

TARUGA GOLD LIMITED
ACN 153 868 789

**NOTICE OF GENERAL MEETING
AND
EXPLANATORY STATEMENT**

TIME: 10am
DATE: 7 July 2015
PLACE: Amberley Business Centre
3/1060 Hay St
WEST PERTH, WA 6005

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

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

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

TARUGA GOLD LIMITED
ACN 153 868 789

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of the Shareholders of Taruga Gold Limited will be held on **7 July 2015 at 10am** (WST) at the Amberley Business Centre, 3/1060 Hay Street, WEST PERTH, WA 6005.

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are the holders of Shares in the Company at **5pm** (WST) on **5 July 2015**.

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

AGENDA

Resolution 1 – Ratification of Shares

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders approve the prior issue of 6,500,000 Shares issued pursuant to ASX Listing Rule 7.1 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

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

Resolution 2 – Ratification of Placement: Tranche 1

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

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

- (a) 47,238,625 Shares issued pursuant to ASX Listing Rule 7.1; and*
- (b) 35,825,750 Shares issued pursuant to ASX Listing Rule 7.1A,*

at an issue price of 0.45 cents on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

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

Resolution 3 – Approval to Issue Shares Under Placement: Tranche 2

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 139,157,847 Shares (pre-Consolidation) at an issue price of 0.45 cents each to raise up to \$626,210 on the terms set out in the Explanatory Statement."

Voting Exclusion

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

Resolution 4 – Approval to Issue Placement Options

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 222,222,222 Placement Options (pre-Consolidation) each exercisable at 0.6 cents on or before 31 May 2017 to participants of Placement Tranches 1 & 2 on the terms set out in the Explanatory Statement."

Voting Exclusion

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

Resolution 5 – Approval to Issue SPP Securities

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

"That, for the purposes of ASX Listing Rules 7.1 and 10.11 and for all other purposes, approval is given for the Company to issue up to 96,785,748 Shares (pre-Consolidation) at an issue price of 0.45 cents, each with one free attaching Option (exercisable at 0.6 cents on or before 31 May 2017) to participants of the SPP on the terms set out in the Explanatory Statement."

Voting Exclusion

ASX has granted a waiver from Listing Rule 7.3.8 so that only Directors and their associates are excluded from voting on this resolution. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Approval to Issue SPP Securities to Mr Bernard Aylward

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,333,333 Shares (pre-Consolidation) at an issue price of 0.45 cents, each with one free attaching Option (exercisable at 0.6 cents on or before 31 May 2017) to Mr Bernard Aylward (or his nominee) on the terms set out in the Explanatory Statement."

Voting Exclusion

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

chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 7 – Proposed Issue of Shares to Director: Bernard Aylward

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

“That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Bernard Aylward (or his nominee) of 11,111,111 Shares (pre-Consolidation) at an issue price of 0.45 cents, each on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

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

Resolution 8 – Proposed Issue of Shares to Director: Frank Terranova

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

“That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Frank Terranova (or his nominee) of 3,555,555 Shares (pre-Consolidation) at an issue price of 0.45 cents, each on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

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

Resolution 9 – Proposed Issue of Shares to Director: Myles Campion

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

“That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Myles Campion (or his nominee) of 2,222,222 Shares (pre-Consolidation) at an issue price of 0.45 cents, each on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

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

Resolution 10 – Proposed Issue of Shares to Director: Daniel Smith

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

“That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Daniel Smith (or his nominee) of 2,444,444 Shares (pre-Consolidation) at an issue price of 0.45 cents, each on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

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

chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 11 – Consolidation of capital

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

“That, subject to Resolutions 1, 2 and 3 being passed and for the purposes of section 254H of the Corporations Act, Listing Rule 2.1 Condition 2, Listing Rule 7.22 and for all other purposes, the issued capital of the Company be consolidated on the basis that every 25 Shares be consolidated into 1 Share; and where this consolidation results in a fraction of a Share being held by a Shareholder, the Directors be authorised to round that fraction up to the nearest whole Share, and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

By order of the Board

Mr Bernard Aylward
Managing Director

Dated: 4 June 2015

TARUGA GOLD LIMITED
ACN 153 868 789
EXPLANATORY STATEMENT

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

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions. The Directors recommend that Shareholders vote in favour of all of the Resolutions except Mr Bernard Aylward who abstains from making a recommendation about Resolutions 6 and 7, Mr Frank Terranova who abstains from making a recommendation about Resolution 8, Mr Myles Campion who abstains from making a recommendation about Resolution 9 and Mr Daniel Smith who abstains from making a recommendation about Resolution 10.

