TARUGA GOLD

ACN 153 868 789

INTERIM FINANCIAL REPORT
31 DECEMBER 2014

CONTENTS

DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

		In office from	In office to
Frank Terranova	Non-executive Chairman	2 September 2013	present
Bernard Aylward	Managing Director	21 October 2011	present
Dan Smith	Non-executive Director	29 August 2014	present
Myles Campion	Non-executive Director	29 August 2014	present
Peter Newcomb	Finance Director	21 October 2011	29 August 2014

COMPANY SECRETARY

		In office from	In office to
Dan Smith	Joint Company Secretary	29 August 2014	present
Samuel Edis	Joint Company Secretary	29 August 2014	present
Peter Newcomb	Company Secretary	21 October 2011	29 August 2014

REVIEW OF OPERATIONS

Project Overview

During the reporting period, Taruga Gold Limited (**Taruga** or the **Company**) completed reconnaissance aircore drilling at the Nangalasso Project, Mali, and the rig also completed drilling at the Kambali prospect subsequent to the year-end (**Figure 1**). Taruga further commenced a geochemical sampling campaign in Cote d'Ivoire to begin to prioritise the project areas and rapidly advance high-priority targets to drill ready status.

Results from the Nangalasso drilling were announced subsequent to the reporting period and can be found in full in the ASX announcement of 29 January 2015.

The program was designed to test high-priority target areas within the Nangalasso Project, selected from previous reconnaissance drilling, trenching, and extensive artisanal workings. Widespread gold anomalism was encountered across the project and importantly has highlighted a gold anomalous trend extending for over 1.7km. This trend is open along strike and at depth with the only wide spaced reconnaissance drilling completed.

The intersection of **21m at 1.25g/t gold** confirmed and extended the high-priority target where previous trenching (**7m at 4.3g/t gold** in quartz veining and alteration) and preliminary reconnaissance drilling (**1m at 7.8g/t gold**) had indicated a significant trend. This drilling has now defined the trend for a minimum of 1,700m and remains open along strike and at depth.

The presence of high-grade gold mineralisation within the broad mineralisation is very positive and Taruga is planning to continue this zone and particularly target continuity of the higher grade zones.

At the Sotian workings, Taruga completed a single line of aircore drilling targeting an extensive zone of artisanal workings. Highly encouraging intersections included **3m at 2.1g/t gold from 6m and 3m at 1.3g/t gold from 3m**. These results confirmed the extension of the artisanal workings, and the geological logging of the drill holes indicates a potential bedrock source for the mineralisation. Taruga has identified the **1,000m x 700m** extensive area of artisanal workings and anomalous geochemical sampling, including assay values up to **18.0g/t gold, 3.6g/t gold and 3.54g/t gold,** as a high priority target requiring follow-up and extension drilling.

The program consisted of 73 aircore drillholes for 3,564m (avg depth 49m, maximum depth 78m, minimum depth 10m) with the majority of holes reaching primary rock. The geology intersected by the drilling consisted of a sequence of sedimentary units and granitic to granodiorite intrusions, consistent with the trenching and field observations.

Preliminary geological logging of the drill holes had reported broad zones of quartz veining (veins up to 4m thick, zones of veining up to 20m width) associated with the areas of artisanal workings as well as zones of sulphide mineralisation (pyrite dominant) and alteration. All samples (three metre composite sampling) were dispatched to SGS Laboratories Bamako for assay.

