TARUGA

ACN 153 868 789

ANNUAL REPORT 2019

CONTENTS

COMPANY INFORMATION

TARUGA

AND CONTROLLED ENTITIES

ACN	153 868 789	
Directors	Mark Gasson	Executive Director
	Sheena Eckhof	Executive Director
	Bernard Aylward	Non-Executive Director
	Gary Steinepreis	Non-Executive Director
Joint Company Secretaries	Daniel Smith Sylvia Foong	
Registered Office	Level 8, 99 St Georges Terrace Perth WA 6000	
	Telephone:	+61 8 9486 4036
	Facsimile:	+61 8 9486 4799
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153	
	Telephone:	1300 992 916
	Facsimile:	+61 8 9315 2233
Auditor	HLB Mann Judd Level 4, 130 Stirling Street Perth, WA 6000	
	Telephone:	+61 8 9227 7500
	Facsimile:	+61 8 9227 7533
Bankers	Westpac Banking Corporation 116 James Street Northbridge Perth, WA 6000	

Securities Exchange Listing

Taruga Minerals Limited Shares are listed on the Australian Securities Exchange.
The home exchange is Perth, Western Australia.
ASX Code: TAR

Website	www.tarugaminerals.com.au

REVIEW OF OPERATIONS

Company Overview

Taruga Minerals Limited (**Taruga** or the **Company**) is an exploration company that listed on the Australian Securities Exchange (ASX) on 7 February 2012. Taruga is focused on the exploration of key commodities required for Electric Vehicle (EV) Batteries, including Cobalt, Copper and Lithium exploration in the Democratic Republic of Congo (DRC) and Australia.

During FY2019 Taruga completed technical due diligence drilling on two advanced Cobalt and Copper projects, Kamilombe and Mwilu, and continued to review and evaluate other opportunities prospective for Copper, Cobalt and Lithium within the DRC in conjunction with its DRC consultants. Finalisation of the Kamilombe and Mwilu licence acquisitions have experienced delays due to no Provincial Government or National Parliament appointments, other than that of the President and Prime Minister, being made since the elections in December 2018. Consequently, there has been a lack of high-level availability and decision making to finalise the license agreements. All outstanding Government and Parliament appointments were made on 6 September 2019 and the Company is now confident that finalisation of title agreements is imminent.

In addition to the African projects, Taruga has also pursued new opportunities in Australia and during the year announced two projects regarded as prospective for Cobalt and Lithium in the mid-west region of Western Australia.

The Company successfully concluded Tranche 2 of the placement announced 19 June 2018 during the financial year, with funds raised totalling $1.0m.

Projects Overview

Taruga is a mineral exploration company which has projects located in the mineral rich DRC and Western Australia.

Democratic Republic of Congo

Taruga has entered into option agreements to acquire a range of highly prospective cobalt and copper projects in the DRC. All concessions are shown in **Figure 1** highlighting their position within the 'Kolwezi Klippe', Central African Copper Belt.

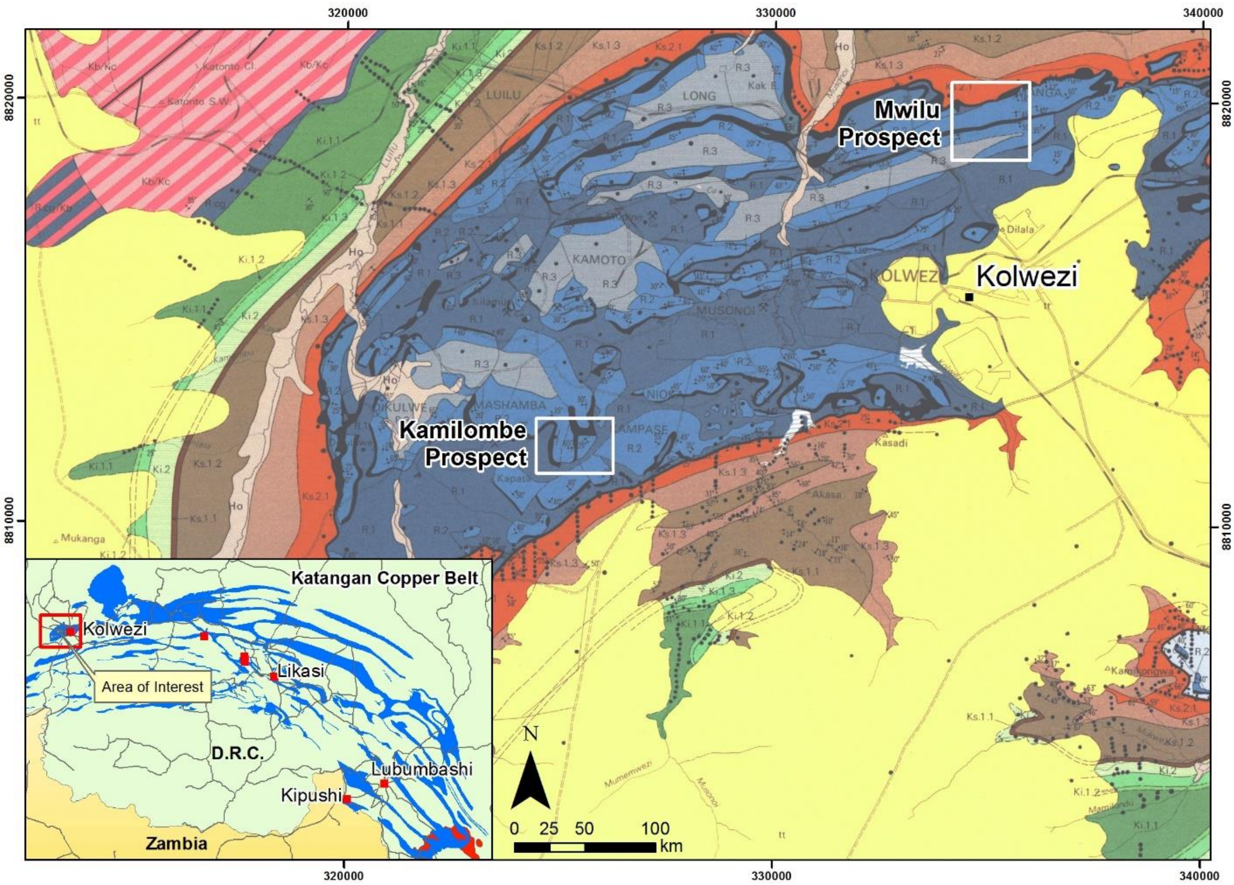

Figure 1: Regional geology showing location of Taruga's optioned tenements

In February 2018, Taruga entered into an agreement with a consortium including the Government of Lualaba Province and local construction and development company, Mint-Master, to earn a 60% interest in the high grade Kamilombe (portion of PE 11599 and 2605) and Mwilu (portion of Permis d'Exploitation – PE 4960) Cobalt-Copper projects. During the first half FY2019 the Company has completed due diligence diamond drilling programmes on both projects which highlighted the high-grade cobalt and copper potential at Kamilombe and mostly broad low grade cobalt mineralisation at Mwilu. Drilling and mapping during the due diligence period determined that only a portion of the mineralised structures were covered by the Kamilombe licence as provided in the initial agreement with the Consortium. A corporate decision was made to acquire additional ground surrounding the current Kamilombe licence which would include the strike continuity of defined mineralised structures and an open area for infrastructural mine development. It was further decided that the additional acquisition should be concluded during the due diligence period. The Company's initial focus is to conclude the new Kamilombe acquisition after which the Company will focus on Mwilu or a replacement project.

Taruga has received an extension to complete the due diligence at both Kamilombe and Mwilu or a replacement permit. The mutually agreed extension is for 60 days from the successful signing of new title agreements currently under discussion between La Générale des Carrières et des Mines (**Gecamines**) and Mint-Master (**Title Agreements**) as and when agreements are concluded.

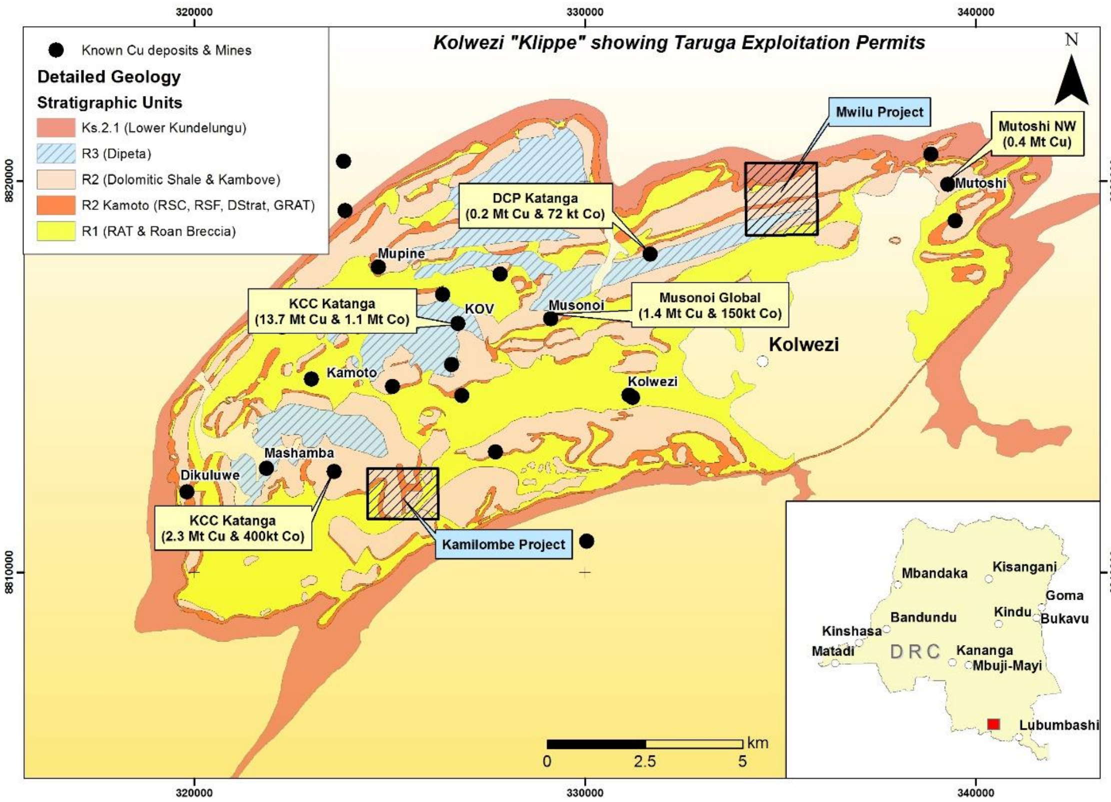

Figure 2: Geological map of the Kolwezi "Klippe" showing the Mwilu and Kamilombe project areas and known mines and deposits

Kamilombe Project

Kamilombe covers a surface area of 2.37km^2 and has similar geology to bordering KCC Katanga's deposit where a 275Mt @ 3.66% Cu and 0.55% Co Measured and Indicated Resource has been defined.[1]

Taruga twinned 5 historic holes for 999m drilled at Kamilombe as no information was available as to methods of analysis or aggradation methods used to calculate reported grades.

