

23 October 2018

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Taruga Minerals Limited (**Taruga** or the **Company**) is pleased to present its quarterly activities report for the September quarter.

HIGHLIGHTS

- Due diligence drilling at Mwilu and Kamilombe projects completed during the quarter. Significant intercepts included:

Kamilombe

- **31.21m at 0.52% Co** from **33.1m** including **3.04m at 1.45% Co** from **36.4m** and **5.18m at 1.05% Co** from **57.7m**
- **16.16m at 1.05% Cu** from **72.3m**
- **24.5m at 1.22% Cu** from **138.3m** and **8.12m at 0.1% Co** from **144.08m (KMDD001)**; and
- **50.87m at 0.49% Co** from **5.8m** including **13.68m at 1.21% Co** from **30.47m** and **8.85m at 0.41% Co** from **88.85m (KMDD005)**; and
- **10.72m at 0.38% Co** from **40m (KMDD004)**

Mwilu

- **42.85m at 0.39% Co** from **256.55m** including **6.40m at 1.11% Co** from **282.45m** and **8.40m at 2.7% Cu** from **269.15m** within (**MWDD008**)
- Metallurgical studies at Kamilombe with known near surface mineralisation are ongoing to evaluate the potential for early stage, small scale, near surface production
- The Company is confident that the Mwilu and Kamilombe Projects have the capacity to host significant cobalt and copper mineralization
- Placement to raise \$500,000 at \$0.21 per share as part of second tranche placement announced 19 June 2018

CORPORATE

Capital Raising

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.

Cash Position

As at 30 September 2018, the Company had approximately \$1.65 million of cash.

OPERATIONS

Mwilu and Kamilombe

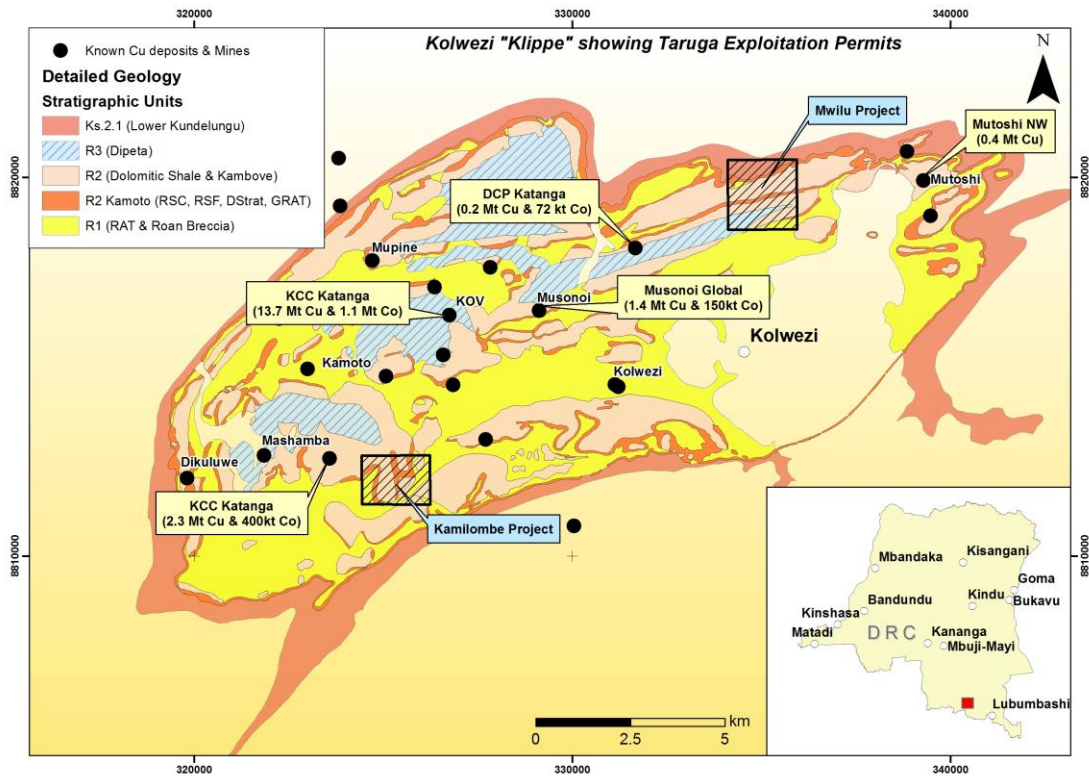


Figure 1: Geological map of the Kolwezi "Klippe" showing the Mwilu and Kamilombe project areas and known mines and deposits

Mwilu and Kamilombe lie within the Kolwezi "Klippe" shown in Figure 1 within the Central African Copper Belt, which hosts many of the largest known copper-cobalt deposits both in the south-eastern DRC and Zambia. Mwilu and Kamilombe are currently being mined at shallow levels by artisanal miners to generate income for the Consortium including Mint-Master and the Government of Lualaba Province to fund ongoing development projects.

