ASX ANNOUNCEMENT

24/08/2022

TARUGA

RARE EARTH DRILL TARGETS CONFIRMED AT MT CRAIG

HIGHLIGHTS

- Initial drill targets have been defined at the Mt Craig Project (100% TAR)
- Drilling will be focussed on clay-hosted REEs[1] recently discovered at Morgans Creek
- All pad preparation is complete and the drill rig is ready and awaiting crew to finish another job after which drilling will commence at Morgans Creek
- Preliminary testwork has shown exceptional average REE recoveries[2] of 72% of the total rare earth element oxides (TREO[3]) and 75% of the high value magnetics rare earth element oxides (MREO[4]) using a weak acid solution[5], indicating a simple metallurgical flow sheet
- The RAB drilling will allow geochemical profiles to be drilled across a suite of newly identified clay-hosted REE targets
- These targets have been identified through systematic exploration conducted over the past 8 months, including: airborne magnetics and radiometrics; hyperspectral satellite alteration mapping; auger and soil geochemistry; re-interpretation of drilling data; and surface geological mapping
- New clay hosted REE targets include strike extensions of Hydrothermal Hill, where 5km of prospective strike has now been identified
- Additional targets have been defined and may be included in the program based on learnings obtained from drilling of the initial drill targets
- All drilling is co-funded by the South Australian government under the Accelerated Discovery Initiative (ADI), under which Taruga was recently awarded $650,000 in funding for REEs and sediment-hosted copper exploration at the Mt Craig Project

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Significant intercepts from Taruga's 2021 drilling at Morgans Creek (previously reported) include[5]:

- **6m @ 1,210 ppm TREO** from 9m (MCRC048)
- **22m @ 1,050 ppm TREO** from 27m, including **10m @ 1,940ppm TREO** (MCRC048)
- 31m @ 487ppm TREO from 21m, including **3m @ 1,996ppm TREO** (MCRC010)
- **3m @ 1,715ppm TREO** from 39m, including **2m @ 2,456ppm TREO** (MCRC024)
- 13m @ 505ppm TREO from 31m, including **3.15m @1,172ppm TREO** from 31m (MCDD004)
- 7m @ 560ppm TREO from 2m, including **1m @ 1,124ppm TREO** (MCRC026)
- 5m @ 779ppm TREO from 28m, including **2m @ 1,547ppm TREO** (MCRC015)
- **4m @ 953ppm TREO** from 1m (MCRC013)
- 17m @ 410ppm TREO from surface, including **3m @ 945ppm TREO** (MCRC050)

Taruga CEO Thomas Line commented: "*We have been systematically working across the Mt Craig project over the past 8 months to identify the most prospective areas for clay-hosted REE mineralisation. The current RAB drilling program will allow us to characterise several target styles which will assist with guiding ongoing exploration at the project. Importantly, the RAB program will test direct strike extensions of the Hydrothermal Hill REE mineralisation, however, it will also test REE targets in new areas never before drilled by Taruga, over more than 6km of strike.*