Action to be taken by Shareholders

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

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

Please note that:

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

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

1. Resolution 1 – Ratification of Shares

Background

On 4 December 2014, the Company announced that it had placed 6,500,000 Shares in settlement of professional fees in accordance with its placement capacity under ASX Listing Rule 7.1.

Pursuant to ASX Listing Rule 7.4, Resolution 1 of the Notice of General Meeting seeks approval for the ratification for the 6,500,000 Shares.

ASX Listing Rule Requirements

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

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

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

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

- (a) Number of securities issued: 6,500,000 Shares issued pursuant to ASX Listing Rule 7.1.
- (b) Price at which the securities were issued: The Shares were issued for nil cash consideration in lieu of professional fees at a deemed issue price of \$0.005.
- (c) Terms of the securities: The Shares are ordinary fully paid shares and rank equally in all respects with the existing Shares on issue.
- (d) Name of the allottees: S3 Consortium Pty Ltd and RM Research Pty Ltd.
- (e) Intended use of funds raised from the issue: No funds were raised from the issue as they were issued in lieu of professional fees for research and marketing services.

2. Resolution 2 – Ratification of Placement: Tranche 1

Background

The Company announced on 28 May 2015 that it had raised \$373,790 by way of the placement of 83,064,375 Shares at 0.45 cents per Share to sophisticated and professional investors via tranche 1 of a placement (**T1 Placement**).

Pursuant to ASX Listing Rule 7.4, Resolution 2 of the Notice of General Meeting seeks approval for the ratification for the prior issue of:

- (a) 47,238,625 Shares issued pursuant to ASX Listing Rule 7.1; and
- (b) 35,825,750 Shares issued pursuant to ASX Listing Rule 7.1A,

at an issue price of 0.45 cents per Share.

ASX Listing Rule Requirements

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

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

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

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

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

- (a) Number of securities issued: 47,238,625 Shares issued pursuant to ASX Listing Rule 7.1 and 35,825,750 Shares issued pursuant to ASX Listing Rule 7.1A.
- (b) Price at which the securities under the T1 Placement were issued: 0.45 cents per Share. Terms of the securities: The Shares are ordinary fully paid shares and rank equally in all respects with the existing Shares on issue.

- (c) Name of the allottee: The allottees are sophisticated and professional investors. The allottees are not related parties of the Company.
- (d) Intended use of funds raised from T1 Placement: The Company intends to use funds from the Placement to continue with exploration activities at the Company's West Africa projects, and otherwise for working capital purposes, as follows
 - (i) Undertake further geochemical sampling and exploration work at Company's granted projects in Cote d'Ivoire, and
 - (ii) Working capital for requirements of Company's projects in West Africa.

3. Resolution 3 – Approval to Issue Shares Under Placement: Tranche 2

Background

This Resolution seeks Shareholder approval for the issue of 139,157,847 Shares (pre-Consolidation) at an issue price of 0.45 cents per Share to raise funds of up to \$626,210 under a tranche 2 of a placement (**T2 Placement**).

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

ASX Listing Rule Requirements

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

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

For the purposes of Listing Rule 7.3 the following information is provided to Shareholders in relation to Resolution 3.

- (a) The maximum number of securities the Company will issue is 139,157,847 Shares at an issue price of 0.45 cents per Share to raise funds of up to \$626,210. The Company will issue the Shares progressively by no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (b) The issue price of the Shares is 0.45 cents each.
- (c) The placees are sophisticated and professional investors identified by the Directors and include Sprott Inc and its various affiliates. None of the recipients will be related parties of the Company.
- (d) The Shares will be fully paid ordinary shares of the Company and will rank equally with the Company's current issued Shares.
- (e) The Placement will raise up to \$626,210. The funds are intended to be used as set out in section 2 above.

4. Resolution 4 – Approval to Issue Placement Options

Background

This Resolution seeks Shareholder approval for the issue of 222,222,222 free attaching Options (pre-Consolidation) to participants in the Placement (T1 & T2) on the terms and conditions set out in Annexure A (**Placement Options**).

ASX Listing Rule Requirements

This Resolution seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Placement Options (see section 1 above for a summary of Listing Rule 7.1).

The effect of Resolution 4 will be to allow the Company to issue the Placement Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

For the purposes of Listing Rule 7.3 the following information is provided to Shareholders in relation to Resolution 4:

- (a) The maximum number of Placement Options the Company will issue is 222,222,222;
- (b) The Company will issue the Placement Options progressively by no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) The Placement Options will be issued for nil cash consideration as they are free attaching to Shares issued under the Placement (T1 & T2). Accordingly no funds will be raised from the issue of the Placement Options;
- (d) The Placement Options will be issued to participants in the Placements (T1 & T2). The subscribers are not related parties of the Company; and
- (e) The Placement Options are exercisable at 0.6 cents each, on or before 31 May 2017. Further terms and conditions of the Options are set out in Annexure A.