Drilling at Kamilombe

On 30 July 2018 Taruga announced high grade cobalt and copper results from assays of KMDD001 at Kamilombe.

The cobalt result of **31.21m at 0.52% Co** from **33.1m** including **3.04m at 1.45% Co** from **36.4m** and **5.18m at 1.05% Co** from **57.7m** confirms that Kamilombe is first and foremost a cobalt project with copper support.¹

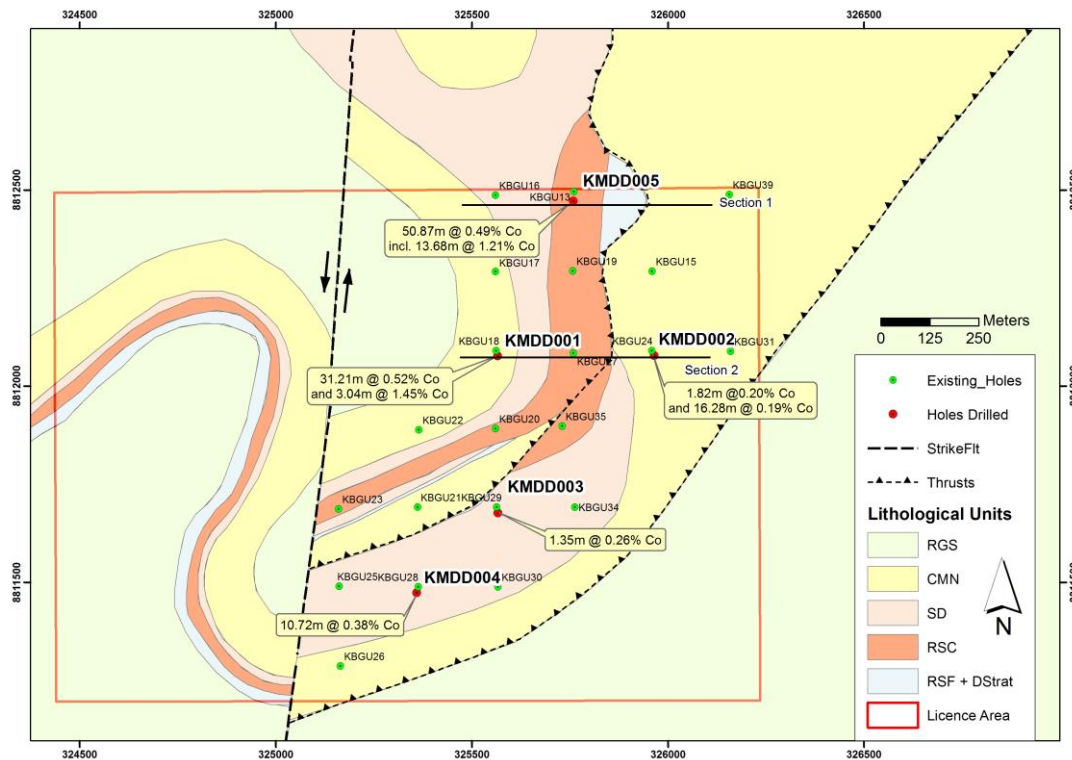


Figure 2: Interpreted geology from Gecamines showing historic diamond holes and 5 twinned diamond holes completed by Taruga

Drilling recoveries averaged 38% for the deeper Mines R2 Series and results cannot be considered reliable below a depth of 217m. Future holes will be drilled with the larger diameter PQ and HQ bit sizes to ensure better recoveries at depth.

Diamond drilling carried out by Taruga intersected an additional mineralised zone of **24.5m at 1.22% Cu** from **138.3m** and **8.12m at 0.1% Co** from **144.08m** which was not reported in historical drilling data.

