

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2022

Taruga Minerals Limited (ASX: **TAR**, **Taruga** or the **Company**) is pleased to present its quarterly activities report for the June 2022 quarter.

HIGHLIGHTS:

- Ionic Adsorption Clay (IAC) Style REE's Confirmed at Morgan's Creek
 - Samples enriched in high-value rare earth elements (REEs!) from Morgan's Creek have been analysed to determine the concentration of readily soluble REEs
 - A high concentration of readily soluble, weakly bound REE's is a key feature of **Ionic Adsorption Clay (IAC) REE deposits** and allows for a **simple metallurgical flow sheet**, therefore is a critical factor in determining the potential commercial viability of REE deposits
 - The analytical results indicated that:
 - in the clay zone an average Recovery⁵ of **85% of the total rare earth element oxides (TREO²)** and **93% of the high-value magnetic rare earth element oxides (MREO³)** is possible;
 - in the weathered zone (contains clay) an average **Recovery of 72% of the TREO** and **75% of the MREO** is possible
- High-resolution ground-magnetics collected and modelled over new prospect areas to assist with geological interpretation and rill planning
- Several new ionic clay REE and sedimentary copper drill targets defined for the upcoming RC drill program
- Maiden drilling program undertaken by Peak Minerals Limited (ASX: PUA) at the Meekatharra Magmatic Ni-Cu Project joint venture (PUA to earn up to 80%) intersected nickel anomalism above the Target B conductor:
 - **17m @ 0.29% Ni** from 56m (GRAC0037)
 - **10m @ 0.32% Ni** from 50m (GRAC0038)
- Taruga's subsidiary, Strikeline Resources, was successfully awarded **\$650k in Accelerated Discovery Initiative (ADI) grants** to explore for REE's and sedimentary style copper at the Mt Craig project
- The Company remains well funded with ~\$2.1 million cash on hand at the end of the June quarter

CAPITAL STRUCTURE

578,048,240
Shares on Issue

46,750,000
Options on issue
(various ex. prices
and dates)

