

31 July 2018

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2018

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

HIGHLIGHTS

- Laboratory results confirm the high grade channel and grab sample results reported from artisanal workings at Mwilu and Kamilombe
 - High grade samples from the laboratory reported **consistently higher cobalt grades up to 16%**
- Drilling commenced at high priority Mwilu and Kamilombe projects:
 - 999.3m of diamond drilling at Kamilombe to twin historic holes drilled by KCC and Gecamines
 - 857m of diamond drilling at Mwilu to test underlying mineralisation over a width of 1,500m, down to a maximum depth of 350m
- Results from KMDD001 at Kamilombe confirm existence of high grade cobalt and copper mineralization. Better intercepts included:
 - **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**
- All results expected before the end of the due diligence period (mutually extended to 30 September 2018)
- The Company is confident that the Kamilombe Project has the capacity to host significant cobalt and copper mineralisation to advance the project

CORPORATE

Name Change

Following shareholder approval received on 1 June 2018, the Company announced the change of Company name to Taruga Minerals Limited on 19 June 2018.

Capital Raising

On 1 June 2018, Shareholders also ratified the placement to raise up to \$1.35 million announced on 1 March 2018.

On 5 June 2018, the Company announced a Placement to raise up to \$2.835 million at \$0.21 per share with a free attaching unlisted option on a 1 for 1 basis exercisable at \$0.30 each within 24 months from the date of issue.

Cash Position

As at 30 June 2018, the Company had approximately \$2.7 million of cash.

OPERATIONS

Mwilu and Kamilombe

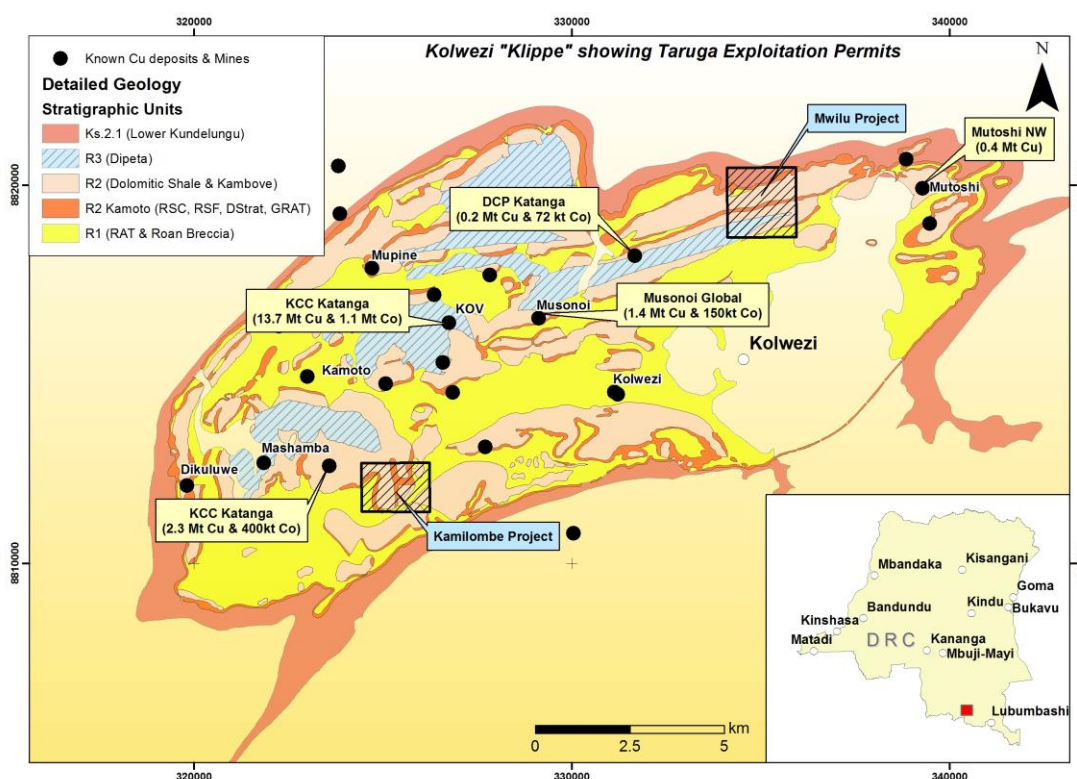


Figure 1: Geological map of the Kolwezi "Klippe" showing the Mwilu and Kamilombe project areas and known mines and deposits

