

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2022

Taruga Minerals Limited (ASX: **TAR**, **Taruga** or the **Company**) is pleased to present its quarterly activities report for the March 2022 quarter.

### HIGHLIGHTS:

- Final assay results returned from exploration drilling at Hydrothermal Hill and Oxide Hill prospects, at Taruga's 100% owned Morgan's Creek project
  - Intercepts included anomalous copper and rare earth elements (REE's)
  - Geochemistry and mineralogy indicate a large alteration system is present
  - REE enrichment in the clay and oxide zones have potential for an Ionic Adsorption Clay (IAC) REE deposit style
  - Metallurgical testwork commenced to determine presence of readily soluble REE's and potential for Ionic Adsorption Clay (IAC) REE's
- 850km<sup>2</sup> aeromag survey completed over the entire MCCP to identify and rank priority targets for drill testing during Q2/Q3 2022
- Progress made on authorisations being sought under the Aboriginal Heritage Act for the Flinders Project, with the State Aboriginal Heritage Committee meeting in January 2022 and the resultant report and recommendations being finalised by AAR which now needs to be considered by the Minister for Aboriginal Affairs
- 3 large mafic intrusions identified at the Company's 100%-owned Manjimup Project, in the Balingup metamorphic terrane of the Southwest of Western Australia, which is adjacent to the Chalice Mines / Venture Minerals joint venture
- Maiden drilling program undertaken by Peak Minerals Limited (ASX: PUA) at the Meekatharra Magmatic Ni-Cu Project joint venture (PUA to earn up to 80%)
- Successful capital raising initiatives raising \$2.16 million by way of Placement and SPP
- The Company remains well funded with ~\$2.6 million cash on hand at the end of the March quarter

### CAPITAL STRUCTURE

578,048,240  
Shares on Issue

46,750,000  
Options on issue  
(various ex. prices  
and dates)