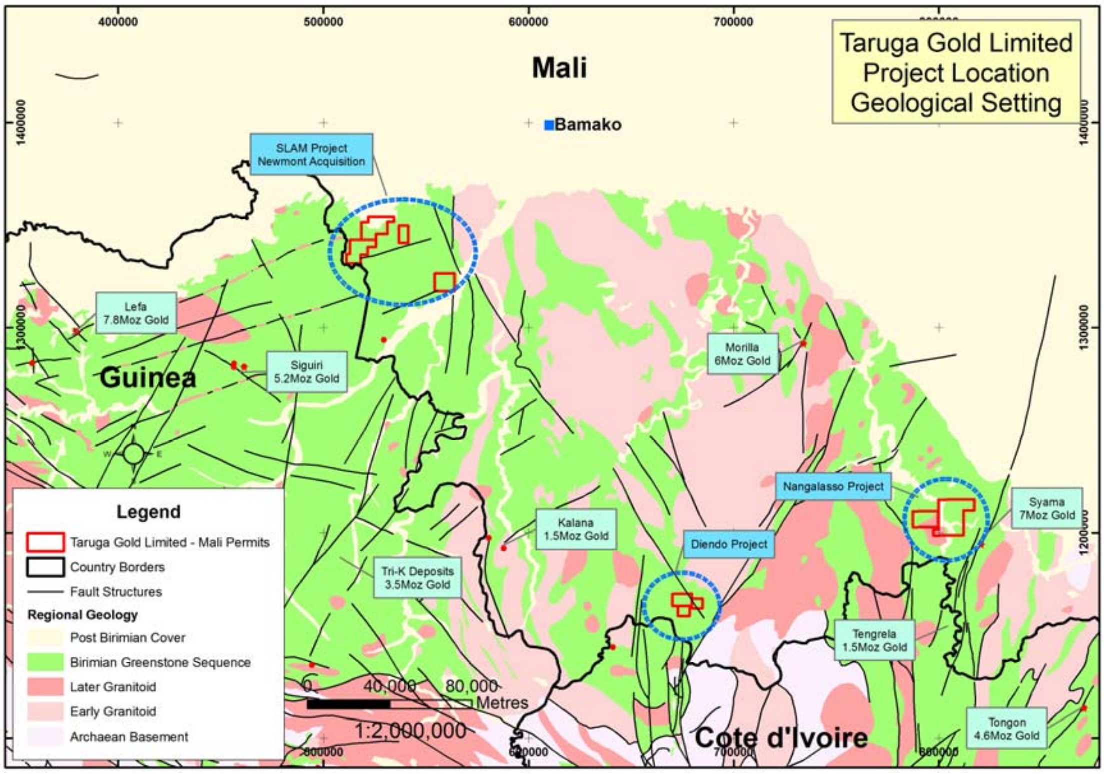

Figure 1 – Southern Mali Project Locations

NANGALASSO Priority Drilling Targets

The Nangalasso Project is located in a highly mineralised area. The Company's concessions are located just 15km from the world-class Syama gold mine, as well as being located along strike from the Tengrela prospect delineated by Perseus Mining Limited. Taruga has been actively exploring this project since October 2013 and has four key prospects for aircore drilling in this campaign

(**Figure 2**). The Nangalasso Project returned highly encouraging results from initial geochemical sampling, as well as the wide-spaced reconnaissance drilling which was designed to test 4 main targets, with each target returning encouraging results:

1. Follow up of reconnaissance drilling that has returned 3m at 7.84g/t gold in drill hole NAAC021, including 1m at 13.5g/t gold from 16m and 1m at 7.8g/t gold in drill hole NAAC004.
2. Follow up of January 2014 reconnaissance trench sampling of **7m at 4.3g/t gold,** located 200m north of previous drilling, an area with an extensive corresponding geochemical anomaly and artisanal workings.
3. Initial testing of artisanal workings that have been mining high grade quartz lode. Workings extend for over 700m with shafts reaching depths over 15m. This new target area is associated with a strong geochemical anomaly and excellent geological setting.
4. Testing of extensive surface workings – Field reconnaissance highlights **1,000m x 700m** extensive area of artisanal workings returning assay values up to **18.0g/t, 3.6g/t and 3.54g/t gold** in March 2014. *No previous drill testing has targeted this exciting area and the potential for primary mineralisation underlying the surface anomalism is high.*

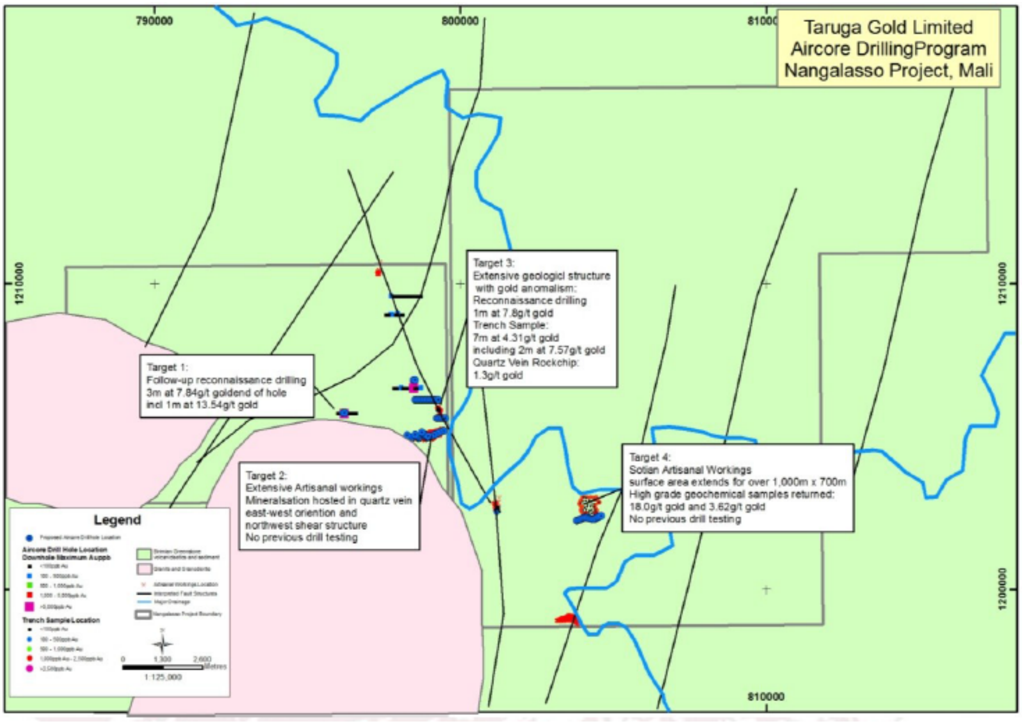

Figure 2 – Nangalasso Project – Aircore drill hole location

SLAM Project Drill Program – Kambali Prospect

A drilling campaign to target areas of extensive artisanal workings and geochemical anomalism immediately followed the Nangalasso drilling. The Kambali prospect is located in south-eastern Mali, approximately 100km from the capital Bamako.