Thicknesses of the mineralised intersections are close to true thickness as bedding in the highly weathered stratigraphic units appears to be flat.

¹ 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

On 31 August 2018, the Company announced that results for the final 4 diamond drill holes at Kamilombe had been received. Drilling at Kamilombe included significant intercepts of **13.68m at 1.21% Co** from **30.47m** within a broader zone of **50.87m at 0.49% Co** from **5.8m**. This sits immediately below the quartz/dolomite mineralised overburden which reported **5.8m at 0.2% Co** from surface. A second intercept of **8.85m at 0.41% Co** and **1.32% Cu** was reported from **88.85m** all in KMDD005 (**Figure 3**).

KMDD004 at the southern end of the area of drilling (refer **Figure 2**) reported **10.72m at 0.4% Co** from **40m** while KMDD002 reported a best result of **16.28m at 0.2% Co** from **164.6m**. The intercept in KMDD002 lies east of a thrust fault shown in **Figure 2** on the same section where KMDD001 reported significant intercepts of **3.04m at 1.45% Co** from **36.4m** and **5.18m at 1.05% Co** from **57.7m** within a broader zone of **31.21m at 0.52% Co** from **33.1m**. The section shows that mineralisation in KMDD001 is flat lying and open to the west (refer **Figure 4**).

Results confirm that Kamilombe is a Cobalt project with Copper mineralisation reported at deeper intervals.²

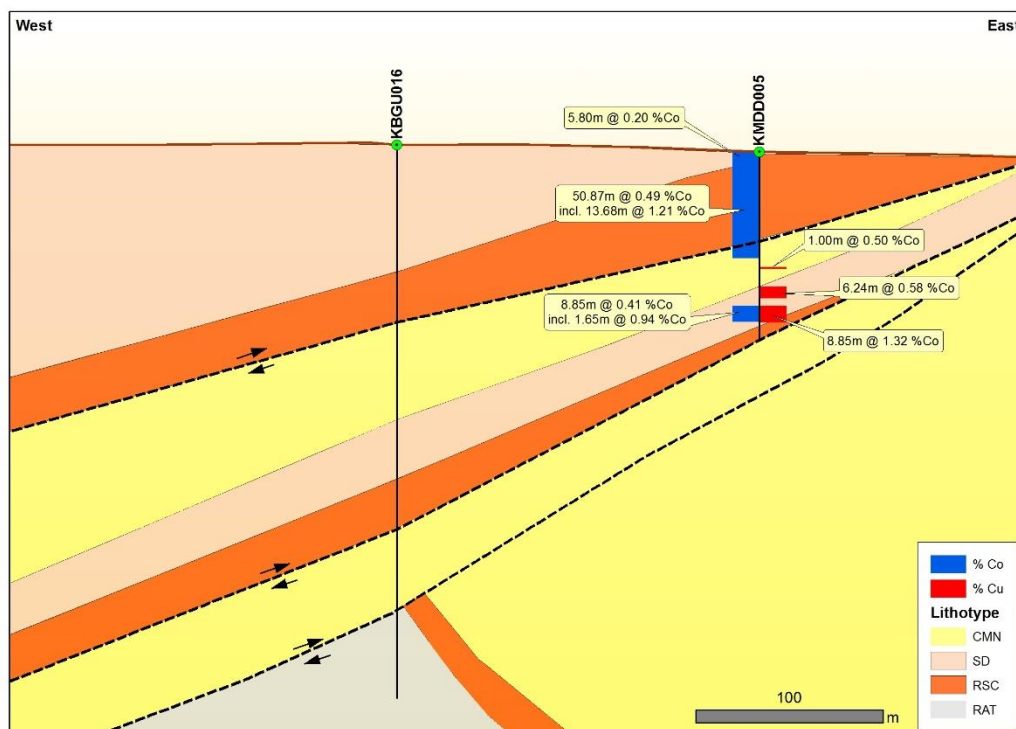


Figure 3: Interpreted section across KMDD005 highlighting the near surface and shallow dipping mineralized RSC unit and lower RAT unit

