



# TARUGA GOLD

ACN 153 868 789

## **INTERIM FINANCIAL REPORT 31 DECEMBER 2017**

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TARUGA GOLD

AND CONTROLLED ENTITIES

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# DIRECTORS' REPORT



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## DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### DIRECTORS

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

		In office from	In office to
Bernard Aylward	Non-executive Director	21 October 2011	present
Gary Steinepreis	Non-executive Director	15 July 2016	present
Sheena Eckhof	Non-executive Director	6 September 2017	present
Dan Smith	Non-executive Director	29 August 2014	6 September 2017
Mark Gasson	Executive Director	28 February 2018	present

Mr Smith resigned from his role as Non-executive Director in September 2017, but remained in his position as Company Secretary.

### COMPANY SECRETARIES

		In office from	In office to
Dan Smith	Company Secretary	29 August 2014	present
Sylvia Foong	Company Secretary	2 June 2016	present

## REVIEW OF OPERATIONS

### Project Overview

Taruga Gold Limited (**Taruga** or the **Company**) is a mineral exploration company which has projects located in Cote d'Ivoire, Niger and Western Australia. The Company is also pursuing various projects which are highly prospective for cobalt and copper mineralisation in the Democratic Republic of Congo (DRC).

### Democratic Republic of Congo

#### *Copper-Cobalt Projects*

In May 2017, Taruga announced that it had appointed Mr Mark Gasson and Mr Klaus Eckhof as strategic consultants for the Company to identify and review opportunities in the DRC that have potential to host high-grade Copper, Cobalt and Lithium mineralisation. The DRC is the major supplier of Cobalt to the world market and project generation has identified key areas for project acquisition.

After the reporting period, on 1 March 2018, the Company announced that it had entered into various option agreements to acquire highly prospective cobalt and copper mineralised concessions within the Central African Copper Belt, in the south-east of the DRC. Taruga has undertaken a comprehensive review on a number of projects, and has focused on potential acquisition of Cobalt-