5. Resolutions 5 and 6 – Approval to Issue SPP Securities

Background

In conjunction with the Placements the Company will, under a share purchase plan to Eligible Shareholders, offer up to 96,785,748 Shares (pre-Consolidation) at an issue price of 0.45 cents per Share with one free attaching Option for every Share subscribed for under the plan (**SPP**). The offer will be made under a prospectus dated 3 June 2015 to Shareholders on the record date (19 May 2015) resident in Australia or New Zealand and others to whom an offer could be made as if the SPP were made under ASIC Class Order 09/425 (**Eligible Shareholders**). If fully subscribed, the SPP will raise up to approximately \$500,000.

Resolutions 5 and 6 seeks Shareholder approval for the issue up to 96,785,748 Shares (pre-Consolidation) under the SPP, each with one free attaching Option, to Eligible Shareholders in the SPP (including Directors) and, to the extent there is any shortfall remaining, others on the terms and conditions set out in Annexure A (**SPP Options**). The SPP is conditional upon Shareholders approving the Resolution, and in the event Shareholders do not do so, the SPP will be withdrawn and application monies refunded in full without interest.

As Mr Aylward, the Company's Managing Director, participated in the Company's last share purchase plan (in September 2014) for the maximum amount permissible, separate Shareholder approval is sought under Resolution 6 for Mr Aylward to participate in the SPP for up to \$15,000 (being the maximum amount offered to eligible Shareholders under the SPP).

The SPP will close on 6 July 2015, or such later date as the Directors determine (subject to the Corporations Act and Listing Rules), with securities offered under the SPP expected to be issued on 10 July 2015.

ASX Listing Rule Requirements

Resolutions 5 and 6 seek Shareholder approval pursuant to Listing Rule 7.1 and Listing Rule 10.11 to issue the Shares and free attaching Options under the SPP (see section 1 above for a summary of Listing Rule 7.1 and section 6 below for a summary of Listing Rule 10.11).

The effect of Resolution 5 will be to allow the Company to issue securities under the SPP during the period of 1 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The effect of Resolution 6 will be to allow Mr Aylward to participate in the SPP. As approval will be obtained under Listing Rule 10.11, approval is not required under Listing Rule 7.1

For the purposes of Listing Rule 7.3 and 10.12 the following information is provided to Shareholders in relation to Resolutions 5 and 6:

- (a) The maximum number of Shares the Company will issue is 96,785,748, each with one free attaching Option such that the maximum number of Options to be issued will be 96,785,748. Of that number Mr Aylward proposes to subscribe for 3,333,333 Shares and 3,333,333 free attaching Options;
- (b) The Company will issue securities under the SPP to Eligible Shareholders and others (with respect to any shortfall not issued to Eligible Shareholders) that are not related parties of the Company by no later than 3 month after the date of this Meeting and to related parties no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) Shares will be issued under the SPP for an issue price of 0.45 cents per Share. The SPP Options will be issued for nil cash consideration as they are free attaching to Shares issued under the SPP. Funds raised under the SPP will be used for exploration and working capital. Funds raised upon exercise of Options will be used for general working capital;
- (d) Shares and SPP Options will be issued to Eligible Shareholders and (depending upon availability of shortfall) others who are not related parties or their associates. The names of the persons to whom the Company will issue the Shares and SPP Options under this Resolution are not known. The only related parties of the Company who may participate in the SPP are Shareholders and custodians and participating beneficiaries (as defined in ASIC Class Order 09/425) who are associates of the Directors;
- (e) The SPP Options are exercisable at 0.6 cents each, on or before 31 May 2017. Further terms and conditions of the Options are set out in Annexure A; and
- (f) The SPP Securities are expected to be issued to Eligible Shareholders on or around 10 July 2015 and, with respect to shortfall, progressively thereafter.

ASX has granted a waiver so that all Shareholders, other than Directors and their associates can vote on the Resolution 5, even though they may be issued securities under the SPP.

Further information on the SPP is set out in a prospectus lodged with ASIC on 3 June 2015, and which will be sent to persons holding Shares on the record date (19 May 2015) with a registered address in Australia or New Zealand.

6. Resolutions 7 to 10 – Issue of Shares to Directors

Background

The Directors have resolved, subject to Shareholder approval, to issue a total of 19,333,332 Shares (pre-Consolidation) to the Directors to satisfy fees due totalling \$87,000. This issue of the Shares to the Directors will be at the same price as the Shares issued pursuant to the Company's recent Placement (0.45 cents per Share), although Directors will not be issued any free attaching Options.

