

TARUGA GOLD LIMITED
ACN 153 868 789

**NOTICE OF GENERAL MEETING
AND
EXPLANATORY STATEMENT**

TIME: 11:00am WST
DATE: 7th April 2017
PLACE: Vonex, Unit 5, Ground Floor,
1 Centro Avenue
Subiaco WA 6008

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant solicitor or other professional adviser without delay.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9486 4036.

If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

TARUGA GOLD LIMITED
ACN 153 868 789

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of the Shareholders of Taruga Gold Limited will be held on **7 April 2017 at 11:00am (WST)** at Vonex, Unit 5, Ground Floor, 1 Centro Avenue, Subiaco WA 6008.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are the holders of Shares in the Company at **5pm (WST) on 5 April 2017**.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in the Glossary.

AGENDA

Resolution 1 – Ratification of Placement: Tranche 1

To consider and if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders approve the prior issue of:

- (a) 11,700,000 Shares issued pursuant to ASX Listing Rule 7.1; and*
- (b) 7,800,000 Shares issued pursuant to ASX Listing Rule 7.1A,*

at an issue price of 3.5 cents on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this resolution by the parties who participated in the issue as noted in the Explanatory Memorandum and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 2 – Approval to Issue Shares Under Placement: Tranche 2

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 4,315,000 Shares at an issue price of 3.5 cents each to raise up to \$151,025 on the terms set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 3 – Participation of Gary Steinepreis in the Placement

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

“That, for the purposes of Chapter 2E of the Corporations Act 2001 (Cth) and Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue and allot 942,500 Placement Shares on the same terms and conditions as the other participants in the Placement to Gary Steinepreis (or his nominees) to raise up to \$32,987.50.”

Voting Exclusion

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by Gary Steinepreis (or his nominee), and any associate of him. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Participation of Daniel Smith in the Placement

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

“That, for the purposes of Chapter 2E of the Corporations Act 2001 (Cth) and Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue and allot 942,500 Placement Shares on the same terms and conditions as the other participants in the Placement to Daniel Smith (or his nominees) to raise up to \$32,987.50.”

Voting Exclusion

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by Daniel Smith (or his nominee), and any associate of him. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board



Mr Daniel Smith
Director

Dated: 2 March 2017

TARUGA GOLD LIMITED
ACN 153 868 789
EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions. The Directors recommend that Shareholders vote in favour of all of the Resolutions except Mr Gary Steinepreis who abstains from making a recommendation about Resolution 3 and Mr Daniel Smith who abstains from making a recommendation about Resolution 4.

Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolution.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a **proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

1. Resolution 1 – Ratification of Placement: Tranche 1

Background

The Company announced on 24 February 2017 that it had raised \$682,500 by way of the placement of 19,500,000 Shares at 3.5 cents per Share to sophisticated and professional investors via tranche 1 of a placement (**T1 Placement**).

Pursuant to ASX Listing Rule 7.4, Resolution 1 of the Notice of General Meeting seeks approval for the ratification for the prior issue of:

- (a) 11,700,000 Shares issued pursuant to ASX Listing Rule 7.1; and
- (b) 7,800,000 Shares issued pursuant to ASX Listing Rule 7.1A,

at an issue price of 3.5 cents per Share.

ASX Listing Rule Requirements

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.1A provides that an “Eligible Entity” may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting. This extra 10% capacity is in addition of the Company’s 15% capacity under ASX Listing Rule 7.1. The Company confirms that it is an “Eligible Entity” and that it obtained approval from

Shareholders at its last annual general meeting for this placement capacity in accordance with the ASX Listing Rules.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 25% annual placement capacity set out in ASX Listing Rule 7.1 and 7.1A without the requirement to obtain prior Shareholder approval.

In compliance with the information requirements of ASX Listing Rule 7.5, Shareholders are advised of the following particulars in relation to this resolution:

- (a) Number of securities issued: 11,700,000 Shares issued pursuant to ASX Listing Rule 7.1 and 7,800,000 Shares issued pursuant to ASX Listing Rule 7.1A.
- (b) Price at which the securities under the T1 Placement were issued: 3.5 cents per Share.
- (c) Terms of the securities: The Shares are ordinary fully paid shares and rank equally in all respects with the existing Shares on issue.
- (d) Name of the allottee: The allottees are sophisticated and professional investors. The allottees are not related parties of the Company.
- (e) Intended use of funds raised from T1 Placement: The Company intends to use funds from the Placement to continue with exploration activities at the Company's West Africa projects, and otherwise for working capital purposes, as follows:
 - (i) Working capital for requirements of Company's projects in West Africa, and
 - (ii) Project evaluation.

2. Resolution 2 – Approval to Issue Shares Under Placement: Tranche 2

Background

The Company announced on 24 February 2017 that it will seek shareholder approval for the issue of 6,200,000 Shares at 3.5 cents per Share via tranche 2 of a placement (**T2 Placement**). This Resolution seeks Shareholder approval for the issue of 4,315,000 Shares at an issue price of 3.5 cents per Share to raise funds of up to \$151,025. Resolutions 3 & 4 deals with the remaining 1,885,000 Shares at 3.5 cents per Share to be issued via the T2 Placement.

The funds raised from the T2 Placement be used to continue the Company's existing exploration program, to progress the development of the West African Assets, for working capital and project evaluation, as set out in section 1 above.