BOARD & MANAGEMENT

Thomas Line
CEO

Paul Cronin
Non-Executive Director

Gary Steinepreis
Non-Executive Director

Eric De Mori
Non-Executive Director

David Chapman
Non-Executive Director

Dan Smith
Company Secretary

CONTACT US

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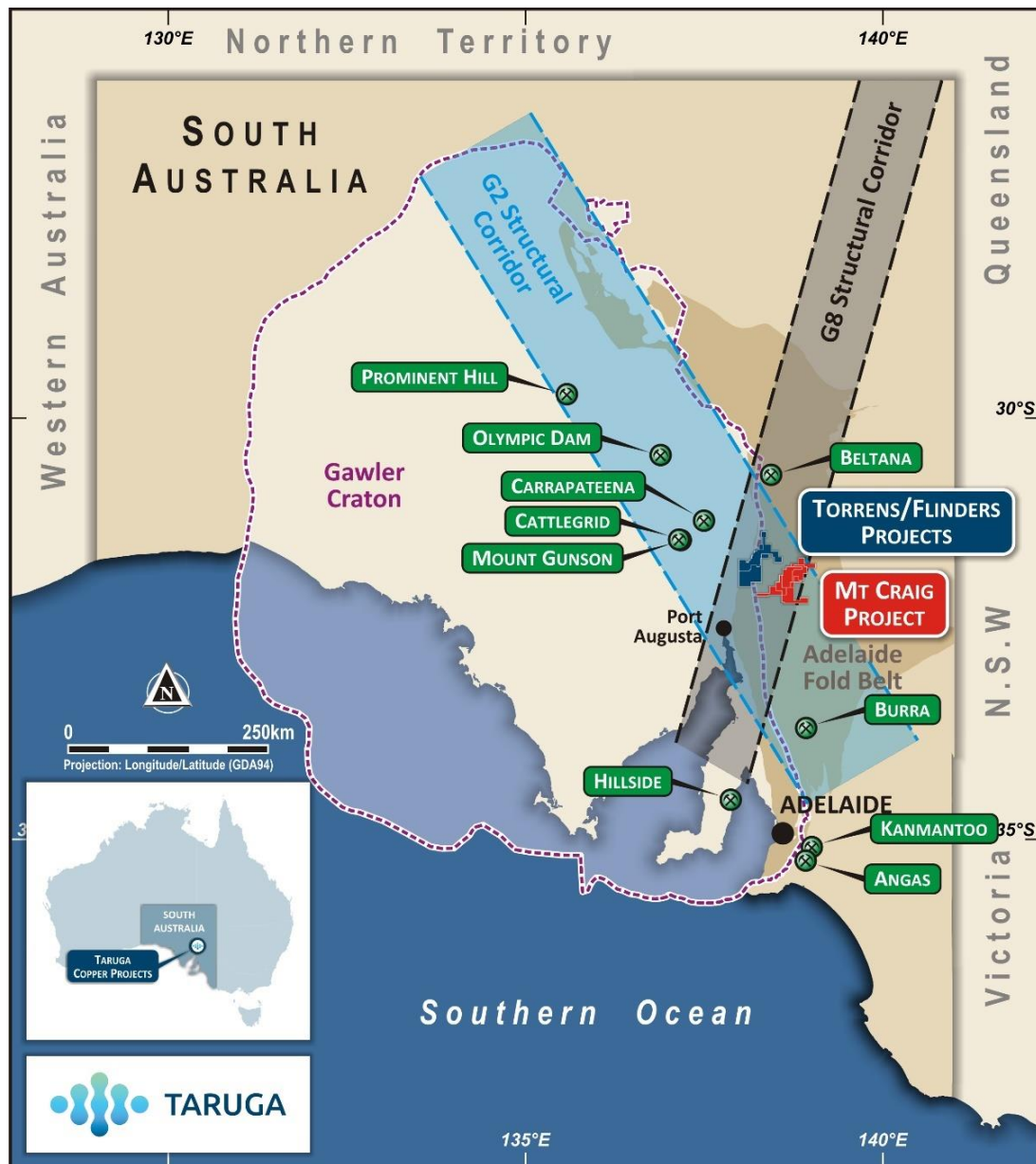


Figure 1: The Flinders/Torrens/Mt Craig Projects regional and structural setting including the Gawler Craton outline as published by the Geological Survey of South Australia in purple.

Mt Craig Project (MCP), South Australia (TAR 100%)

The Company's primary focus for the June Quarter has been on developing the Mt Craig Project.

On 16 June, Taruga announced that it had been successful in securing \$325,000 funding from the South Australian State government, to explore for ionic adsorption clay (IAC) style rare earth elements (REE's) at its Mt Craig Project. Additionally, the Company was successful in securing a further \$325,000 of funding from the South Australian State government to explore for Central Africa style sediment-hosted copper at Mt Craig.

Morgan's Creek (TAR 100%)

During the quarter, Taruga announced the results of analytical testwork completed on drill samples from the 2021 RC drilling program at the Morgan's Creek prospect, Mt Craig Copper Project (MCCP). The positive testwork has indicated there is a high concentration of readily soluble REE's from recent drill samples at Morgan's Creek, a critical factor in determining the economic viability of REE deposits. The results of the testwork are summarised in **Table 1**.

High resolution ground magnetics was collected and modelled over several clay-hosted REE prospects around Morgan's Creek to assist with geological interpretation and drill planning. Auger drilling has recently commenced at these targets to allow geochemical profiling.