² 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

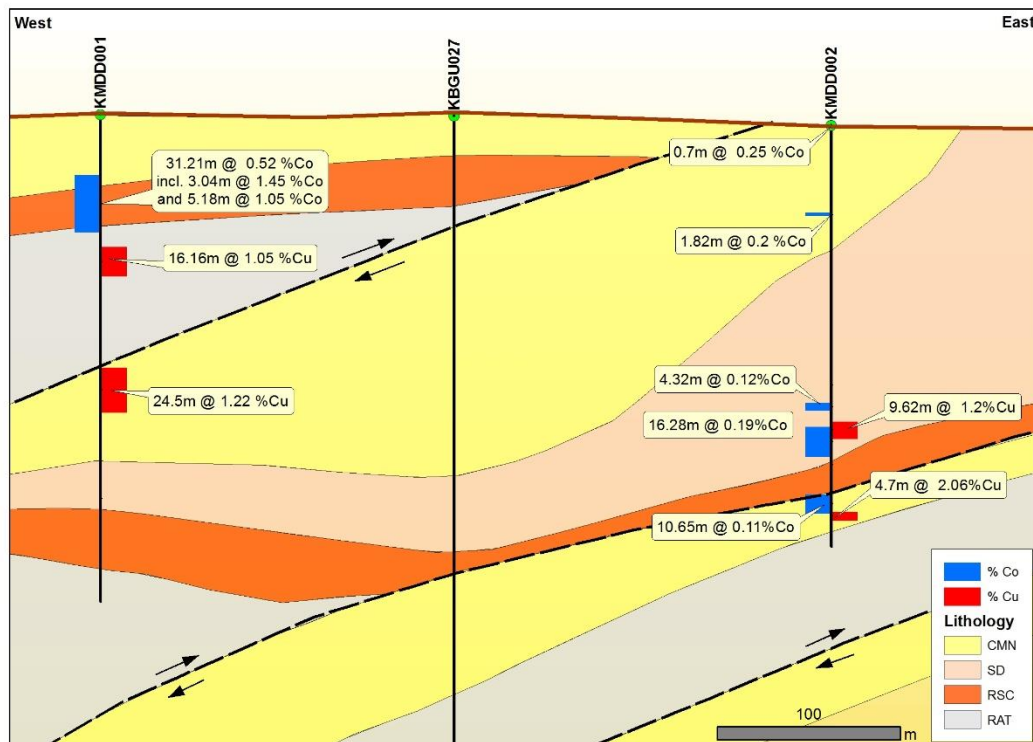


Figure 5: Interpreted section across KMDD001 and KMDD002

Drilling at Mwilu

Mwilu covers 3.36km² within the Kolwezi “Klippe” (**Figure 1**) which hosts several 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.

On 12 July 2018, Taruga announced the completion of 6 drill holes at Mwilu for a total of 857m. Four inclined shallow holes were drilled at Mwilu to test near surface cobalt grades of Mines R2 series lithologies exposed in two ridges at Mwilu. The holes were planned to evaluate the potential for early stage, small scale, near surface production.

Both diamond holes which targeted the northern ridge intersected mineralised lower R2 Mines series stratigraphy before intersecting a major thrust fault. Two diamond holes drilled below the southern ridge showed that mineralised Mines R2 series were duplicated through thrusting and could potentially host a broad zone of mineralisation.

All holes have showed varying amounts of black oxide which potentially includes heterogenite (cobalt mineral). Copper in the form of malachite was observed at depth in many of the holes, especially along fault zones.

On 31 August and 14 September 2018, the Company reported drill results for all 8 diamond drill holes at Mwilu including 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** in hole MWDD008. 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 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.

To the north cobalt mineralisation is confined within a shallow dipping synclinal fold structure as shown in section in Figures 7 and 8. Best results from the northern zone included 16.30m at 0.16% Co from 31.9m, 46.60m at 0.12% Co from 81.55m and 6.20m at 0.32% Co from 164.85m in MWDD004; 13m at 0.13% Co from 50.45m, 1.52m at 0.41% Co from 67.83m, and 6.45m at 0.24% Co from 79.45m in MWDD006; 33.80m at 0.14% Co from 57.6m in MWDD007. The northern zone attains a maximum depth of roughly 170m and is approximately 700m wide.

