TARUGA

Annual Report 2021

ACN 153 868 789

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Company Information

ACN 153 868 789

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Paul Cronin | Non-Executive Director
Eric de Mori | Non-Executive Director

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Securities Exchange Listing

Taruga Minerals Limited Shares are listed on the Australian Securities Exchange.
The home exchange is Perth, Western Australia.
ASX Code: TAR

Website
www.tarugaminerals.com.au

REVIEW OF OPERATIONS

CEO Report

"Our vision is to discover and develop polymetallic mineral deposits for the benefit of all stakeholders. The materials in these deposits are an essential requirement for the sustainable green energy future. Our projects are something that our shareholders and local communities can be proud of".

Dear Shareholders,

It is my pleasure to present the Taruga Minerals Limited Annual Report for 2021. First of all, I would like to thank all of our long term and new shareholders for your support over the last year. I'd like to thank the South Australian government for their support, and for the funding provided to Taruga under the Accelerated Discovery Initiative. I would like to thank our local communities and Aboriginal stakeholders – whose continued support we value highly. All of these relationships provide us with our licence to operate, and allow us to deliver sustainable value to the people of South Australia.

During FY2021 Taruga have achieved a number of strategic goals, positioning ourselves with a strong foundation for sustainable growth. In August 2020 we raised $4 million in a heavily oversubscribed placement. During Quarter 3 our Mt Craig Copper Project received significant validation through winning a $325,000 Government funded Accelerated Discovery Initiative (ADI) grant, for exploration drilling, geophysics and Aboriginal employment. We pivoted to the Mt Craig Copper Project (Mt Craig) in the face of unexpected drilling delays at the Flinders IOCG Project and hit the ground running. At Mt Craig, we have delivered tangible value, and proven high-grade copper mineralisation at Wyacca over a broad strike. Thirty-four kilometres south along strike at Morgan's Creek, reconnaissance drilling identified a rich basket of rare earth elements and battery minerals, along with base metals. Together the initial results at Wyacca and Morgan's Creek are proof of concept; proof that we are on the right ground; and certainty that we are dealing with a diverse polymetallic mineral system.

In May of 2021, the option agreement with Strikeline Resources Pty Ltd (Strikeline) was exercised and Strikeline along with its South Australian assets were acquired by Taruga. This was a significant milestone in which the Company crystalised into its new form. These South Australian polymetallic-copper projects will remain the core focus of Taruga's exploration efforts for the year ahead. Taruga also hold a number of Ni-Cu-PGE and VMS exploration projects in Western Australia which are being developed concurrently, including the Manjimup Project in the Western Yilgarn 'Southwest' Terrane; and a farm out joint venture with ASX listed Peak Resources Ltd at the Meekatharra Project.

We are very proud of our Environmental, Social and Governance performance over the financial year. We have shown through action what we are about, and we will continue to build on this framework to ensure that we continue to deliver value to all of our stakeholders. We are committed to providing employment and business development opportunities for local Aboriginal people. During the year, we have established a 25% local Aboriginal presence in our full-time employees and we have committed to co-funding of an Adnyamathanha appointed Heritage Consultant to manage cultural heritage interests and engagement across Adnyamathanha Traditional lands. We are very proud of these initiatives and achievements. It is a great pleasure to be building relationships with the Adnyamathanha people and providing jobs and economic opportunities during exploration. I look forward to further strengthening these relationships and delivering more opportunities for local Aboriginal people as projects progress. We are committed to working collaboratively to ensure that Aboriginal cultural heritage is respected. As we work together to finalise a Native Title Mining Agreement, we hope to solidify our relationship for the mutual benefit of Taruga and the Adnyamathanha people.

Over the coming year, stakeholders can expect to see a continued focus on targeting high-grade copper across our South Australian projects, along with a focus on transitioning from exploration to resource development. We will continue to deliver sustainable value to all of our stakeholders.

Sustainability at Taruga

Taruga operates responsibly across our projects and is committed to maintaining high standards in all ESG areas. As a company, we are focussed from an early stage on ensuring that we create long term value for the benefit of local communities, local businesses and local people.