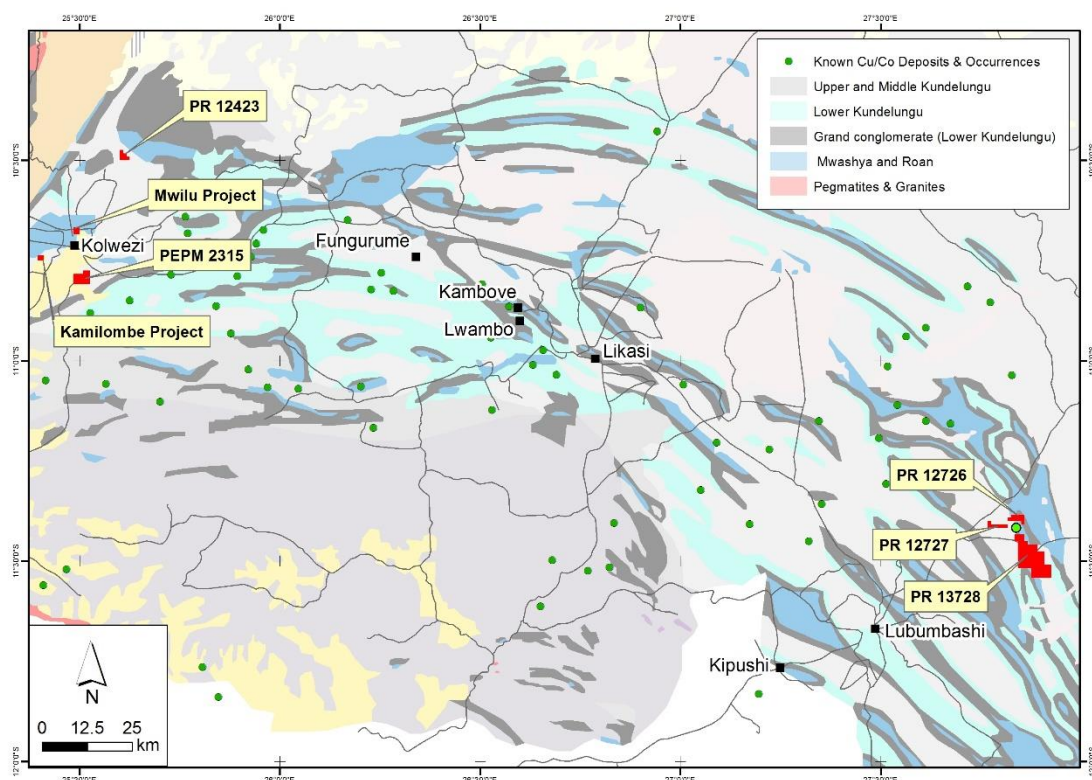
# DIRECTORS' REPORT



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Copper projects and Lithium projects, ranging from advanced exploration with high-grade drill intersections through to early stage exploration offering additional opportunities. All concessions are shown in **Figure 1** highlighting their position within the Central African Copper Belt.



**Figure 1: Regional geology showing location of Taruga's optioned tenements**

Taruga has entered into an agreement with a consortium including the Government of Lualaba Province and local construction and development company, Mint-Master, to earn a 60% interest in the high grade Mwilu (portion of Permis d'Exploitation – PE 4960) and Kamilombe (portion of PE 11599) Cobalt-Copper projects. The Company has agreed to a 6 month due diligence period and intends to conduct drilling programmes to better understand the true mineralised potential of both deposits, which are currently being mined from surface by artisanal miners. Taruga has already collected a series of channel samples through the artisanal workings and reports grades of up to 13% Co (range 0.2% Co to 13% Co) using a handheld XRF Niton. In addition, Taruga has also secured a first right of refusal to assess and develop additional Cobalt-Copper licences held by the Government of Lualaba Province and Mint-Master.

The Company has also signed agreements with Madini for the acquisition of Madini's 70% option on four highly prospective Cobalt-Copper licences as well as up to 100% interest of PR 12423, all of which cover a total of 116km<sup>2</sup> of highly prospective ground with known cobalt and copper occurrences within inferred/mapped Roan sediments. The two main projects as part of potential acquisition, being Mwilu (portion of Permis d'Exploitation – PE 4960) and Kamilombe (portion of PE 11599), are outlined below.