The drilling targets were defined from geological reconnaissance and historic geochemical sampling completed by Newmont that defined strong geochemical anomalies with peak values exceeding 2g/t gold. Most recently field investigations by Taruga visited sites of artisanal workings and located major active sites with surface areas extending for over 800m strike length with over 250m width. The workings are characterised by vertical shafts to maximum depth of 15m, with gold mineralisation hosted in surface laterite material and in residual saprolite material (**Figure 3**).

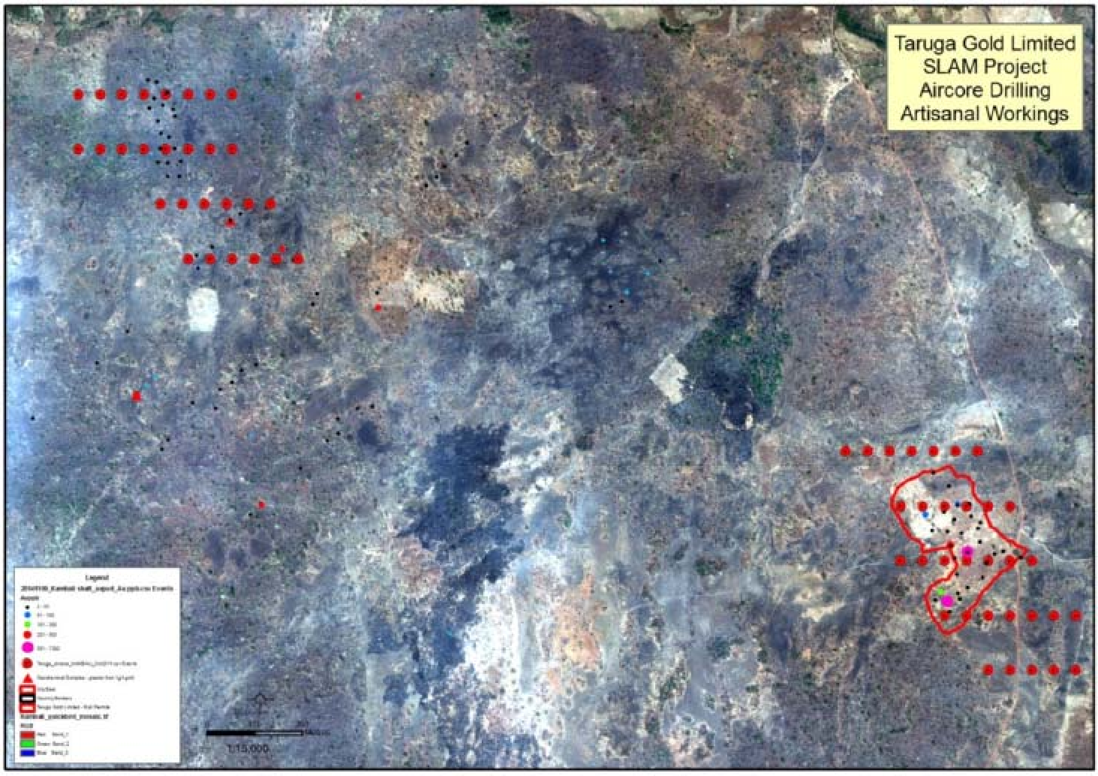

Figure 3 – SLAM Project – Kambali prospect location of artisanal workings and proposed drill holes

The aircore drilling program was designed to target areas of extensive artisanal workings and geochemical anomalism in an area that had never been previously drill tested. The Kambali workings are extensive surface and shallow shaft workings with coarse gold mineralisation observed. Taruga has undertaken a preliminary program of geochemical sampling where access is available, and anomalous gold results returned with a maximum of 7.38g/t gold returned from a surface sample of laterite material. These results were used to plan the drilling program.

Subsequent to the reporting period, Taruga announced significant gold drill intersections from the recent aircore drilling program at the Kambali Prospect. A total of 63 drill holes for 1,926m (30.5m average depth, maximum 45m depth, minimum 18m depth) were completed on a nominal 200m by 80m spacing, with the location of some drill holes varied due to active artisanal sites. This movement of drill holes has resulted in wide zones remaining untested in very high priority areas. The geology intersected by the drilling consisted of a series of metasediments with minor granitic units noted to the east and metavolcanics. The laterite varied in thickness from 2m to over 10m thick. Multiples zones of quartz veining and sulphide mineralisation were noted in the drilling.

The reconnaissance aircore drilling was undertaken on a very wide spacing (200m x 80m) and several drill holes were moved or modified to accommodate sites of artisanal workings. The results were highly encouraging for this spacing and confirm the potential for significant gold mineralisation to be defined. The drilling has intersected broad gold anomalous zones and has confirmed primary gold mineralisation that remains open at depth.

Gold anomalism was outlined over a 700m strike length remaining open along strike and 150m width. The program confirmed the excellent potential for further gold mineralisation within an area of extensive artisanal workings.