A snapshot of Taruga's ESG performance highlights include:

Environmental

- Zero environmental non-compliance events
- Zero regulatory non-compliance events
- Ongoing commitment to low-impact drilling operations
- Fast drill pad rehabilitation across all projects, with 85% of drill pads rehabilitated within 1 month of drilling completion, exceeding industry standards.
- Ongoing focus on minimisation of impact on the landscape and environment, with zero trees cleared across all drill programs and projects over the year.

Social

- Established a 25% local Aboriginal representation within the full-time Taruga employees
- Over 50% of company expenditure was delivered to local communities and businesses in South Australia
- Established a 100% South Australian based field team
- Committed to co-funding a local Aboriginal Heritage Consultant role
- Continued positive collaboration with landholders, including hiring equipment and services in our operational areas to ensure the financial benefits of our projects are received directly
- Funded two rounds of Aboriginal Cultural Sensitivity and Respect training, in collaboration with NExUS GEM, the University of Adelaide and Bookabee Australia, sponsoring and delivering important progressive training to Taruga staff members and mining/exploration University students

Governance

- Established Aboriginal employment target of 20% of permanent staff
- Established a local expenditure target of 50% of annual expenditure
- Established a local hiring target for field staff of > 75% South Australian
- Established a target of 100% of non-Aboriginal Taruga staff to attend Aboriginal Cultural Sensitivity and Respect training

Company Overview

Taruga Minerals Limited (Taruga or the Company) are a greenfields exploration and resource development company with a large portfolio of copper focussed exploration projects in South Australia's mineral rich Gawler Craton and Adelaide Fold Belt, and Western Australia's Yilgarn Craton.

On 11 May 2021, Taruga exercised the option agreement with Strikeline Resources Pty Ltd (**Strikeline**). The option agreement gave Taruga the right to acquire 100% of Strikeline and its South Australian projects (**Figure 1**) for the consideration of 40 million TAR shares and a $40,000 option fee.

Board and Management

Thomas Line Chief Executive Officer

Thomas is an experienced geologist and project manager with 10 years' experience in mining, exploration and resource development. Thomas was the founder of Strikeline Resources and project generator of Taruga's South Australian exploration portfolio. Thomas holds an honours degree in geology, is a member of the Australian Institute of Geoscientists and the Australian Institute of Company Directors.

Paul Cronin Non-Executive Director

Mr Cronin is a co-founder and the Managing Director of Balkans polymetallic developer Adriatic Metals Ltd (ASX:ADT, LSE:ADT1), which was the best performing IPO of 2018 and recently admitted to the ASX All Ordinaries Index. Mr Cronin has over 20 years of experience in corporate finance, investment banking, funds management, and commodity trading. Currently a Director of Black Dragon Gold (ASX:BDG).

Eric de Mori Non-Executive Director

Mr de Mori has over 15 years' experience in ASX listed corporate finance specialising in natural resources. Co-founder and former Director of Balkans polymetallic developer Adriatic Metals (ASX:ADT, LSE:ADT1), which was the best performing IPO of 2018 and recently admitted to the ASX All Ordinaries Index.

Gary Steinepreis Non-Executive Director

Chartered Accountant with over 20 years' experience with ASX-listing rules, corporate governance and equity capital raisings. Gary provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

Daniel Smith Company Secretary

Director of Minerva Corporate, a boutique corporate advisory firm. Has advised on and been involved in over two dozen IPOs, RTOs and capital raisings on the ASX and AIM. Director and/or company secretary of numerous ASX and AIM listed companies.