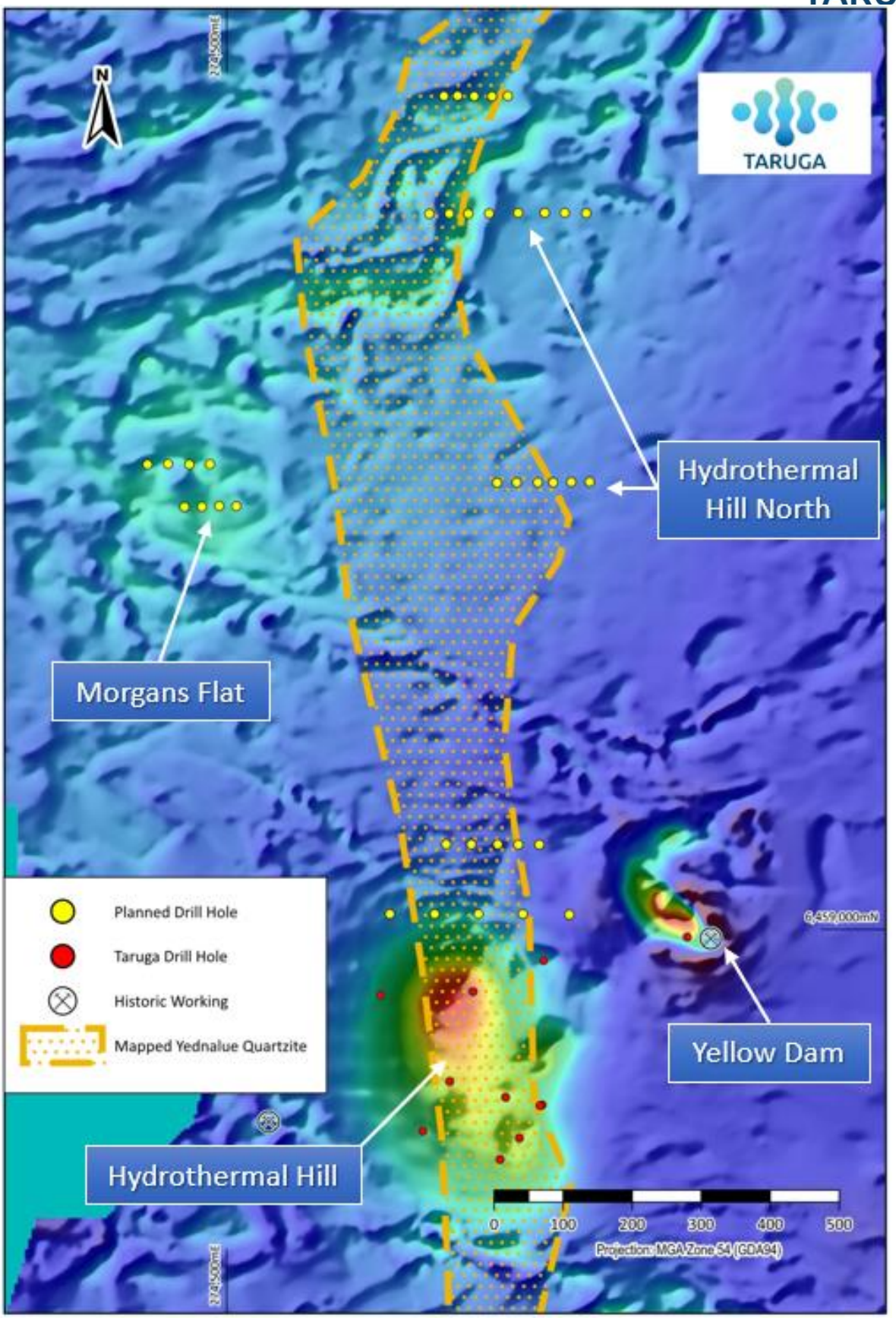

***Figure 1**. Morgans Creek RAB drill plan, showing the mapped Yednalue Quartzite unit, previous Taruga drilling, over high-resolution ground magnetics TMI image.*

[1]*REE refers to the 15 rare earth elements (Ce, La, Lu, Nd, Pr, Sm, Dy, Er, Eu, Gd, Ho, Tb, Tm, Yb, Y)*

[2]*Recovery refers to the % extraction of soluble REEs as indicated by the modified ("weak") aqua regia analytical analysis relative to the Fusion/Full Digest analysis obtained by dividing the weak aqua regia results by the Fusion/Full Digest results for a particular sample.*

[3]*TREO refers to the sum of all 15 REEs in their respective oxide equivalent (see JORC table for conversion factors)*

[4]*MREO refers to the 4 high-value magnetic rare earth oxides (Nd_2O_3 Pr_2O_3 + Dy_2O_3 + Tb_2O_3) used in renewable technologies and permanent magnets*

[5]*Announced on the 16th June 2022*

Summary

Taruga Minerals Limited (ASX: **TAR**, **Taruga** or the **Company**) is pleased to advise that initial drill targets for a Rotary Air Blast (RAB) drilling campaign have been defined at Morgans Creek, within the Mt Craig Project (MCP). The RAB rig is ready and awaiting drill crew to complete another program, after which RAB drilling is set to commence at the MCP imminently.