### BOARD & MANAGEMENT

Thomas Line  
CEO

Paul Cronin  
Non-Executive Director

Gary Steinepreis  
Non-Executive Director

Eric De Mori  
Non-Executive Director

David Chapman  
Non-Executive Director

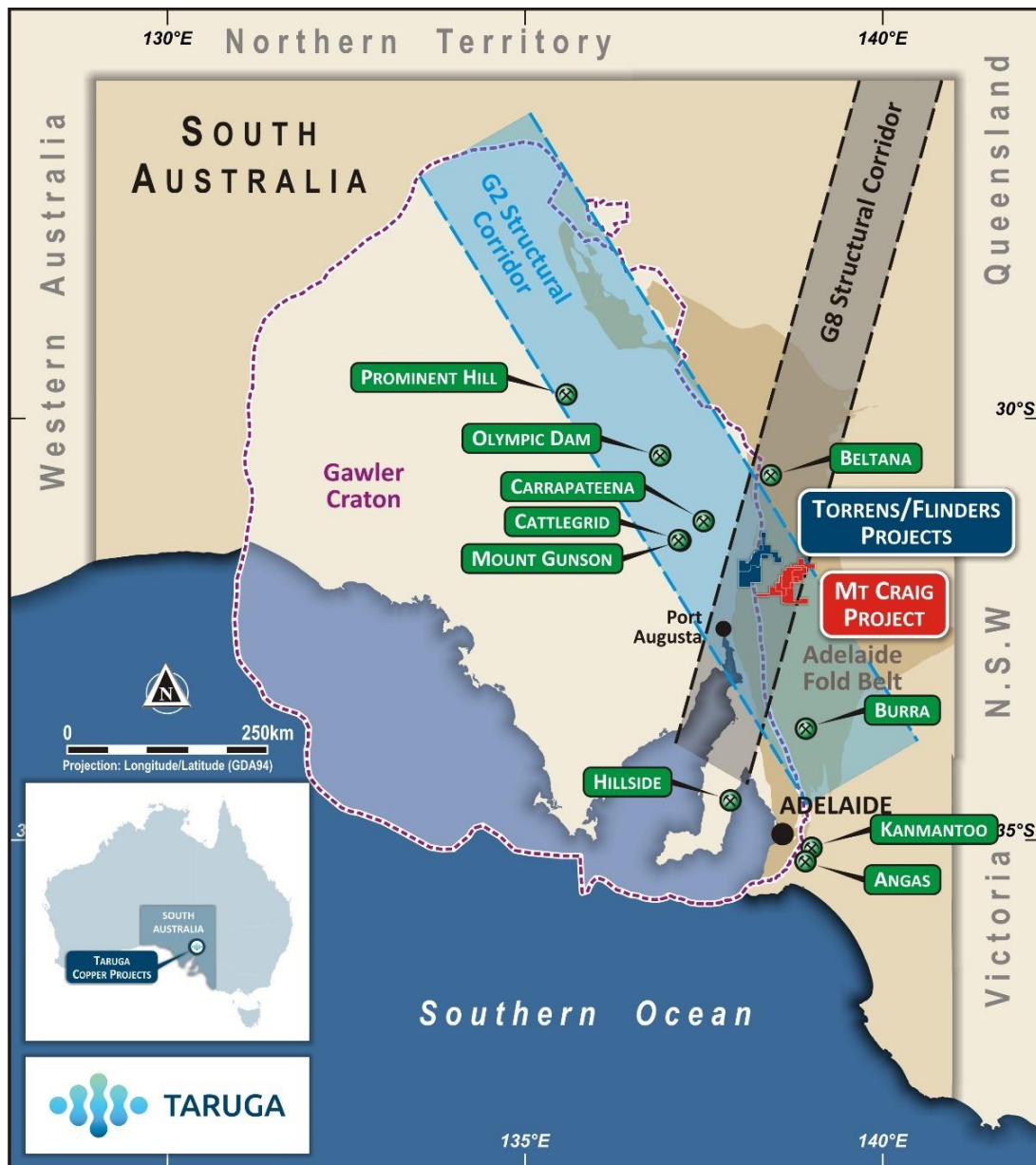
Dan Smith  
Company Secretary

### CONTACT US

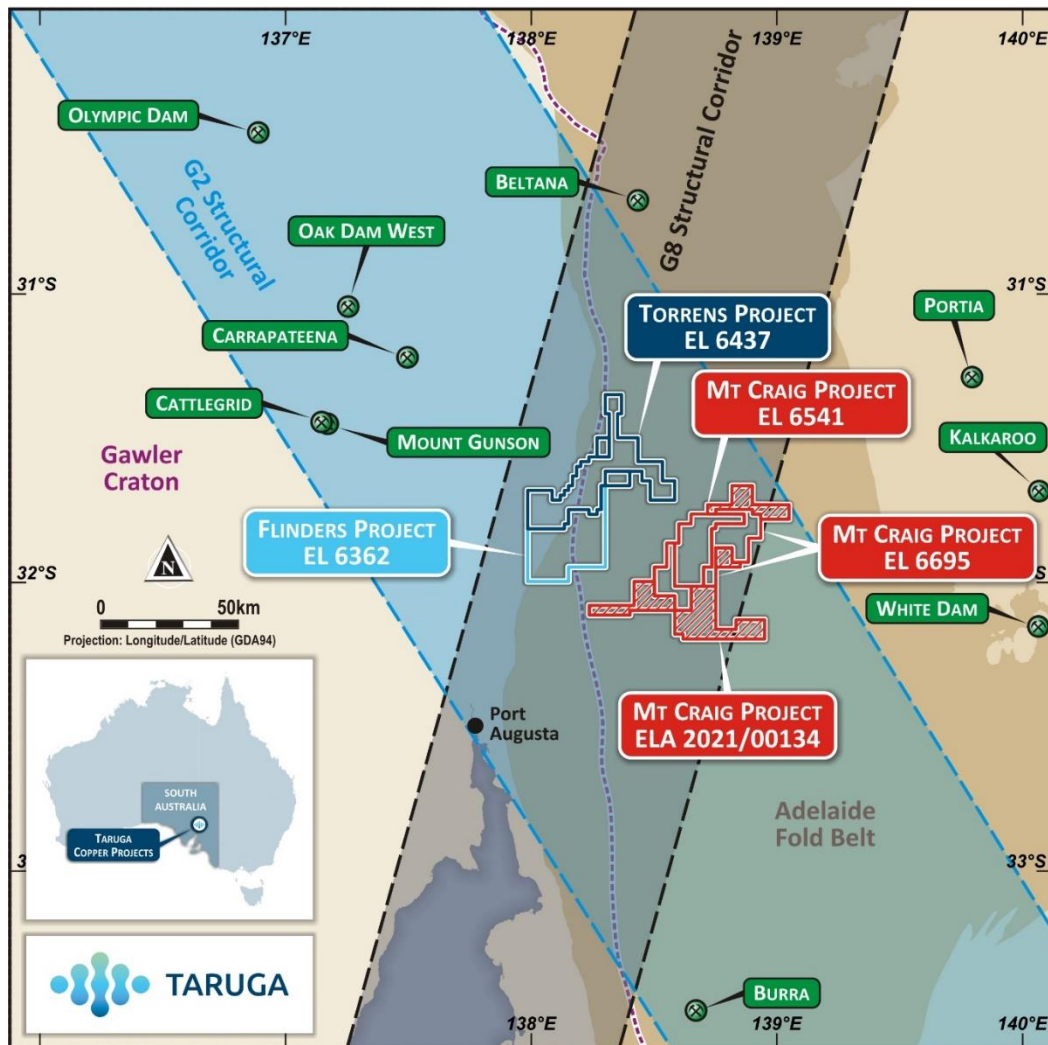
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**Figure 1:** The Flinders/Torrens/Mt Craig Projects regional and structural setting including the Gawler Craton outline as published by the Geological Survey of South Australia in purple.