During the period, the Company reported the following high grade cobalt and copper results:[2,3]

- KMDD001: 31.21m @ 0.52% Co from 33.1m including **3.04m @ 1.45% Co** from 36.4m and **5.18m at 1.05% Co** from 57.7m

- KMDD001: **24.5m @ 1.22% Cu** from 138.3m and 8.12m @ 0.1% Co from 144.08m

[1] Refer to Ni 43-101 Technical Report released by Katanga Mining Limited, dated 31 March 2018

[2] For KMDD001 result table please refer to Table 1 in the following ASX announcement: 30 Jul 2018 High Grade Cobalt and Copper Results at the Kamilombe Project in the DRC

[3] For KMDD002-005 result table please refer to Table 1 in the following ASX announcement: 31 Aug 2018 High Grade Cobalt Mineralisation Confirmed at Kamilombe Project in the DRC

- KMDD002: 16.28m @ 0.2% Co from 164.6m
- KMDD004: 10.72m @ 0.38% Co from 40m
- KMDD005: 50.87m @ 0.49% Co from 5.8m including **13.68m @ 1.21% Co** from 30.47m and 8.85m @ 0.41% Co from 88.85
- KMDD005: **8.85m @ 1.32% Cu** from 88.5m

Drilling confirmed that Kamilombe is first and foremost a cobalt project with copper mineralisation coming in at deeper levels.

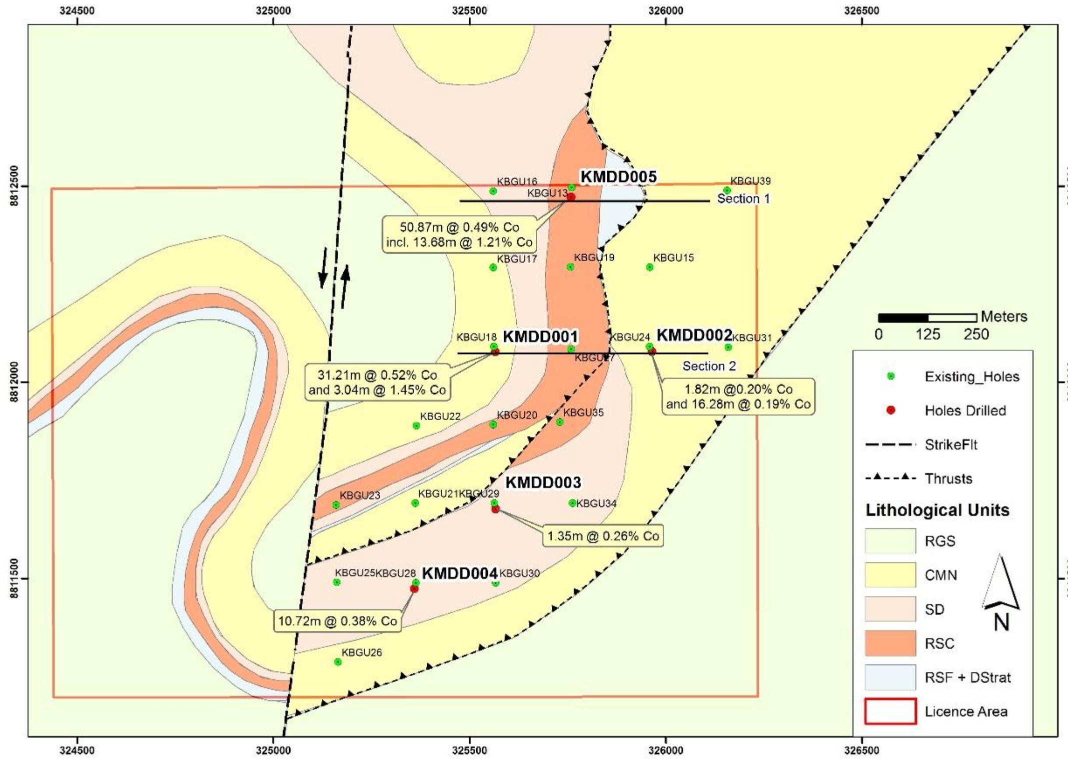

Figure 3: Interpreted geology from Gecamines showing historic diamond holes and 5 twinned diamond holes completed by Taruga

Thicknesses of the mineralised intersections are close to true thickness as bedding in the highly weathered stratigraphic units appears to be flat as shown in section in **Figures 4** and **5**. The sections further show that the mineralised Mines R2 units have been duplicated from thrusting thereby increasing the overall resource potential.

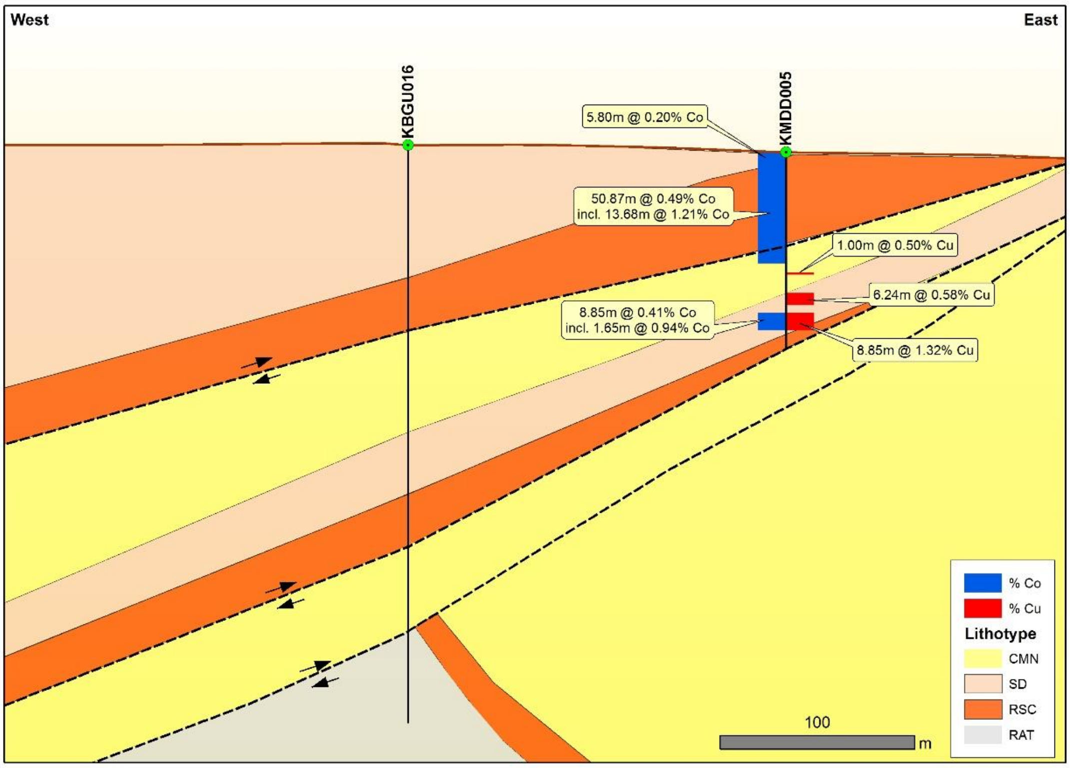

Figure 4: Interpreted section across KMDD005 highlighting the near surface and shallow dipping mineralized RSC unit and lower RAT unit

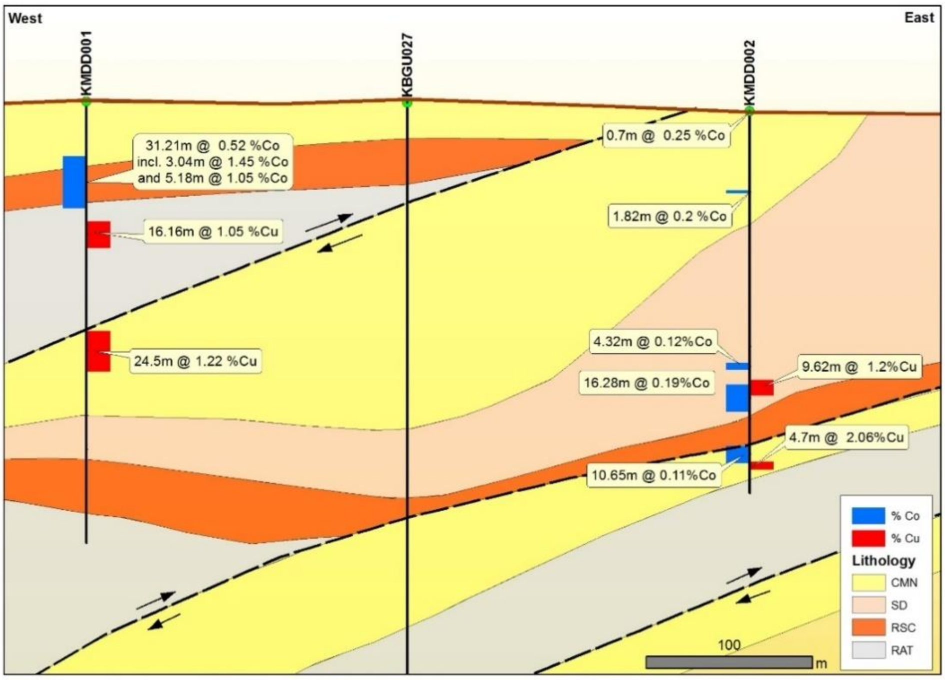

Figure 5: Interpreted section across KMDD001 and KMDD002

Metallurgy

As announced 31 January 2019, results received for provisional metallurgical studies on the DStrat stratigraphic unit at Kamilombe demonstrate the potential for concentrate grades of 4.1% Co to 12.6% Co and cobalt recoveries between 59% and 70% from simple gravity beneficiation. The DStrat unit occurs as highly friable sandy material and would therefore not require crushing, thus reducing processing costs.