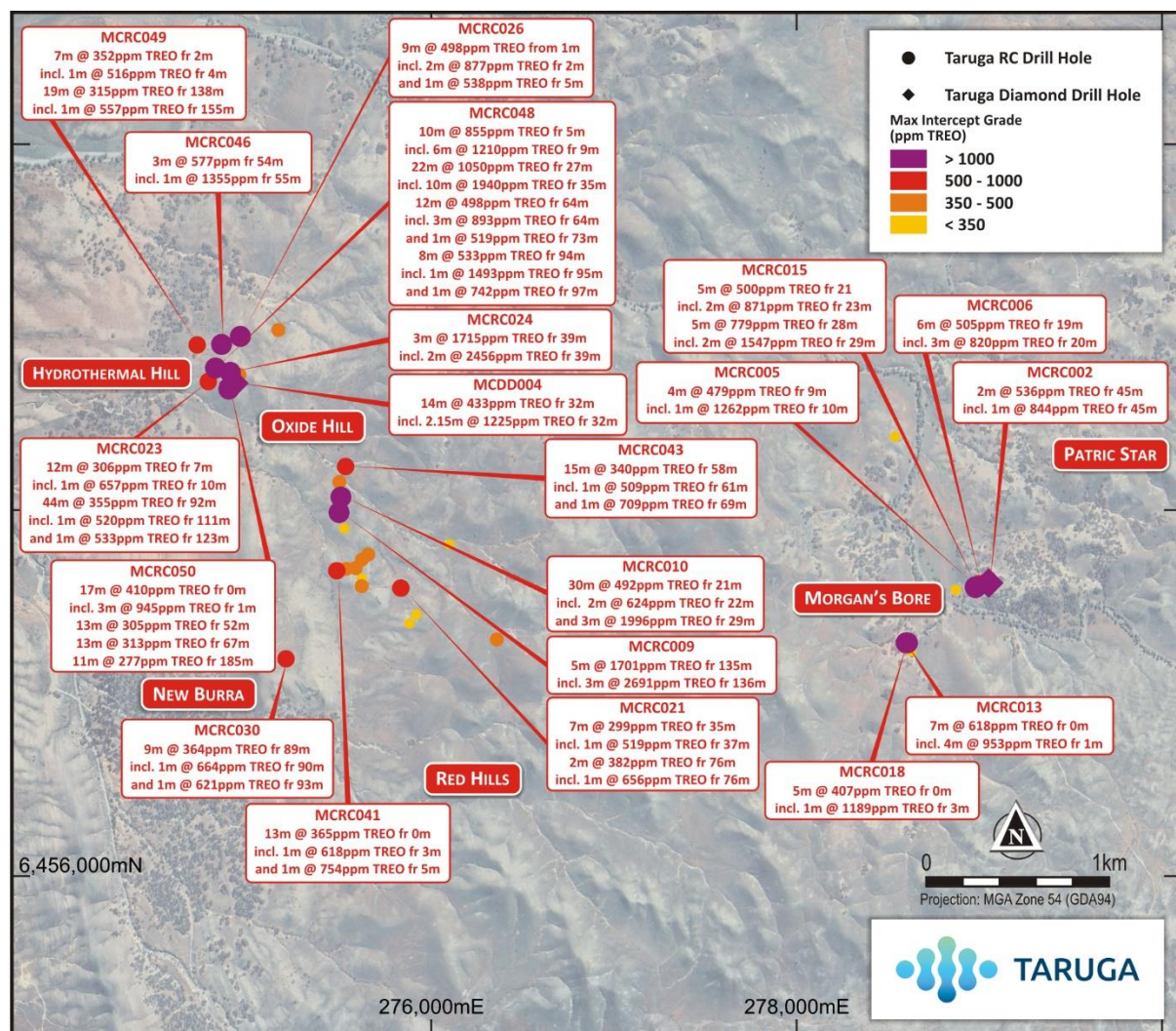


Figure 2: REE Drill results from Taruga's 2021 drilling at Morgan's Creek with collars colour coded by maximum TREO grade (purple represents >1000ppm TREO).



Table 1. Average REE oxide Recoveries for various lithologies. Note the clay content of various categories decreases from “clay”, to “fresh”: where “clay” has the highest clay content, “fresh” has the lowest clay content and “weathered” contains an intermediate clay content. Clay minerals are derived from both weathering and alteration.