**Figure 2:** Tenement Map showing the MCCC in relation to the Flinders and Torrens Projects. Note the EL6541 is comprised of 3 separate licence areas shown in red outline of which one is the MCCC and the other two are extensions of the Torrens Project.

### **Mt Craig Copper Project (MCCC), South Australia (TAR 100%)**

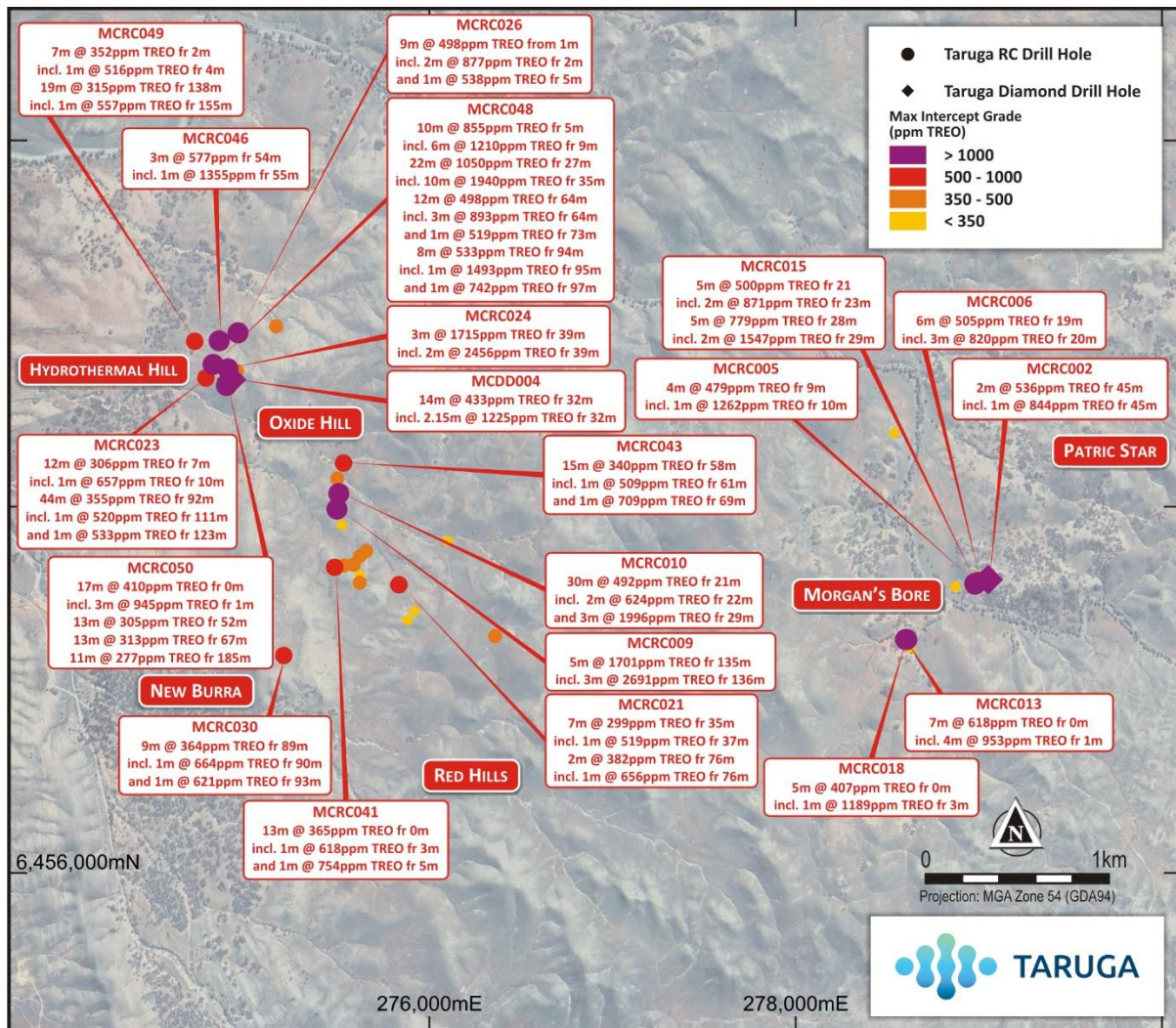
The Company's primary focus for the March Quarter has been on developing the Mt Craig Copper Project.