The testwork has provided early indications of how the orebody may be processed to maximise economic returns from an early, shallow mining operation. Cashflow generated from shallow mining would be used towards a deeper resource drilling programme and feasibility studies at Kamilombe. Taruga is hopeful that a simple flowsheet and an economical processing facility can be confirmed in more detail following further testwork on exploration drill core.

Mwilu Project

Mwilu covers 3.36km^2 within the Kolwezi "Klippe" (**Figure 6**) which hosts a number of the largest known cobalt and copper mines and borders the city of Kolwezi to the north. The area is currently being mined at shallow levels by artisanal miners who are providing cobalt ore to the consortium, the sale of which is used to fund ongoing development projects in the Lualaba Province.

During the first half FY2019 Taruga completed 8 diamond drill holes for a total of 1,247m as part of the technical due diligence at Mwilu. Two drill fences were completed to test the near surface cobalt grades of Mines R2 series lithologies within two interpreted fold structures as shown in Figures 6, 7 and 8.

Drilling confirmed low grade cobalt mineralisation within a shallow dipping northern zone as shown in section in Figures 4 and 5 and high grade cobalt and copper mineralisation in a southern steeply dipping shear. Best results from the northern zone included:[4,5]

- MWDD004: 16.30m @ 0.16% Co from 31.9m, 46.60m @ 0.12% Co from 81.55m and 6.20m @ 0.32% Co from 164.85m
- MWDD007: 33.80m @ 0.14% from 57.6m

The northern zone attains a maximum depth of roughly 170m and is approximately 700m wide.

A highly significant result of **6.40m at 1.11% Co** from **282.45m** within a broader zone of **42.85m at 0.39% Co from 256.55m** was reported from hole MWDD008 which targeted the southern zone. A significant copper intersection of **13.05m at 2.02% Cu** from **264.5m** including **8.40m at 2.7% Cu** from **269.15m** was reported from the same zone. Channel sampling within artisanal workings at surface reported 19.32m at 0.33% Co including **9.87m at 0.55% Co** from the same zone at surface, suggesting continuous mineralisation down to a vertical depth of 280m.

The Company will focus on finalising the tenure at Kamilombe before making a decision on Mwilu where the northern zone has little potential due to the low grade cobalt tenor and the southern zone will need to be mined by more costly underground mining methods.

[4] For MWDD001-003 result table please refer to Table 2 in the following ASX announcement: 31 Aug 2018 High Grade Cobalt Mineralisation Confirmed at Kamilombe Project in the DRC

[5] For MWDD004-008 result table please refer to Table 1 in the following ASX announcement: 14 Sep 2018 All Results Reported for Due Diligence at Mwilu and Kamilombe Projects in the DRC

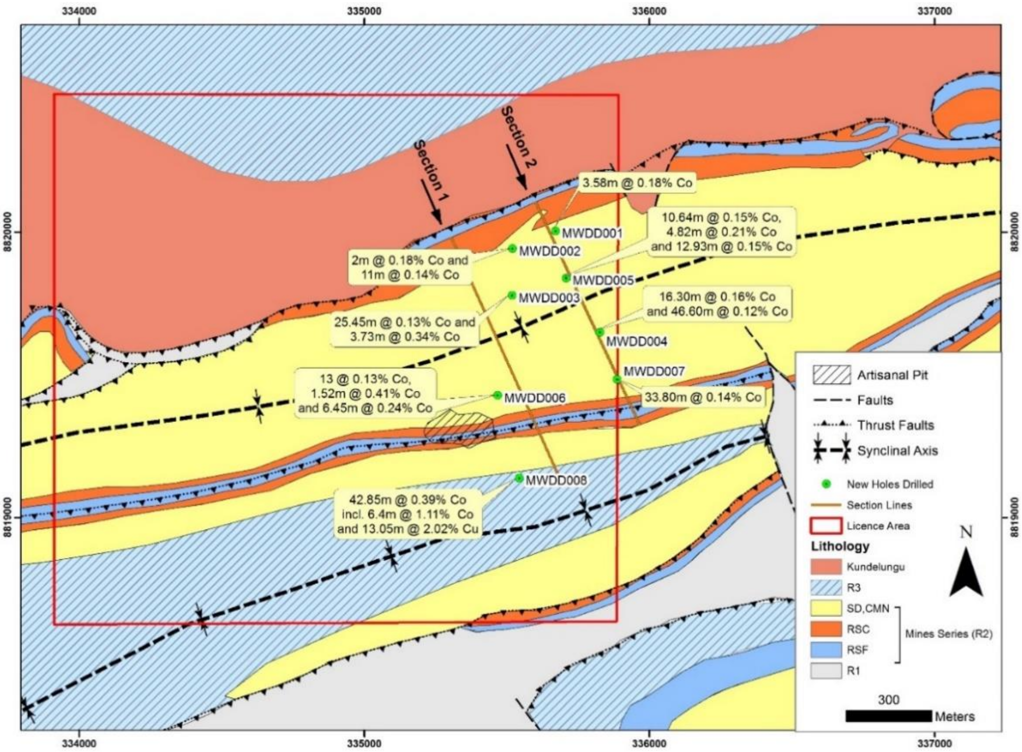

Figure 6: Interpreted geology and drilling results at Mwilu

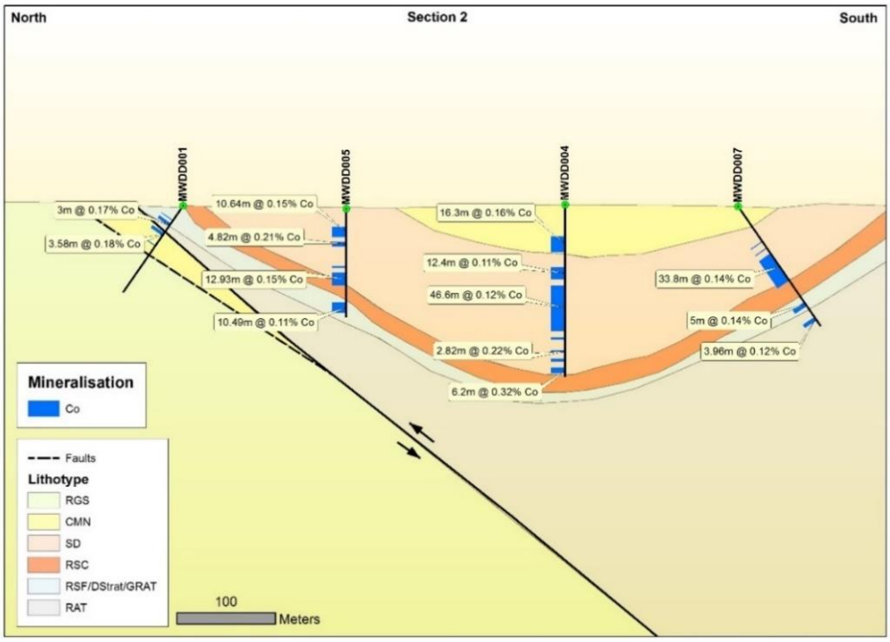

Figure 7: Cross section across the northern zone showing mineralisation confined to the synclinal structure on geology

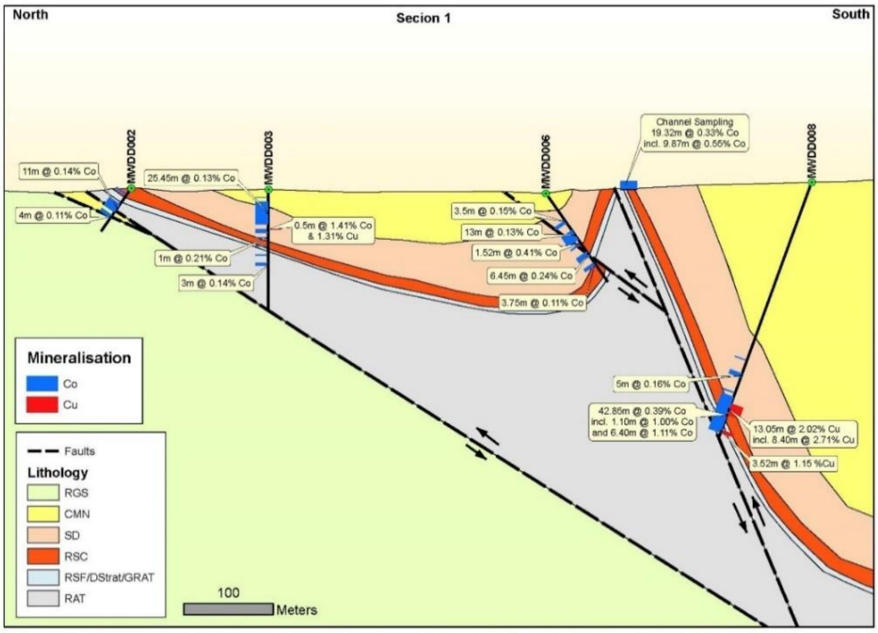

Figure 8: Cross section across both the northern and southern zone showing mineralisation confined to the synclinal structure in the northern zone and the steeply dipping southern zone on geology

Central African Copperbelt

All tenements are located within the Central African Copper Belt, which hosts many of the largest known copper-cobalt deposits both in the south-eastern DRC and Zambia.

