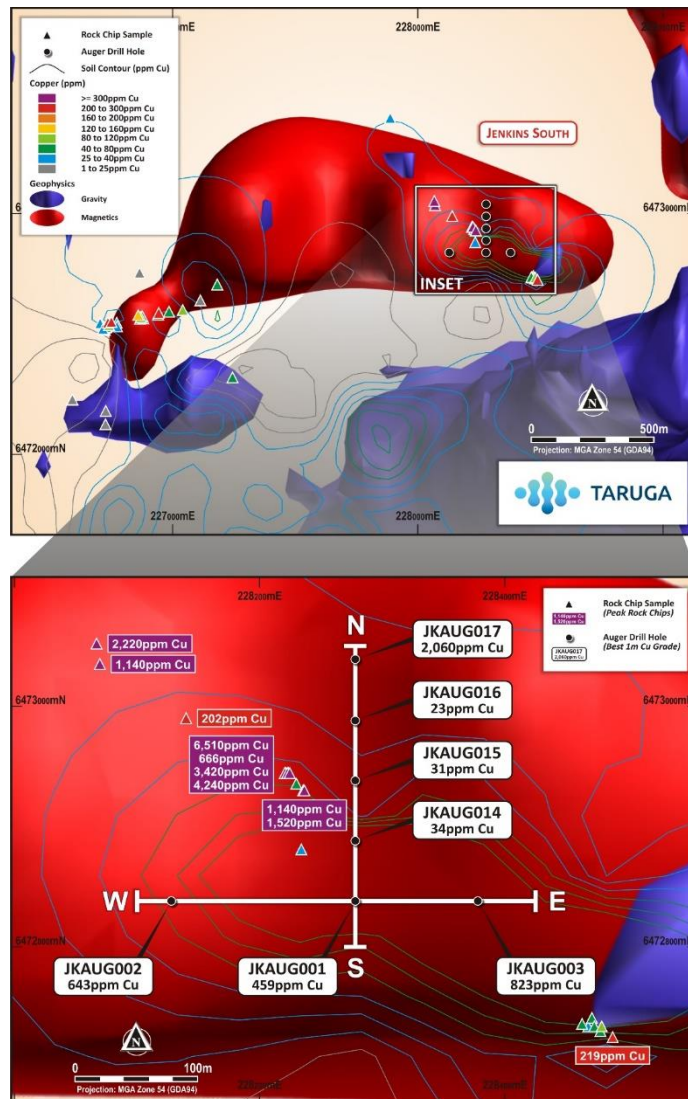


Figure 4: Soil Sample Contours, Anomalous Rock Chip Samples, Auger Hole Locations and best 1m copper intercepts and Two Section Lines on the Geophysics at Jenkins South.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