REVIEW OF OPERATIONS

Projects Overview South Australia

To watch the ***Coffee with Samso*** **video release about Taruga's South Australian projects, click here.**

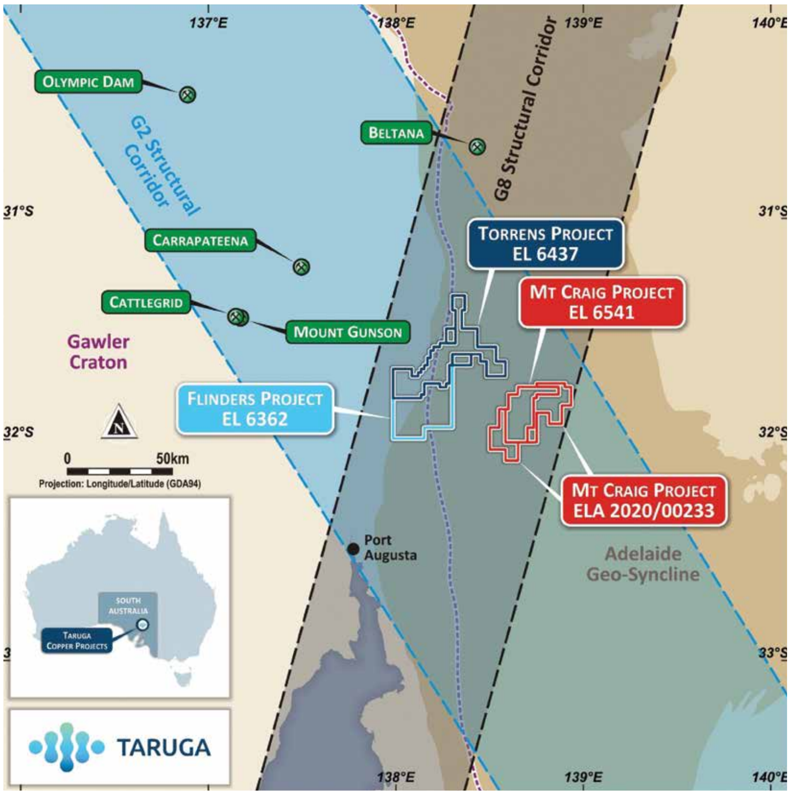


Figure 1. Taruga's South Australian projects including the Flinders and Torrens IOCG projects, and the Mt Craig Copper Project.

REVIEW OF OPERATIONS

The Mt Craig Copper Project *(100% TAR)*

The Company focus for Q3 and Q4 of the 2021 financial year has been on reconnaissance exploration, target generation and RC drill testing at the Mt Craig Copper Project (**MCCP**). During the quarter, high-grade copper, rare earth elements and battery minerals were discovered over 34 km of strike at MCCP.

The MCCP (**Figure 2**) is situated within the Adelaide Geosyncline (**AGS**) (**Figure 1**), and lies at the intersection of the G2 and G8 structural corridors (lineaments). The Adelaide Geosyncline (AGS) is comparable in age and geodynamic setting to the Katangan Orogen which hosts the Central African Copperbelt. The AGS is known to host mineralisation which is consistent with the Copperbelt model. The Beltana deposit is a very high-grade discordant zinc deposit which shows similarities to the world class Kipushi (Zn-Pb-Cu-Ag) deposit in DRC. The MCCP is in a comparable setting proximal to the Worrumba Diapir and Taruga consider it is prospective for Kipushi Type mineralisation. The diapir is interpreted as a major conduit for mineralising fluids. The Tindelpina Shale represents a reduced facies host rock with potential to host Zambian style mineralisation.