The geology of the Copper Belt sequence has been well studied, and a substantial history of mining and exploration provides a strong platform for future development work. Cobalt-copper mineralisation was traditionally expected within the lower sedimentary sequences of the Lower Roan sub-group of rocks known as the Mines Group (R-2), although recent exploration has led to the discovery of several deposits in the overlying Mwashya (R-4) and Nguba Groups. The most significant example being Ivanhoe's Kamoa deposits (>25m tonnes of contained copper) hosted in the "Grand Conglomerate Formation" at the base of the Lower Kundulungu. These new discoveries have highlighted the potential for additional units with the geological formation to host major cobalt-copper mineralisation and significantly highlight large areas of prospective ground that has had little to no previous exploration.

Australia

Cobalt Exploration

Exploration licence E51/1832 was granted on the 5th October 2018. The licence is located 30km southeast of the regional centre of Meekatharra in the Murchison region of Western Australia. The Company has undertaken a review of the historic exploration and activity in the region and reviewed aeromagnetic data to prepare an updated geological model. The Company is planning for a broad geochemical survey targeting cobalt mineralisation following further ground reconnaissance.

Lithium

The Company has exploration licence applications in the Greenbushes region of Western Australia pending. The licences are subject to review by the Department of Environment relating to proposed activities and licence conditions. **(Figure 9)**.

Taruga identified the region as highly prospective for the discovery of additional lithium mineralised pegmatite bodies through review of historic data and geological mapping completed by the Geological Survey of Western Australia. The tenement areas contain identified Lithium exploration targets, including the historic Tin-Tantalum-Lithium Yeraminup prospect. The geological setting is interpreted to be analogous to the setting of the Greenbushes mine, and a detailed exploration programme of mapping and sampling is proposed for the tenements when granted.

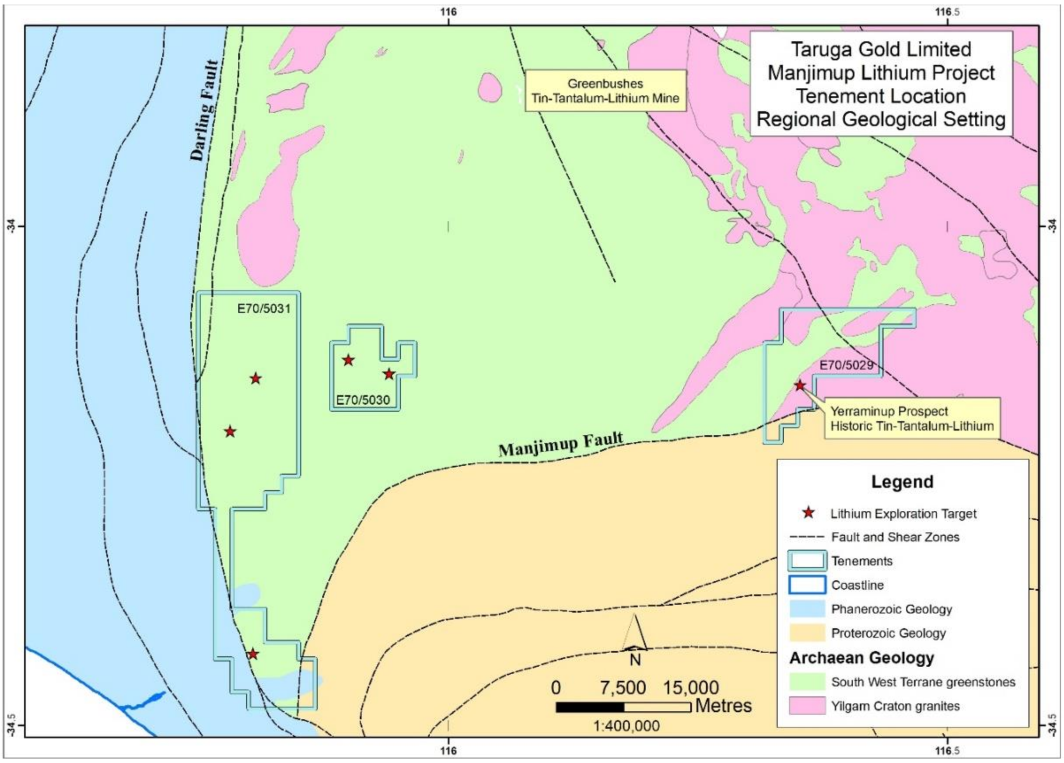

Figure 9: Taruga Minerals Limited – Tenement Application Location Plan

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. Mr Gasson is an Executive Director of Taruga Minerals Limited. 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". Mr Gasson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

CORPORATE

Capital raisings

On 17 September 2018, the Company announced that it had issued 2,380,952 ordinary shares at a price of $0.21 per share and 2,380,952 free attaching options, to sophisticated investors as part of the Tranche 2 placement announced 19 June 2018. The placement raised $500,000 before costs.

On 9 November 2018, the Company announced that it had issued 2,380,952 ordinary shares at a price of $0.21 per share and 2,380,952 free attaching options, to sophisticated investors as part of the Tranche 2 placement announced 19 June 2018, raising $500,000 before costs.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of these operations, or the state of affairs in future financial years.

DIRECTORS' REPORT

Your Directors submit their report on the Group consisting of Taruga Minerals Limited and its controlled entities (**Taruga**) for the period ended 30 June 2019.

DIRECTORS

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

		In office from	In office to
Bernard Aylward	Non-executive Director	21 October 2011	present
Mark Gasson	Executive Director	28 February 2018	present
Gary Steinepreis	Non-executive Director	15 July 2016	present
Sheena Eckhof	Executive Director	6 September 2017	present

PARTICULARS OF DIRECTORS

Mark Gasson **Executive Director** **BSc (Hons.)**

Qualifications and experience

Mr Gasson is a geologist with 33 years of experience and has been active in South Africa, Tanzania and the DRC since 1986 in gold and base metals exploration and resource development. Mr Gasson served on the Boards of Tiger Resources, Erongo Energy and Alphamin Resources and as Exploration Manager of a number of Junior Exploration Companies. He was instrumental in the discovery of Tiger Resources' 1 million tonnes Kipoi copper deposit, 250,000 tonnes of tin at 3.5% tin at Alphamin's Bisie tin project, and 3Moz of gold at Amani's Giro deposits, all of which are located in the DRC.

Mr Gasson brings considerable relevant skills and experience to the Board. He is a member of the Australasian Institute of Mining and Metallurgy.

Interest in Shares and Options

Fully Paid Shares – 8,500,000
Performance Rights – 4,500,000
Options – Nil

Special Responsibilities

Executive Director, technical.

Directorships held in listed entities

Company Name	Appointed	Resigned
Tiger Resources Limited	June 2005	June 2017
AJN Resources Inc	2 September 2016	-

Bernard Aylward **Non-Executive Director** **BSc (Hons.), MAusIMM**

Qualifications and experience

Mr Aylward is a geologist with over 20 years' experience as a manager and exploration geologist in the mining and exploration industry in a variety of commodities. Mr Aylward's experience includes serving as the Chief Operating Officer of International Goldfields Ltd, General Manager of Azumah Resources Ltd (Ghana), and Exploration Manager for Croesus Mining NL.

Mr Aylward has been involved in the discoveries and management of the Bepkong, Julie, Collette and Kunche deposits in Ghana, as well as the Deep South gold deposit, Gladstone North deposit, St Patrick's, Norseman Reef, and the Safari Bore gold deposit.

Mr Aylward brings considerable relevant skills and experience to the Board. He is a member of the Australasian Institute of Mining and Metallurgy.

Interest in Shares and Options

Fully Paid Shares – 5,324,386
Performance Rights – 1,500,000
Options – Nil

Special Responsibilities

None.

Directorships held in listed entities

Company Name	Appointed	Resigned
Kodal Minerals Plc.	20 May 2016	-
Lachlan Star Limited	18 January 2018	-

Gary Steinepreis **Non-Executive Director** **B.Com, CA**

Qualifications and experience

Mr Steinepreis has in excess of 20 years' experience with ASX-listing rules, corporate governance and equity capital raisings. Mr Steinepreis is a Chartered Accountant and holds a Bachelor of Commerce from University of Western Australia. Mr Steinepreis is currently a Non-Executive Director of CFOAM Limited and Lachlan Star Limited.

Interest in Shares and Options

Fully Paid Shares – 5,152,502
Performance Rights – 1,500,000
Options – Nil

Special Responsibilities

None.

Directorships held in listed entities

Company Name	Appointed	Resigned
CFOAM Limited	30 March 2016	-
Lachlan Star Limited	18 January 2018	-
Helios Energy Ltd	4 June 2010	11 September 2018
AVZ Minerals Ltd	30 November 2012	21 August 2017

Sheena Eckhof **Executive Director B.Com**

Qualifications and experience

Miss Eckhof holds a Bachelor of Commerce degree, majoring in Corporate and Investment Finance, from the University of Western Australia. Miss Eckhof has previously worked with two globally renowned Investment Banks, with a specific focus on the resources sector and is currently Investor Relations Officer at Independence Group NL, a West Australian mid-cap resources company.
Interest in Shares and Options

Fully Paid Shares – Nil
Performance Rights – 1,500,000
Options – Nil

Special Responsibilities

Investor Relations.