Lithology	Method	LREO	LREO	LREO	LREO	LREO	HREO	HREO	HREO	HREO	HREO	HREO	HREO	HREO	HREO	HREO	Group Averages				
	Recovery	La2O3	Ce2O3	Sm2O3	Pr2O3	Nd2O3	Tb2O3	Dy2O3	Eu2O3	Y2O3	Gd2O3	Ho2O3	Er2O3	Tm2O3	Yb2O3	Lu2O3					
					MREO*	MREO*	MREO*	MREO*									TREO	LREO	HREO	MREO	CREO
						CREO*	CREO*	CREO*	CREO*	CREO*											
Clay	Fusion/Full Digest	53.1	147.8	24.1	21.1	102.0	3.7	22.4	5.2	121.0	29.1	4.3	12.9	1.6	10.1	1.5	560	348	212	149	254
Clay	WAR	51.0	142.7	24.0	20.7	100.8	3.0	14.0	5.1	75.9	21.5	2.6	6.9	0.9	5.8	0.8	476	340	137	139	199
Clay	Recovery	96%	97%	100%	98%	99%	82%	63%	98%	63%	74%	62%	53%	56%	58%	55%	85%	98%	64%	93%	78%
Weathered	Fusion/Full Digest	79.4	200.0	18.5	21.8	87.6	1.9	10.0	3.4	58.8	14.5	1.8	5.0	0.6	4.6	0.6	509	407	101	121	162
Weathered	WAR	44.9	162.1	13.8	15.6	67.6	1.5	6.9	2.7	33.6	11.1	1.2	3.1	0.4	2.5	0.4	367	304	63	92	112
Weathered	Recovery	57%	81%	75%	72%	77%	76%	68%	79%	57%	77%	67%	62%	58%	54%	100%	72%	75%	62%	75%	69%
Fresh	Fusion/Full Digest	93.8	192.8	13.7	22.1	77.6	1.3	6.8	2.3	35.2	11.1	1.2	3.7	0.3	3.3	0.3	465	400	65	108	123
Fresh	WAR	45.3	93.3	6.0	10.7	40.0	0.6	2.4	1.0	10.9	4.3	0.4	1.1	0.1	1.0	0.1	217	195	22	54	55
Fresh	Recovery	48%	48%	44%	48%	52%	41%	35%	43%	31%	39%	36%	30%	43%	29%	42%	47%	49%	33%	50%	45%

“Fusion” - Lithium Borate Fusion analysis technique

“WAR” - Modified (weak) Aqua Regia analysis technique

Recovery - the proportion of Fusion result extracted by WAR technique

All grade values are reported in ppm. All recoveries are reported as %.

Calculated from results over 250 ppm TREO (Fusion) cut-off.

Wyacca (TAR 100%)

High-resolution ground magnetics, mapping, and soils/auger geochemistry has been collected over Wyacca to assist with the ongoing geological interpretation and drill planning.

Flinders Project, South Australia (TAR 100%)

As previously advised a public consultation meeting was held on 13 October 2021 and the State Aboriginal Heritage Committee considered the application for authorisation on 13 January 2022. The authorisation will ultimately be considered by the Minister for Aboriginal Affairs, responsible for the *Aboriginal Heritage Act*, based on material collated by the Aboriginal Affairs and Reconciliation unit within the Department of Premier and Cabinet (DPC-AAR) and feedback from the South Australian Aboriginal Heritage Committee, following their January meeting.

Taruga was expecting a decision in Q1 2022. However, the Company has now been advised by DPC-AAR that the procedural process is now being finalised prior to the report and recommendations being supplied to the Minister for consideration. Taruga is of the view that a decision is therefore now likely in Q3 2022.

Taruga is respectful of the process being undertaken by AAR and the State Government. The Company will continue to engage with the South Australian Government to seek a timely resolution of this matter.

Torrens Project, South Australia (TAR 100%)

Work was limited to further desktop review of historical datasets for the Torrens Project for the Quarter.

Manjimup Project, Western Australia (TAR 100%)

Taruga holds 3 exploration licence applications in the Greenbushes area of Western Australia (the Manjimup Project). The Manjimup Project tenements have potential for Thor and Odin type Ni-PGE mineralisation, Volcanic Hosted Massive Sulphide (VHMS) polymetallic mineralisation, and Greenbushes tin-tantalum-lithium style of mineralisation.