Channel and Grab sample results

During the quarter, Taruga announced the results reported by ALS Global in Johannesburg have confirmed the cobalt and copper portable XRF Niton analyser (Niton) results reported in the ASX release on 1 March 2018 at both Mwilu and Kamilombe (Project). High grade samples consistently reported better grades than from the Niton, with a significant best result of **0.7m at 16% Co** (refer Announcement 1 March 2018 for full Niton and laboratory results).

Mwilu and Kamilombe lie within the 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 to fund ongoing development projects.

Drilling at Mwilu and Kamilombe

On 2 May 2018, the Company announced that drilling had commenced at Mwilu and Kamilombe. The drilling programme was completed at Kamilombe with a total of 999.3m completed from 5 holes. At Mwilu, 7 diamond holes were drilled for 857m with a final hole expected to be completed during the week.

All holes at Kamilombe were vertical and were surveyed every 30m. Due to expected bad ground conditions, all holes were started with the maximum diameter PQ hole size followed by the smaller HQ hole size. The larger diameter holes were expected to overcome issues of broken ground and cavities especially in the silica/dolomite RSC stratigraphic unit.

As part of the 6 month due diligence program at Kamilombe, Taruga twinned 5 of the KCC and Gecamines holes shown in Figure 2, which covered a potential strike length of 1,000m to better understand previously reported results and to confirm reported stratigraphy.

All 5 holes at Kamilombe demonstrate reasonable stratigraphic correlation with the existing drill holes, however slight variations were noted due to faulting and were easily identified in the core. The most significant variation was noted in KMDD005 where KCC/Gecamines reported mineralization from 70m, however Taruga observed mineralisation in artisanal workings and drill core which starts immediately below the 3-5m thick overburden.