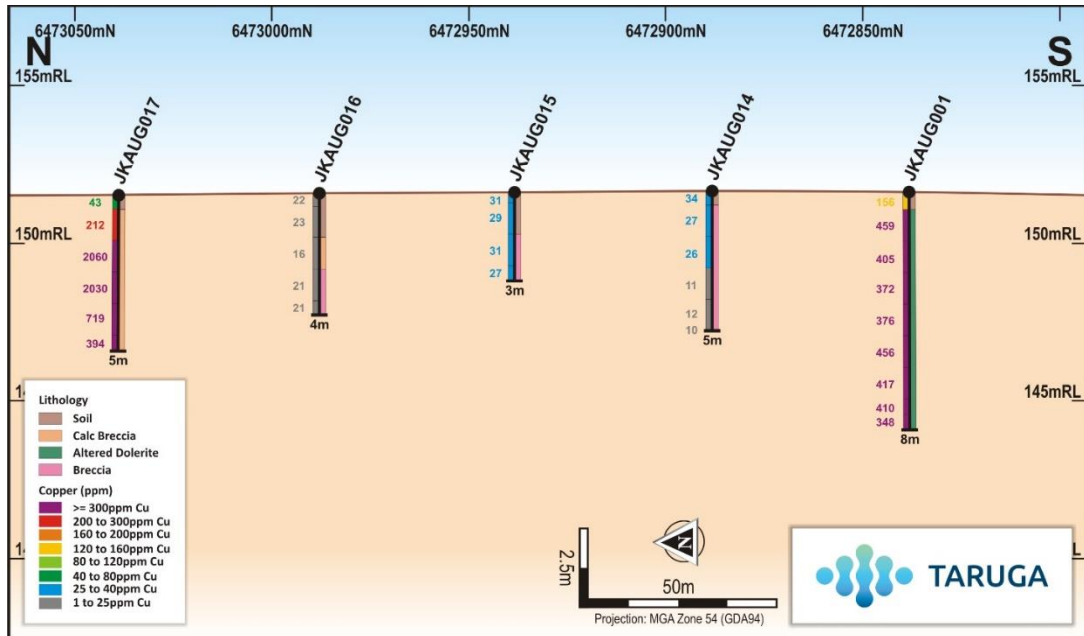


Figure 5: North-South Auger Drill Section (looking East) at Jenkins South

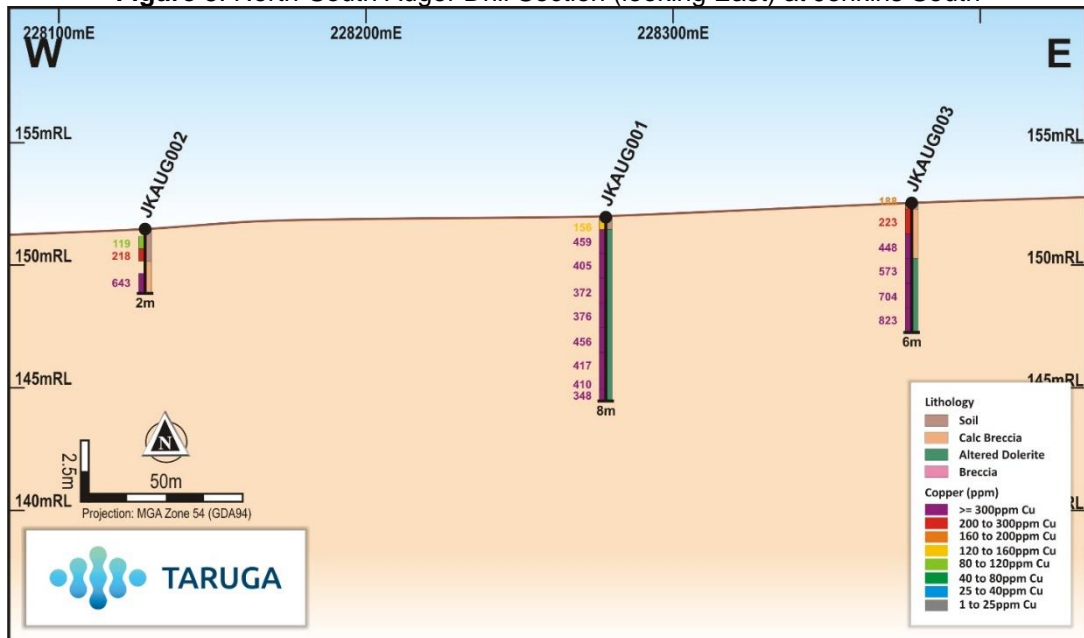


Figure 6: West-East Auger Drill Section (looking North) at Jenkins South

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Main Lode

Grab samples from hematite-breccias collected from mining spoils at Main Lode reported exceptionally high copper grades of up to **52% Cu**, along with associated silver (up to **14g/t Ag**) and light rare earth elements (**LREE - up to 1.51kg/t**) which are IUOCG pathfinder elements. 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**, **0.9g/tg/t Au** and 2.8g/t Ag in WK0664. The highest gold grades reported at Woolshed previously were **4.73g/t Au** from sample WK076 and **1.3g/t 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.

Maiden Drilling Program

Woolshed/Metabase

Aircore and auger drilling commenced at Woolshed and Jenkins respectively as announced on 15 October 2020. Multiple Aircore drill fences have been planned across the key Woolshed and Metabase Prospects where approximately 30 shallow holes are designed to test near surface mineralisation underlying the 3km copper in soil anomaly supported by high grade rock chip samples which coincide directly with the magnetic high at Woolshed/Metabase.

The programme has been suspended temporarily as announced 26 October 2020 due to ongoing engagement with a local Aboriginal group.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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 26 October 2020 that it had to temporarily halt drilling operations due to weather and a community enquiry from a 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 which was inconsistent with field observations made by Strikeline and its retained archaeologist which required clarification. 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.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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 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 historically 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.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

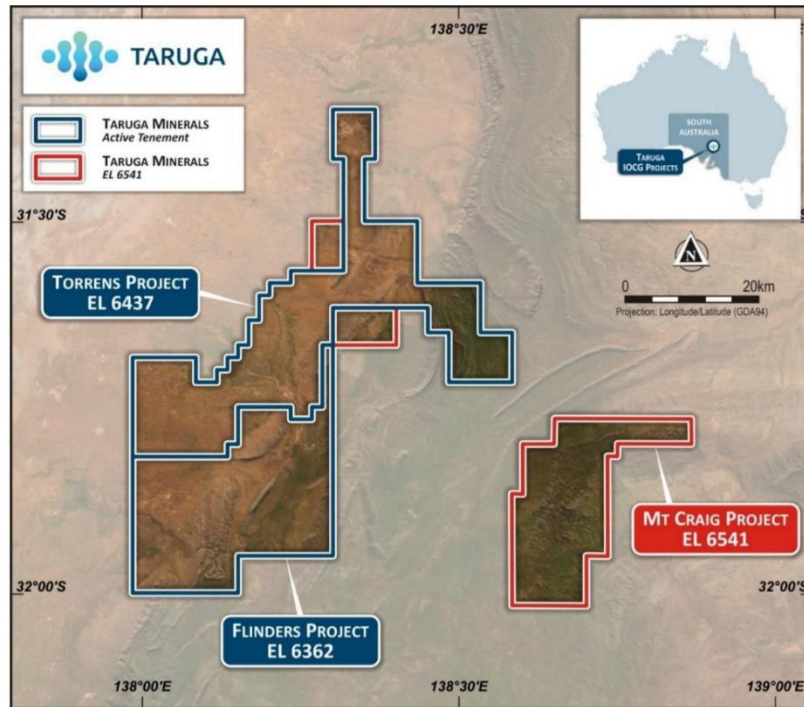


Figure 7: Tenement Map Showing the MCCP in Relation to the Flinders and Torrens Projects. Note the EL6541 is Comprised of 3 Separate Licence Areas Shown in Red Outline, of which one is the MCCP and the other two are extensions of the Torrens Project.