Significant intersections included:

- **3m at 5.64g/t gold from 3m** within a zone of **6m at 2.88g/t** gold from 3m
- **6m at 1.12g/t gold from 30m to end of hole** within a broad zone of 15m at **0.62g/t** from 21m
- 3m at **0.84g/t** from 3m

Please refer to the ASX announcement of 9 February 2015 for full drill results.

COTE D'IVOIRE

Cote d'Ivoire Exploration Campaign

During the period, Taruga commenced a geochemical sampling campaign in Cote d'Ivoire to begin to prioritise the project areas and rapidly advance high-priority targets to drill ready status.

The program consisted of a series of reconnaissance spaced and infill geochemical soil and stream sediment samples and will target areas of geological complexity, artisanal workings and historic gold anomalism.

The exploration campaign in Cote d'Ivoire is being supervised and implemented by Taruga's technical team with local support staff. The program took place throughout December to complete first-pass regional exploration and infill of anomalous zones.

Taruga will continue the geochemical sampling campaign in Cote d'Ivoire for the field season with the aim of developing key prospect areas to drill status through infill geochemical sampling and trenching.

Dabakala Concession

At the Dabakala project in central Cote d'Ivoire, Taruga completed a large soil sampling program during the period (**Figure 4 & Figure 5**), with 414 soil samples and 12 rock chip samples collected and dispatched to SGS laboratories in Bamako.

The program was designed as a first-pass regional test of this highly prospective region, with the sampling grid spacing of 2,000m between lines and 250m between samples along lines.

Taruga received initial results for the geochemical survey with a new zone of gold anomalism defined within the project area. The samples have returned numerous anomalous values up to a maximum of 195ppb gold (minimum below detection, approximately 37% of samples returned a value of 10ppb gold or higher). Interpretation of the gold anomalous zones indicates a correlation with interpreted geological structures and geological units. The major anomalous zone extends for over 8,000m of strike length and over 3,000m of width. This first pass survey has also defined additional parallel zones extending for over 8,000m and widths varying from 500m to 1,500m wide.

Follow-up and infill geochemical sampling of this high priority area will be conducted as soon as possible to define zones of interest for potential trenching and drilling campaigns.

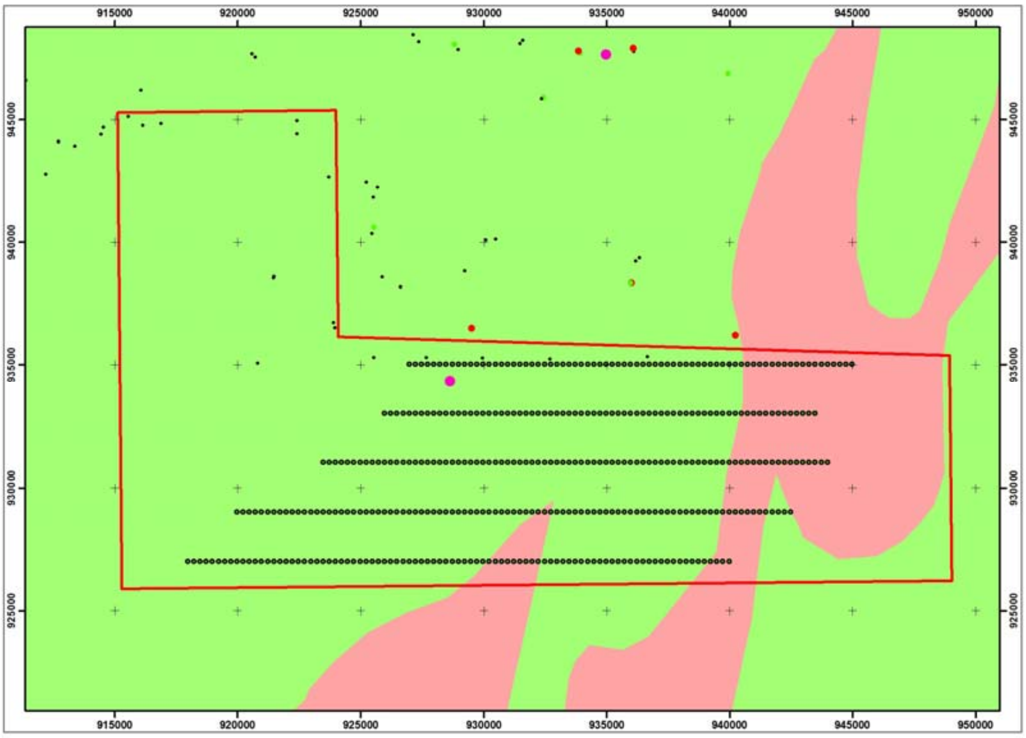

Figure 4 – Dabakala project – Regional Geochemical Sampling overlying Birimian Geology