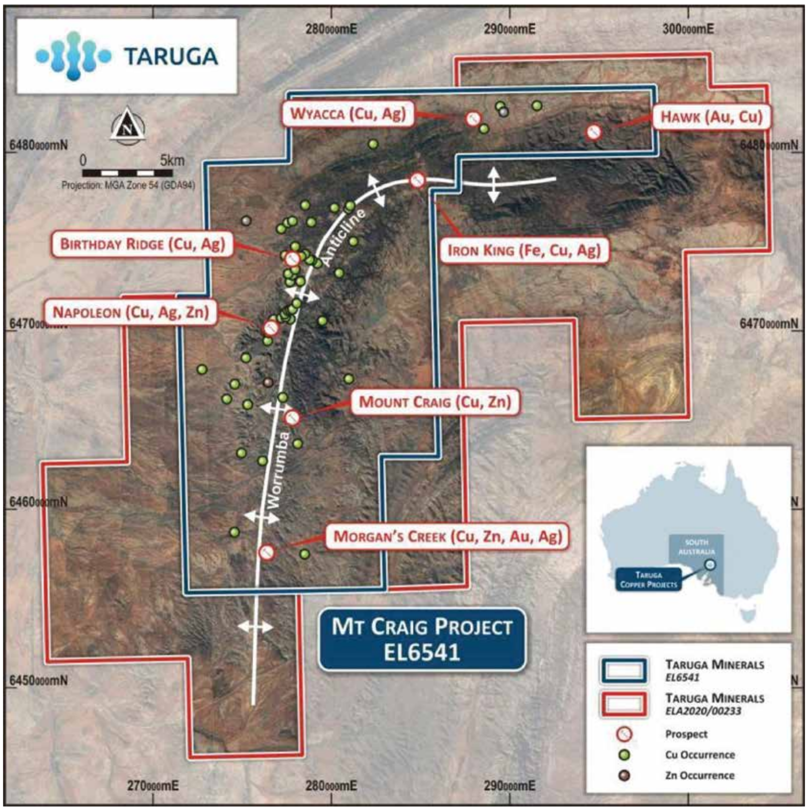


Figure 2. MCCP Project Outline showing Priority Exploration Targets, Historical Copper and Gold Mineral Occurrences & Mines, and the Main Structural Feature being the Worrumba Anticline.

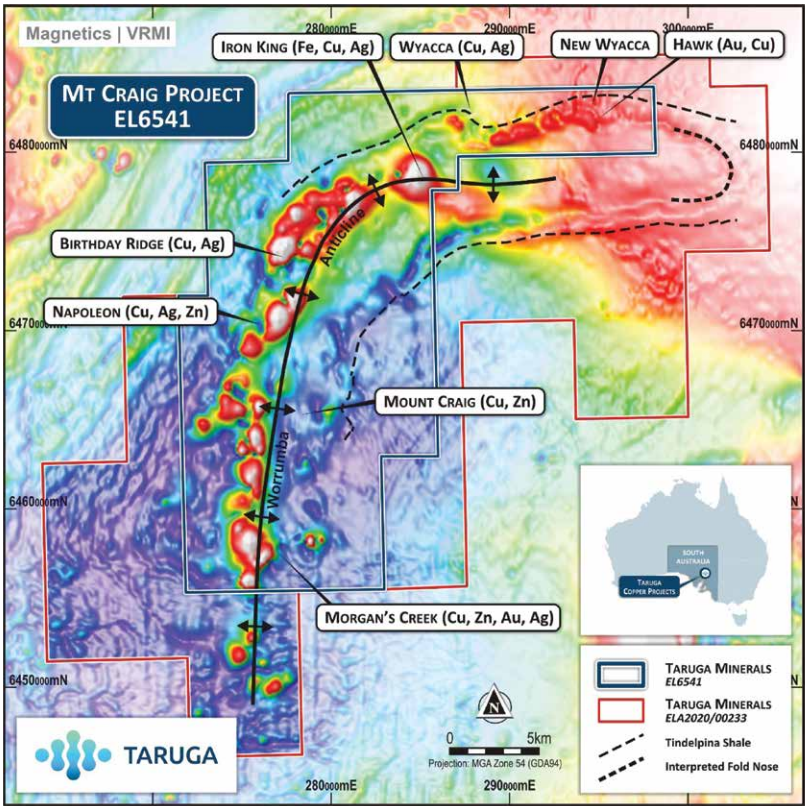


Figure 3. Reprocessed Vector Residual Magnetic Intensity (VRMI) Image Highlighting various Discrete Magnetic Anomalies clustered around the Worrumba Anticline Axis.

Wyacca

Two RC drilling programs were completed at Wyacca for a total of ~7,100 metres. During the first drilling program, high-grade, near-surface sediment-hosted copper was discovered at Powder Hill and Worrumba 19 (**Figures 4 & 5**). A second round of RC drilling completed in June 2021 significantly extended and expanded the mineralised strike to 2.1km x 1.1km respectively, and identified two new zones of mineralisation at Wyacca, outside of the Tindelpina Shale, confirming the potential for more widespread copper mineralisation (the potential for stacked-lenses of high-grade copper mineralisation).