### **Morgan's Creek (TAR 100%)**

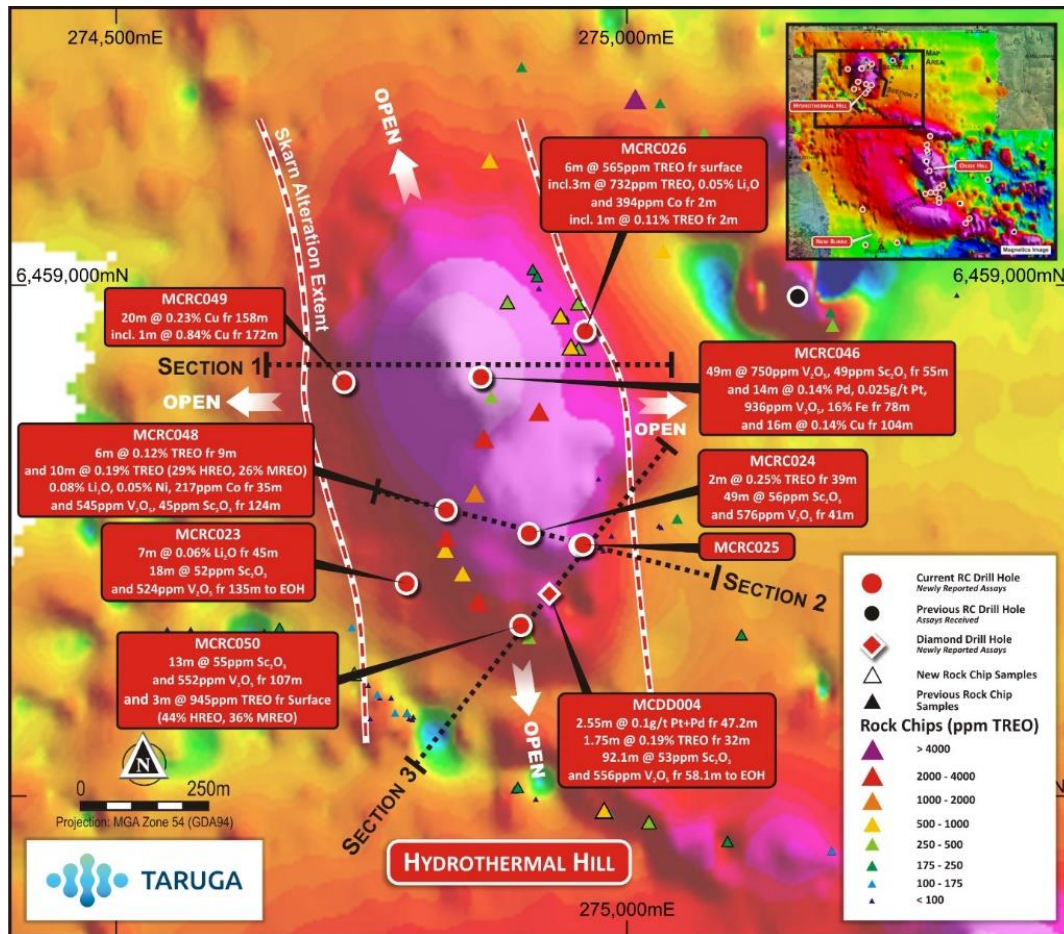
Drilling for the quarter reported results of the approximately 4,100m of RC drilling and 400m of diamond drilling program at Morgan's Creek which was conducted to test a range of copper and REE targets identified from recent reconnaissance exploration and geophysics (**Figures 3 & 4**).

