

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

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

### HIGHLIGHTS:

- Exceptional clay-hosted REE grades at Morgans Creek of up to **9,082ppm (0.91%) TREO<sup>1</sup>** with multiple holes mineralised from surface and to end of hole (EOH)
  - **4.3km of strike identified thus far (open)**
  - Very **high basket average of 34% MREO<sup>2</sup> (Nd + Pr + Dy + Tb)**, which is significantly higher than the peer average of ~25% MREO, with **high levels of Dysprosium and Terbium**
- Drill highlights at Morgans Creek include:
  - MCRB044 (Hydrothermal Hill)
    - **43m @ 1,687ppm TREO from surface to EOH (40% MREO)** including:
      - **5m @ 3,343ppm (0.33%) TREO** from 12m, with **1m @ 9,082ppm (0.91%) TREO** from 13m (44% MREO)
  - MCRB045 (Hydrothermal Hill)
    - **40m @ 1,582ppm TREO from surface to EOH (41% MREO)** including:
      - **17m @ 2,636 (0.26%) TREO** from 11m
- The first batch of metallurgical samples from Morgans Creek clay-hosted REE prospect have been evaluated at ANSTO Minerals (ANSTO)
- Initial results show that extractions of up to **70% of the Magnet Rare Earth Oxides (MREO)<sup>1</sup> (Nd + Pr + Dy + Tb)**, **60% of the Heavy Rare Earths Oxides (HREO)<sup>2</sup>** achieved in a sulphuric acid leach<sup>4</sup>
- Samples were intentionally selected to represent variability across the prospect, with best extractions coming from the target unit, the Yednalue Formation
- Well-supported placement raised \$3.5 million at 2.8c per share, including TAR director participation of \$225,000.
- The Company had ~\$4.12 million in cash and receivables<sup>1</sup> at the end of the December quarter

<sup>1</sup> Includes \$325,000 in State Government funding receivables for ionic clay REE exploration which is due to be refunded in Q1 of 2023, and a further \$325,000 in State Government receivables for sediment hosted copper exploration subject to meeting expenditure requirements.