Resolutions 7 to 10 seek approval under section 195 of the Corporations Act and Listing Rule 10.11 to permit Directors (or their nominees) to be issued up to a maximum of 19,333,332 (pre-Consolidation) Shares, as set out below.

Corporations Act Requirements

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

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

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

The issue of Shares to Directors as described above constitutes giving a financial benefit and Messrs Bernard Aylward, Frank Terranova, Myles Campion and Daniel Smith are related parties of the Company by virtue of their position as Directors of the Company.

The Directors (other than Bernard Aylward in respect of Resolution 7 only, Frank Terranova in respect of Resolution 8 only, Myles Campion in respect of Resolution 9 only and Daniel Smith in respect of Resolution 10

only, who each have a material personal interest in their respective Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Shares to be issued as the Shares will be issued to the Directors on similar terms as Shares issued pursuant to the Placement, and as such the giving of the financial benefit is on arm's length terms.

As a majority of the Directors have a material personal interest in the issue of the Shares that are the subject of Resolutions 7 to 10 the Company seeks approval under section 195 of the Corporations Act so that the Shareholders may pass a resolution to deal with this matter.

ASX Listing Rule Requirements

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

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

Approval pursuant to ASX Listing Rule 7.1 is not required for the Shares to be issued under Resolutions 7 to 10 as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Directors (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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

- (a) Names of participants: Directors of the Company, being: Mr Bernard Aylward or his nominee, Mr Frank Terranova or his nominee, Mr Myles Campion or his nominee and Mr Daniel Smith or his nominee.
- (b) Maximum number of securities (each on a pre-Consolidation basis) to be issued:
 - Bernard Aylward (or his nominee) of 11,111,111 Shares
 - Frank Terranova (or his nominee) of 3,555,555 Shares
 - Myles Campion (or his nominee) of 2,222,222 Shares
 - Daniel Smith (or his nominee) of 2,444,444 Shares
- (c) The Company will issue the Shares by no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) Price at which Shares to be issued: 0.45 cents per Share.
- (e) The Shares are ordinary fully paid shares and will rank equally in all respects with the existing Shares on issue.
- (f) No funds will be raised as a result of the issue of Shares under these Resolutions. The proceeds of the placement will be used to retire amounts owing to Directors for accrued fees owing, as set out above.

7. Resolution 11 – Consolidation of Capital

Background

The Directors are seeking Shareholder approval to consolidate the number of Shares on issue on a 25 for 1 basis. Section 254H of the Corporations Act provides that a company may, by a resolution passed in a general meeting of shareholders, convert all or any of its shares into a larger or smaller number of shares. In accordance with Listing Rule 7.22, the number of Options will be consolidated on the same ratio and their respective exercise prices being amended inversely to the consolidation ratio. The Consolidation is required so that the Company can attract investment from a wider range of global investors.

If this Resolution is passed, the number of Shares and Options on issue (including those to be issued, subject to Shareholder approval sought under this Notice of Meeting) will be reduced from 703,098,804 to approximately 28,123,954 (subject to rounding), and the number of Options will be reduced from 164,035,748 to 6,561,430.

After the Consolidation becomes effective, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of post-consolidation Shares, and the Company will arrange for new holdings statements to be issued to Shareholders.

Capital Structure

The indicative capital structure of the Company following completion of the Placement, SPP and Consolidation is as follows:

Shares	Number (pre-Consolidation)	Number (post-Consolidation)	%
Existing Shares on issue (including Shares issued under T1 Placement)	447,821,877	17,912,876	64%
Remaining Shares to be issued under T2 Placement ¹	139,157,847	5,566,314	20%
Shares to be issued pursuant to other resolutions ²	19,333,332	773,334	3%
Maximum Shares issued under SPP	96,785,748	3,871,430	14%
Total Shares on issue following the issue of all Shares the subject to Resolutions under this Notice of Meeting	703,098,804	28,123,954	100%

¹ Resolution 3

² Resolutions 7 to 10.