Drilling intersected a skarn system which contained copper and REE mineralisation, with the REE mineralisation being present in clay, saprock and oxide zone which display potential for an Ionic Adsorption Clay (IAC) REE deposit style. A detailed review of the results is currently underway, including preliminary metallurgical assessment of the REE's.





**Figure 3:** Morgans Creek REE drill results from 2021 drilling programs. Results are labelled as Total Rare Earth Element Oxide (TREO) and colour/size codes based on max TREO grade. For example, drillholes which intercepted >1000ppm TREO are coded purple.



**Figure 4:** Hydrothermal Hill Prospect showing copper and REE drill results and skarn alteration zone, which remains open in all directions.

### Flinders Project, South Australia (TAR 100%)

As previously advised a public consultation meeting was held on 13 October 2021 and the State Aboriginal Heritage Committee considered the application for authorisation on 13 January 2022. The authorisation will ultimately be considered by the Minister for Aboriginal Affairs, responsible for the *Aboriginal Heritage Act*, based on material collated by the Aboriginal Affairs and Reconciliation unit within the Department of Premier and Cabinet (DPC-AAR) and feedback from the South Australian Aboriginal Heritage Committee, following their January meeting.

Taruga was expecting a decision in Q1 2022. However, the Company has now been advised by DPC-AAR that the procedural process is now being finalised prior to the report and recommendations being supplied to the Minister for consideration. Taruga is of the view that a decision is therefore now likely in Q2 2022.

Taruga is respectful of the process being undertaken by AAR and the State Government. The Company will continue to engage with the South Australian Government to seek a timely resolution of this matter.

### Torrens Project, South Australia (TAR 100%)

Work was limited to further desktop review of historical datasets for the Torrens Project for the Quarter.



## Manjimup Project, Western Australia (TAR 100%)

A site visit was completed at Manjimup Project during the Quarter, covering the 3 tenement areas.

Taruga holds 3 exploration licence applications in the Greenbushes area of Western Australia (the Manjimup Project). The Manjimup Project tenements have potential for Thor and Odin type Ni-PGE mineralisation, Volcanic Hosted Massive Sulphide (VHMS) polymetallic mineralisation, and Greenbushes tin-tantalum-lithium style of mineralisation.