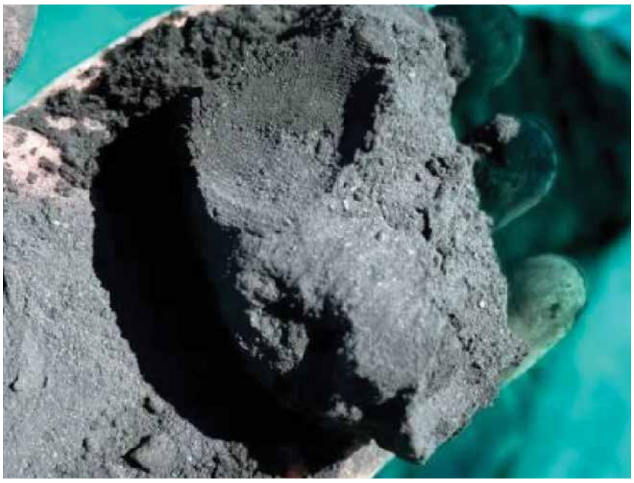


Figure 4a (left). Rich Chalcopyrite Mineralisation (88-89m, 5.8% Cu – WCRC021); and **Figure 4b (right)**. Rich Chalcocite Mineralisation WCRC006 (18-19m) at Powder Hill, Grading **9.5% Cu.**