### CAPITAL STRUCTURE

**706,026,785**  
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

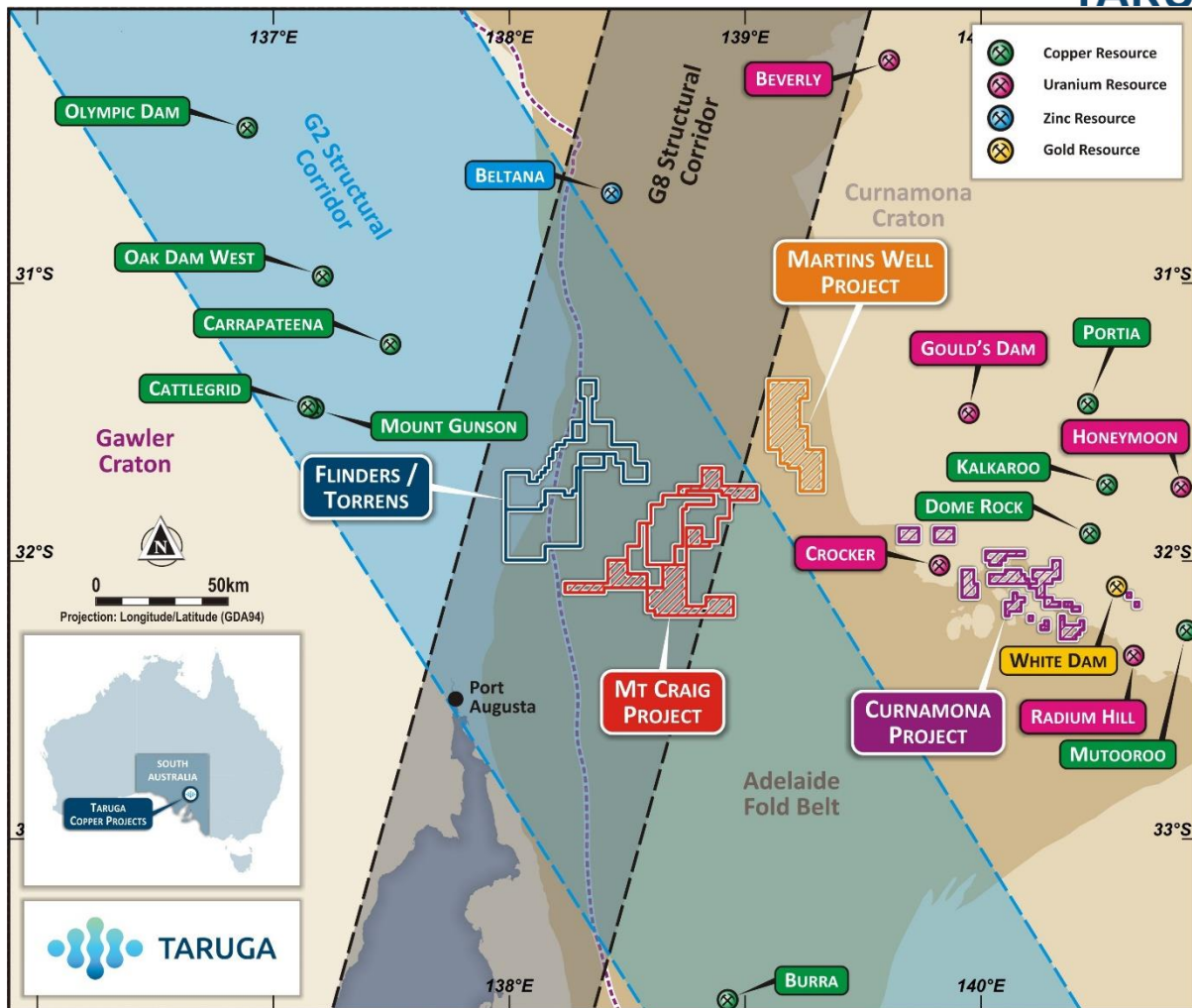
**Dan Smith**  
Company Secretary

### CONTACT US

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**Figure 1:** Tenement Map showing Taruga's South Australian projects and the regional and structural setting including the Gawler Craton outline as published by the Geological Survey of South Australia in purple.

### Mt Craig Project (MCP), South Australia (TAR 100%)

The Company's primary focus for the December Quarter has been on developing clay hosted REE, and copper targets at the Mt Craig Project.

High resolution gravity and magnetics programs were also conducted over the Wyacca and Shute copper prospects with the aim of improving the understanding of the geology and structure and ultimately identifying structural copper targets. Results from the program are being processed, modelled and interpreted by the Taruga technical team.

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

During the December quarter, Taruga reported the assay results from the 2,156m Rotary Air Blast (RAB) drilling program (59 holes) completed at Morgans Creek, testing for strike extensions of clay hosted REEs discovered in 2021 reconnaissance drilling.

Drilling intercepted high-grade clay-hosted REEs from surface, with many holes ending in mineralisation (**Figures 2 – 4**). The latest results have extended the strike at Hydrothermal Hill to 4.3km, with large zones still remaining untested. Multiple peripheral targets remain untested at Morgans Creek, which will be targeted in upcoming drilling.

