



TARUGA

11 May 2021

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Taruga Minerals Limited ACN 153 868 789

Exercise of Option over Strikeline Resources

Taruga Minerals Limited (ASX: **TAR, Taruga** or the **Company**) is pleased to advise shareholders that it has exercised its option to acquire 100% of Strikeline Resources Pty Ltd (**Strikeline**). Founded by Thomas Line, Strikeline is the 100% owner and operator of 3 key projects in SA including the Flinders and Torrens Projects in the Gawler Craton, and the Mt Craig Project in the Adelaide Geosyncline. Strikeline has also recently applied for additional ground in SA and the Company will advise the market should these additional licences be granted.

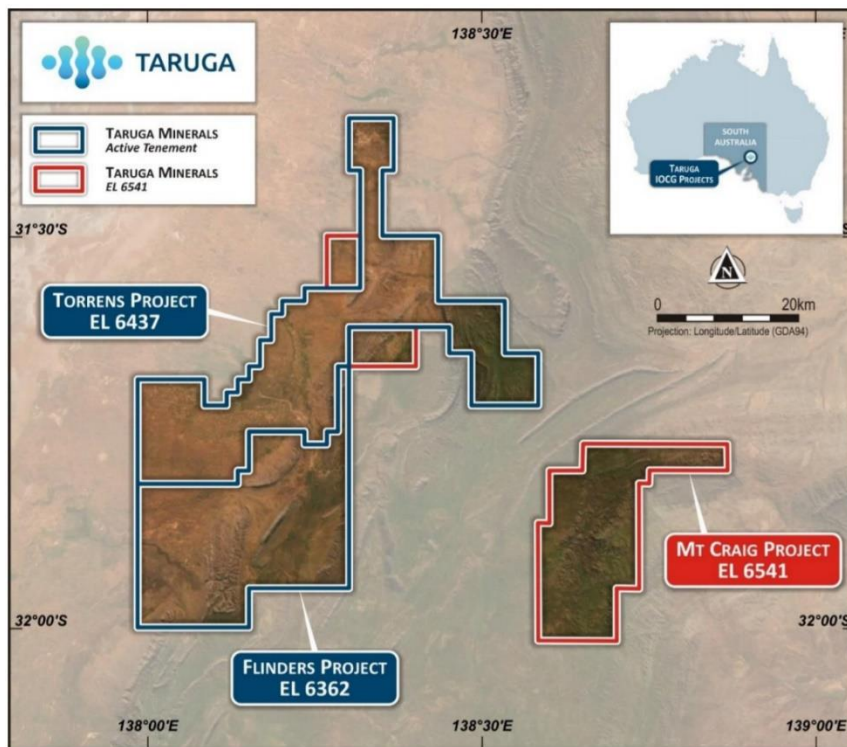


Figure 1: Tenement Map Showing the Mt Craig Project in relation to the Flinders and Torrens Projects.

DIRECTORS & MANAGEMENT

Thomas Line
CEO

Paul Cronin
Non-Executive Director

Gary Steinepreis
Non-Executive Director

Eric De Mori
Non-Executive Director

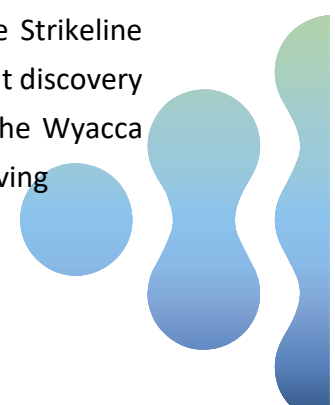
Dan Smith
Company Secretary

ASX Code:
TAR

Shares on issue:
461,576,506

Options on issue:
48,625,000 (various
ex. prices and dates)

Commenting on the option exercise, director Eric de Mori said: “Over the last 12 months, Thomas and the team have worked aggressively to explore the Strikeline project portfolio and advance the prospects to drill ready status. The recent discovery of high grade, near surface copper in our maiden drilling campaign at the Wyacca prospect (Mt Craig Project) highlights the exciting potential for Taruga moving





forward, as we look to capitalise on a surging copper price with an active drilling program across all projects.”

The consideration payable for the option exercise is the issue of 40,000,000 ordinary shares in the Company to the vendors of Strikeline, and the granting of a 1% NSR over the Strikeline projects (which Taruga can buyback for \$A500k). Additionally, the vendors of Strikeline have 3 performance-based milestones:

1. JORC Indicated Resource (min 150,000t Cu Equivalent);
2. Positive Bankable Feasibility Study; and
3. Commercial production.

The performance milestones, if met, can be satisfied by cash payments or the issue of TAR shares at the election of TAR. Further detail is provided as an Annexure to this ASX release entitled “Summary of Key Terms of Strikeline Acquisition”.

The Company will now proceed to the settlement of the Option with the issue and allotment of the consideration shares being allocated from the Company’s existing Listing Rule 7.1 capacity.

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

For more information contact:

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Eric de Mori
Director
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TARUGA

Summary of Key Terms of Strikeline Acquisition

The Company entered into a 12-month Option Agreement (**Option Agreement**) (as varied on 1 July 2020 and 23 July 2020) with Strikeline Resources Pty Ltd (**Strikeline Resources**), Thomas Line and Mark Freeman (**Vendors**), granting the Company the ability to acquire 100% of the issued capital in Strikeline Resources from the Vendors.

The material terms of the Option Agreement were as follows:

- (a) **(Option):** the Vendors granted the Company the sole and exclusive right and option for \$40,000 payment (which was paid), to acquire a 100% interest in Strikeline Resources (including the right title and interest in the Flinders, Torrens and Mt Craig Copper projects (**Projects**), subject to the Company by no later than 14th May 2021 meeting minimum expenditures of \$250,000 on the project (**Expenditure**):
- (b) **(Consideration):** Subject to valid exercise of the Option, the Company will have the following obligations to the sellers of Strikeline:
 - (i) On or before 14 May 2021, and subject to any required shareholder approvals, Taruga shall issue to the sellers (or their nominee/s) 40 million fully paid ordinary shares in Taruga (**Consideration Shares**);
 - (ii) Performance Milestone 1: Following Taruga delineating a JORC Indicated Resource (as defined in JORC 2012) of 150,000t Cu Equivalent (Cu, Au, Ag) at the Project, Taruga will make a milestone payment to the sellers of A\$400,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 14-day VWAP of Taruga's Share price as traded on the ASX;
 - (iii) Performance Milestone 2: Following Taruga completing a positive Bankable Feasibility Study (as defined in JORC 2012) in relation to the Project, Taruga will make a milestone payment to the sellers of A\$500,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 14-day VWAP of Taruga's Share price as traded on the ASX; and
 - (iv) Performance Milestone 3: Following Taruga commencing commercial production (being first concentrate sales) at the Project, the Company will make a payment to the sellers of A\$500,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 14-day VWAP of Taruga's Share price as traded on the ASX.
- (c) **(Royalty)** The parties will execute an NSR agreement on the exercise of the Option, pursuant to which the Company will grant to the Vendors a 1% NSR in respect of all precious, industrial minerals and base metals produced, sold and proceeds received from the Project. Taruga will have the right to buy back the NSR from the sellers for total consideration of A\$500,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 30-day VWAP of Taruga's Share price as traded on the ASX, or alternatively can be settled by part payment of cash and part issue of Ordinary Fully Paid Shares at Taruga's discretion.

The Option Agreement otherwise contains terms and conditions standard for an agreement of its nature including warranties, indemnities, and confidentiality provisions.