Two inclined shallow holes drilled to test near surface cobalt mineralisation under the northern ridge and the potential for early stage, small scale, near surface production at Mwilu reported best intercepts of 3.58m at 0.18% Co from 33.72m in MWDD001 and 11m at 0.14% Co from 22.2m in MWDD002. Both intersections were reported from the lower R2 mineralised unit before intersecting a major thrust fault. MWDD003 drilled further south reported best intercepts of 25.45m at 0.13% Co from 14.25m, 3.73m at 0.34% Co from 45.37m including 0.5m at 1.41% Co from 45.37m. Both upper and lower mineralised R2 units were intersected.^{3,4}

³ 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

⁴ 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

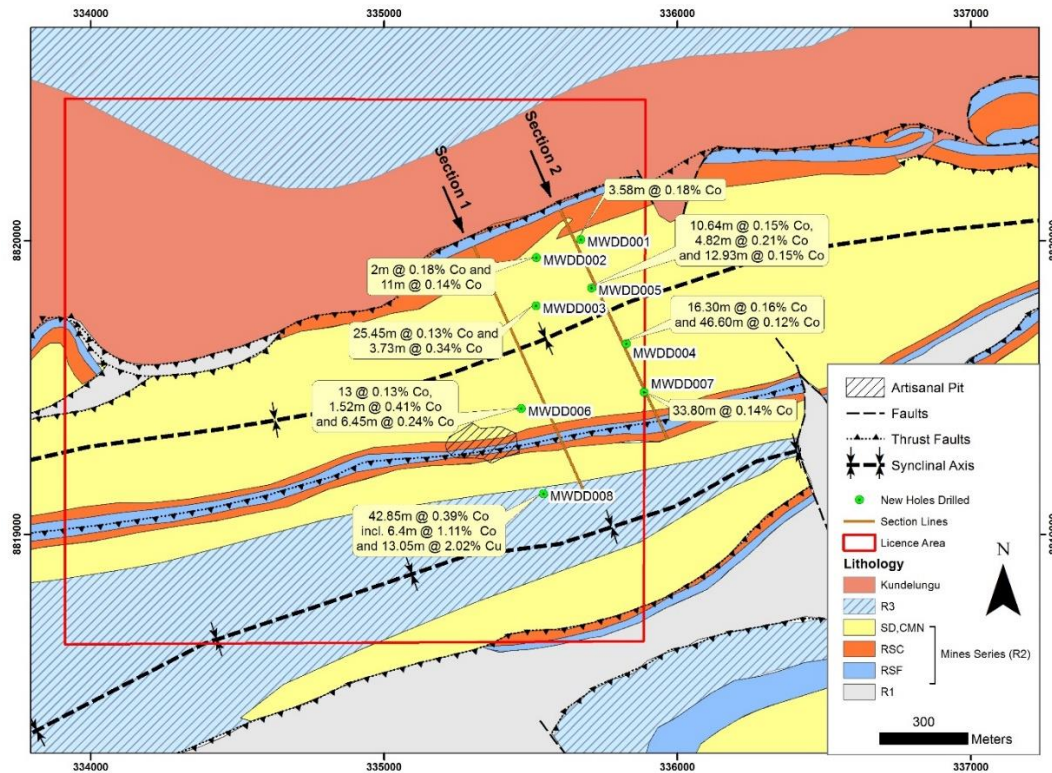


Figure 6: Interpreted geology and drilling results at Mwilu

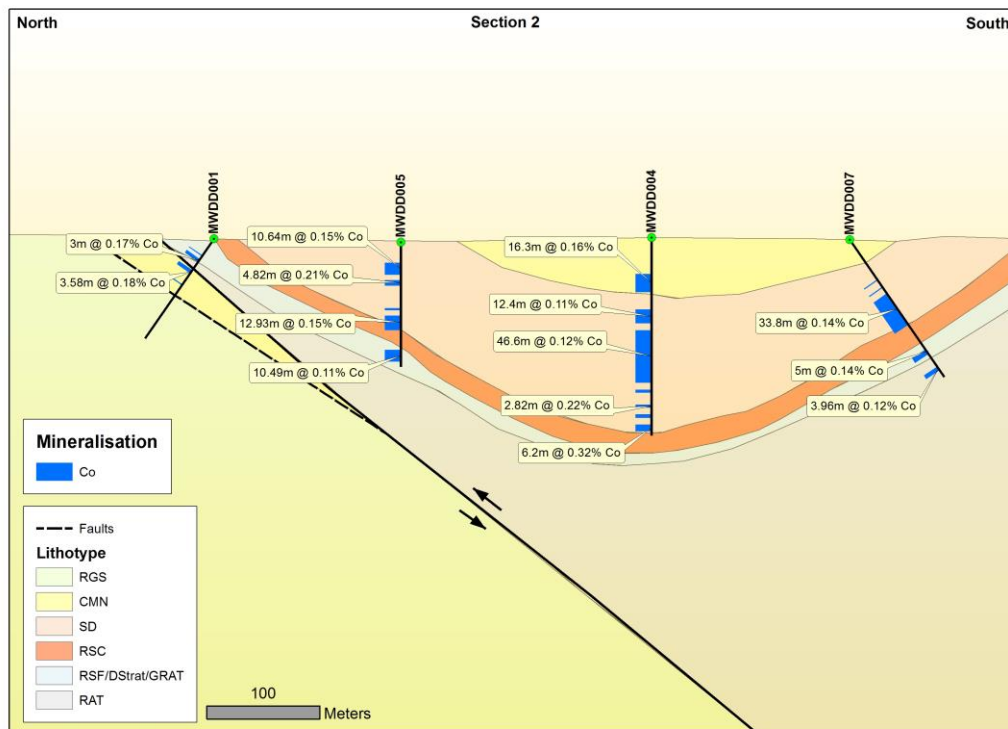


Figure 7: Cross section across the northern zone showing mineralisation confined to the synclinal structure on geology