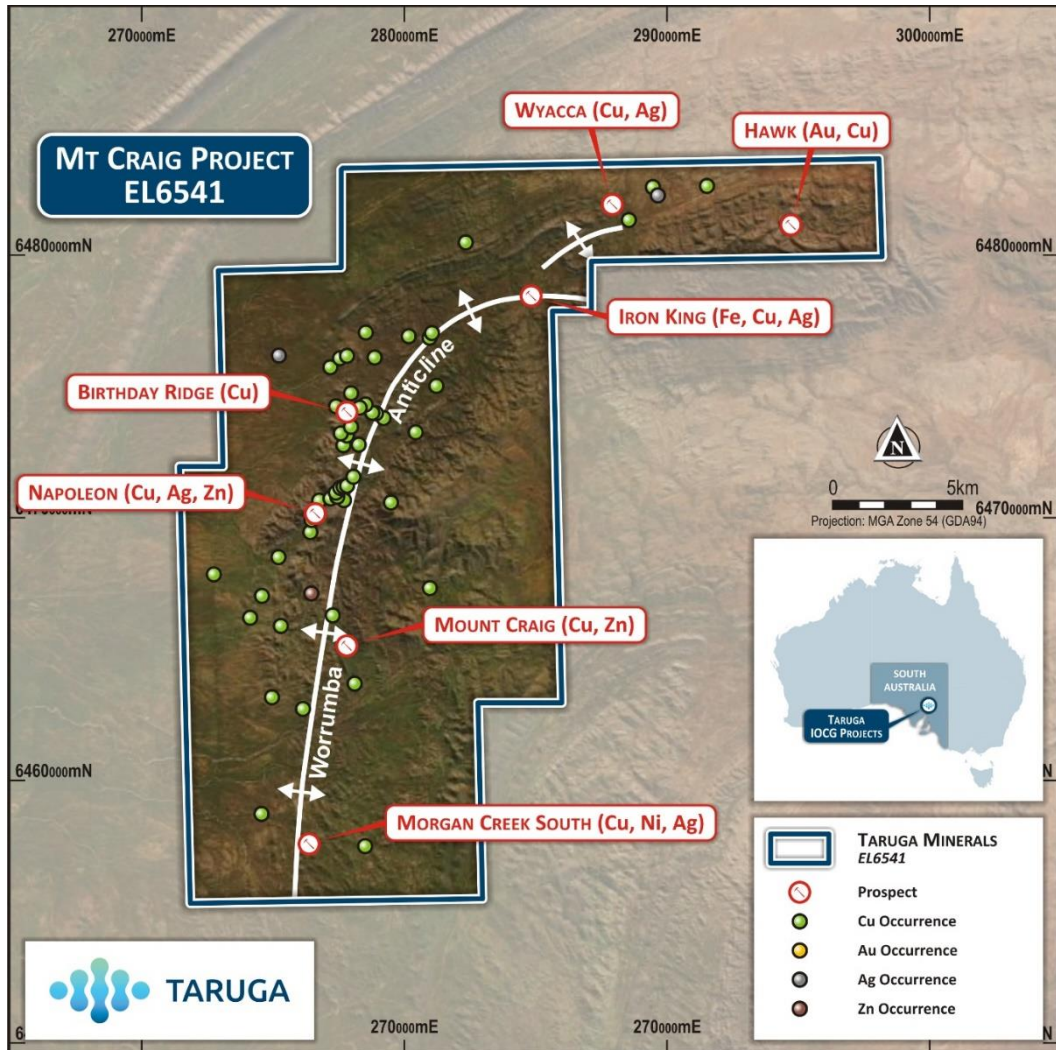


Figure 8: MCCP Project Outline showing Priority Exploration Targets, Historical Copper and Gold Mineral Occurrences & Mines, and the Main Structural Feature being the Worrumba Anticline.

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.