# DIRECTORS' REPORT

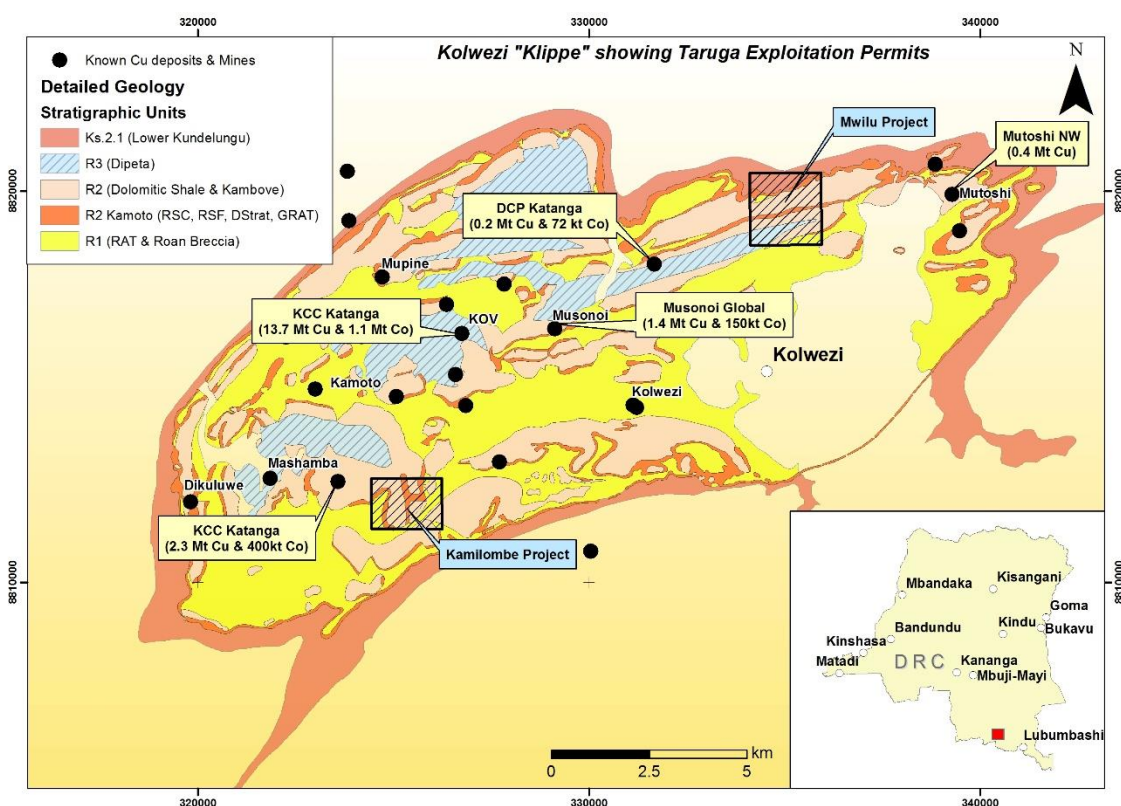


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## Mwilu Project

Mwilu covers 3.36km<sup>2</sup> within the Kolwezi “Klippe” (**Figure 2**) which hosts a number 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. The Company is in discussions with the vendors of Mwilu for possible early stage production at shallow levels on the two projects.



**Figure 2: Geological map of the Kolwezi “Klippe” showing the Mwilu and Kamilombe project areas and known mines and deposits**

Taruga recently conducted a reconnaissance sampling and mapping programme at Mwilu to confirm historical mapping carried out by La Générale des Carrières et des Mines (**Gécamines**). Samples were collected from a number of artisanal pits and a series of trenches in the NW corner of the project area. Significant results for grab and channel samples using a portable XRF are shown in **Figure 3**.

At shallow levels, no significant copper grades were reported, confirming a dominance of cobalt mineralisation at Mwilu. Drilling will confirm potential copper mineralisation at depth.



# DIRECTORS' REPORT



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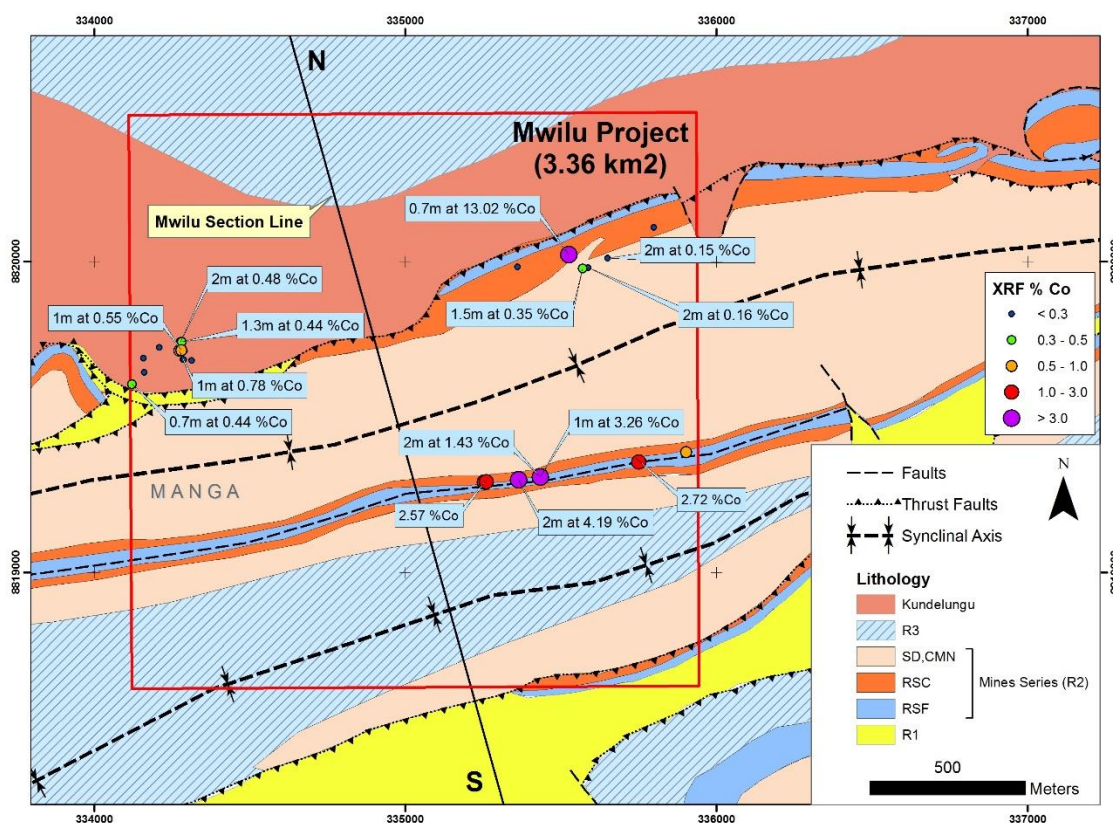