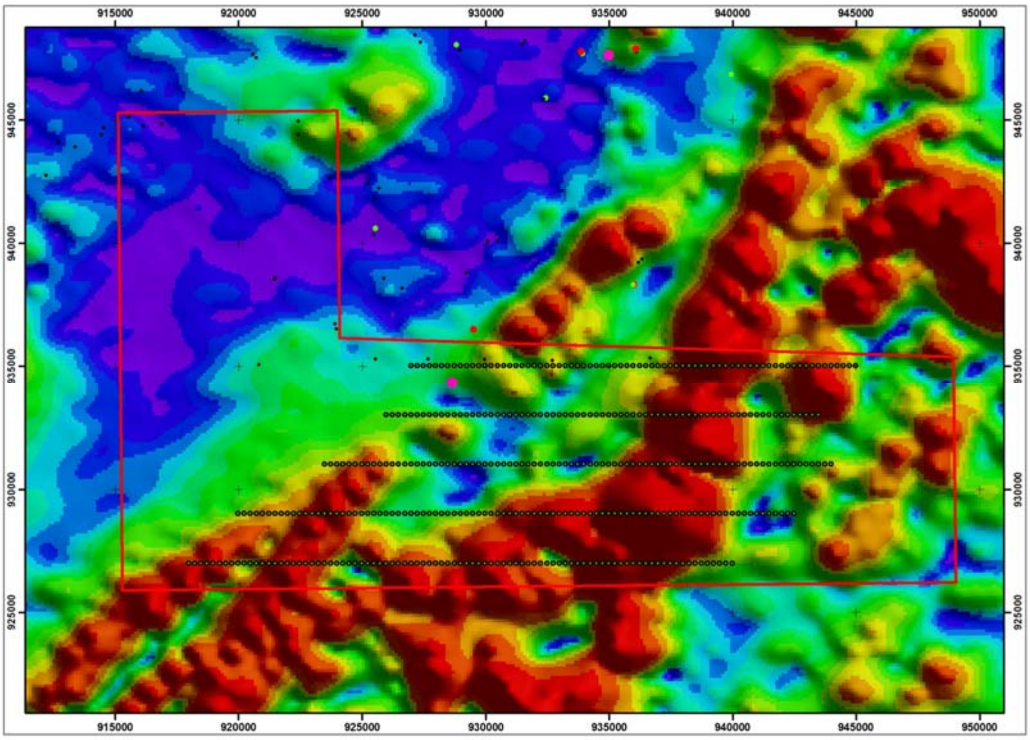

Figure 5 – Dabakala project – Regional Geochemical Sampling overlying aeromagnetics

Korhogo Concession

During the period, the geochemical sampling crews commenced sampling at the Korhogo concession located in north-central Cote d'Ivoire. The reconnaissance program at Korhogo is designed to test an interpreted "pressure shadow" located at the margin of a granitic intrusion and interpreted shear structures that has potential to focus fluid movement and the development of gold mineralisation. Field reconnaissance of the Korhogo area has identified priority areas for geochemical sampling including active areas of artisanal mining.

The Korhogo concession is located in the northern portion of Cote d'Ivoire and is a 360.6 km^2 concession with a three year term.

The concession is at an early stage of exploration and initial field reconnaissance has identified areas of significant artisanal workings and prospective geological structures and units. The program for initial geochemical sampling will target the northern portion of the concession where it is interpreted that a "pressure shadow" at the margin of a granitic intrusion may develop a favourable environment for gold mineralisation to focus. This area has identified artisanal workings, and on adjacent ground recent aircore drilling was completed by Perseus Mining Limited that returned highly anomalous results.