Morgans Creek has been the focus of copper exploration until this point, however significant REE mineralisation has been defined over an area of approximately 6km long x 2km wide, and remains open in all directions. Recent metallurgical proxy testwork (**Table 1**) indicates the REEs at Morgans Creek have a high proportion of readily soluble REEs and therefore indicates that a simple and low-cost metallurgical flow sheet could be used to extract and concentrate the REEs.

The technical team have defined a series of new clay-hosted REE targets using the knowledge obtained from recent drilling along with new geophysical datasets and mapping. Soils geochemistry and auger profiles have been completed over the priority target areas, and this geochemical data has been used in combination with other datasets to finalise priority drill targets.

Hydrothermal Hill

The focus at Morgans Creek will be on testing extensions of the clay and saprock hosted REEs identified at Hydrothermal Hill (**Figure 2**), where a 5km long prospective strike has been identified. While REE anomalism and mineralisation is quite pervasive across multiple lithologies at Morgans Creek, the best grades intercepted to date (which also has exceptional recoveries) were intercepted in the upper weathered and oxidised portions of the highly reactive Yednalue Quartzite. The Yednalue Quartzite is mapped/interpreted to extend for over 5km in strike (and up to 300m wide) at Morgans Creek (**Figure 1**), to the north and south of Hydrothermal Hill. Where outcrop is present, prospective alteration matching that seen at Hydrothermal Hill has also been identified along strike, particularly at Hydrothermal Hill North, where approximately 1.5km of prospective strike will be drill tested with several RAB drilling profiles (**Figure 1**).

Western Plains - Shute Prospect

Drilling will also be completed at the newly defined Shute prospect, which sits within the Western Plains area of the Mt Craig project. The Western plains area is a large flat area overlain by shallow transported cover, which expands for over 200km^2 on the western side of the Mt Craig Project. Shute is one of several prospects along strike in the Western Plains area, and is defined by a circular magnetic feature approximately 500m in diameter at the junction of 3 interpreted major structures, offset from the exposed mafic intrusions within the Worrumba diapir to the east. The underlying geology is interpreted to be reactive sedimentary rocks. RAB drilling profiles will be completed across the Shute prospect to characterise the anomaly. Shute is believed to be prospective for clay-hosted REEs. The basement rocks at Shute may also be prospective for copper.

***Table 1**. Average REE oxide recoveries for various lithologies. Note the clay content of vairous 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/Full Digest" - Lithium Borate Fusion analysis technique, Full Digest – mixed acid full digest analysis technique
"WAR" - Modified (weak) Aqua Regia analysis technique
Recovery - the proportion of Fusion/Full Digest 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/Full Digest) cut-off.