Figure 3: Interpreted geology and portable XRF grades at Mwilu

## Kamilombe Project

Kamilombe covers a surface area of 2.37km<sup>2</sup> and has similar geology to bordering KCC Katanga's deposit where a 275Mt @ 3.66% Cu and 0.55% Co Measured and Indicated Resource has been defined (Figure 2).<sup>1</sup>

No outcrop was observed during the field visit at Kamilombe; however, artisanal mining is occurring in the footwall zone in an overturned sequence over more than 1km strike length. Historic drilling has been completed by Gecamines on a wide spaced grid pattern of 200m x 200m of vertical drill holes. A preliminary field visit to site completed by Taruga geologists identified drill collars in the field and these will be re-surveyed during the Due Diligence period for validation. The initial drilling data supplied to Taruga confirms the presence of high-grade Cobalt mineralisation within the R2 Mines Series, with intersections including:

<sup>1</sup> Refer to Ni 43-101 Technical Report released by Katanga Mining Limited, dated 31 March 2017

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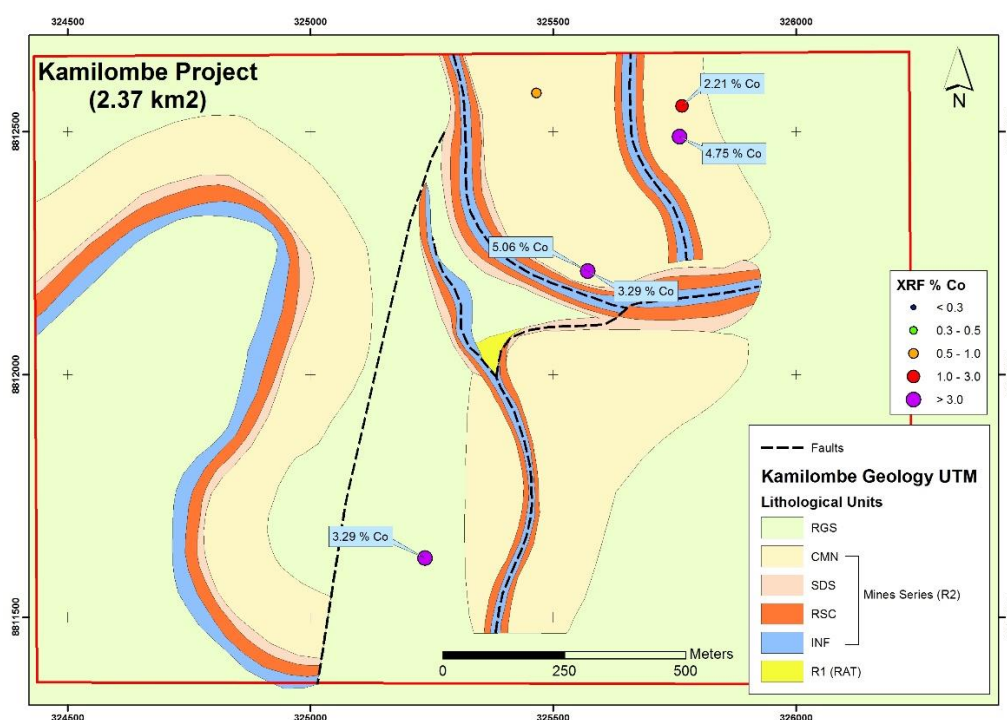


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- **26.5m @ 2% Co** and 1% Cu from 78.1m & **32.2m @ 3% Co** and 0.5% Cu from 209.6m;
- **33.6m @ 2% Co** from 77.93m; and
- **46.8m @ 2% Co** from 7m.<sup>2</sup>

Eight samples were collected from the artisanal pits at depths ranging from 25m to 75m below surface as shown in **Figure 4**. Niton results shown in **Figure 4** reported highly significant cobalt grades of 0.8% Co to 5.6% Co. Little copper mineralisation was reported, with a maximum grade of 0.38% Cu encountered.