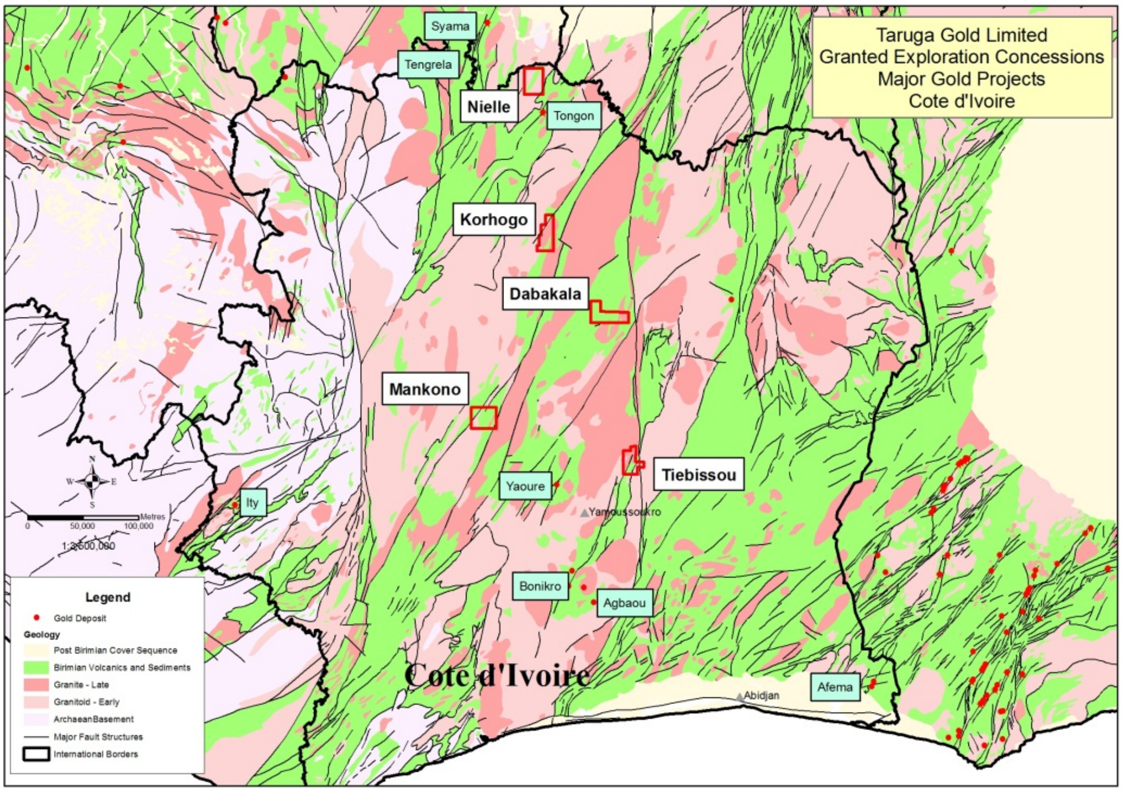

Figure 6 – Taruga Gold – Location map of Granted Concessions, Cote d'Ivoire

Tiebissou Concession

During the period, Taruga announced that it had been granted the **Tiebissou** concession in Cote d'Ivoire. Taruga is now the 100% owner of **FIVE** granted concessions within this highly prospective, yet very under-explored region of Birimian geology.

Taruga's extensive landholding in Cote d'Ivoire is approximately 2,000km^2 with all concessions located within known mineralised belts and situated close to major structural zones and previous discoveries (**Figure 6**).

The granting of Tiebissou continues the recent progression of the Targua strategy, which is to construct a world-class portfolio of West African assets that are highly prospective and capable of being quickly progressed.

The Tiebissou concession (306km^2) was granted for an initial period of four years. The concession is located in central Cote d'Ivoire and is along strike from the Agbaou Gold Mine (Endeavour Mining Corporation) and the Bonikro Gold Mine (Newcrest Mining Limited). The exploration is at an early stage for the concession, however previous surface geochemistry has highlighted zones of geochemical anomalism that are a high-priority target for immediate exploration. It is noted that the surface geochemical anomalism continues to the north of the concession into ground held by

Resolute Mining Limited, and recent reports[1] indicate Resolute have commenced infill soil sampling of the large gold and multi-element anomaly identified in 2009.

Taruga is planning to undertake an initial exploration program at Tiebissou to follow up on the known soil anomalism and artisanal workings, as part of its regional exploration work with Cote d'Ivoire.

About Cote d'Ivoire

Cote d'Ivoire released an updated Mining Code in 2014 and continues to develop legislation that offers incentives for mineral exploration and development of its mining industry. Cote d'Ivoire has approximately 35% of West Africa's Birimian sequence, while neighbouring Ghana has approximately 17% of the sequence. The Birimian Greenstone sequence of West Africa has a gold endowment of over 170 million ounces of gold, of which Ghana contains over 110 million ounces.

Cote d'Ivoire is historically underexplored, however in recent years mining companies have enjoyed successful exploration results. The country now boasts several multi-million ounce gold deposits (including Amara Mining's 6Moz Yaoure deposit and Randgold resources 4.4Moz Tongon deposit), with four commercial scale mines in production.

CORPORATE

Joint Venture with Resolute Mining Ltd with US$3million Exploration Spend

Subsequent to the end of the reporting period, the Company announced that it has entered into a joint venture agreement with mid-tier gold producer, Resolute Mining Limited (ASX:RSG) ("Resolute") ("JV"). The JV encompasses three concessions in Cote d'Ivoire – the Nielle, Tiebissou and M'Baihaikro concessions held by the 100% owned Ivorian subsidiary company Corvette CIV SARL. Under the terms of the agreement, Resolute will have the ability to earn a 75% interest in three of the Company's concessions within Cote d'Ivoire, through committed expenditure of US$3m over four years.

Summary Terms of the JV Agreement:

- Resolute can earn a 75% interest in three Cote d'Ivoire concessions through exploration expenditure of US$3m within four years.
- Resolute must incur a minimum of US$500,000 expenditure before it can withdraw.
- Taruga to establish a new Bermuda registered company that will be the owner of Corvette CIV SARL. Taruga will maintain a 100% shareholding until Resolute completes the US$3million expenditure.
- Following completion of the earn-in expenditure, Taruga will be free carried through to completion of Feasibility studies.
- Following a decision to mine, Taruga can elect to contribute, dilute or also has the right to sell at market value.

Taruga has entered into this agreement with Resolute to ensure that extensive exploration will be completed on the ground while maintaining significant exposure to exploration success. It is noted

[1] See Resolute Mining Limited Quarterly Report announced to ASX 20 October 2014

that if Resolute withdraws from the agreement prior to completing the required US$3milliion expenditure, Taruga will retain 100% ownership of all concessions.

Resolute have indicated that exploration will commence immediately on the Tiebissou and Nielle concessions with geological mapping and geochemical sampling planned.

Board Appointments

During the reporting period, the Company announced the appointments of Mr Myles Campion and Mr Daniel Smith as Non-executive Directors of the Company.