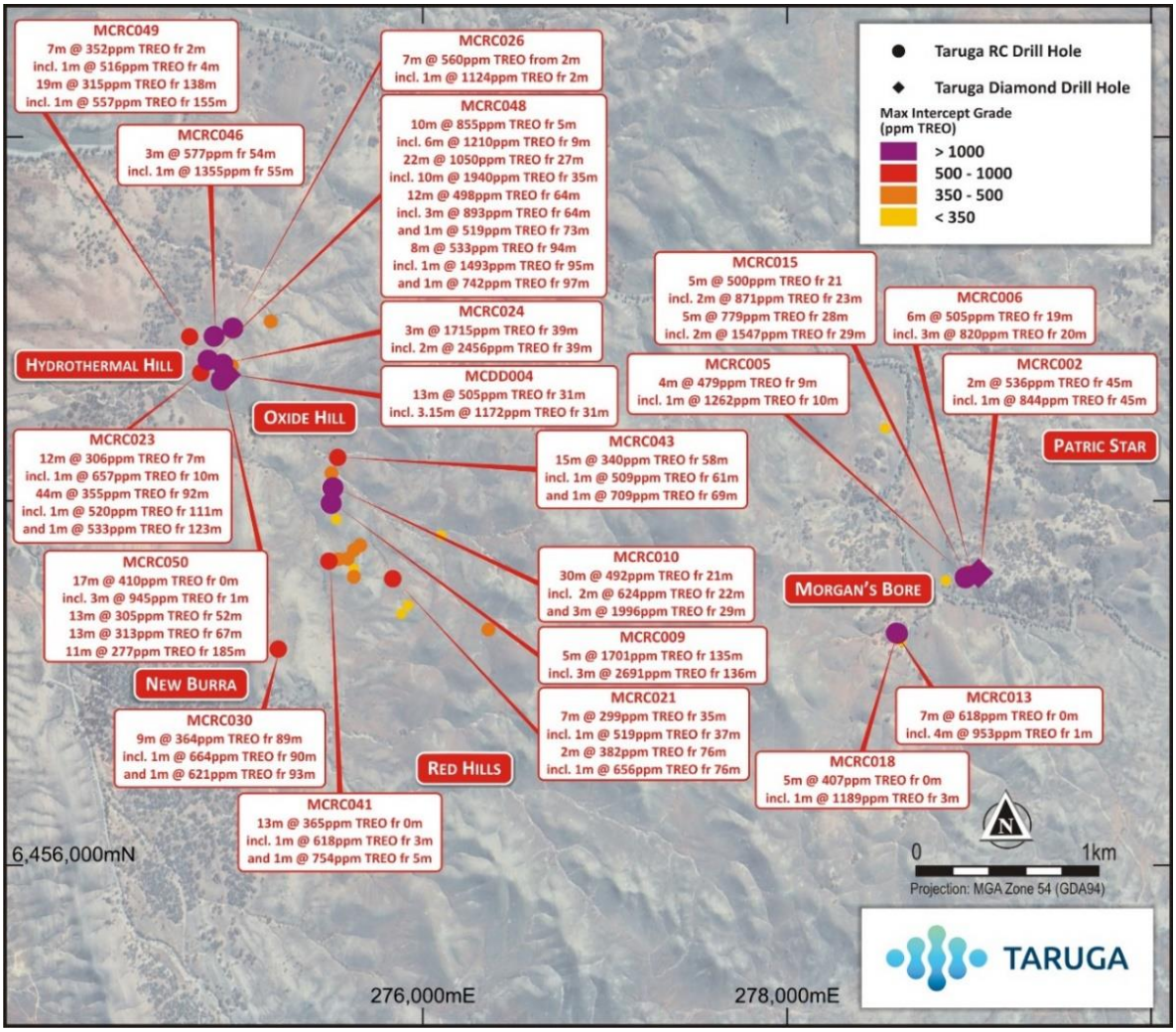

***Figure 2**. REE Drill results from Taruga's 2021 drilling at Morgans Creek with collars colour coded by maximum TREO grade (purple represents >1000ppm TREO).*