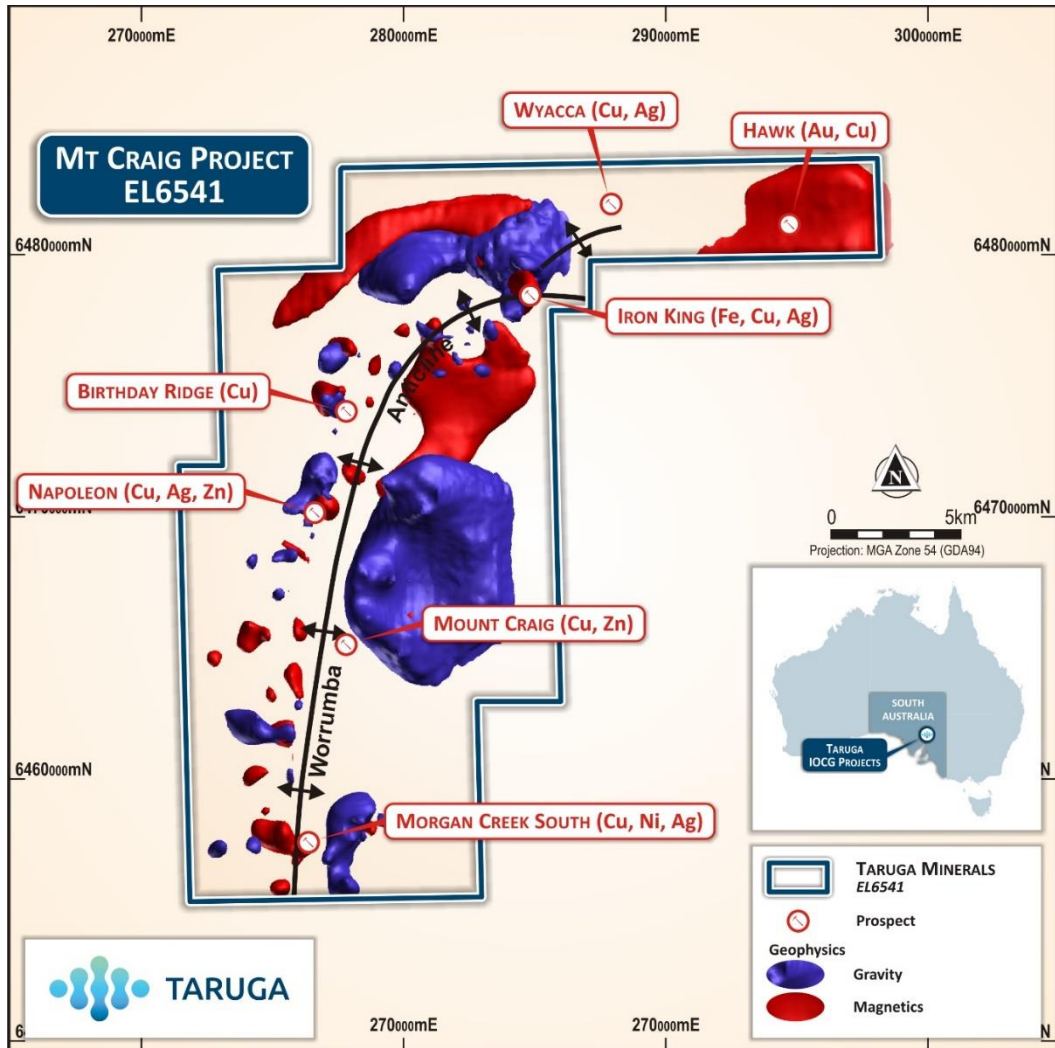


Figure 9: MCCP Project Outline showing Priority Exploration Targets on the Recently Completed Gravity and Magnetic Inversion Modelling, and the Main Structural Feature being the Worrumba Anticline.

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° within the Tapley Hill Formation as identified by Copper Range.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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 **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 Birthday Ridge 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 historically 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.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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 4km² whereas Morgan's Creek has a 3km² 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.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

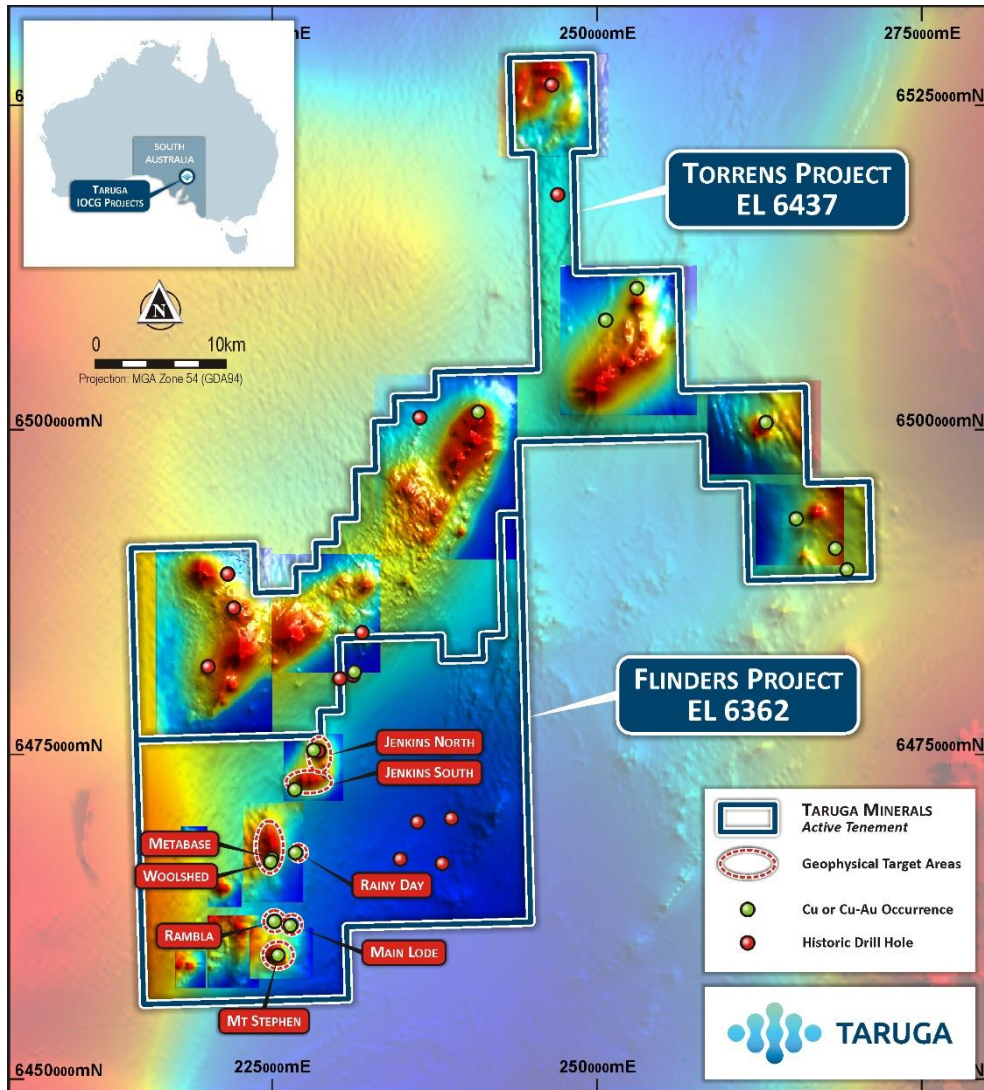


Figure 10: Location of Torrens Project

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Western Australian projects

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 Mining / 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. A 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.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