Mr Campion is a geologist with a BSc.(Hons.) from University of Wales College Cardiff and a MSc.(MinEx) from the Royal School of Mines in London and is an Associate of the Royal School of Mines. Mr Campion has over 24 years' experience in the natural resources sector, including Resource analyst, Fund Manager, equities research and project and debt financing. Mr Campion has spent over 10 years as a field geologist that includes success at the Emily Ann Nickel Sulphide Mine.

Mr Smith is a member of the Governance Institute of Australia with a strong background in finance. His previous career was in the securities industry but more recently in a corporate finance role inclusive of negotiations, technical due diligence and business development. He has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings. He is currently a director of ASX listed Fraser Range Metals Group Limited. He is also a director of Minerva Corporate, a private corporate consulting firm.

Mr Smith and Mr Samuel Edis were appointed as Joint Company Secretaries during the period. Mr Edis trained at the College of Law in Bloomsbury, London and is an Associate Member of the Governance Institute of Australia. He has experience with a number of ASX-listed companies facilitating compliance, capital raisings, IPOs and investor relations.

The Company's previous CFO and Company Secretary, Mr Peter Newcomb, resigned during the period to focus on other corporate responsibilities. Mr Newcomb was a founding Director of Taruga and was instrumental in the completion of the Company's IPO in February 2012. The Board thanks him for his contribution to the Company and wishes him every success for the future.

Capital Raising Totals $992,000

During the period, Taruga announced a placement to sophisticated and institutional investors to raise $925,000 at an issue price of $0.005 together with free attaching options (on a 1 for 4 basis) exercisable at $0.02 on or before 1 December 2016 (**Placement**). In conjunction with the Placement, the Company also completed a Share Purchase Plan (**SPP**) during the period to raise an additional $67,000 before costs at an issue price of $0.0053 per share.

The Placement was conducted in two tranches. Tranche 1 comprised 40,000,000 shares and was issued pursuant to the Company's placement capacity. Tranche 2 comprised an additional 145,000,000 shares which were issued during the period. Both tranches were approved by Shareholders at a General Meeting of the Company held on 26 September 2014.

A portion of the funds raised have been applied used to accelerate the ongoing exploration campaign in Mali and Cote d'Ivoire detailed earlier in the report.

Competent person's statement

The information in this report that relates to geological information and exploration results is based on information compiled by Mr Bernard Aylward. Mr Aylward is the Executive Chairman and Managing Director of Taruga Gold Limited and is a full-time employee of the company. Mr Aylward is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Aylward consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

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 the next page and forms part of this directors' report for the half-year ended 31 December 2014.

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.

Bernard Aylward

Managing Director

Dated Perth 13 March 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Taruga Gold Limited for the half-year ended 31 December 2014, 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 review; and

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

This declaration is in respect of Taruga Gold Limited and the entities it controlled during the half-year.

Perth, Western Australia	**N G Neill**
13 March 2015	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

AND CONTROLLED ENTITIES

	Consolidated	
	31 December 2014 $	31 December 2013 $
Revenue	2,828	18,017
Depreciation	(21,431)	(18,007)
Consultants	(130,425)	(162,287)
Professional fees	(45,803)	(55,847)
Travel and accommodation	(8,306)	(35,826)
Office and communication costs	(18,100)	(40,129)
Share based payments	(32,400)	-
Other expenses	(110,806)	(89,772)
	(364,443)	(383,851)
Foreign exchange loss	(221)	(1,492)
Loss before income tax	(364,664)	(385,343)
Income tax benefit	-	-
Net loss for the period	(364,664)	(385,343)
Other comprehensive income		
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign subsidiaries	(102,959)	(9,545)
Total comprehensive loss for the period	(467,623)	(394,888)
Basic loss per share (cents per share)	0.18	0.39

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

AND CONTROLLED ENTITIES

	Note	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents		381,739	239,484
Trade and other receivables		31,433	29,431
Total Current Assets		413,172	268,915
NON CURRENT ASSETS			
Property, plant and equipment		71,446	93,478
Mineral exploration and evaluation	2	8,225,293	7,944,634
Total Non Current assets		8,296,739	8,038,112
TOTAL ASSETS		8,709,911	8,307,027
CURRENT LIABILITIES			
Trade and other payables		305,497	473,135
Total Current Liabilities		305,497	473,135
TOTAL LIABILITIES		305,497	473,135
NET ASSETS		8,404,414	7,833,892
EQUITY			
Issued capital	3	11,417,953	10,412,209
Reserves		555,304	625,862
Accumulated losses		(3,568,843)	(3,204,179)
TOTAL EQUITY		8,404,414	7,833,892

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Options Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
Half-year to 31 December 2013					
Balance at 1 July 2013	9,215,589	648,944	(656,898)	(910)	9,206,725
Shares issued	1,200,000	-	-	-	1,200,000
Share issue costs	(3,380)	-	-	-	(3,380)
Loss for the period	-	-	(385,343)	-	(385,343)
Exchange differences on translation of foreign subsidiaries	-	-	-	(9,545)	(9,545)
As at 31 December 2013	10,412,209	648,944	(1,042,241)	(10,455)	10,008,457
Half-year to 31 December 2014					
Balance at 1 July 2014	10,412,209	648,944	(3,204,179)	(23,082)	7,833,892
Shares issued	1,024,500	32,400	-	-	1,056,900
Share issue costs	(18,756)	-	-	-	(18,756)
Loss for the period	-	-	(364,664)	-	(364,664)
Exchange differences on translation of foreign subsidiaries	-	-	-	(102,958)	(102,958)
As at 31 December 2014	11,417,953	681,344	(3,568,843)	(126,040)	8,404,414