E70/5029 adjoins the Chalice Mining / Venture Minerals JV (announced 21/5/2020) in a similar geological setting to the "Odin Prospect" with identified nickel, copper & PGE mineralisation (**Figures 5 & 6**). On 5 April 2022, Taruga announced the results of an ongoing desktop review and reprocessing of geophysics is at the Manjimup project which highlighted 3 large mafic intrusions at Taruga's Manjimup project including potential for Julimar-Style Ni-PGE mineralisation, VHMS mineralisation, and Greenbushes-style Li-Sn-Ta mineralisation. The intrusions are present on our Kingston EL (E70/5029) which adjoins the Chalice Mining-Venture Minerals Southwest Project JV (Venture JV) and exhibit similarities to the host intrusives of the Julimar Ni-Cu-PGE deposit (**Figure 6**).

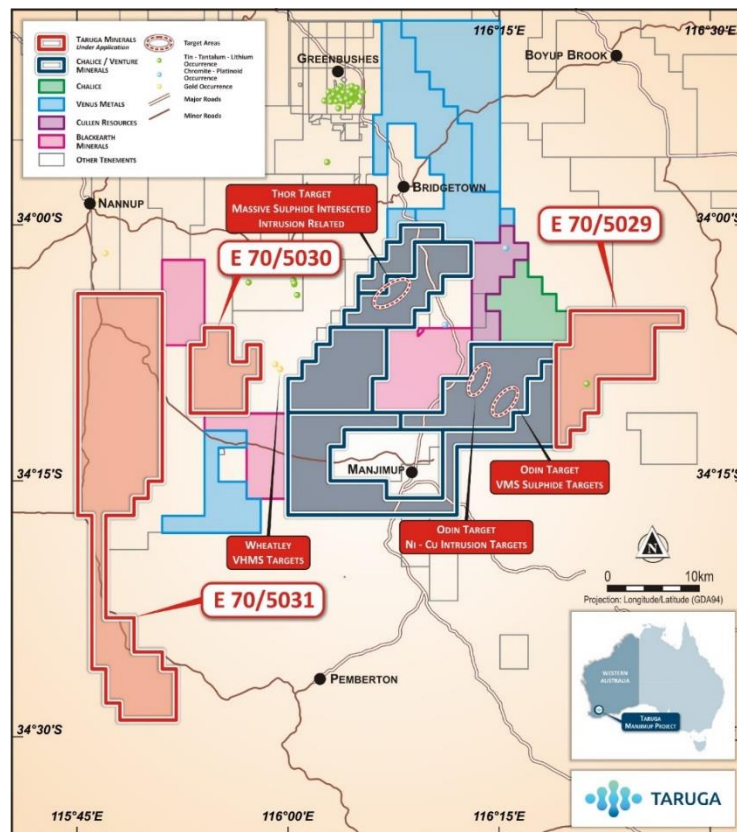
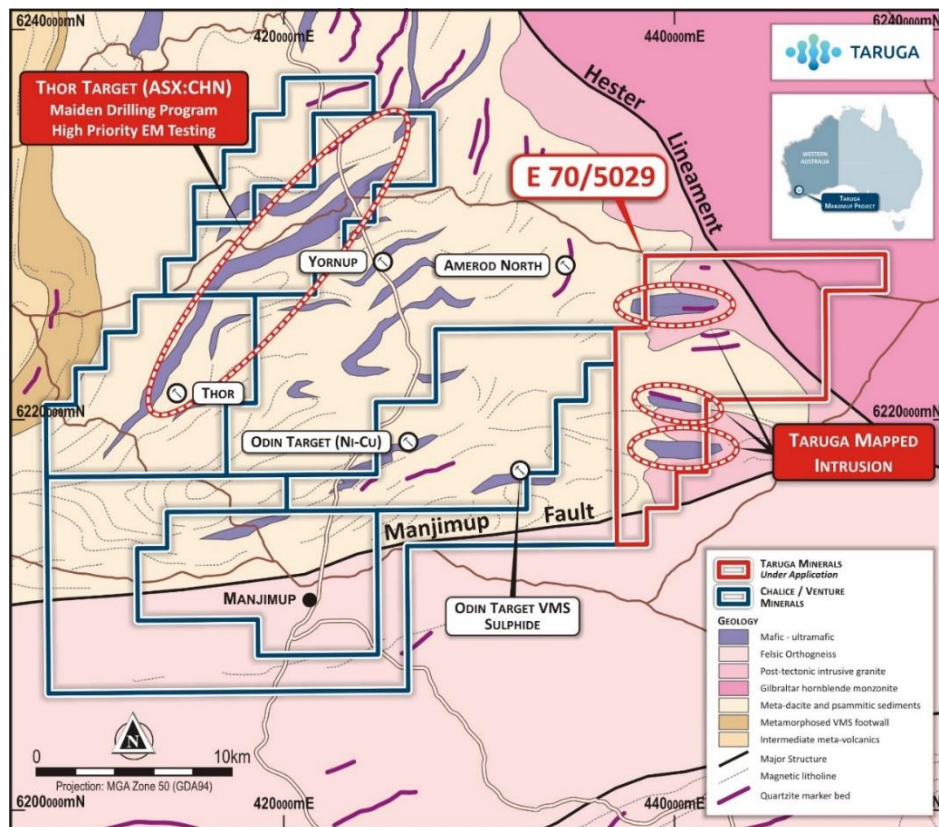