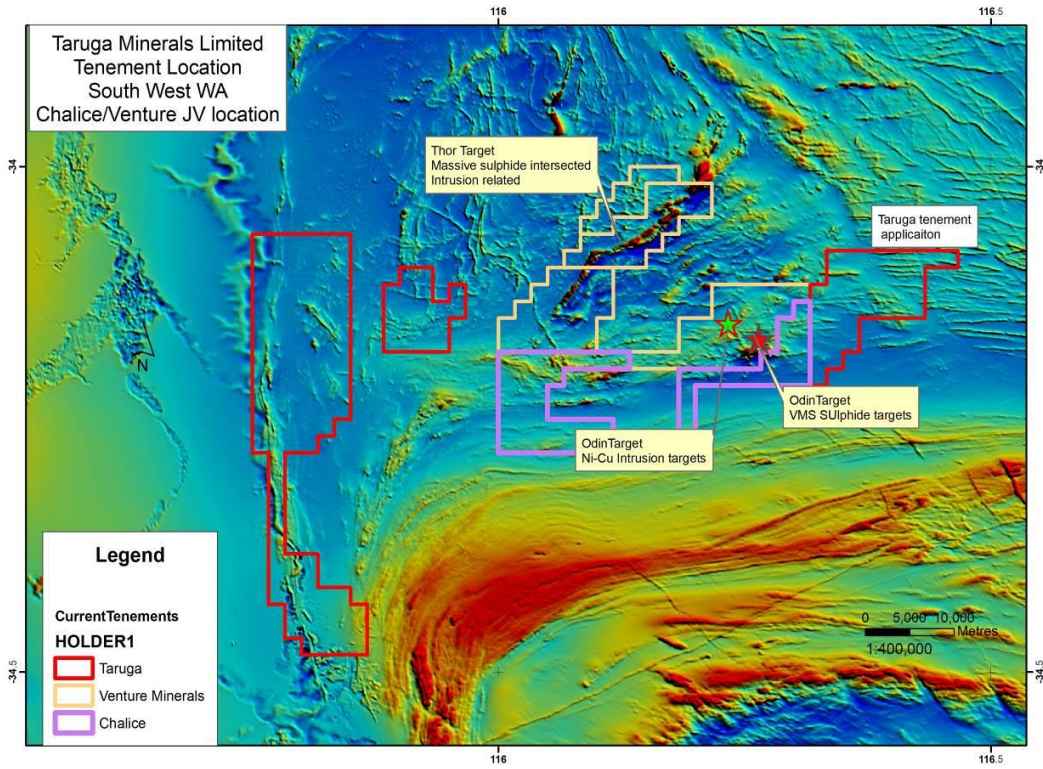


Figure 11: Taruga tenement location relative to Venture Minerals and Chalice Mining

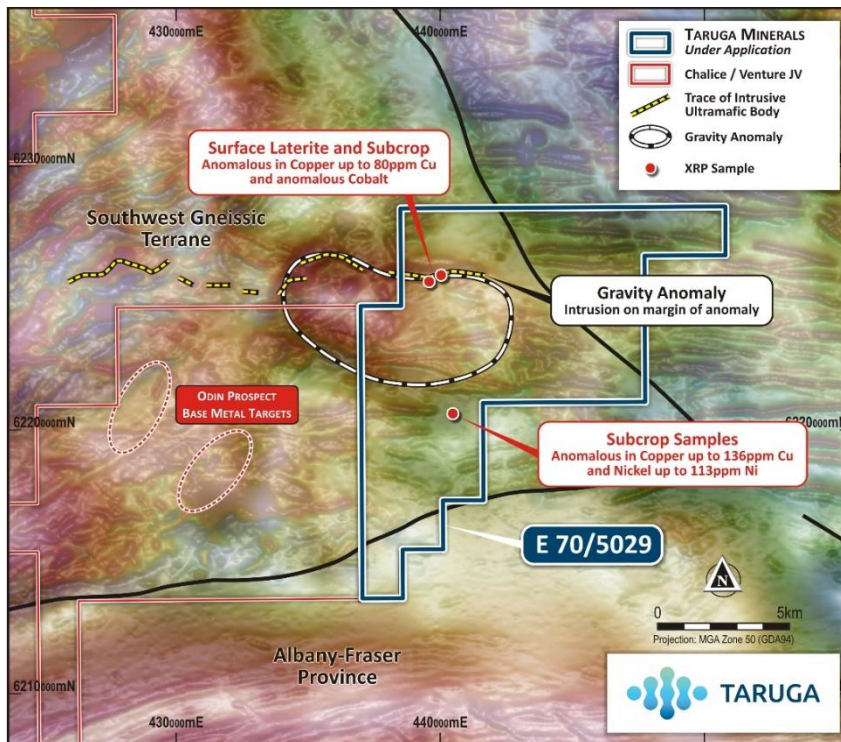


Figure 12: Combined aeromagnetic image overlying gravity image at E70/5029.

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 binding terms sheet (**BTS**) 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 of the 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.