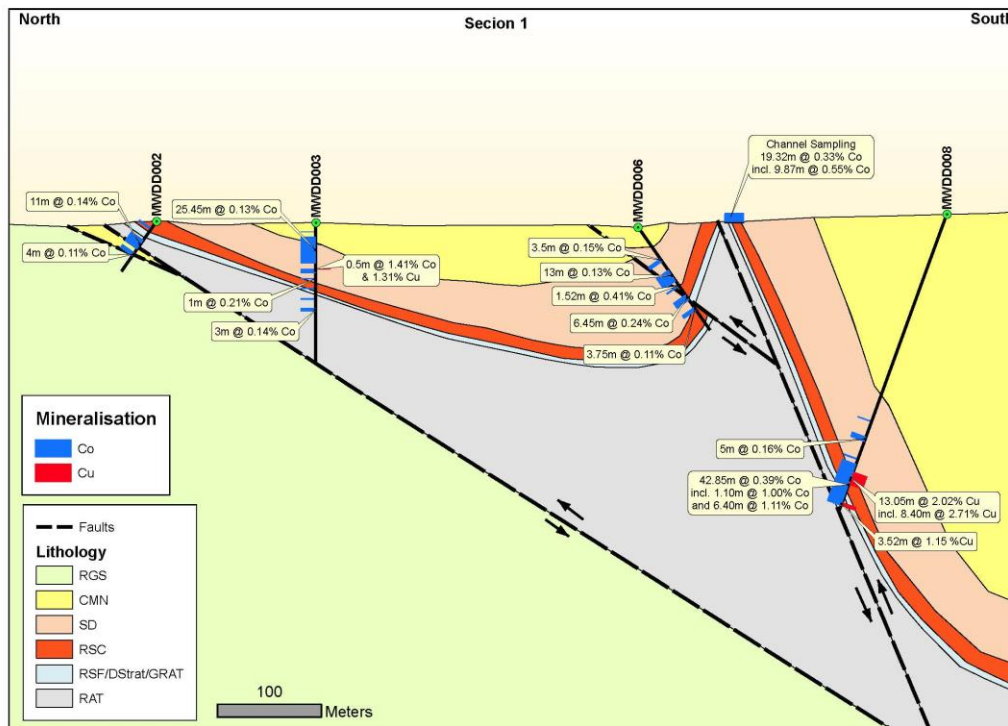


Figure 8: Cross section across both the northern and southern zone showing mineralisation confined to the synclinal structure in the northern zone and the steeply dipping southern zone on geology

PEPM 2315

PEPM 2315 (Permis d' Exploitation de Petite Mine) covers 28.35km² and is located 8km SSE of Kolwezi in Lualaba Province. Eighty five percent of the property is overlain by recent soil cover where mineralised Roan sediments mined at Kamukongo and by artisanal miners immediately to the east and on the licence are interpreted to extend westwards onto the licence below soil cover.

Taruga is currently working with the license holder as they transition the license to an exploitation permit during the ongoing due diligence. Once granted the Company will commence with soil sampling and follow up air core drilling programmes on the project area.