**Figure 4: Interpreted geology from Gecamines and portable XRF grades for grab samples at Kamilombe**

<sup>2</sup> Note: A diamond drilling programme was carried out by KCC Katanga and Gecamines which ended in 2013 at the Kamilombe project. Diamond drilling is vertical and refers to down hole intersections, true width is not known at this stage. Cautionary Statement: No detailed information regarding logging, core recoveries, surveys, QAQC has been provided, and the Exploration Results have not been reported in accordance with the JORC Code 2012 or made publicly available. The Company will twin a selection of these holes during the pending drilling programme to confirm the current model, grades and widths and true thickness of mineralisation reported by Gecamines/KCC Katanga. It is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012.

# DIRECTORS' REPORT



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## 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.

## Lithium

During the reporting period, Taruga advised that following technical and legal due diligence it did not intend to continue with the Option to acquire an interest in licence PEPM4019, in the Kolwezi Mining District in the south-east of the DRC. The Company subsequently announced that it had entered a binding agreement to acquire, subject to due diligence, up to 65% interest in permit ZRG0705 in the Manono Tin Tantalum Mining District in the Tanganyika Province, east-central DRC. The project lies within the renowned "Katanga Tin Belt" where both primary and alluvial tin and tantalum have been mined since early 1900's. After the reporting period, on 1 March 2018, the Company announced that following technical and legal due diligence it decided not to pursue the project..

## Australia

### Lithium

Three exploration tenement applications in the south-west of Western Australia were lodged during the period. The tenement application areas are in the Ballingup Greenstone belt, and are located to the south of the Greenbushes Tin-Tantalum-Lithium, the largest hard rock lithium mine in the world (**Figure 5**).

Taruga identified the region as highly prospective for the discovery of additional lithium mineralised pegmatite bodies through review of historic data and geological mapping completed by the Geological Survey of Western Australia. The tenement areas contain identified Lithium exploration targets, including the historic Tin-Tantalum-Lithium Yeraminup prospect. The geological setting is interpreted to be analogous to the setting of the Greenbushes mine, and a detailed exploration programme of mapping and sampling is proposed for the tenements when granted.