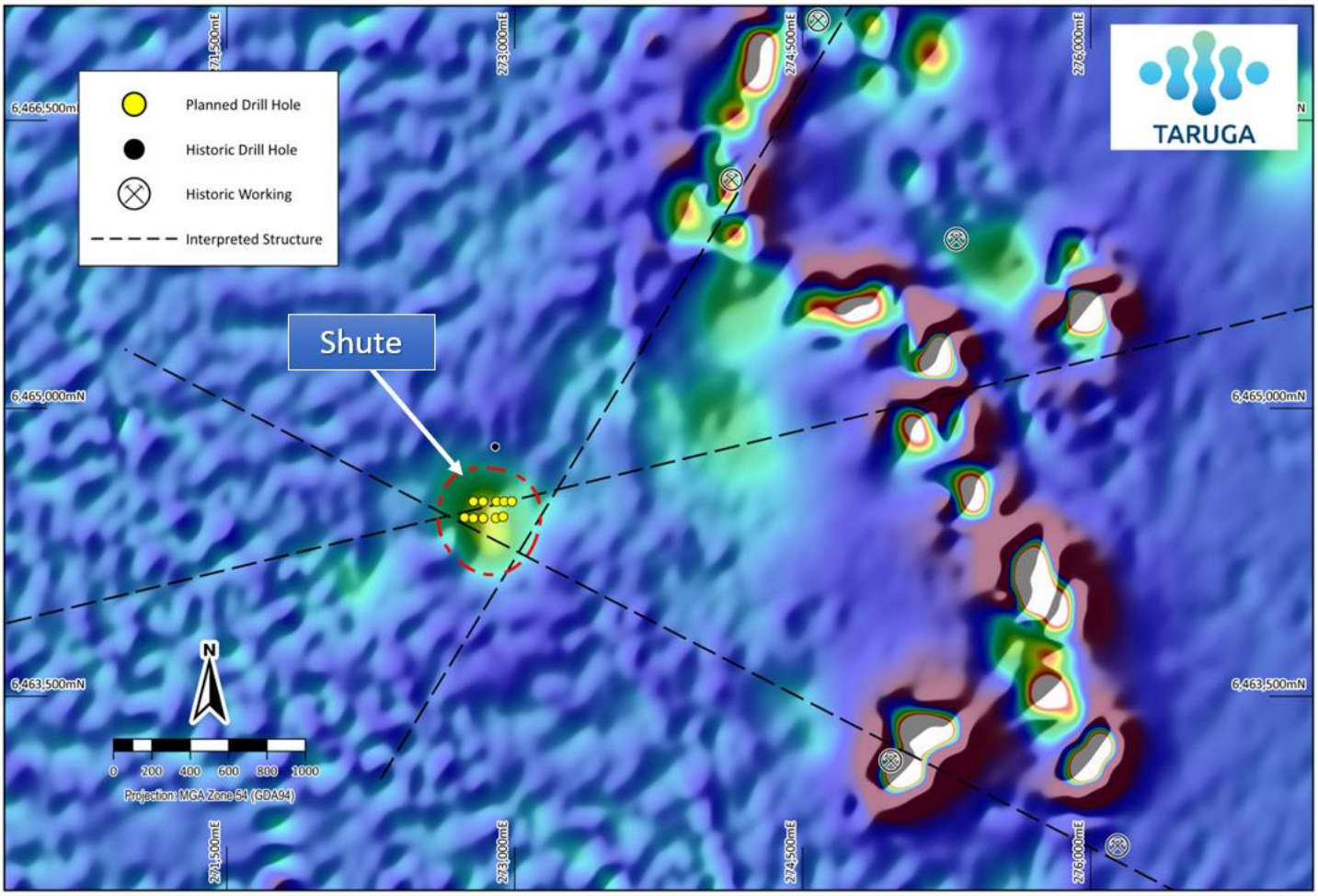

***Figure 3**. Shute Prospect RAB drill plan, showing the interpreted structures and a historical drillhole, over TMI image.*

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 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.

**Refer to announcements dated 10/03/2022 "polymetallic drill results at Hydrothermal Hill Skarn; and 07/02/2022 "partial drill results from MCCP". Taruga confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. Taruga confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.*