Figure 5: Taruga tenement location relative to Venture Minerals and Chalice Mining Ltd.



**Figure 6:** Kingston EL (E70/5029) showing recently mapped mafic intrusions contained almost entirely within Taruga's ground.

The next phase of reconnaissance exploration will include:

- Rock sampling and detailed mapping in areas of known or inferred mafic lenses
- Infill lag geochemical sampling in selected areas

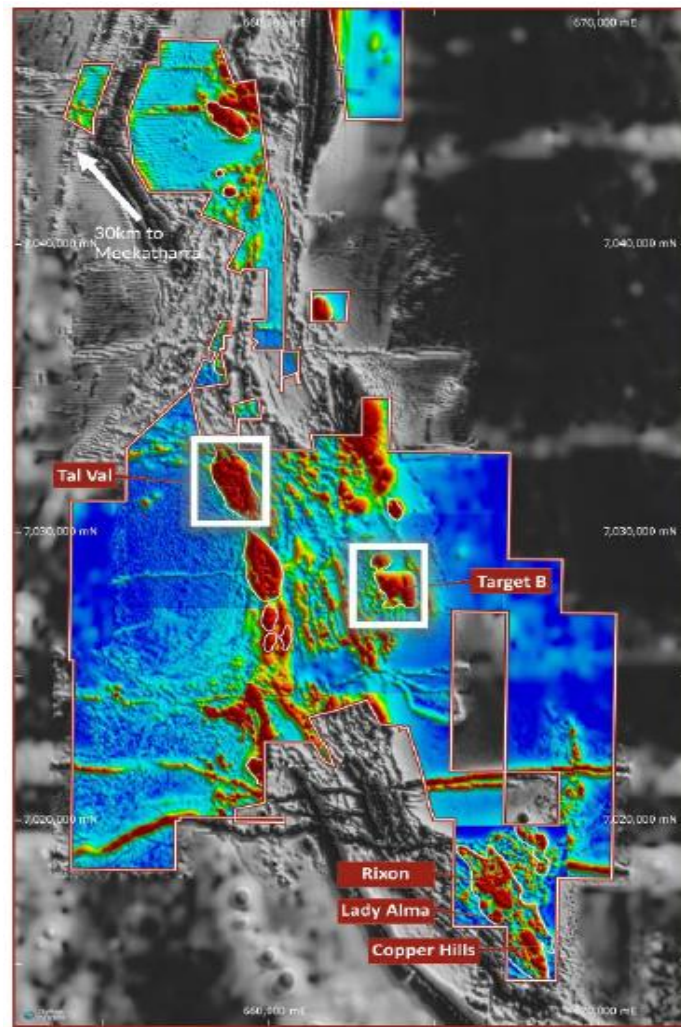
High resolution aeromag over selected areas will also be considered following the above.

### Meekatharra Magmatic Ni-Cu Project, Western Australia (PUA to earn up to 80%)

The Meekatharra Project (Exploration licence E51/1832) is located 30km southeast of the regional centre of Meekatharra in the Murchison region of Western Australia. Peak Minerals Ltd (ASX: PUA) can earn an 80% interest in E51/1832 through incurring a minimum of \$150,000 of expenditure within three years from the date of execution.