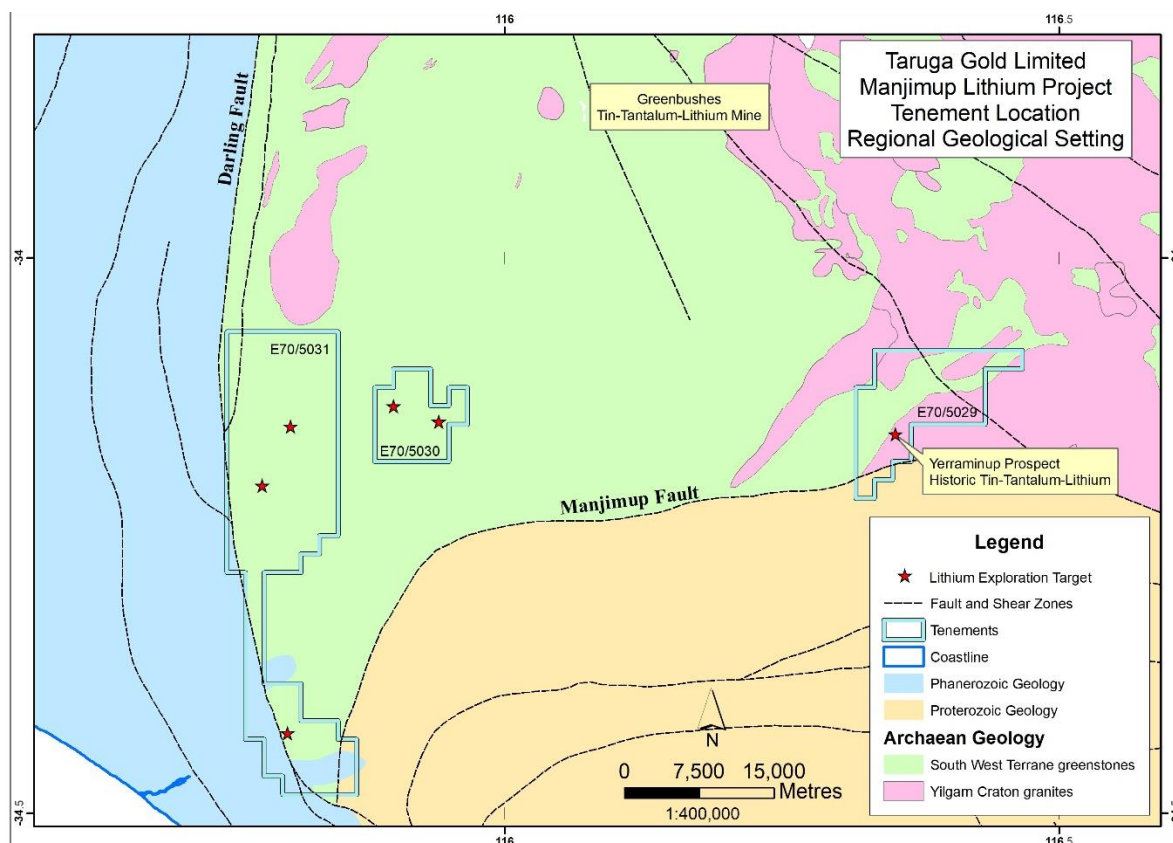


# DIRECTORS' REPORT



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**Figure 5: Taruga Gold Limited – Tenement Application Location Plan**

## Competent Person's Statement – Exploration Results

*The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Bernard Aylward, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Aylward is a Director of Taruga Gold Limited. Mr Aylward 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 Aylward consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

# DIRECTORS' REPORT



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## CORPORATE

### Board Appointments

During the reporting period, the Company announced the appointment of Ms Sheena Eckhof as a non-executive director of the Company. Ms Eckhof holds a Bachelor of Commerce degree, majoring in Corporate and Investment Finance, and has previously worked with two globally renowned Investment Banks, with a specific focus on the resources sector. She currently works within a Business Development and Investor Relations role with a West Australian mid-cap resources company. At the time of Ms Eckhof's appointment, Mr Smith resigned from the Board.

### After Balance Date Events

On 28 February 2018, the Company appointed Mr Mark Gasson to the Board as Executive Director, and responsible for the management of Taruga's exploration activities. Mr Gasson is a geologist with 33 years of experience and has been active in the DRC since 2004 in gold and base metals exploration and resource development. Mr Gasson was instrumental in the discovery of Tiger Resources' 1 million tonnes Kipoi copper deposit.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of these operations, or the state of affairs in future financial years other than:

- On 1 March 2018, as part of the Company's announcement regarding the acquisition of high-grade cobalt and copper projects in the DRC, Taruga foreshadowed a placement of up to 13,500,000 ordinary shares to new and existing shareholders at an issue price of \$0.10 per share, to raise \$1,350,000 (Placement). On 6 March 2018 the Company announced the completion of the first tranche of the Placement, being 10,900,000 ordinary shares at an issue price of \$0.10 per share, to raise \$1,090,000. The second tranche of the Placement, being the subscription of 2,600,000 ordinary shares at an issue price of \$0.10 per share, is subject to shareholder approval at a meeting expected to be held in April 2018. The funds raised from the Placement are for project evaluation, technical due diligence on the projects in the DRC and general working capital purposes.
- The Company's General Meeting expected to be held in April 2018 will consider resolutions relating to the ratification of Tranche 1 of the Placement, approval for Tranche 2 of the Placement and the participation of Mark Gasson and Gary Steinepreis in the Placement. Additionally, the Board has proposed resolutions regarding the granting of Performance Rights to the Directors and Company Secretary, as well as the issuing of shares to the Company's Strategic Consultants.

# DIRECTORS' REPORT



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## AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'G Steinepreis'. The signature is written in a cursive style with a large 'G' and a long, sweeping underline.

.....  
Gary Steinepreis

Non-Executive Director

Perth, 15 March 2018

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Taruga Gold Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia  
15 March 2018**