E70/5029 adjoins the Chalice Mining / Venture Minerals JV (announced 21/5/2020) in a similar geological setting to the "Odin Prospect" with identified nickel, copper & PGE mineralisation (**Figures 3 & 4**). On 5 April 2022, Taruga announced the results of mapping, ongoing desktop review and reprocessing of geophysics is at the Manjimup project which highlighted 3 large mafic intrusions at Taruga's Manjimup project including potential for Julimar-Style Ni-PGE mineralisation, VHMS mineralisation, and Greenbushes-style Li-Sn-Ta mineralisation. The intrusions are present on our Kingston EL (E70/5029) which adjoins the Chalice Mining-Venture Minerals Southwest Project JV (Venture JV) and exhibit similarities to the host intrusives of the Julimar Ni-Cu-PGE deposit (**Figure 4**).

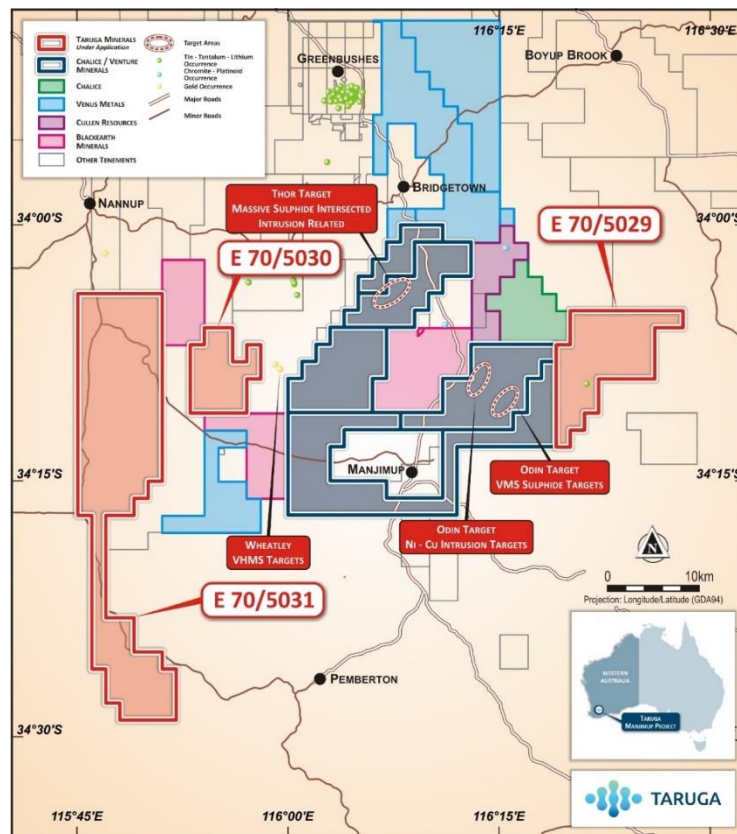


Figure 3: Taruga tenement location relative to Venture Minerals and Chalice Mining Ltd.