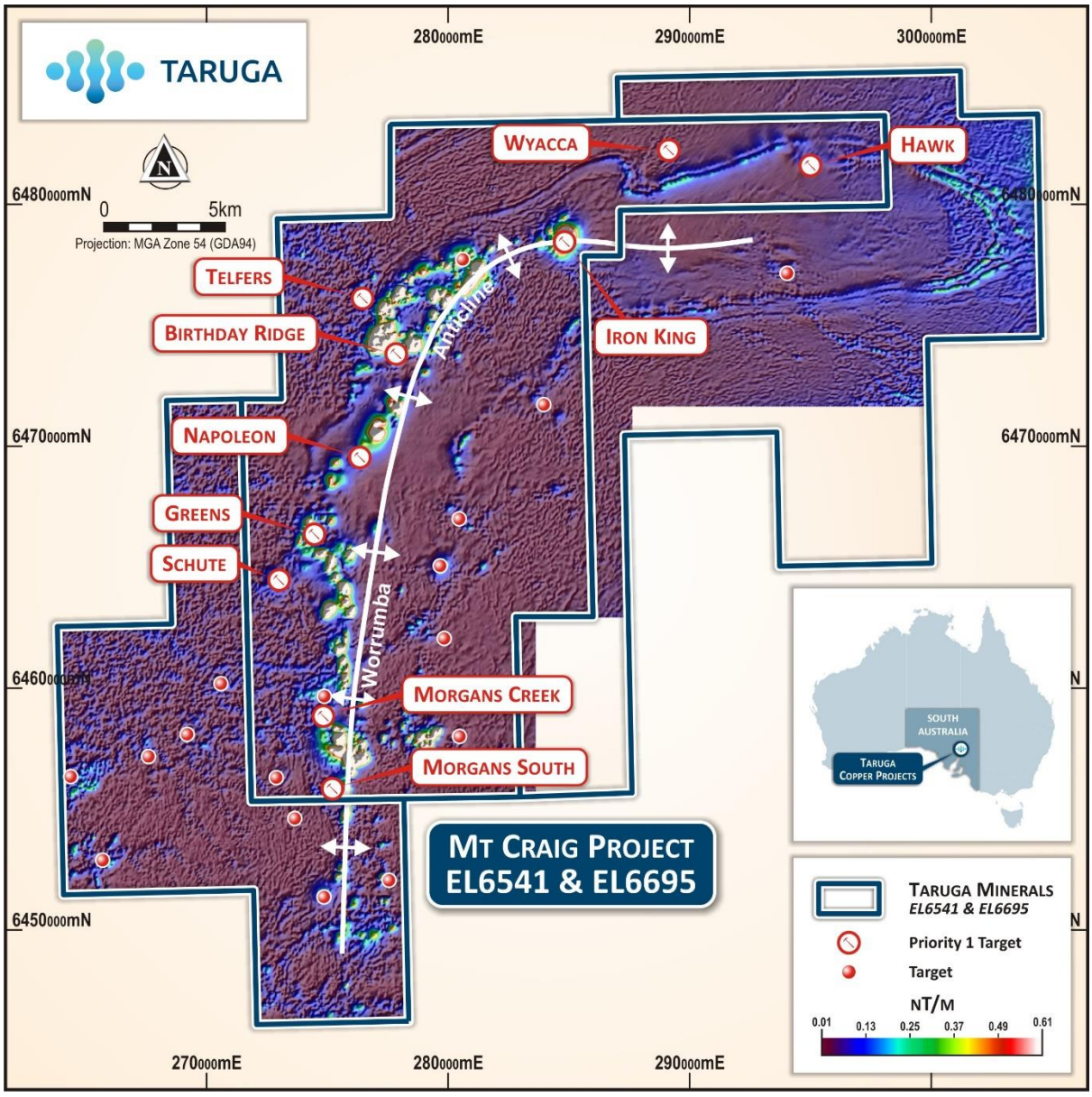

Figure 4. *MCP Project outline showing priority exploration targets, the main structural feature being the Worrumba Anticline, and the Analytical Signal magnetics image.*