Directorships held in listed entities

Company Name	Appointed	Resigned
AJN Resources Inc.	26 June 2019	-

Information on Company Secretaries

Daniel Smith
Mr Smith is a member of the Australian Institute of Company Directors and the Governance Institute of Australia, with a background in finance. He has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings. He is also a director of Minerva Corporate, a private corporate consulting firm.

Sylvia Foong
Miss Foong holds a Bachelor of Commerce degree, majoring in Accounting and Finance, from the University of Western Australia. Miss Foong is a Chartered Accountant, and has a Certificate in Governance Practice.

OPERATING AND FINANCIAL REVIEW

A review of the operations of the Group during the financial year is contained in the Review of Operations section of this Annual Report.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was mineral exploration in Africa and Australia.

Operating Results

The consolidated comprehensive loss after tax for the financial year is $2,914,789 (2018: $11,148,954).

Financial Position

At 30 June 2019 the Company had cash reserves of $401,763 (2018: $2,487,993).

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Corporate

No matter has arisen since 30 June 2019 that in the opinion of the directors has significantly affected or may significantly affect in future financial years (i) the Group's operations, or (ii) the results of those operations, or (iii) the Group's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company is close to finalising its due diligence review of the Kamilombe and Mwilu projects, both highly prospective for Cobalt and Copper, within the DRC. The Company is also in process of reviewing and evaluating other opportunities prospective for Copper, Cobalt and Lithium within the DRC in conjunction with its DRC consultants.

Taruga has also applied for exploration licences which are prospective for Cobalt and Lithium mineralisation in Western Australia. The applications are in an early stage and the Company is proposing an exploration program of surface mapping and geochemical sampling.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2019, and the number of meetings attended by each Director.

	Number eligible to attend	Number attended
Gary Steinepreis	4	4
Bernard Aylward	4	4
Sheena Eckhof	4	4
Mark Gasson	4	4

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director and "Key Management Personnel" of Taruga Minerals Limited.

The report has been subject to audit. Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, including any director.

Remuneration policy

The Board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines benefits to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold securities in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre Directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

Performance-based remuneration

The Company does not pay any performance-based component of salaries.

Details of remuneration for year ended 30 June 2019

Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to Directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the Directors or companies associated with the Directors in accordance with agreements between the Company and those entities.

Details of the agreements are set out below.

Agreements in respect of cash remuneration of Directors:

Executive Directors

During the year, Executive Directors Mr Gasson and Miss Eckhof have agreed to a short-term reduction in salary to conserve funds in the Company.

Mr Gasson is on an Executive Employment Agreement, with a remuneration package of $180,000 per annum (inclusive of Directors fees). Either party may terminate the agreement with 3 months' notice period. Subsequent to the agreed short-term reduction in fees, Mr Gasson is currently remunerated $30,000 per annum.

Miss Sheena Eckhof is on a contract dated 6 September 2017, with a remuneration package of $24,000 per annum for Directors fees. Miss Sheena Eckhof, through Iguana Resources Pty Ltd, and the Company entered into a contract dated 8 October 2018 (**Consulting Agreement**) for the provision of Investor Relations Manager services by Miss Eckhof. Per the Consulting Agreement, Miss Eckhof is remunerated at $60,000 per annum for these services. Either party may terminate the agreement with 1 months' notice period.

On 1 May 2019, Miss Eckhof and the Company mutually agreed to a variation of the Consulting Agreement to $2,500 per month and the waiver of Directors fees to assist with the conservation of funds in the Company. Miss Eckhof is currently remunerated at $30,000 per annum. As at 30 June 2019, there was an outstanding amount of $2,500 owing to Iguana Resources Pty Ltd in relation to consulting fees for the management of the Company's investor relations.

Non-executive Directors

The Company's constitution provides that the Non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate sum determined by a general meeting. The aggregate remuneration has been set at an amount of $300,000 per annum.

Mr Gary Steinepreis is on a contract dated 15 July 2017, which provides for a fixed fee of $2,000 per month.
Mr Bernard Aylward is on a contract dated 15 July 2016, which provides for a fixed fee of $2,000 per month.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties. Executive Directors may be paid on commercial terms as the Directors see fit.

The total remuneration paid to Key Management Personnel is summarised below:

Year ended 30 June 2019

Director	Associated Company	Short-term Benefits Fees $	Consultancy $	Share Based Payments $	Performance Rights[2] $	Total $	Performance related %
Gary Steinepreis	Leisurewest Consulting Pty Ltd	24,000	-	-	93,500	117,500	80
Bernard Aylward	Matlock Geological Services Pty Ltd	24,000	-	-	93,500	117,500	80
Sheena Eckhof	Iguana Resources Pty Ltd	20,000	40,000	-	93,500	153,500	62
Mark Gasson		147,500	-	-	238,500	386,000	61
		215,500	40,000	-	519,000	774,500	-

Year ended 30 June 2018

Director	Associated Company	Short-term Benefits Fees $	Consultancy $	Share Based Payments $	Performance Rights $	Total $	Performance related %
Gary Steinepreis	Leisurewest Consulting Pty Ltd	23,000	-	-	7,792	30,792	25%
Bernard Aylward	Matlock Geological Services Pty Ltd	24,000	-	-	7,792	31,792	25%
Sheena Eckhof		19,733		-	7,791	27,524	28%
Mark Gasson		-	60,000	990,000[1]	19,875	1,069,875	2%
Daniel Smith	Minerva Corporate Pty Ltd	4,834	-	-	-	4,834	-
		71,567	60,000	990,000	43,250	1,164,817	-

The Group has one full time Executive officer, Mr Mark Gasson.

[1] During the 2018 financial year, Mark Gasson received 6,000,000 shares with a fair value of $990,000 for Strategic Consultancy services provided pursuant to shareholder approval.

[2] Refer to Note 24 of the financial report for further details

Shareholdings of Key Management Personnel:

	Balance 30 June 2018	Balance on Appointment	Additions	Balance on Resignation	Balance 30 June 2019
Bernard Aylward	5,324,386	-	-	-	5,324,386
Mark Gasson	8,500,000	-	-	-	8,500,000
Gary Steinepreis	5,152,502	-	-	-	5,152,502
Sheena Eckhof[2]	-	-	-	-	-
	18,976,888	-	-	-	18,976,888

	Balance 30 June 2017	Balance on Appointment	Additions	Balance on Resignation	Balance 30 June 2018
Bernard Aylward	5,324,386	-	-	-	5,324,386
Daniel Smith[1]	1,078,729	-	-	1,078,729	-
Mark Gasson	-	1,000,000	7,500,000	-	8,500,000
Gary Steinepreis	4,152,502		1,000,000	-	5,152,502
Sheena Eckhof[2]	-	-	-	-	-
	10,555,617	1,000,000	8,500,000	1,078,729	18,976,888

[1]Mr Smith resigned on 6 September 2017 with a shareholding balance of 1,078,729 shares.
[2]Miss Eckhof was appointed on 6 September 2017 with a shareholding balance of NIL.

Performance Rights holdings of Key Management Personnel:

	Balance 30 June 2018	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2019
Bernard Aylward	1,500,000	-	-	-	1,500,000
Mark Gasson	4,500,000	-	-	-	4,500,000
Gary Steinepreis	1,500,000	-	-	-	1,500,000
Sheena Eckhof	1,500,000	-	-	-	1,500,000
	9,000,000	-	-	-	9.000,000

	Balance 30 June 2017	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2018
Bernard Aylward	-	-	-	1,500,000	1,500,000
Daniel Smith	-	-	-	-	-
Mark Gasson	-	-	-	4,500,000	4,500,000
Gary Steinepreis	-	-	-	1,500,000	1,500,000
Sheena Eckhof	-	-	-	1,500,000	1,500,000
	-	-	-	9,000,000	9,000,000

Option holdings of Key Management Personnel:

	Balance 30 June 2018	Balance on Appointment	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2019
Bernard Aylward	-	-	-	-	-	-
Mark Gasson	-	-	-	-	-	-
Gary Steinepreis[1]	-	-	-	-	-	-
Sheena Eckhof[2]	-	-	-	-	-	-
	-	-	-	-	-	-

	Balance 30 June 2017	Balance on Appointment	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2018
Bernard Aylward	-	-	-	-	-	-
Daniel Smith	-	-	-	-	-	-
Mark Gasson	-	-	-	-	-	-
Gary Steinepreis[1]	-	-	-	-	-	-
Sheena Eckhof[2]	-	-	-	-	-	-
	-	-	-	-	-	-

[1]Mr Steinepreis was appointed on 15 July 2016 with an option holding balance of NIL.
[2]Miss Eckhof was appointed on 6 September 2017 with an option holding balance of NIL.

End of remuneration report

ENVIRONMENTAL ISSUES

The Group has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

OPTIONS

At the date of this report, there were 11,749,999 unlisted options on issue.

The names of persons who currently hold options are entered in a register pursuant to Section 170 of the Corporations Act 2001. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of the Company or any other corporation. Subsequent to year end no options have been issued or exercised.

INDEMNIFICATION OF DIRECTORS

During the financial year, the Company has not given an indemnity or entered into an agreement to indemnify any of the Directors.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

There were no non-audit services provided during the current year by our auditors, HLB Mann Judd.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITORS' INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, 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 32 and forms part of this directors' report for the year ended 30 June 2019.

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.

G Steinepreis

Gary Steinepreis
Non-Executive Director

Dated Perth 27 September 2019

CORPORATE GOVERNANCE STATEMENT

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council.