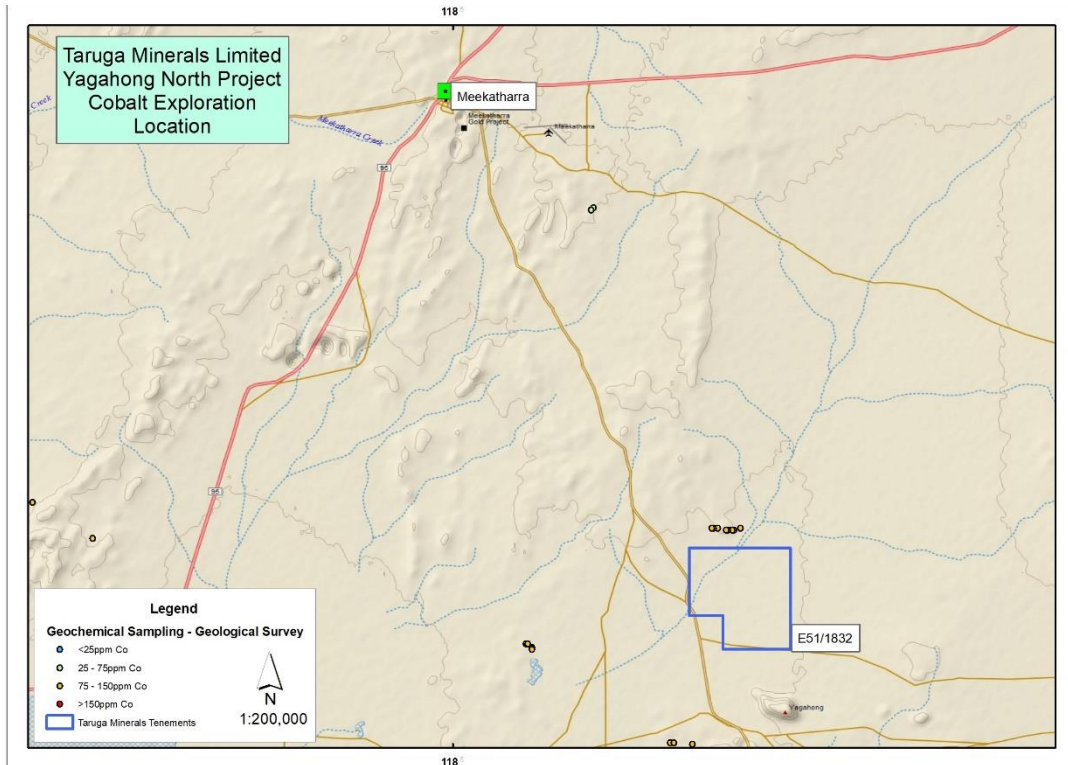


Figure 13: Yagahong North Project – E51/1832 Location plan

Coronavirus (COVID-19) impact on operations

The board is actively monitoring the impact of COVID-19 on an ongoing basis.

There does not currently appear to be any material impact on the Company at present or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

The Company is currently well funded having raised \$4 million and is well positioned in the short to medium term.

Competent Person's Statement – Exploration Results

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.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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.

CORPORATE

Board changes

On 27 July 2020, the Company announced that Mr Stefan White and Mr Cameron Williams had resigned as directors of the Company. Mr Paul Cronin and Mr Eric de Mori were appointed as non-executive directors on the same day.

On 13 October 2020, the Company announced that Ms Sylvia Foong had resigned as a Joint Company Secretary. Mr Dan Smith remains in the role as sole Company Secretary.

CEO Appointment

On 2 July 2020, the Company announced that it had appointed experienced South Australian based geologist, Thomas Line as Chief Executive Officer of Taruga. Thomas had been working as the Project Manager for Taruga in leading the exploration program on the Flinders project and has been instrumental in the acquisition of all three of the Flinders, Torrens and the Mt Craig Copper Projects. Prior to this appointment Thomas worked for SIMEC Mining as a Senior Exploration Geologist on the 10mtpa iron ore mine in the Middleback Ranges in South Australia.

Capital raisings

On 10 September 2020 the Company announced that it had raised \$4,000,000 (before expenses) through the issue of 66,666,667 shares at 6 cents each to sophisticated and professional investors (**Placement**). The Placement was co-managed by Foster Stockbroking and Ashanti Capital. The funds raised from the Placement will be used towards advancing Taruga's existing exploration projects as part of Taruga's strategic growth plan.

Subsequent Events

On 8 March 2021, the Company announced the results from field exploration activities undertaken at the Wyacca Prospect, Mt Craig Copper Project, South Australia. The results highlighted the copper and silver potential of the project.

There are no other matters or circumstances that have arisen since 31 December 2020 that may significantly affect operations, results or state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd (WA Partnership), 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 24 and forms part of this directors' report for the half-year ended 31 December 2020.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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.



Gary Steinepreis

Non-Executive Director

Perth, 15 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Taruga Minerals Limited for the half-year ended 31 December 2020, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
15 March 2021



M R Ohm
Partner

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

AND CONTROLLED ENTITIES

	Note	31 December 2020 \$	31 December 2019 \$
Revenue		5,193	178
Depreciation		(8,291)	(9,780)
Consultants		(95,347)	(67,000)
Employee benefits expense		(186,169)	-
Professional fees		(44,764)	(54,678)
Share based payments	9	(444,011)	(385,749)
Travel and accommodation		(198)	(10,491)
Office and communication costs		(15,523)	(16,156)
Project evaluation		(919,343)	(164,636)
Other expenses		(62,915)	(34,156)
Foreign exchange gain		-	140
Loss from continuing operations before income tax		(1,771,368)	(742,328)
Income tax expense		-	-
Net loss for the period from continuing operations		(1,771,368)	(742,328)
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign subsidiaries		35,141	(2,476)
Total comprehensive loss for the period		(1,736,227)	(744,804)
Basic and diluted loss per share (cents per share)		(0.40)	(0.48)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