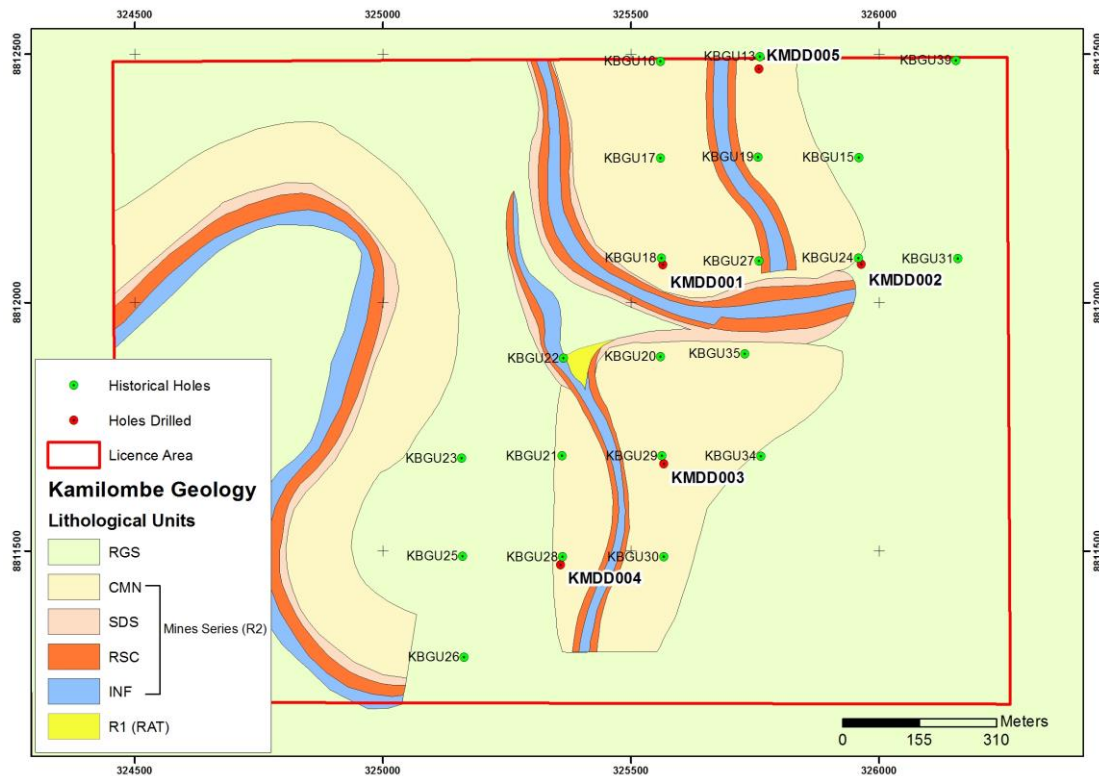


Figure 2: Interpreted geology from Gecamines showing historic KCC/Gecamines diamond holes and 5 twinned diamond holes completed by Taruga

At Mwilu, a diamond drill fence was planned to test the underlying mineralisation over a width of 1,500m down to a maximum depth of 350m. Additional shallow holes were drilled to confirm the grade and metallurgy of near surface mineralisation for potential, small scale, early production. All holes are shown in Figure 3. There are no records of historic drilling at Mwilu, however, channel sample results announced on 3 April 2018 included:¹

- **0.7m at 16.2% Co** (northern exposure)
- **1m at 3.89% Co** (southern exposure)
- **2m at 4.81% Co** (southern exposure)

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

¹ Refer ASX announcement 3 April 2018 for full channel sampling results including JORC Table 1.

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.

Completion of the current diamond hole MWDD008 designed to test potential mineralisation at depth to the south of the southern ridge at Mwilu marks the end of the due diligence drilling programme.