ASX Listing Rule Requirements

The number of Shares to be issued under the T2 Placement exceeds the Company's 15% placement capacity under Listing Rule 7.1 and so, the Company seeks Shareholder approval to issue the Shares (see section 1 above for a summary of Listing Rule 7.1).

The effect of Resolution 2 will be to allow the Company to issue the Shares pursuant to the T2 Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

For the purposes of Listing Rule 7.3 the following information is provided to Shareholders in relation to Resolution 2.

- (a) The maximum number of securities the Company will issue is 4,315,000 Shares at an issue price of 3.5 cents per Share to raise funds of up to \$151,025. The Company will issue the Shares progressively by no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

- (b) The issue price of the Shares is 3.5 cents each.
- (c) The placees are sophisticated and professional investors identified by the Directors. None of the recipients will be related parties of the Company.
- (d) The Shares will be fully paid ordinary shares of the Company and will rank equally with the Company's current issued Shares.
- (e) The Placement under this resolution will raise up to \$151,025. The funds are intended to be used as set out in section 2 above.

3. Resolutions 3 & 4 – Participation of Directors in Placement

Background

Resolutions 3 and 4 relate to the proposed participation of the Participating Directors, being Gary Steinepreis and Daniel Smith (or their respective nominees), in the T2 Placement.

Corporations Act Requirements

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

It is the view of the Company that the issue of the T2 Placement Shares to Participating Directors under Resolutions 3 and 4 falls under the arm's length exception in section 210 of the Corporations Act because the T2 Placement Shares will be issued to the Participating Directors on the same terms as the Tranche 1 Shares issued to non-related party participants in the Placement, and as such the giving of the financial benefit is on arm's length terms. Accordingly, the Company considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the T2 Placement Shares.

ASX Listing Rule Requirements

ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Directors are related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Shares to be issued under Resolutions 3 and 4 as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Directors (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

In compliance with the information requirements of ASX Listing Rule 10.13 members are advised of the following particulars:

- (a) Names of participants: Directors of the Company, being: Mr Gary Steinepreis or his nominees and Mr Daniel Smith or his nominees.
- (b) Maximum number of securities (each on a pre-Consolidation basis) to be issued:
Gary Steinepreis (or his nominees) of 942,500 Shares; and
Daniel Smith (or his nominees) of 942,500 Shares
- (c) The Company will issue the Shares by no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) Price at which Shares to be issued: 3.5 cents per Share.

- (e) The Shares are ordinary fully paid shares and will rank equally in all respects with the existing Shares on issue.
- (f) The participation by the Directors in the T2 Placement will raise \$65,975. The funds are intended to be used as set out in section 2 above.

GLOSSARY

In the Notice and this Explanatory Statement the following expressions have the following meanings:

ASX	ASX Limited (ACN 008 624 691).
ASX Listing Rules or Listing Rules	the listing rules of the ASX.
Board	the Board of Directors of the Company.
Chairman	the chairman of the Company.
Company	Taruga Gold Limited (ACN 153 868 789).
Constitution	the constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Directors	the directors of the Company .
Explanatory Statement	this Explanatory Statement.
Meeting or General Meeting	the meeting convened by this Notice.
Notice	notice of meeting that accompanies this Explanatory Statement.
Resolution	a resolution referred to in the Notice.
Proxy Form	the proxy form attached to this Notice.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a registered holder of Shares in the Company.
T1 Placement	has the meaning given in section 2 of the Explanatory Statement.
T2 Placement	has the meaning given in section 3 of the Explanatory Statement.
WST or Western Standard Time	Western Standard Time, Perth, Western Australia.
\$ or A\$	Australian dollars unless otherwise stated.

TARUGA GOLD LIMITED
ACN 153 868 789

PROXY FORM

The Secretary
Taruga Gold Limited

By delivery:
Vonex, Unit 5, Ground Floor, 1 Centro Avenue
Subiaco, WA 6008

By post:
PO Box 510, Subiaco
Perth, WA 6904

By facsimile:

+61 8 9486 4799

**Name of
Shareholder:**

**Address of
Shareholder:**

**Number of Shares
entitled to vote:**

Please mark ☒ to indicate your directions. Further instructions are provided overleaf. Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Step 1 – Appoint a Proxy to Vote on Your Behalf

**The Chairman of the
Meeting (mark box)**

☐

OR if you are **NOT** appointing the Chairman of the meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at the Office of the Company at Vonex, Unit 5, Ground Floor, 1 Centro Avenue, Subiaco, WA 6008 on **7 April 2017** at **11am WST** and at any adjournment or postponement of that Meeting.

Please note the Chairman of the Meeting intends to vote all undirected proxies in favour of each Resolution.

Step 2 – Instruction as to Voting on Resolutions

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

	FOR	AGAINST	ABSTAIN
Resolution 1 – Ratification of Placement: Tranche 1	☐	☐	☐
Resolution 2 – Approval to Issue Shares Under Placement: Tranche 2	☐	☐	☐
Resolution 3 – Participation of Gary Steinepreis or nominees in the Placement	☐	☐	☐
Resolution 3 – Participation of Daniel Smith or nominees in the Placement	☐	☐	☐

Signature of Member(s): This section must be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name:

Contact Ph (daytime):

Date:

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate or Appointment of Representative prior admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy, of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicated the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received at the Perth office of the Company at Vonex, Unit 5, Ground Floor, 1 Centro Avenue, Subiaco, WA 6008 or Facsimile +61 8 9486 4799 not less than 48 hours prior to the time of commencement of the Meeting.