AS AT 31 DECEMBER 2020

AND CONTROLLED ENTITIES

	Note	31 December 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		4,444,669	2,025,102
Trade and other receivables		<u>130,585</u>	<u>47,499</u>
Total Current Assets		<u>4,575,254</u>	<u>2,072,601</u>
NON CURRENT ASSETS			
Other assets		50,000	-
Plant and equipment		<u>57,680</u>	<u>63,151</u>
Total Non-Current Assets		<u>107,680</u>	<u>63,151</u>
TOTAL ASSETS		<u>4,682,934</u>	<u>2,135,752</u>
CURRENT LIABILITIES			
Trade and other payables	2	<u>204,984</u>	<u>104,576</u>
Total Current Liabilities		<u>204,984</u>	<u>104,576</u>
TOTAL LIABILITIES		<u>204,984</u>	<u>104,576</u>
NET ASSETS		<u>4,477,950</u>	<u>2,031,176</u>
EQUITY			
Issued capital	3	25,414,861	21,675,871
Reserves	4	2,466,713	1,987,561
Accumulated losses		<u>(23,403,624)</u>	<u>(21,632,256)</u>
TOTAL EQUITY		<u>4,477,950</u>	<u>2,031,176</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

AND CONTROLLED ENTITIES

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Half-year to 31 December 2019					
Balance at 1 July 2019	19,531,500	(19,135,957)	835,792	(5,236)	1,226,099
Loss for the period	-	(742,328)	-	-	(742,328)
Other comprehensive loss	-	-	-	(2,476)	(2,476)
Total comprehensive loss for the period	-	(742,328)	-	(2,476)	(744,804)
Issue of shares net of costs	1,503,571	-	214,268	-	1,717,539
Share based payments – Performance Rights	-	-	385,749	-	385,749
As at 31 December 2019	21,034,771	(19,878,285)	1,435,809	(7,712)	2,584,583
Half-year to 31 December 2020					
Balance at 1 July 2020	21,675,871	(21,632,256)	1,992,976	(5,415)	2,031,176
Loss for the period	-	(1,771,368)	-	-	(1,771,368)
Other comprehensive loss	-	-	-	35,141	35,141
Total comprehensive loss for the period	-	(1,771,368)	-	35,141	(1,736,227)
Issue of shares net of costs	3,738,990	-	-	-	3,738,990
Share based payments – Performance Rights/Options	-	-	444,011	-	444,011
As at 31 December 2020	25,414,861	(23,403,624)	2,436,987	29,726	4,477,950

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

AND CONTROLLED ENTITIES

	31 December 2020 \$	31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(295,284)	(156,628)
Payments for project evaluation	(1,020,696)	(199,641)
Interest income received	5,193	171
Net cash used in operating activities	(1,310,787)	(356,098)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property plant & equipment	(8,636)	-
Net cash used in investing activities	(8,636)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,000,000	1,829,089
Share transaction costs	(261,010)	(66,092)
Net cash provided by financing activities	3,738,990	1,762,997
Net increase in cash held	2,419,567	1,406,899
Cash and cash equivalents at the beginning of the period	2,025,102	401,763
Effect of exchange rate fluctuations on cash held	-	(6,102)
Cash and cash equivalents at the end of the period	4,444,669	1,802,560

The above condensed consolidated statement of cashflows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



AND CONTROLLED ENTITIES

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. The interim financial report was authorised for issue on 15 March 2021.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Taruga Minerals Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies adopted and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period.

Reporting Basis and Conventions

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Notwithstanding the fact that the Group incurred an operating loss of \$1,771,368 for the period ended 31 December 2020, and a net cash outflow from operating activities amounting to \$1,310,787, the Directors are of the opinion that the Company is a going concern.

The Directors are satisfied that the Group has access to sufficient cash as and when required to enable it to fund administrative and other committed expenditure.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



AND CONTROLLED ENTITIES

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2020.

Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2020

In the half-year ended 31 December 2020 the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2020. As a result of this the Directors have determined that there is no impact, material or otherwise, of the standards and interpretations in issue not yet adopted on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2020. As a result of this the Directors have determined that there is no impact, material or otherwise, of the standards and interpretations in issue not yet adopted on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

NOTE 2 - TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Trade creditors	150,429	39,613
Other payables	54,555	64,963
	<u>204,984</u>	<u>104,576</u>

NOTE 3 - ISSUED CAPITAL

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Ordinary Shares		
Issued and fully paid	<u>25,414,861</u>	<u>21,675,871</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



AND CONTROLLED ENTITIES

NOTE 3 - ISSUED CAPITAL (CONTINUED)

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

Year to 30 June 2020

	Number	\$
Opening balance at 30 June 2019	141,167,238	19,531,500
Placement	81,175,000	811,750
Rights Issue	162,192,600	1,621,926
Consultants shares	6,000,000	78,000
Issue costs - cash	-	(153,212)
Issue costs - options	-	(214,093)
Closing balance at 30 June 2020	<u>390,534,838</u>	<u>21,675,871</u>

Half-year to 31 December 2020

Opening balance at 30 June 2020	390,534,838	21,675,871
Placement	66,666,667	4,000,000
Issue costs - cash	-	(261,010)
Closing balance at 31 December 2020	<u>457,201,505</u>	<u>25,414,861</u>

Movements in options were as follows:

	Number	\$
Opening balance at 30 June 2019	11,749,999	-
20-Dec-19 – Broker Options	35,000,000	214,268
19-Dec-19 – Options expiring	(11,749,999)	-
Closing balance at 30 June 2020	<u>35,000,000</u>	<u>214,268</u>
1-Dec-20 – Director Options (note 10)	23,000,000	85,511
Closing balance at 31 December 2020	<u>58,000,000</u>	<u>299,779</u>

NOTE 4 – RESERVES

	Half-year to 31 December 2020	Year to 30 June 2020
		\$
Share-based Payments Reserve	2,436,987	1,992,976
Foreign Currency Translation Reserve	29,726	(5,415)
	<u>2,466,713</u>	<u>1,987,561</u>

Share-based Payment Reserve

Balance at beginning of the period	1,992,976	835,792
Reserve arising on share-based payments expensed	444,011	1,157,184
Balance at end of the period	<u>2,436,987</u>	<u>1,992,976</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



AND CONTROLLED ENTITIES

NOTE 4 – RESERVES (CONTINUED)

Foreign Currency Translation Reserve

Balance at beginning of the period	(5,415)	(5,236)
Reserve arising on translation of foreign subsidiaries	35,141	(179)
Balance at end of the period	<u>29,726</u>	<u>(5,415)</u>

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.