The following corporate governance charters, codes and policies have been implemented and are available on the Company's website at www.tarugaminerals.com.au:

- Board Charter
- Corporate Code of Conduct
- Diversity, Nomination and Remuneration Committee Charter
- Audit and Risk Committee Charter
- Shareholder Communication Guidelines and Policy
- Disclosure Policy
- Securities Trading Policy

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Taruga Minerals Limited for the year ended 30 June 2019, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
27 September 2019

M R Ohm
Partner

hlb.com.au

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

TARUGA AND CONTROLLED ENTITIES

	Note	CONSOLIDATED	
		Year to 30 June 2019 $	Year to 30 June 2018 $
Revenue	2	3,431	7,899
Depreciation	3	(16,311)	-
Consultants		(310,937)	(17,173)
Impairment expense	9	-	(7,060,393)
Professional fees		(110,016)	(96,237)
Travel and accommodation		(119,170)	(105,176)
Office and communication costs		(32,313)	(43,698)
Share-based payments	3	(771,500)	(2,044,292)
Exploration expenditure		(1,367,546)	(1,568,358)
Foreign exchange loss		(6,428)	-
Other expenses		(164,997)	(265,360)
Loss from continuing operations before income tax		(2,895,787)	(11,192,788)
Income tax expense	4	-	-
Net loss for the period from continuing operations		(2,895,787)	(11,192,788)
Loss from discontinued operations net of tax	23	(71,993)	(9,835)
Net loss for the period		(2,967,780)	(11,202,623)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange gain/(loss) on translation of foreign subsidiaries		52,991	53,669
Total comprehensive loss for the period		(2,914,789)	(11,148,954)
Basic and diluted loss per share (cents per share)	19	(2.12)	(10.37)
Basic and diluted loss per share from continuing operations (cents per share)	19	(2.07)	(10.37)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

TARUGA

AND CONTROLLED ENTITIES

	Note	CONSOLIDATED 30 June 2019 $	CONSOLIDATED 30 June 2018 $
CURRENT ASSETS			
Cash and cash equivalents	5	401,763	2,487,993
Trade and other receivables	6	94,613	26,490
Other assets	7	725,608	-
Total Current Assets		1,221,984	2,514,483
NON CURRENT ASSETS			
Plant and equipment	8	89,934	61,027
Mineral exploration and evaluation	9	-	-
Total Non-Current Assets		89,934	61,027
TOTAL ASSETS		1,311,918	2,575,510
CURRENT LIABILITIES			
Trade and other payables	10	85,819	206,122
Total Current Liabilities		85,819	206,122
TOTAL LIABILITIES		85,819	206,122
NET ASSETS		1,226,099	2,369,388
EQUITY			
Issued capital	11	19,531,500	18,531,500
Reserves	12	830,556	6,065
Accumulated losses	12	(19,135,957)	(16,168,177)
TOTAL EQUITY		1,226,099	2,369,388

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

TARUGA

FOR THE YEAR ENDED 30 JUNE 2019

AND CONTROLLED ENTITIES

	Consolidated				
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$
Year to 30 June 2018					
As at 1 July 2017	13,821,735	(4,965,554)	-	(111,896)	8,744,285
Issue of shares	4,797,500	-	-	-	4,797,500
Share-based payments – Performance Rights	-	-	64,292	-	64,292
Share issue expenses	(87,735)	-	-	-	(87,735)
Loss for the period	-	(11,202,623)	-	-	(11,202,623)
Exchange loss on translation of foreign subsidiaries	-	-	-	53,669	53,669
As at 30 June 2018	18,531,500	(16,168,177)	64,292	(58,227)	2,369,388
Year to 30 June 2019					
As at 1 July 2018	18,531,500	(16,168,177)	64,292	(58,227)	2,369,388
Issue of shares	1,000,000	-	-	-	1,000,000
Share-based payments – Performance Rights	-	-	771,500	-	771,500
Share issue expenses	-	-	-	-	-
Loss for the period	-	(2,967,780)	-	-	(2,967,780)
Exchange loss on translation of foreign subsidiaries	-	-	-	52,991	52,991
As at 30 June 2019	19,531,500	(19,135,957)	835,792	(5,236)	1,226,099

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

AND CONTROLLED ENTITIES

	Note	CONSOLIDATED Year to 30 June 2019 $	Year to 30 June 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(588,489)	(401,109)
Interest income received		3,431	7,899
Payment for exploration expenditure		(1,695,757)	-
Net cash used in operating activities	16	(2,280,815)	(393,210)
CASH FLOWS FROM INVESTING ACTIVITIES			
Prepayment of acquisition costs		(725,608)	-
Payments for property, plant & equipment		(76,028)	(30,896)
Payment for capitalised exploration		-	(1,571,566)
Net cash used in investing activities		(801,636)	(1,602,462)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,000,000	2,817,487
Share issue transaction costs		(13,065)	(74,658)
Net cash provided by financing activities		986,935	2,742,829
Net increase in cash held		(2,095,516)	747,157
Cash and cash equivalents at the beginning of the period		2,487,993	1,740,836
Effect of exchange rate fluctuations on cash held		9,366	-
Cash and cash equivalents at the end of the year		401,763	2,487,993

The accompanying notes form part of these financial statements.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. Historical cost is based on the fair values of the consideration given in exchange for assets.

The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in West Africa. The entity's principal activity is mineral exploration.

The accounting policies detailed below have been consistently applied to all of the periods presented unless otherwise stated. The financial statements are for the Group consisting of Taruga Minerals and its subsidiaries. For the purposes of preparing the consolidated financial statements, the Group is a for profit entity.

The financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Statement of Compliance

The financial report was authorised for issue on 27 September 2019.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2019

In the year ended 30 June 2019, 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 2018. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on its business and therefore no material change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019. As a result of this review, the Director have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurements, impairment of financial assets and hedge accounting model.

The Group has adopted AASB 9 from 1 July 2018.

The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. There is no change to previously reported amounts upon implementation of AASB 9.

Accounting Policies

(a) Basis of Consolidation

A controlled entity is any entity controlled by Taruga Minerals Limited. Control exists where Taruga Minerals Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Taruga Minerals Limited to achieve the objectives of Taruga Minerals Limited. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the Group, including any unrealised profit or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Going Concern

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 $2,914,789 for the year ended 30 June 2019, and a net cash outflow from operating activities amounting to $2,280,815, the Directors are of the opinion that the Company is a going concern. Once the Kamilombe and Mwilu licences have been finalised the Company has 4 weeks to complete its due diligence. On completion of the due diligence and should the Company wish to continue, the Company will make a further payment of US$2,000,000. The Directors will be seeking to raise additional funds during the coming period in relation to future planned expenditure.

The Directors are satisfied that the Group will have access to sufficient cash as and when required to enable it to fund administrative and other committed expenditure. The Directors are satisfied that they will be able to raise additional funds by debt and/or equity raisings.

However, should the above equity raisings not be completed, there is a material uncertainty that may cast significant doubt as to whether the Company will continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business.

(c) Income Tax

The charge for current income tax expenses is based on the result for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.
Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset:	Depreciation Rate:
Plant and Equipment	15 – 50%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised where the requirements under AASB 6 for so doing are satisfied. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(f) Impairment of Assets

At each reporting date, the Directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Provisions

Provisions are recognised where there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(j) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses. Receivables and payables in the statement of financial position are shown inclusive of GST.

(l) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Segment Reporting

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.

(o) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key Estimates – Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

An impairment was recognised in the prior year in respect of costs carried forward as exploration assets in Note 8 due to the uncertainty surrounding the renewals of the existing West African licenses, as well as the uncertainty regarding the granting of new licenses.

Key Estimates – Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model, using the assumptions detailed in Note 24.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

(p) Share based payments – shares and options

The fair value of shares and share options granted is recognised as an expense with a corresponding increase in equity. Fair value is measured at grant date and recognised over the period during which the grantees become unconditionally entitled to the shares or share options.

The fair value of share grants at grant date is determined by the share price at that time.

The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, any vesting and performance criteria, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

Upon the exercise of the option, the balance of the share-based payments reserve relating to the option is transferred to share capital.

(q) Foreign currency translation

Both the functional and presentation currency of Taruga Minerals Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations during the period and up to the disposal of some of the subsidiaries being the entities - Gecko Gold Niger, Gecko Gold CI and MGS Ghana is CFA Francs. The functional currency of Taruga Congo SARLU was Congalese Franc.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Taruga Minerals Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(r) Parent entity financial information

The financial information for the parent entity, Taruga Minerals Limited, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except for Investments in subsidiaries which are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

NOTE 2 – REVENUE

	Consolidated	
Revenue	**2019 $**	**2018 $**
Interest received	3,431	7,899
Total Revenue	3,431	7,899

NOTE 3 – LOSS FROM CONTINUING ACTIVITIES BEFORE INCOME TAX

	Consolidated	
	2019	**2018**
	$	**$**
Expenses		
Depreciation of non-current assets		
Plant and Equipment	1,662	1,290
Office furniture and equipment	339	1,511
Motor vehicles	14,310	7,034
Total depreciation of non-current assets	16,311	9,835
Share-based payments		
Share-based payments to Contractors [1]	252,500	1,980,000
Performance rights to Directors (Note 23)	519,000	64,292
	771,500	2,044,292

[1] In the prior year, the Company received approval at the 24 May 2018 General Meeting to issue 1,500,000 Performance Rights to two contractors for their services, past and future, as exploration manager and engineering consultant of the Company. The expense is related to the Performance Rights previously allotted.