The Company has decided not to proceed with the acquisition of the following tenements announced 1 March 2018 due to a number of matters identified in the legal due diligence which could not be resolved to the satisfaction of the Company: PR's 12726, 12727 and 13728 in the Lubumbashi Mining District and PR 12423 in the Kolwezi Mining District.

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. Taruga will fast track soil sampling and shallow air core drilling programmes on the early stage projects on the successful conclusion of the due diligence periods.

Western Australian Tenements

Cobalt Exploration

Exploration licence E51/1832 is now granted. The licence is located 30km southeast of the regional centre of Meekatharra in the Murchison region of Western Australia (Figure 9). The Company has undertaken a review of the historic exploration and activity in the region and reviewed aeromagnetic data (Figure 10) to prepare an updated geological model. The Company is planning for a broad geochemical survey targeting cobalt mineralisation following further ground reconnaissance.



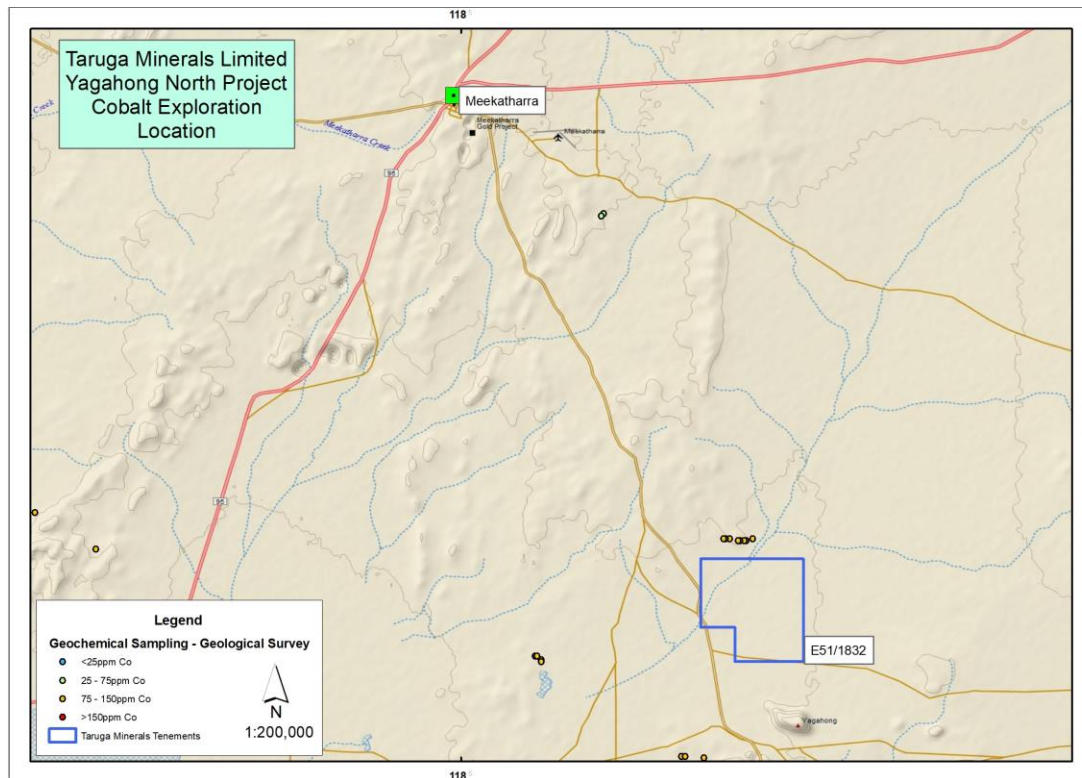


Figure 9: Yagahong North Project – E51/1832 Location plan

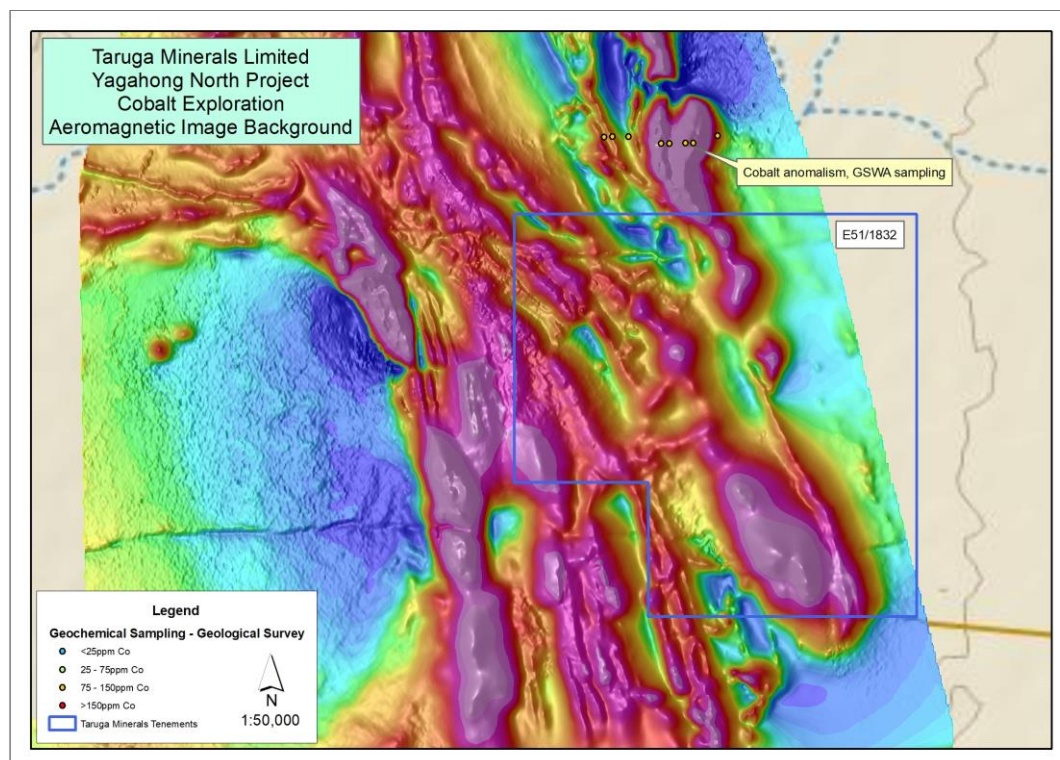


Figure 10: Yagahong North Project – Areomagnetic data, reprocessed and historical geochemical sampling

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The Company is continuing negotiations for the application E53/1947.

Lithium Exploration

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.

West Africa Gold Exploration Projects

As announced in the Company's Annual Report, the Kossa licenses in Niger reached their end of term and were not renewed. Subsequent to this the Company commenced a wind down of operations in Niger, including the closure of the field camp and associated mining operations. The Company retains its exploration geologist and country manager in Niger and will review opportunities if and when they arise.

Subsequent Events