### Example Highlight Intercepts

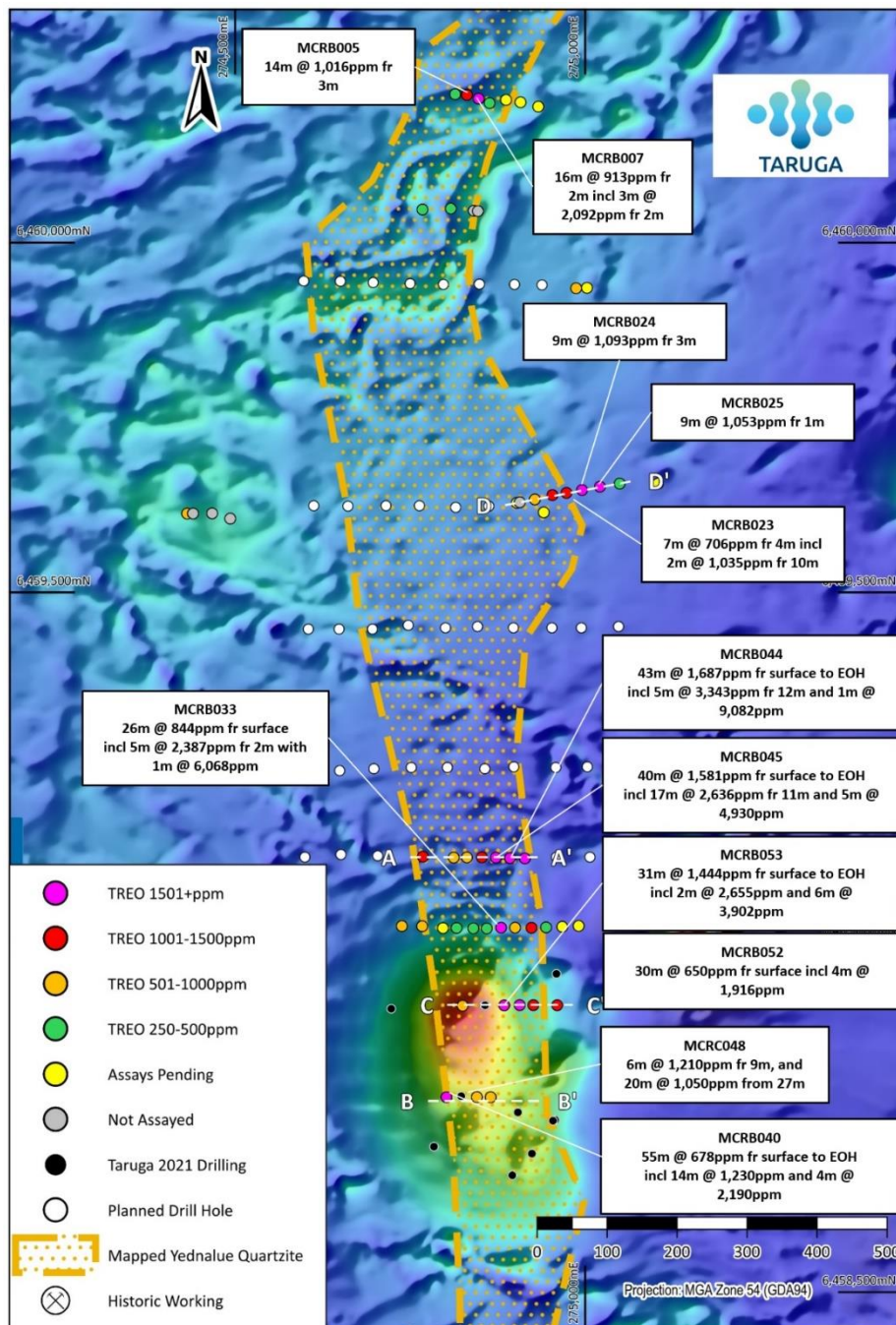


#### MCRB044 (Hydrothermal Hill)

- **43m @ 1,687ppm TREO from surface to EOH** (40% MREO; 39% HREO; 57% CREO) including:
  - **5m @ 3,343ppm TREO** from 12m, with **1m @ 9,082ppm TREO** from 13m (44% MREO; 45% HREO; 64% CREO); and
  - **14m @ 2979ppm TREO** from 29m to EOH, with **2m @ 7,052ppm TREO** from 29m (42% MREO; 45% HREO; 63% CREO)

#### MCRB045 (Hydrothermal Hill)

- **40m @ 1,582ppm TREO from surface to EOH** (41% MREO; 44% HREO; 62% CREO) including **17m @ 2,636 TREO** from 11m.





**Figure 2.** Morgans Creek RAB drilling showing significant intercepts and max TREO grades. Also, lab assay status, the mapped Yednalue quartzite unit, previous Taruga 2021 drilling, and high-resolution ground magnetics TMI image

### **Metallurgical Test Results (Morgans Creek)**

In mid-December Taruga announced preliminary ANSTO metallurgical outcomes with initial results providing extractions of up to 70% MREO, 60% HREO and 59% TREO. Importantly these were achieved with sulphuric acid leach (50g/L @ 50 Celsius). The best extractions came from the Yednalue Formation, which has been well mapped. Optimisation testwork will continue before finalising a plan going forward re exploration and resource drilling. Defining a pathway to an economic flowsheet is a key focus for the company during the upcoming quarter.