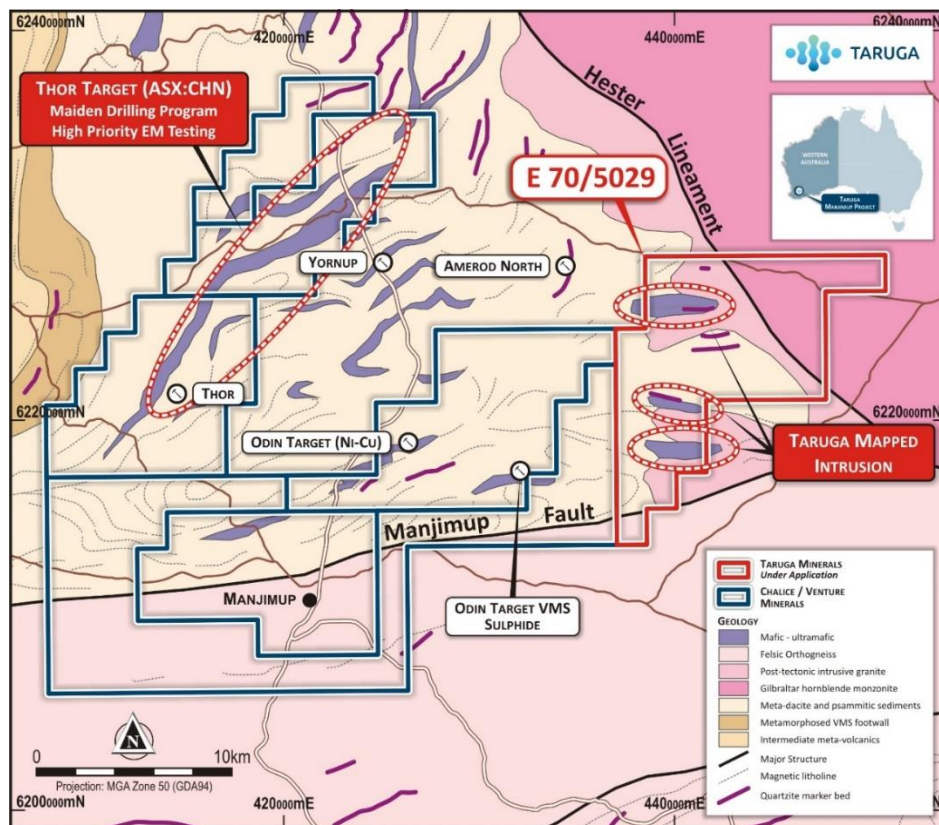


Figure 4: Kingston EL (E70/5029) showing recently mapped mafic intrusions contained almost entirely within Taruga's ground.

The next phase of reconnaissance exploration will include:

- Rock sampling and detailed mapping in areas of known or inferred mafic lenses
- Infill lag geochemical sampling in selected areas

High resolution aeromag over selected areas will also be considered following the above.

Meekatharra Magmatic Ni-Cu Project, Western Australia (PUA to earn up to 80%)

The Meekatharra Project (Exploration licence E51/1832) is located 30km southeast of the regional centre of Meekatharra in the Murchison region of Western Australia. Peak Minerals Ltd (ASX: PUA) 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.

On 20 May 2022, the Company provided an update on the Meekatharra project.

- 18 holes were drilled by Peak at Tal Val, Target B and Target C to test interpreted mafic-ultramafic intrusions. 'Target B' is a priority geophysical target within the Meekatharra JV between Peak and Taruga
- A strong, previously unidentified, EM conductor (500m x 300m) was identified by Peak 250m below surface at Target B
- Broad nickel anomalism intersected above the Target B conductor showed:
 - **17m @ 0.29% Ni** from 56m (GRAC0037)
 - **10m @ 0.32% Ni** from 50m (GRAC0038)
- One hole at Target B intersected a stringer of pyrrhotite-chalcopyrite in fresh rock