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 AND CONTROLLED ENTITIES

	Consolidated	
	6 months to 31 December 2014 $	6 months to 31 December 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(501,282)	(239,871)
Interest income received	2,828	18,017
Net cash used in operating activities	(498,454)	(221,854)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(360,036)	(810,588)
Payment for acquisition if subsidiary net of cash acquired	-	(121,786)
Net cash used in investing activities	(360,036)	(932,374)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,017,767	1,000,000
Share transaction costs	(16,980)	(3,380)
Net cash provided by financing activities	1,000,787	996,620
Net increase/(decrease) in cash held	142,297	(157,608)
Cash and cash equivalents at the beginning of the period	239,484	1,217,402
Effect of exchange rate fluctuations on cash held	(42)	2,038
Cash and cash equivalents at the end of the period	381,739	1,061,832

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Taruga Gold Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Reporting Basis and Conventions

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations and further develop their mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding can be derived from either one or a combination of the following:

- The placement of securities under the ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets.

Accordingly, the Directors believe the Company will obtain sufficient funding to enable it and the consolidated entity to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. While the Directors are confident of the Group's ability to raise additional funding, should the Group be unable to do so, there exists a material uncertainty that the Group will continue to be a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business.

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.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2014, 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 2014.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no 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 half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

NOTE 2 – MINERAL EXPLORATION AND EVALUATION

	Consolidated	
	Half-year to 31 December 2014 $	Year to 30 June 2014 $
Balance at beginning of period	7,944,634	8,265,401
Acquisition cost	-	331,168
Expenditure incurred during the period	280,659	1,194,208
Impairment	-	(1,846,143)
Total deferred exploration and evaluation expenditure	8,225,293	7,944,634

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 3 - ISSUED CAPITAL

	Consolidated	
Ordinary Shares	31 December 2014 $	30 June 2014 $
Issued and fully paid	11,417,953	10,412,209

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

Half-year to 31 December 2013

	Shares	$
Opening balance at July 2013	85,616,000	9,215,589
Acquisition of International Goldfields Limited 28 August 2013	12,500,000	200,000
Placement 22 October 2013	62,500,000	1,000,000
Share issue costs		(3,380)
Closing balance at 31 December 2013	160,616,000	10,412,209

Half-year to 31 December 2014

	Shares	$
Opening balance at July 2014	160,616,000	10,412,209
Placement 27 August 2014	40,000,000	200,000
Placement 30 September 2014	12,641,502	67,000
Placement 7 October 2014	145,000,000	725,000
Shares issued in lieu of professional fees	6,500,000	32,500
Share issue costs		(18,756)
Closing balance at 31 December 2014	364,757,502	11,417,953

Movements in options were as follows:

Half-year to 31 December 2013

Opening balance at 1 July 2013		15,000,000	648,944
Closing balance at 31 December 2013		15,000,000	648,944

Half-year to 31 December 2014

Opening balance at 1 July 2014	(i)	15,000,000	648,944
Free attaching options (Tranche 2 placement)	(ii)	46,250,000	-
Options issued to management	(iii)	6,000,000	32,400
Closing balance at 31 December 2014		67,250,000	681,344

(i) Exercisable at $0.20 on or before 31 January 2016
(ii) Exercisable at $0.02 on or before 1 December 2016
(iii) Exercisable at $0.02 on or before 1 December 2016

NOTE 4 - CONTINGENT LIABILITIES

Taruga Gold Limited and its controlled entities have no known material contingent liabilities as at 31 December 2014.

NOTE 5 - SEGMENT INFORMATION

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 Gold Limited. The Company operates in one operating segment therefore disclosures are consistent with the financial reports.

NOTE 6 – EVENTS SUBSEQUENT TO BALANCE DATE

On 29 January 2015, the Company announced results from its initial drill program at the Nangalasso Project in Mali.

On 9 February 2015, the Company announced results from its initial drill program at Kambali Prospect in Mali.

On 26 February 2015, the Company announced the terms of a Joint Venture agreement concluded with Resolute Mining Limited in relation to the Nielle, Tiebissou and M'Baihaikro concessions in Cote d'Ivoire.

No other 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 DECLARATION

In the opinion of the directors of Taruga Gold Limited ("the Company"):

1) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year 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.

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.

Bernard Aylward

....

Bernard Aylward

Managing Director

Dated Perth 13 March 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Taruga Gold Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Taruga Gold Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Taruga Gold Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company will need to seek additional funding in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing these financial statements. Should these equity raisings or other sources of funding be unable to be completed or sourced, there is a material uncertainty that may cast significant doubt as to whether the company will be able to realize its assets and extinguish its liabilities in the normal course of business.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
13 March 2015