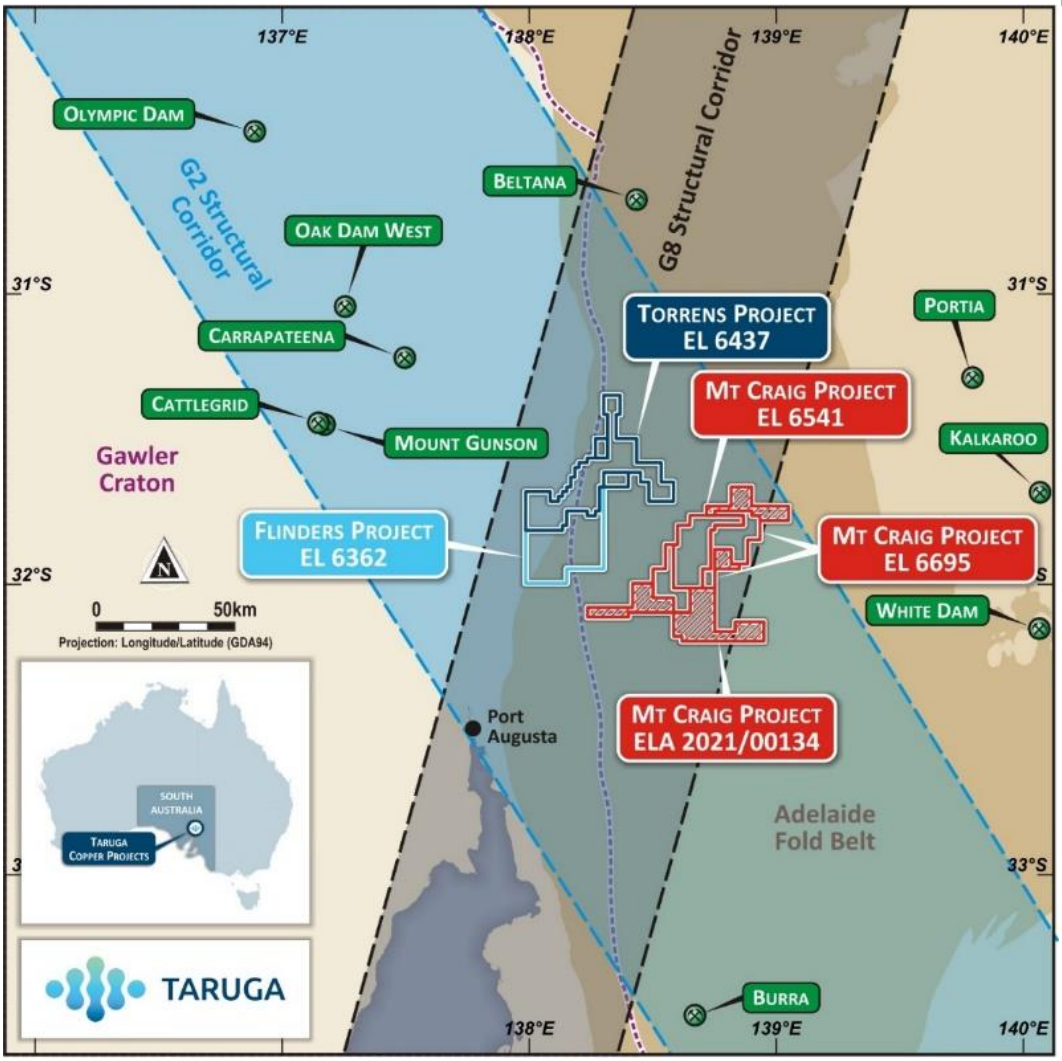

Figure 5. *Tenement Map showing Taruga's South Australian projects.*

Forward looking statements

This announcement contains certain forward-looking statements and comments about future events, including the Company's expectations about the proposed transaction, the proposed tenements and the performance of its businesses. Forward looking statements can generally be identified by the use of forward-looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings or financial position or performance are also forward-looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Forward looking statements involve known and unknown risks, uncertainty and other factors which can cause the Company's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements and many of these factors are outside the control of the Company. As such, undue reliance should not be placed on any forward-looking statement. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this announcement nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Company.

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