**M R Ohm  
Partner**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017



AND CONTROLLED ENTITIES

	Consolidated	
	31 December 2017 \$	31 December 2016 \$
Revenue	4,355	919
Depreciation	(4,857)	(6,203)
Consultants	(75,151)	(79,170)
Professional fees	(34,226)	(36,270)
Travel and accommodation	(18,568)	-
Office and communication costs	(13,017)	(15,000)
Project evaluation	(96,952)	-
Impairment expense	(1,530,359)	-
Other expenses	(42,643)	(30,421)
Foreign exchange loss	(95)	(531)
<b>Loss before income tax</b>	<b>(1,811,513)</b>	<b>(166,676)</b>
Income tax expense	-	-
<b>Net loss for the period</b>	<b>(1,811,513)</b>	<b>(166,676)</b>
Other comprehensive income		
<i>Items that may be reclassified to profit and loss</i>		
Exchange differences on translation of foreign subsidiaries	(6,309)	(10,528)
<b>Total comprehensive loss for the period</b>	<b>(1,817,822)</b>	<b>(177,204)</b>
Basic and diluted loss per share (cents per share)	(1.74)	(0.21)

The accompanying notes form part of these financial statements.



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



AS AT 31 DECEMBER 2017

AND CONTROLLED ENTITIES

		Consolidated	
	Note	31 December 2017 \$	30 June 2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,436,423	1,740,836
Trade and other receivables		18,358	13,696
Total Current Assets		1,454,781	1,754,532
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		26,587	37,916
Mineral exploration and evaluation	2	5,468,862	6,995,457
Total Non Current Assets		5,495,449	7,033,373
<b>TOTAL ASSETS</b>		<b>6,950,230</b>	<b>8,787,905</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		23,767	43,620
Total Current Liabilities		23,767	43,620
<b>TOTAL LIABILITIES</b>		<b>23,767</b>	<b>43,620</b>
<b>NET ASSETS</b>		<b>6,926,463</b>	<b>8,744,285</b>
<b>EQUITY</b>			
Issued capital	3	13,821,735	13,821,735
Reserves		(118,205)	(111,896)
Accumulated losses		(6,777,067)	(4,965,554)
<b>TOTAL EQUITY</b>		<b>6,926,463</b>	<b>8,744,285</b>

The accompanying notes form part of these financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

	Issued Capital	Options Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
<b>Half-year to 31 December 2016</b>					
Balance at 1 July 2016	12,508,296	35,040	(68,405)	(4,662,757)	7,812,174
Shares issued	501,407	-	-	-	501,407
Share issue costs	(24,878)	-	-	-	(24,878)
Loss for the period	-	-	-	(166,676)	(166,676)
Exchange differences on translation of foreign subsidiaries	-	-	(10,528)	-	(10,528)
Lapse of Options	-	(32,400)	-	32,400	-
As at 31 December 2016	12,984,825	2,640	(78,933)	(4,797,033)	8,111,499
<b>Half-year to 31 December 2017</b>					
Balance at 1 July 2017	13,821,735	-	(111,896)	(4,965,554)	8,744,285
Loss for the period	-	-	-	(1,811,513)	(1,811,513)
Exchange differences on translation of foreign subsidiaries	-	-	(6,309)	-	(6,309)
As at 31 December 2017	13,821,735	-	(118,205)	(6,777,067)	6,926,463

The accompanying notes form part of these financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

	Consolidated	
	31 December 2017 \$	31 December 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(153,277)	(224,937)
Interest income received	4,355	919
<b>Net cash used in operating activities</b>	<b>(148,922)</b>	<b>(224,018)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration expenditure	(155,491)	(8,852)
<b>Net cash used in investing activities</b>	<b>(155,491)</b>	<b>(8,852)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	501,407
Share transaction costs	-	(42,234)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>459,173</b>
Net (decrease)/increase in cash held	(304,413)	226,303
Cash and cash equivalents at the beginning of the period	1,740,836	848,735
Effect of exchange rate fluctuations on cash held	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>1,436,423</b>	<b>1,075,038</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

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

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. The interim financial report was authorised for issue on 15 March 2018.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Taruga Gold Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

### Basis of preparation

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

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

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

### Reporting Basis and Conventions

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

### Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

## Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2017.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

## NOTE 2 – MINERAL EXPLORATION AND EVALUATION

	Consolidated	
	Half-year to 31 December 2017	Year to 30 June 2017
	\$	\$
Balance at beginning of period	6,995,457	7,029,813
Expenditure incurred during the period	3,764	10,804
Impairment (i)	(1,530,359)	-
Foreign exchange movement	-	(45,160)
Total deferred exploration and evaluation expenditure	<u>5,468,862</u>	<u>6,995,457</u>

- (i) The Company has assessed the carrying amount of its Mankono Project Cote d'Ivoire, and has determined that, due to the uncertainty on the licence renewal, the capitalised exploration should be impaired.