NOTE 4 – INCOME TAX

The prima facie tax expense at 30% on loss from continuing activities is reconciled to the income tax expense in the financial statements as follows:

	2019	**2018**
	$	**$**
Loss from continuing operations	(2,895,787)	(11,202,263)
Loss from discontinued operations	(71,993)	(11,202,263)
Prima facie income tax expense at 30%	(890,334)	(3,080,721)
Tax effect of permanent differences		
Impairment	-	1,941,608
Foreign projects	306,765	444,914
Share-based payments	231,450	562,180
Other non-deductible expenses	242,455	41,909
Income tax expense adjusted for permanent differences	(109,663)	(90,110)
Deferred tax asset not brought to account	109,663	90,110
Income tax expense	-	-

NOTE 4 – INCOME TAX (CONTINUED)

Income tax benefit

The directors estimate the cumulative unrecognised deferred tax asset attributable to the company and its controlled entity at 30% is as follows:	Consolidated	
Deferred tax assets	**2019**	**2018**
	$	**$**
Revenue losses after permanent differences	781,829	635,700
Capital raising costs yet to be claimed	7,050	3,812
Accruals	5,293	4,675
Other	85	-
	794,257	644,187

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2019 as the Directors do not believe it is appropriate to regard the realisation of the asset as probable. This asset will only be obtained if:

(a) The company and its controlled entity derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realised;
(b) The company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and
(c) No changes in tax legislation adversely affect the company and its controlled entity in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

Franking Credits

No franking credits are available at balance date for the subsequent financial year.

NOTE 5 – CASH AND CASH EQUIVALENTS	**2019**	**2018**
	$	**$**
Cash at bank and on hand	401,763	2,487,993

Cash at bank earns interest at floating rates based on daily deposit rates.

NOTE 6 – TRADE AND OTHER RECEIVABLES	**2019**	**2018**
	$	**$**
Current		
GST receivable	69,732	6,050
Other receivables	17,222	12,781
Other current assets	7,659	7,659
	94,613	26,490

No credit losses are expected at balance date.

	Consolidated 2019 $	2019 $
NOTE 7 – OTHER ASSETS		
Prepaid acquisition consideration[1]	725,608	-

[1] Prepaid acquisition consideration totalling US $510,000 towards due diligence costs, and the acquisition of the Kamilombe project and adjacent tenure in the DRC. In the event the acquisition of Kamilombe does not proceed, there is provision for the repayment of the consideration to the Company.

NOTE 8 – PLANT AND EQUIPMENT

	Consolidated				
Cost	Motor Vehicles $	Computer Equipment $	Plant & Equipment $	Fixtures & Fittings $	Total $
2018					
Balance Brought Forward	120,951	-	22,537	26,086	169,574
Additions	14,033	2,860	14,003	-	30,896
Foreign exchange movement	7,209	-	1,343	1,555	10,107
Balance Carried Forward	142,193	2,860	37,883	27,641	210,577
Accumulated Depreciation					
Balance Brought Forward	93,834	-	17,562	20,262	131,658
Charge	7,034	-	1,290	1,511	9,835
Foreign exchange movement	5,744	-	1,075	1,238	8,057
Balance Carried Forward	106,612	-	19,927	23,011	149,550
Net Book Value 30 June 2018	35,581	2,860	17,956	4,630	61,027

NOTE 8 – PLANT AND EQUIPMENT (CONTINUED)

	Consolidated				
Cost	Motor Vehicles $	Computer Equipment $	Plant & Equipment $	Fixtures & Fittings $	Total $
2019					
Balance Brought Forward	142,193	2,860	37,883	27,641	210,577
Additions	75,061	-	154	-	75,214
Disposals	(127,092)	-	(23,681)	(27,410)	(178,183)
Foreign exchange movement	(1,068)	-	(199)	(231)	(1,498)
Balance Carried Forward	89,094	2,860	14,157	-	106,111
Accumulated Depreciation					
Balance Brought Forward	106,612	-	19,927	23,011	149,550
Charge	16,332	339	2,033	434	19,138
Disposals	(107,713)	-	(20,126)	(23,247)	(151,086)
Foreign exchange movement	(1,055)	-	(172)	(198)	(1,425)
Balance Carried Forward	14,176	339	1,662	-	16,177
Net Book Value 30 June 2019	74,918	2,521	12,495	-	89,934

NOTE 9 – MINERAL EXPLORATION AND EVALUATION	Consolidated 2019 $	2018 $
Opening balance	-	6,995,457
Expenditure during the year	-	22,055
Impairment – refer Note 1(m)	-	(7,060,393)
Foreign exchange movement	-	42,881
Closing balance	-	-

The ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploitation, or sale of the respective areas.

NOTE 10 – TRADE AND OTHER PAYABLES	2019 $	2018 $
Trade creditors	67,050	206,122
Other payables	18,769	-
	85,819	206,122

Trade payables are non-interest bearing and are normally settled on 30 day terms.

NOTE 11 – ISSUED CAPITAL	2019 $	2018 $
(a) Issued capital		
141,167,238 shares fully paid	19,531,500	18,531,500

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

	Number	$
Opening balance at 30 June 2017	103,917,239	13,821,735
Placement	10,900,000	1,090,000
Placement March 2018	2,600,000	260,000
Consultants shares	12,000,000	1,980,000
Placement - Tranche 1	6,988,095	1,467,500
Issue costs	-	(87,735)
Closing balance at 30 June 2018	136,405,334	18,531,500

	Number	$
Opening balance at 30 June 2018	136,405,334	18,531,500
Placement - Tranche 2 (Part 1)	2,380,952	500,000
Placement - Tranche 2 (Part 2)	2,380,952	500,000
Issue costs	-	-
Closing balance at 30 June 2019	141,167,238	19,531,500

NOTE 11 – ISSUED CAPITAL (CONTINUED)

Movements in options were as follows:

	Number	$
Opening balance at 30 June 2017	-	-
Unlisted options exercisable at $0.30 each on or before 19 June 2020	6,988,095	-
Closing balance at 30 June 2018	6,988,095	-
Unlisted options exercisable at $0.30 each on or before 19 June 2020 (free attaching)	4,761,904	-
Closing balance at 30 June 2019	11,749,999	-

(b) Voting and dividend rights

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	Consolidated	
	2019	**2018**
	$	**$**
NOTE 12 – RESERVES AND ACCUMULATED LOSSES		
Share-based Payments Reserve	835,792	64,292
Foreign Currency Translation Reserve	(5,326)	(58,227)
	830,466	6,065

Accumulated Losses	**2019**	**2018**
	$	**$**
Balance at beginning of the year	16,168,177	4,965,554
Net loss from ordinary activities	2,967,780	11,202,623
Balance at end of the year	19,135,957	16,168,177

Share-based Payment Reserve	**2019**	**2018**
	$	**$**
Balance at beginning of the year	64,292	-
Reserve arising on share-based payments expensed	771,500	64,292
Balance at end of the year	835,792	64,292

Foreign Currency Translation Reserve	**2019**	**2018**
	$	**$**
Balance at beginning of the year	(58,227)	(111,896)
Transfer of exchange gain/(loss) on discontinued operations	34,865	-
Reserve arising on translation of foreign subsidiaries	18,126	53,669
Balance at end of the year	(5,236)	(58,227)

NOTE 12 – RESERVES AND ACCUMULATED LOSSES (CONTINUED)

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 13 – COMMITMENTS FOR EXPENDITURE

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the Group will be required to outlay amounts of $1,500,000 in respect of minimum tenement expenditure requirements and lease rentals (subject to the applications noted on page 18). The obligations are not provided for in the financial report and are payable as follows :

	2019 **$**	**2018** **$**
Not later than one year	500,000	500,000
Later than 1 year but not later than 2 years	500,000	500,000
Later than 2 years but not later than 5 years	500,000	500,000
	1,500,000	1,500,000

NOTE 14 – INVESTMENT IN CONTROLLED ENTITIES

	Registered Number	Country of Incorporation	Interest Held 2019	Interest Held 2018	Value of investment 2019 $	Value of investment 2018 $
Parent						
Taruga Minerals Limited	153 868 789	Australia				
Subsidiaries						
Taruga Congo SARLU	01-122-N31711L	DRC	100%	100%	1,361	1,361
MGS Ghana Limited	CA-80, 601	Ghana	100%	100%	-	-
Gecko Gold Niger SARL	RCCM-NI-NIA-2010-B-2625	Niger	-	100%	-	1,316,675
Gecko Gold CI SARL	RCCM-CI-ABJ-2010-B-1899	Cote d'Ivoire	-	100%	-	1,350,367

NOTE 15 – 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.

Based on the quantitative thresholds included in AASB 8, there is 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**	**Discontinued Operations**	**Consolidated**
30 June 2019	**$**	**$**	**$**	**$**
Revenues from external customers				
Total loss after tax	(2,087,603)	(808,184)	(71,993)	(2,967,780)
Current assets	368,098	853,886	-	1,221,984
Non-current assets	27,230	62,704	-	89,934
Total assets	395,328	916,590	-	1,311,918
Current liabilities	59,897	25,922	-	85,819
Total liabilities	59,897	25,922	-	85,819
Net assets	335,431	890,668	-	1,226,099
30 June 2018				
Revenues from external customers				
Total loss after tax	(11,060,061)	(142,562)	-	(11,202,623)
Current assets	2,268,841	240,518	5,124	2,514,483
Non-current assets	30,896		30,132	61,028
Total assets	2,299,737	240,518	35,256	2,575,511
Current liabilities	206,122	-	-	206,122
Total liabilities	206,122	-	-	206,122
Net assets	2,093,615	240,518	35,256	2,369,389

NOTE 16 – NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated 2019 $	2018 $
Reconciliation of loss after income tax to net operating cash flows		
Loss from ordinary activities	2,967,780	11,202,623
Depreciation	(16,311)	(9,835)
Impairment of exploration	-	(7,060,393)
Exploration expenditure	-	(1,673,534)
Exchange loss	(6,428)	(2,044,292)
Share-based payments	(771,500)	-
	2,173,541	414,569
Movement in assets and liabilities		
Receivables	60,464	5,135
Payables	46,810	(26,494)
Net cash used in operating activities	2,280,815	393,210

NOTE 17 – RELATED PARTY INFORMATION

a) Transactions with Key Management Personnel

The transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

b) Directors and Executives Disclosures

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	2019 $	2018 $
Short-term employee benefits	774,500	1,164,817
Post-employment benefits	-	-
	774,500	1,164,817

NOTE 18 – REMUNERATION OF AUDITORS

	2019 $	2018 $
Auditing and reviewing of the financial statements of Taruga Minerals Limited and of its controlled entities.	26,265	25,000
	26,265	25,000

NOTE 19 – LOSS PER SHARE

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

	Consolidated	
	2019	**2018**
	$	**$**
Loss for the year	2,967,780	11,202,623
Loss for the year from continuing operations	2,895,787	11,202,623
Loss for the year from discontinued operations	71,993	-
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	139,790,852	108,061,812

There are no potential ordinary shares on issue at the date of this report.