This share-based payments reserve is used to record the value of equity benefits provided to employees, Directors and consultants as part of their remuneration.

NOTE 5 - CONTINGENT LIABILITIES

Taruga Minerals Limited and its controlled entities have no known material contingent liabilities as at 31 December 2020.

NOTE 6 – SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

There are only two reportable segments, being the exploration of minerals in the Democratic Republic of Congo (DRC) and Australia.

The accounting policies of the reportable segments are the same as Group accounting policies.

Geographic Information	Australia	DRC	Consolidated
31 December 2020	\$	\$	\$
Revenues from external customers	-	-	-
Total loss after tax	(1,766,902)	(4,466)	(1,771,368)
Current assets	4,561,977	13,277	4,575,254
Non-current assets	76,110	31,570	107,680
Total assets	<u>4,638,087</u>	<u>44,847</u>	<u>4,682,934</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

AND CONTROLLED ENTITIES

NOTE 6 – SEGMENT INFORMATION (CONTINUED)

Current liabilities	201,900	3,084	204,984
Total liabilities	201,900	3,084	204,984
Net assets	4,436,187	41,763	4,477,950
Geographic Information	Australia	DRC	Consolidated
31 December 2019	\$	\$	\$
Revenues from external customers	-	-	-
Total loss after tax	(577,316)	(165,012)	(742,328)
Current assets	1,830,840	827,682	2,658,522
Non-current assets	23,807	56,117	79,924
Total assets	1,854,647	883,799	2,738,446
Current liabilities	126,147	27,716	153,863
Total liabilities	126,417	27,716	153,863
Net assets	1,728,500	856,083	2,584,583

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 Minerals Limited. The Company operates in two operating segments therefore disclosures are consistent with the financial reports.

NOTE 7 – EVENTS SUBSEQUENT TO BALANCE DATE

On 8 March 2021, the Company announced the results from field exploration activities undertaken at the Wyacca Prospect, Mt Craig Copper Project, South Australia. The results highlighted the copper and silver potential of the project.

There are no other matters or circumstances that have arisen since 31 December 2020 that may significantly affect operations, results or state of affairs of the Group in future financial years.

NOTE 8 – FINANCIAL INSTRUMENTS

The methods and techniques used for the purpose of measuring fair value are unchanged from the previous reporting period.

The carrying amount of financial assets and financial liabilities approximates their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

AND CONTROLLED ENTITIES

NOTE 10 – SHARE-BASED PAYMENTS

Performance Rights Valuation

The following performance rights were granted to directors on 1 June 2018 and have been valued using the inputs noted below:

Item	Tranche A	Tranche B	Tranche C
Value of underlying security	\$0.22	\$0.22	\$0.22
Exercise price	nil	nil	nil
Valuation date	1 June 2018	1 June 2018	1 June 2018
10-Day VWAP barrier	\$0.30	\$0.40	\$0.50
Life of the Rights (years)	3.00	3.00	3.00
Volatility	60%	60%	60%
Risk-free rate	2.12%	2.12%	2.12%
Dividend yield	nil	nil	nil
Vesting Conditions	Note ¹	Note ²	Note ³
Number of Rights	8,500,000	2,500,000	2,500,000
Value per Right	\$0.187	\$0.157	\$0.133
Value per Tranche	\$1,589,500	\$392,500	\$332,500

¹ The Tranche A Rights will vest upon the 10-day volume weighted average price ('10-Day VWAP') of shares traded on the Australian Securities Exchange ('ASX') being at \$0.30 or greater.

² The Tranche B Rights will vest upon the 10-Day VWAP of shares traded on the ASX being at \$0.40 or greater.

³ The Tranche C Rights will vest upon the 10-Day VWAP of shares traded on the ASX being at \$0.50 or greater.

The above tranches of performance rights are expensed over the life of the rights (3 years). The expense included in the reporting period to 31 December 2020 was \$358,500 (31 December 2019: \$385,749).

Option Valuation

The following options were issued to directors during the period:

Number	Grant Date	Expiry Date	Exercise Price \$	Fair Value at grant date \$	Tranche A	Vesting date Tranche B
23,000,000	1/12/2020	1/12/23	0.065	684,089	1 June 2021	1 January 2022

The fair value of the equity-settled share options is estimated as at the date of grant using the Black-scholes model taking into account the terms and conditions upon which the options were granted.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



AND CONTROLLED ENTITIES

NOTE 10 – SHARE-BASED PAYMENTS (CONTINUED)

Value of underlying security	\$0.051
Exercise price	\$0.065
Valuation date	1/12/2020
Life of the Rights (years)	3.00
Volatility	103%
Risk-free rate	0.25%
Dividend yield	nil
Value per Option	\$0.030

DIRECTORS DECLARATION



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AND CONTROLLED ENTITIES

In the opinion of the directors of Taruga Minerals Limited (“the Company”):

- 1) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group’s financial position as at 31 December 2020 and of its performance for the half-year 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.

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.

Gary Steinepreis

Non-Executive Director

Perth, 15 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Taruga Minerals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Targua Minerals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Taruga Minerals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the Group are responsible for the preparation of the interim 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2021



M R Ohm
Partner