The Company also incurred exploration costs which were written off and are included within the condensed consolidated statement of comprehensive income.

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

## NOTE 3 - ISSUED CAPITAL

	Consolidated	
	31 December 2017	30 June 2017
Ordinary Shares	\$	\$
Issued and fully paid	<u>13,821,735</u>	<u>13,821,735</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

## NOTE 3 - ISSUED CAPITAL (continued)

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

### Half-year to 31 December 2016

	Number of shares	\$
Opening balance at July 2016	61,503,674	12,508,296
Allotment of Rights Issue	7,827,680	234,830
Placement of Rights Issue Shortfall	8,885,885	266,577
Share issue costs		(24,878)
Closing balance at 31 December 2016	<u>78,217,239</u>	<u>12,984,825</u>

### Half-year to 31 December 2017

	Number of shares	\$
Opening balance at July 2017	103,917,239	13,821,735
Closing balance at 31 December 2017	<u>103,917,239</u>	<u>13,821,735</u>

**Movements in options were as follows:**

### Half-year to 31 December 2016

	Number of shares	\$
Opening balance at 1 July 2016	11,796,676	35,040
Lapse of unlisted options	(2,090,001)	(32,400)
Closing balance at 31 December 2016	<u>9,706,675</u>	<u>2,640</u>

### Half-year to 31 December 2017

	Number of shares	\$
Opening balance at 1 July 2017	-	-
Closing balance at 31 December 2017	<u>-</u>	<u>-</u>

As at 31 December 2017, the Company had no options on issue.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

## NOTE 4 - CONTINGENT LIABILITIES

Taruga Gold Limited and its controlled entities have no known material contingent liabilities as at 31 December 2017.

## NOTE 5 - SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Taruga Gold Limited. The Company operates in one operating segment therefore disclosures are consistent with the financial reports.

## NOTE 6 – EVENTS SUBSEQUENT TO BALANCE DATE

On 1 March 2018, the Company appointed Mr Mark Gasson to the Board as Executive Director, and responsible for the management of Taruga's exploration activities. Mr Gasson is a geologist with 33 years of experience and has been active in the DRC since 2004 in gold and base metals exploration and resource development. Mr Gasson was instrumental in the discovery of Tiger Resources' 1 million tonnes Kipoi copper deposit.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of these operations, or the state of affairs in future financial years other than:

- On 28 February 2018, as part of the Company's announcement regarding the acquisition of high-grade cobalt and copper projects in the DRC, Taruga foreshadowed a placement of up to 13,500,000 ordinary shares to new and existing shareholders at an issue price of \$0.10 per share, to raise \$1,350,000 (Placement). On 6 March 2018 the Company announced the completion of the first tranche of the Placement, being 10,900,000 ordinary shares at an issue price of \$0.10 per share, to raise \$1,090,000. The second tranche of the Placement, being the subscription of 2,600,000 ordinary shares at an issue price of \$0.10 per share, is subject to shareholder approval at a meeting expected to be held in April 2018. The funds raised from the Placement are for project evaluation, technical due diligence on the projects in the DRC and general working capital purposes.
- The Company's General Meeting expected to be held in April 2018 will consider resolutions relating to the ratification of Tranche 1 of the Placement, approval for Tranche 2 of the Placement and the participation of Mark Gasson and Gary Steinepreis in the Placement. Additionally, the Board has proposed resolutions regarding the granting of Performance Rights to the Directors and Company Secretary, as well as the issuing of shares to the Company's Strategic Consultants.

## NOTE 7 – FINANCIAL INSTRUMENTS

The methods and techniques used for the purpose of measuring fair value are unchanged from the previous reporting period.

The carrying amount of financial assets and financial liabilities approximates their fair values.

# DIRECTORS DECLARATION



FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

AND CONTROLLED ENTITIES

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

- 1) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year then ended; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read "G Steinepreis", with a stylized flourish at the end.

.....  
Gary Steinepreis

Non-Executive Director

Perth, 15 March 2018

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Taruga Gold Limited

**Report on the Condensed Half-Year Financial Report***Conclusion*

We have reviewed the accompanying half-year financial report of Taruga Gold Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*


Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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

*Independence*

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

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**15 March 2018**



**M R Ohm**  
**Partner**