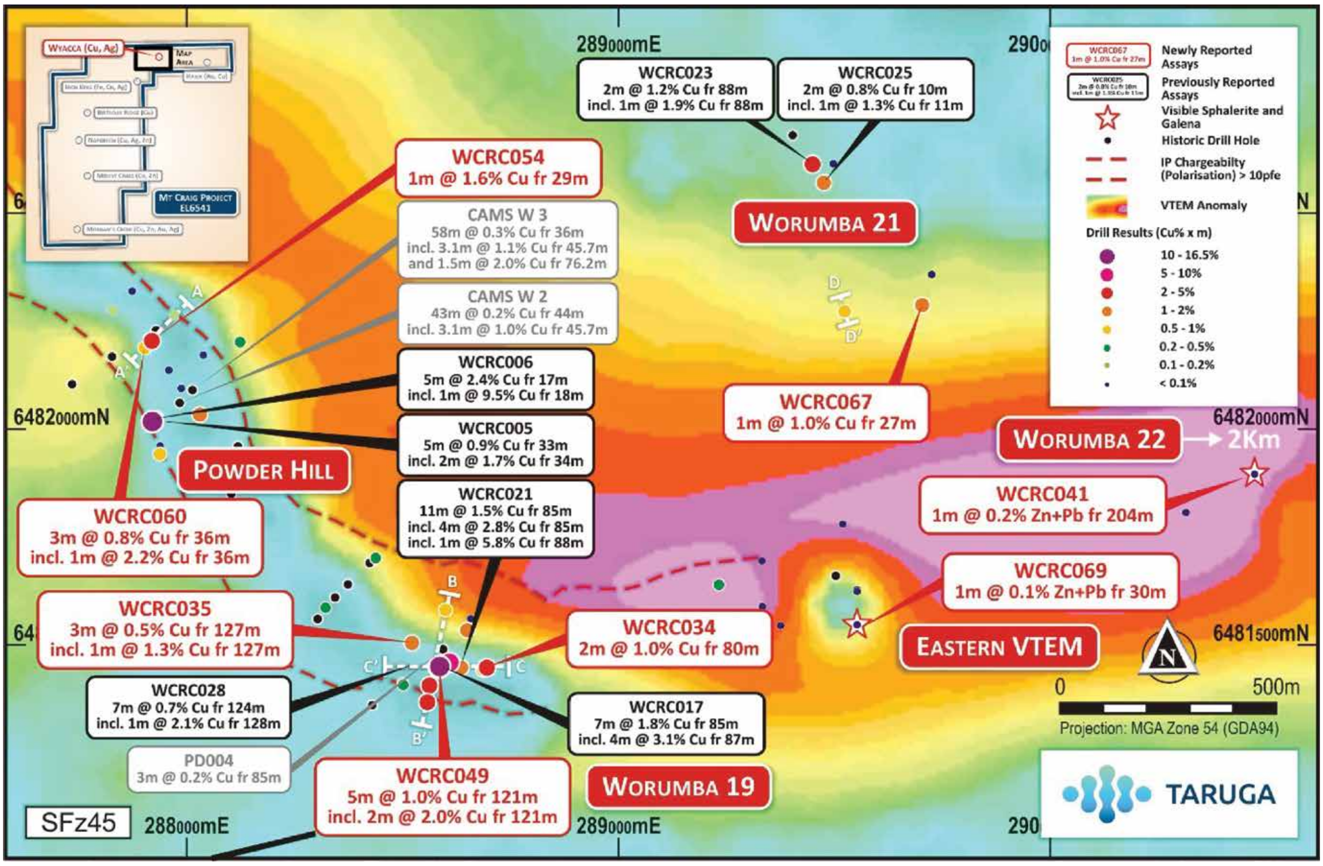


Figure 5. Image of the Vertical Component dB/dt Amplitude for Window 45 – 7.036 mSec (Late-Time VTEM image) highlighting Drilling Results with an Intensified 2km x 1km VTEM anomaly in the east.

REVIEW OF OPERATIONS

Best intercepts from the recent drilling at Wyacca include **5m** at **2.4% Cu** from **17m**, including **1m** at **9.5 % Cu** from **18m** (WCRC006), **11m** at **1.5 % Cu**, including **4m @ 2.7% Cu** from 85m including **1m @ 5.9% Cu** from 88m (WCRC021) and **7m @ 1.8% Cu** from 85m, including **4m @ 3.1% Cu** from 87m (WCRC017) and **5m @ 1% Cu from 121m** (WCRC049) (**Figures 5, 6, 7 & 8**).