From 1 October 2018 Ms Sheena Eckhof was appointed as Executive Director – Investor Relations. Ms Eckhof was most recently in the role of Investor Relations Officer at mid-tier miner, Independence Group NL.

On 8 October 2018, the Company announced the extension of the due diligence period in respect of the Kamilombe and Mwilu projects. The mutually agreed extension is for 30 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**). It is anticipated that the Title Agreements will be executed shortly.

For further information see the Company's website www.tarugaminerals.com.au or contact:

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Competent person's statement

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr 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.

Operating in the Democratic Republic of Congo

The main projects in which Taruga proposes to acquire are located in the Democratic Republic of Congo (DRC). The Company will be subject to the risks associated with operating in DRC. Such risks can include economic, social or political change, changes of law affecting foreign ownership, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations.

Changes to DRC mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in DRC may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

Exploration Risk

The mineral licences in which Taruga proposed to acquire are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these licences, or any other licences that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Annexure 1: Taruga Minerals Limited – tenements held directly by Taruga Minerals or subsidiary company

Tenements	Acquired during quarter	Disposed of during quarter	Held at end of quarter	Country
E51/1832	-	-	100%	Granted – Western Australia
E53/1947	-	-	100%	Application – Western Australia
E70/5029	-	-	100%	Application – Western Australia
E70/5030	-	-	100%	Application – Western Australia
E70/5031	-	-	100%	Application – Western Australia
PEPM 2315	-	-	Due diligence and Option to acquire 70%	DRC - Kolwezi
Kamilombe	-	-	Due diligence and Option to acquire 60%	DRC - Kolwezi
Mwilu	-	-	Due diligence and Option to acquire 60%	DRC - Kolwezi