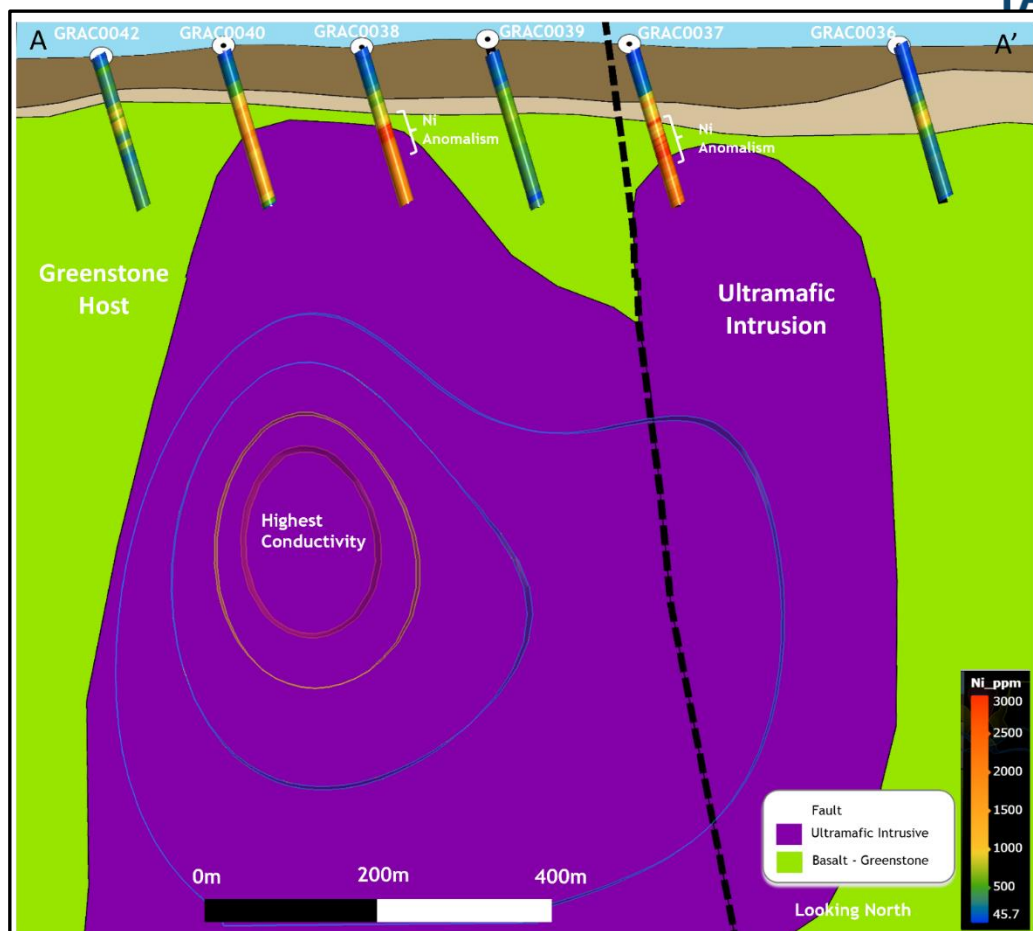


Figure 5: Cross-section 2x vertical exaggeration showing the highly conductive body defined from the Heli-EM survey. Anomalous nickel values are considered as >0.26% Ni. The drill section is slightly north of the thickest part of the EM conductor. (Source: Peak Minerals announcement 20 May 2022).

Community and ESG

Taruga is committed to developing sustainable exploration projects which benefit local communities in the areas in which we operate. The Company continues to deliver value to local communities through providing local employment and maintaining exceptional local expenditure milestones. Taruga maintains a target of 20% Aboriginal employment in our full-time team.

CORPORATE

Cash Position

As at 30 June 2022, the Company had approximately ~\$2.1 million of cash and nil debt. The Company retains sufficient funding to carry out its activities over the coming quarters.

Summary of Exploration Expenditure

In accordance with Listing Rule 5.3.1, the Company reports that there was ~\$505,000 exploration expenditure incurred during the June quarter.

Note 6 to Appendix 5B

Payments to related parties of the entity and their associates: during the quarter \$48,000 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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 CEO
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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 Brent Laws, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Laws is the Exploration Manager of Taruga Minerals Limited. Mr Laws 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". Mr Laws consents 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 at 30 June 2022

Tenements	Status	Ownership	State
EL6362 (Flinders)	Granted	100%	South Australia
EL6437 (Torrens)	Granted	100%	South Australia
EL6541 (MCCP)	Granted	100%	South Australia
EL6695 (MCCP)	Granted	100%	South Australia
ELA2021/00134	Application	100%	South Australia
ELA2021/00091	Application	100%	South Australia
E51/1832	Granted	100%	Western Australia
E70/5029	Application	100%	Western Australia
E70/5030	Application	100%	Western Australia
E70/5031	Application	100%	Western Australia

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Taruga Minerals Limited

ABN

19 153 868 789

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(164)	(569)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	355
1.8	Other (provide details if material)	20	8
1.9	Net cash from / (used in) operating activities	(144)	(206)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(33)
	(d) exploration & evaluation	(505)	(3,228)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Environmental bond)	-	-
2.6	Net cash from / (used in) investing activities	(505)	(3,261)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	202	2,353
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(135)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	200	2,218

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,594	3,394
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(144)	(206)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(505)	(3,261)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	200	2,218

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,145	2,145

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	59	73
5.2 Call deposits	2,086	2,521
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,145	2,594

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	48
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Fees paid to directors and/or director related entities (net of GST).</p>	

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(144)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(505)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(649)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,145
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,145
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.3
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A		
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A		

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2022

Authorised by: The board of directors of Taruga Minerals Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.