NOTE 20 – FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and hire purchase liabilities.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst maintaining potential adverse effects on financial performance. The Group has developed a framework for a risk management policy and internal compliance and control systems that covers the organisational, financial and operational aspects of the group's affairs. The Chairman is responsible for ensuring the maintenance of, and compliance with, appropriate systems.

Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk and liquidity risk.

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market, interest rate and the effective weighted average interest rate on these financial assets, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	Consolidated			
	2019	**2018**	**2019**	**2018**
Financial Assets			**$**	**$**
Cash at Bank	0.21%	0.60%	402,024	2,256,619
Total Financial Assets			402,024	2,256,619

There are no financial liabilities subject to interest rate fluctuations.

NOTE 20 – FINANCIAL INSTRUMENTS (CONTINUED)

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

Interest Rate Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks.

At 30 June 2019 the effect on the loss and equity as a result of changes in the interest rate with all other variables remaining constant is as follows:

	Consolidated	
	2019	**2018**
	$	**$**
Change in Loss		
• Increase in interest by 2%	(8,040)	(45,119)
• Decrease in interest by 2%	8,040	45,119
Change in Equity		
• Increase in interest by 2%	(8,040)	(45,119)
• Decrease in interest by 2%	8,040	45,119

Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Consolidated			
Currency	Liabilities	Assets	Liabilities	Assets
	2019	2019	2018	2018
	$	$	$	$
Congolese Dollars	-	52,325	-	226,330

Foreign currency

Other than translational risk the Group has no significant exposure to foreign currency risk at the balance date.

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows.

NOTE 20 – FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statement.

In the case of cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority Supervision.

The Group does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

Capital Management Risk

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the Group since the prior year.

Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. The Group has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

NOTE 21 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of these operations, or the state of affairs in future financial years.

NOTE 22 - PARENT ENTITY DISCLOSURES

Financial Position

	2019	2018
	$	$
CURRENT ASSETS		
Cash and cash equivalents	349,412	2,256,511
Trade and other receivables	11,000	4,642
Other current assets	7,659	7,659
Total Current Assets	368,071	2,268,812
NON CURRENT ASSETS		
Plant and equipment	27,229	30,896
Loans to subsidiaries less impairment	-	275,802
Total Non Current assets	27,229	306,698
TOTAL ASSETS	395,300	2,575,510
CURRENT LIABILITIES		
Trade and other payables	59,896	206,122
Total Current Liabilities	59,896	206,122
TOTAL LIABILITIES	59,896	206,122
NET ASSETS	335,404	2,369,388
EQUITY		
Issued capital	19,531,500	18,531,500
Reserves	835,792	64,292
Accumulated losses	(20,031,888)	(16,226,404)
TOTAL EQUITY	335,404	2,369,388

Financial Performance

Loss for the year	3,805,484	3,989,833
Impairment	-	7,159,120
Total comprehensive loss	3,805,484	11,148,953

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries, has no contingent liabilities, and has no commitments for acquisition of plant and equipment.

NOTE 23 – DISCONTINUED OPERATIONS

During the financial year, following the divestments of its West African gold assets, the Group deregistered two of its subsidiaries: Gecko Gold Cote d'Ivoire SARL and Gecko Gold Limited. There was no material loss or cash flows attributable to the discontinued operations with the $71,993 loss being comprised of written off assets and the attributable foreign currency reserve balance.

	2019	2018
Assets and liabilities of discontinued operations		
Assets	**$**	**$**
Cash and cash equivalents	5,562	5,124
Property, plant and equipment	28,740	30,132
Trade and other receivables	-	-
Net Assets	29,296	35,256
Results of discontinued operations		
Revenue	-	-
Cost of sales	-	-
Expenses	(2,826)	(9,835)
Results from operating activities	(2,826)	(9,835)
Income tax (expense)/benefit	-	-
Results from operating activities after tax	(2,826)	(9,835)
Loss on disposal of discontinued operations	(69,167)	-
	(71,993)	(9,835)
Other comprehensive income from discontinued operations		
Exchange gain from discontinued operations	34,865	-
	34,865	-
Cashflows gained from/(used in) discontinued operations		
Net cash gained from operating activities	-	-
Net cash flow for the year	-	-

NOTE 24 – SHARE-BASED PAYMENTS

Performance Rights Valuation

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	$0.19	$0.16	$0.13
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 30 June 2019 was $771,500.

NOTE 25 – DEMOCRATIC REPUBLIC OF CONGO INTERESTS

Continuing due diligence is being performed on the Company's West African interests.

The principal terms of the terms sheet for Taruga to acquire a 60% interest in the Mwilu and Kalimombe Projects from the Consortium are as follows:

1. Taruga to conduct drilling programmes at Mwilu and Kamilombe during the due diligence period until the granting of the licenses
2. On completion of the due diligence and should Taruga wish to continue, Taruga will make a further payment of US$2,000,000
3. Taruga will fund all exploration to the completion of a Bankable Feasibility Study (**BFS**) within 3 years with 2 additional years if required
4. Should Taruga wish to continue after completion of BFS, Taruga will make a pas de porte payment of US$10,000,000 for each permit that it wishes to continue to develop
5. Taruga will make a final payment of US$20,000,000 for each project where it discovers resources in the Measured and Indicated categories exceeding 250,000 tonnes of contained cobalt OR 1,000,000 tonnes of contained copper at the conclusion of the BFS
6. Taruga can withdraw its interest in any project at any stage and will return all information

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 Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and

   (b) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the period 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.

3) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

4) This declaration has been made after reviewing the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2019.

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.

G Steinepreis

Gary Steinepreis

Non-Executive Director

Dated Perth 27 September 2019

INDEPENDENT AUDITOR'S REPORT
To the members of Taruga Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Taruga Minerals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report, other than the matter described in the *Material Uncertainty Related to Going Concern* section above.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Taruga Minerals Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
27 September 2019

ANALYSIS OF SHAREHOLDING as at 26 September 2019

			Shareholders
1	-	1,000	200
1,001	-	5,000	97
5,001	-	10,000	65
10,001	-	100,000	213
100,001	-	or more	105
Total on Issue			680

The number of shareholdings held in less than marketable parcels is 351.

Voting Rights

Article 16 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have:

a) for every fully paid share held by him one vote
b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares

Substantial Shareholders

The following substantial shareholders have notified the Company in accordance with Corporations Act 2001.

	Shares	**%**
Hongze Group Ltd	9,523,809	6.75
Mark Gasson	8,500,000	6.02

Directors' Shareholding

The interest of each director in the share capital of the Company is detailed in the director's report.

Securities Subject to Escrow

Nil.

ASX Additional Information

TARUGA

AND CONTROLLED ENTITIES

TOP TWENTY SHAREHOLDERS

Rank	Holder Name	Securities	%
1	MCNEIL NOM PL	17,693,287	12.53%
2	J P MORGAN NOM AUST PL	14,052,323	9.95%
3	HSBC CUSTODY NOM AUST LTD	13,097,767	9.28%
4	HONGZE GRP LTD	9,523,809	6.75%
5	GASSON MARK	8,500,000	6.02%
6	RANCHLAND HLDGS PL	5,751,152	4.07%
7	AYLWARD BERNARD	4,698,586	3.33%
8	KHNAIZER WALID	4,422,588	3.13%
9	OAKHURST ENTPS PL	3,609,167	2.56%
10	TWO TOPS PL	3,300,000	2.34%
11	BNP PARIBAS NOM PL	2,953,927	2.09%
12	SAMLISA NOM PL	2,000,000	1.42%
13	HSBC CUSTODY NOM AUST LTD	2,000,000	1.42%
14	AUTOTRADING PL	1,700,000	1.20%
15	BEBB TIFFANY	1,666,667	1.18%
16	VINALE PL	1,666,666	1.18%
17	ASCENT CAP HLDGS PL	1,543,335	1.09%
18	DING MARCUS STEVEN	1,524,213	1.08%
19	CITICORP NOM PL	1,364,838	0.97%
20	REPLAY HLDGS PL	1,250,000	0.89%
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	**102,318,325**	**72.48%**
	Total Remaining Holders Balance	**38,848,913**	**27.52%**

The name of the joint Company Secretaries are Daniel Smith and Sylvia Foong.

The address of the registered office is: Level 8, 99 St Georges Terrace, Perth WA 6000.

Registers of securities are held Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross WA 6153

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange Ltd.

There are nil securities currently subject to escrow.

Unquoted Options over Un-issued Shares

There are 11,749,999 unlisted options exercisable at $0.30 each on or before 19 June 2020.

Interests in tenements held directly by Taruga Minerals or subsidiary company

Tenements	Held	Country
E51/1832	100%	Australia
E70/5029	100% (In application)	Australia
E70/5030	100% (In application)	Australia
E70/5031	100% (In application)	Australia
Kamilombe	Due diligence and Option to acquire 60%	DRC
Mwilu	Due diligence and Option to acquire 60%	DRC