Further optimisation work will now be undertaken under the guidance of ANSTO, and Gavin Beer (consultant to the Company). This work will focus on optimising the flowsheet in alignment with commercially viable reagent and processing costs.

### **Wyacca (TAR 100%)**

Work at Wyacca over the December quarter was focussed on testing the suitability of RAB and Aircore drilling to complete shallow geochemical profiles over newly identified structural copper targets. The trial confirmed that RC and Diamond drilling are the only suitable methods for drilling at Wyacca.

A high-resolution infill gravity geophysics program was also conducted over the broad Wyacca prospect area. The results are currently being processed, modelled and interpreted by the Taruga technical team.

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

Taruga continues to engage positively with the South Australian State Government and the Department for Aboriginal Affairs and Reconciliation (AAR) in regard to applications for Authorisation under the *Aboriginal Heritage Act* required to complete the planned drilling program at Flinders Project.

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 December Quarter.

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

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.

Taruga are now looking for a Joint Venture partner to develop the Manjimup Project (or divestment) while we remain focussed on REE and copper exploration across our South Australian assets.

### **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.

## **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. Taruga maintains a target of 20% Aboriginal employment in our full-time team, which the Company is currently achieving.

## **CORPORATE**

### **Annual General Meeting**

The Company's Annual general Meeting was held 24 November 2022, with all resolutions passing by way of a Poll.

### **Capital Raising**

On 4 November 2022, the Company announced that it had received firm commitments from new and existing sophisticated and institutional investors, to subscribe for a placement of 125,000,000 fully paid ordinary shares (**Shares**) at \$0.028 each to raise up to \$3.5 million before costs (**Placement**). The Placement Shares were issued to the unrelated parties without shareholder approval on 10 November 2022. Director participation in the Placement, being \$225,000 on the same terms as the placement, was approved by Shareholders on 23 December 2022, and completed post quarter-end.

### **Cash Position**

As at 31 December 2022, the Company had approximately ~\$4.12 million of cash and receivables<sup>1</sup> and nil debt.

<sup>1</sup> Includes \$325,000 in State Government funding receivables for ionic clay REE and sediment hosted copper exploration which is due to be refunded in Q1 of 2023, and a further \$325,000 in State Government receivables for sediment hosted copper exploration subject to meeting expenditure requirements.

### **Summary of Exploration Expenditure**

In accordance with Listing Rule 5.3.1, the Company reports that there was ~\$496,000 exploration expenditure incurred during the June quarter.

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

Payments to related parties of the entity and their associates: during the December quarter \$36,000 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: Interests in tenements held directly by Taruga Minerals or subsidiary company

Tenements	Held	Country
E51/1832	100%	Australia
E70/5029	100% (In application)	Australia
E70/5030	100% (In application)	Australia
E70/5031	100% (In application)	Australia
EL6362 (Flinders)	100%	Australia
EL6437 (Torrens)	100%	Australia
EL6541 (MCP)	100%	Australia
EL6695 (MCP)	100%	Australia
EL6843 (Martins Well)	100%	Australia
EL6828 (Curnamona Project)	100%	Australia
EL6836 (Curnamona Project)	100%	Australia
EL6829 (MCP)	100%	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 December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(266)	(517)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	(68)	(86)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(329)</b>	<b>(598)</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	-	(189)
	(d) exploration & evaluation	(496)	(930)
	(e) investments	-	-
	(f) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 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)	-	(30)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(496)</b>	<b>(1,149)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,275	3,275
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	(201)	(201)
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>3,074</b>	<b>3,074</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	1,225	2,145
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(329)	(598)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(496)	(1,147)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,074	3,074

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 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>3,474</b>	<b>3,474</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	110	100
5.2 Call deposits	3,364	1,125
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>3,474</b>	<b>1,225</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	36
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)	650	-
7.4	<b>Total financing facilities</b>	650	-
7.5	<b>Unused financing facilities available at quarter end</b>		650
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.  Accelerated Discovery Initiative (ADI) Grant Funding available.		

<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)	(329)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(496)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(825)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,474
8.5	Unused finance facilities available at quarter end (item 7.5)	650
8.6	Total available funding (item 8.4 + item 8.5)	4,124
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	5.00
	<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>	
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: 31 January 2023

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.