On 29 March 2022, the Company provided an update on the Meekatharra project, where drilling has recently commenced on exploration license (E51/1832) referred to as "Target B" (PUA ASX Announcement, 11 March 2022).

The drill program is targeting geophysical and geochemical anomalies interpreted to be associated with mafic-ultramafic rocks, which if present may be associated with magmatic Ni-Cu sulphide mineralisation. According to PUA, 'Target B' "is a 925m x 500m magnetic feature with central zone that is remanently magnetised".



**Figure 7:** Overview of Tal Val Prospect and Target B locations (PUA Announcement 11 March 2022)

An Airborne Heli-EM has also recently been flown over PUA's Green Rocks project, which includes E51/1832 (results pending).

### Community and ESG

Taruga is committed to developing sustainable exploration projects which benefit local communities in the areas in which we operate. The Company continues to deliver value to local communities through providing local employment and maintaining exceptional local expenditure milestones, with over 80% of our expenditure going to local businesses and people for the March quarter. Taruga maintains a target of 20% Aboriginal employment in our full-time team.

## CORPORATE

### General Meeting

The Company held a general meeting on 30 March 2022 with all resolutions passing by way of a poll.



### **Share Purchase Plan & Placement**

On 14 February 2022, the Company announced that it had raised up to \$2 million by way of a placement of 58,823,530 new ordinary shares at \$0.034 per share (Placement). In conjunction with the Placement, the Company announced a Share Purchase Plan (SPP) which provided for eligible shareholders to subscribe for new shares under the SPP on the same terms as the Placement. The SPP closed on 7 March 2022, raising \$162,000.

### **Cash Position**

As at 31 March 2022, the Company had approximately ~\$2.6 million of cash and nil debt. The Company retains sufficient funding to carry out its activities over the coming quarters.

### **Summary of Exploration Expenditure**

In accordance with Listing Rule 5.3.1, the Company reports that there was ~\$639,000 exploration expenditure incurred during the March quarter.

### **Note 6 to Appendix 5B**

Payments to related parties of the entity and their associates: during the quarter \$44,000 was paid to Directors and associates for director and consulting fees.

This announcement was approved by the Board of Taruga Minerals Limited.

### **For more information contact:**

Thomas Line  
CEO  
+61 8 9486 4036

### **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 Brent Laws, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Laws is the Exploration Manager of Taruga Minerals Limited. Mr Laws 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 Laws consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.*

**Annexure 1: Taruga Minerals Limited – tenements held directly by Taruga Minerals or subsidiary company at 31 March 2022**

Tenements	Status	Ownership	State
EL6362 (Flinders)	Granted	100%	South Australia
EL6437 (Torrens)	Granted	100%	South Australia
EL6541 (MCCP)	Granted	100%	South Australia
EL6695 (MCCP)	Granted	100%	South Australia
ELA2021/00134	Application	100%	South Australia
ELA2021/00091	Application	100%	South Australia
E51/1832	Granted	100%	Western Australia
E70/5029	Application	100%	Western Australia
E70/5030	Application	100%	Western Australia
E70/5031	Application	100%	Western Australia

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Taruga Minerals Limited

ABN

19 153 868 789

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(131)	(406)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	25	355
1.8	Other (provide details if material)	(22)	(12)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(128)</b>	<b>(63)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(33)
	(d) exploration & evaluation	(639)	(2,722)
	(e) investments	-	-
	(f) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Environmental bond)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(639)</b>	<b>(2,755)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,042	2,151
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(133)	(133)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,909</b>	<b>2,018</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,452	3,394
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(128)	(63)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(639)	(2,755)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,909	2,018

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,594</b>	<b>2,594</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	73	43
5.2 Call deposits	2,521	1,409
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,594</b>	<b>1,452</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	44
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Fees paid to directors and/or director related entities (net of GST).</p>	

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(128)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(639)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(767)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,594
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,594
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b> <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	3.4
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	



8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022

Authorised by: The board of directors of Taruga Minerals Limited

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.