Options	Number (pre-Consolidation)	Number (post-Consolidation)
Unquoted Options exercisable at \$0.50 (\$0.02 pre-Consolidation) on or before 1 December 2016	52,250,000	2,090,000
Unquoted Options exercisable at \$0.15 (\$0.006 pre-Consolidation) on or before 31 May 2017 ¹	96,785,748	3,871,430
Unquoted Options exercisable at \$5.00 (\$0.20 pre-Consolidation) on or before 31 January 2016	10,000,000	400,000
Unquoted Options exercisable at \$5.00 (\$0.20 pre-Consolidation) on or before 3 February 2016	5,000,000	200,000

¹ Resolutions 4 to 6

Timetable

An indicative timetable for the Consolidation is as follows:

Event	Date
Date of Meeting	7 July 2015
Last day for trading in pre-Consolidated Shares (being after the issue of securities under the Placement and SPP)	15 July 2015
Trading in the Consolidated Shares commences on a deferred basis	17 July 2015
Record Date - last day for the Company to register transfers on a pre-Consolidation basis	21 July 2015
Notice sent to security holders	22 July 2015
Issue date for Consolidated Shares	28 July 2015

The dates are indicative only and may change, subject to the Corporations Act and Listing Rules.

Fractional entitlements and taxation

Fractional entitlements, which will occur where a Shareholder holds an odd number of Shares which cannot be evenly divided by 25, will be rounded up to the nearest whole Share.

Whilst the Company does not believe that there are any tax consequences as a result of the Consolidation, Shareholders are advised to seek their own advice. The Company does not accept any responsibility for the consequences to individuals as a result of the Consolidation.

8. Annexure A – Terms and Conditions of Attaching Options

Terms and Conditions of Attaching Options (Options)

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5:00 pm (WST) on 31 May 2017 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be 0.6 cents (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under this Deed and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are transferable.
- (i) All Shares issued upon the exercise of Options will upon issue rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be in accordance with the Listing Rules. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

GLOSSARY

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

ASX	ASX Limited (ACN 008 624 691).
ASX Listing Rules or Listing Rules	the listing rules of the ASX.
Board	the Board of Directors of the Company.
Chairman	the chairman of the Company.
Company	Taruga Gold Limited (ACN 153 868 789).
Consolidation	the consolidation of Shares on a 25 for 1 basis (rounded up to the nearest whole number).
Constitution	the constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Directors	the directors of the Company .
Eligible Shareholder	has the meaning given in section 5 of the Explanatory Memorandum.
Explanatory Statement	this Explanatory Statement.
Meeting or General Meeting	the meeting convened by this Notice.
Notice	notice of meeting that accompanies this Explanatory Statement.
Option	an option to be issued a Share in the Company.
Placement Option	has the meaning given in section 4 of the Explanatory Statement.
Resolution	a resolution referred to in the Notice.
Proxy Form	the proxy form attached to this Notice.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a registered holder of Shares in the Company.
SPP	has the meaning given in section 5 of the Explanatory Memorandum.
SPP Options	has the meaning given in section 5 of the Explanatory Memorandum.
SPP Securities	Shares to be issued under the SPP and SPP Options.
T1 Placement	has the meaning given in section 2 of the Explanatory Statement.
T2 Placement	has the meaning given in section 3 of the Explanatory Statement.

**WST or Western
Standard Time**

Western Standard Time, Perth, Western Australia.

\$ or A\$

Australian dollars unless otherwise stated.

TARUGA GOLD LIMITED
ACN 153 868 789

PROXY FORM

The Secretary
Taruga Gold Limited

By delivery:
Office J, Level 2, 1139 Hay Street
West Perth, WA 6005

By post:
PO Box 7653, Cloisters Square
Perth, WA 6850

By facsimile:
+61 8 9486 4799

**Name of
Shareholder:**

**Address of
Shareholder:**

**Number of Shares
entitled to vote:**

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

Step 1 – Appoint a Proxy to Vote on Your Behalf

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

☐

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

or failing the person/body corporate named, or if no person/body is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at the Office of the Company at Amberley Business Centre, 3/1060 Hay Street, WEST PERTH, WA on **7 July 2015 at 10am WST** and at any adjournment or postponement of that Meeting.

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

Step 2 – Instruction as to Voting on Resolutions

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

	FOR	AGAINST	ABSTAIN
Resolution 1 – Ratification of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Ratification of Placement: Tranche 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval to issue Shares Under Placement: Tranche 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval to issue Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval to issue SPP Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval to issue SPP Securities to Mr Bernard Aylward	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Proposed issue of Shares to Director: Bernard Aylward	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Proposed issue of Shares to Director: Frank Terranova	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Proposed issue of Shares to Director: Myles Campion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Proposed issue of Shares to Director: Daniel Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 – Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name:

Contact Ph (daytime):

Date:

Proxy Notes:

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

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

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

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

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

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

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

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received at the Perth office of the Company at Office J, Level 2, 1139 Hay Street, West Perth WA 6005 or Facsimile +61 8 9486 4799 not less than 48 hours prior to the time of commencement of the Meeting.