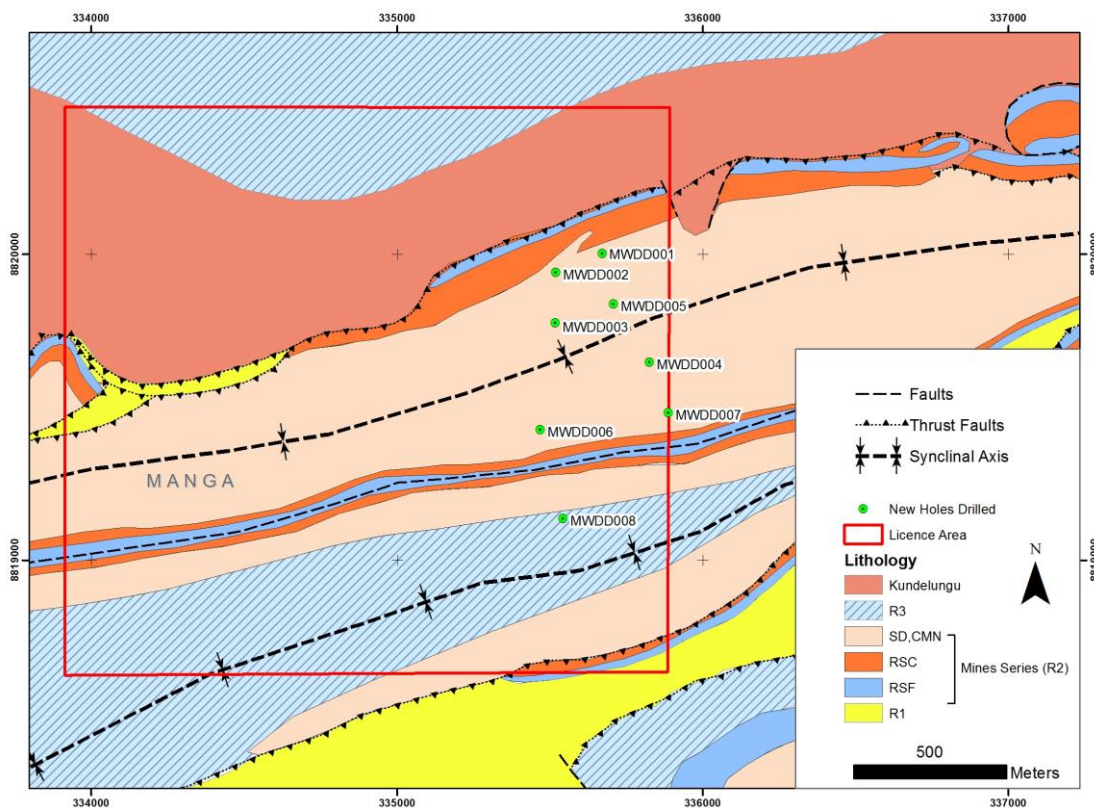


Figure 3: Interpreted geology from Gecamines showing all holes at Mwilu. MWDD008 currently being drilled.

Due Diligence – Madini Licences and PR12423

The Company hopes to conclude the ongoing due diligence on the Madini licences and PR12423, with a decision to continue expected during the coming quarter.

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 Kamo 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.

West Africa Gold Exploration Projects

No field activity to report from Cote d'Ivoire or Niger exploration.

Subsequent Events

On 30 July 2018 Taruga announced that it had received highly significant cobalt and copper results from its first diamond hole, KMDD001, drilled at the Kamilombe Project. 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.²

Taruga's Executive Director, Mark Gasson, commented: *"Given the limited data received from KCC/Gecamines, including not knowing aggregation methods or assay methodologies used for reported grades, we are very pleased with the highly significant cobalt results received for KMDD001. The results confirm the potential to discover significant high grade cobalt mineralisation at the Kamilombe Project."*

Historic results at Kamilombe also indicated that mineralisation was limited to specific stratigraphic units, however Taruga's drilling has defined mineralisation outside of these units, including one not previously reported copper zone of 24.5m at 1.22% Cu. "

Based on the results of KMDD001 and observations of artisanal workings, the Company is confident that the Kamilombe Project has the capacity to host significant cobalt and copper mineralisation to advance the project. However, all KCC/Gecamines drill holes within the project area will need to be re-drilled as part of the planned infill drilling programme, expected to commence once the due diligence has been successfully completed by end of September 2018. The potentially mineralised area defined by the KCC and Gecamines

² Refer ASX announcement 30 July 2018 for full assay results of KMDD001 and JORC Table 1.

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drilling will be drilled on an initial 100 x 100m grid for early resource definition at Kamilombe.

All remaining samples at Kamilombe and the first 3 holes at Mwilu have been sent to ALS Global's accredited laboratory in Johannesburg for 4 acid digest and ICP-AES finish. Results are expected in 2 to 3 weeks. The remaining samples for Mwilu drill holes MWDD004 to MWDD007 have been sent to ALS Global's sample prep facility in Lubumbashi, DRC from where a representative pulp will be sent to ALS's assay facility in Johannesburg, South Africa.

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.

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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.



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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
Kossa 1	-	-	100%	Niger
Kossa 2	-	-	100%	Niger
Kouriki	-	-	100%	Niger
Ounzerbe	-	-	100%	Niger
Mankono	-	-	100%	Cote d'Ivoire
Yaghong North	-	-	100%	Application – Western Australia
Gidgee East	-	-	100%	Application – Western Australia
E70/5029	-	-	100%	Application – Western Australia
E70/5030	-	-	100%	Application – Western Australia
E70/5031	-	-	100%	Application – Western Australia