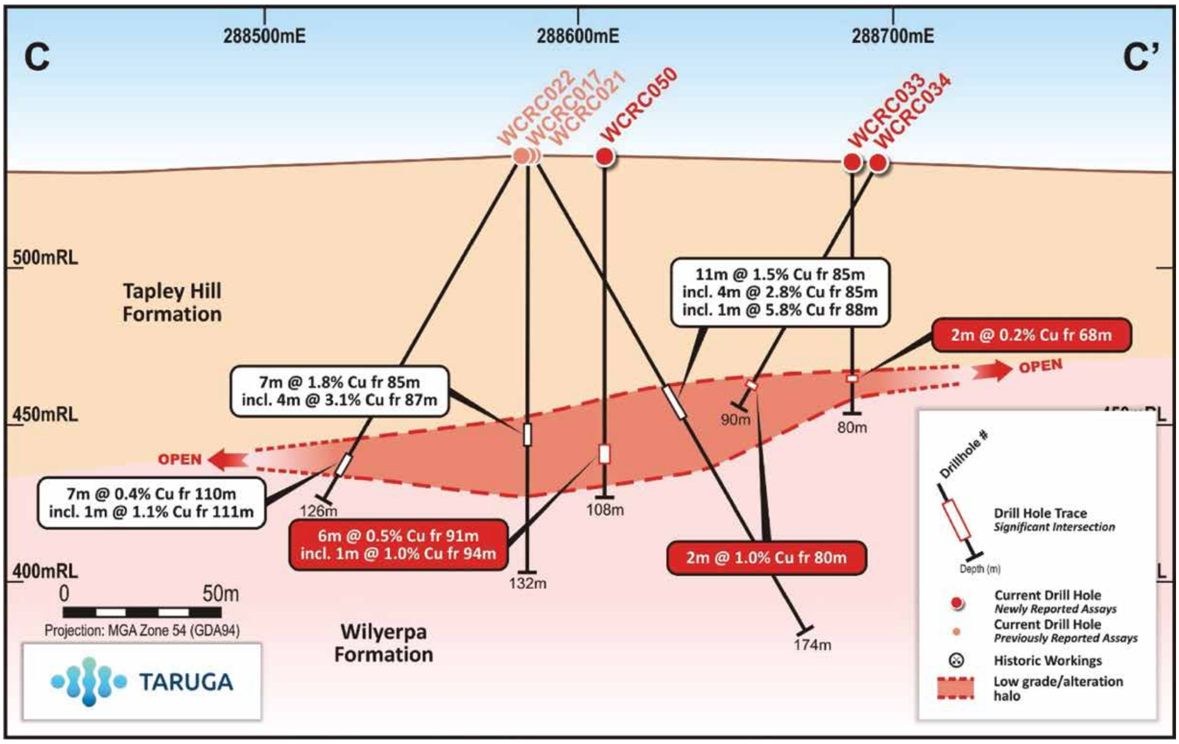


Figure 6. Long Section C-C' Showing Best Intercepts and the Target Unit Outline.

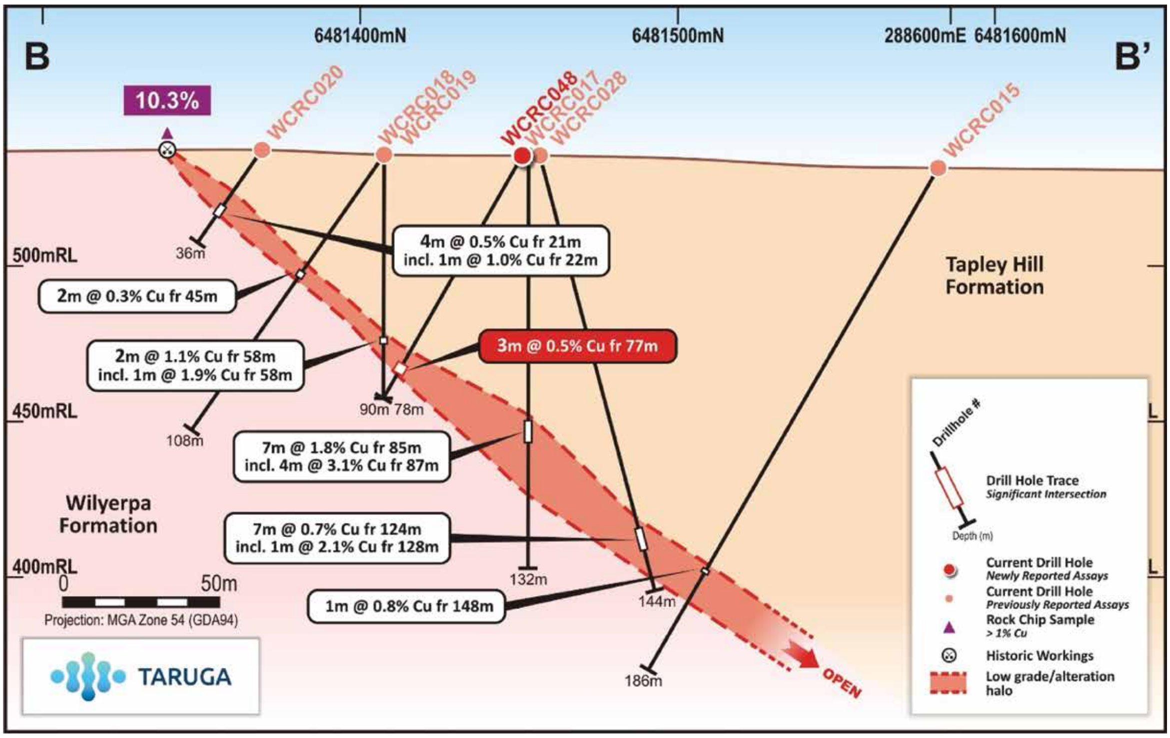


Figure 7. Long Section B-B' Showing Best Intercepts and the Target Unit Outline.

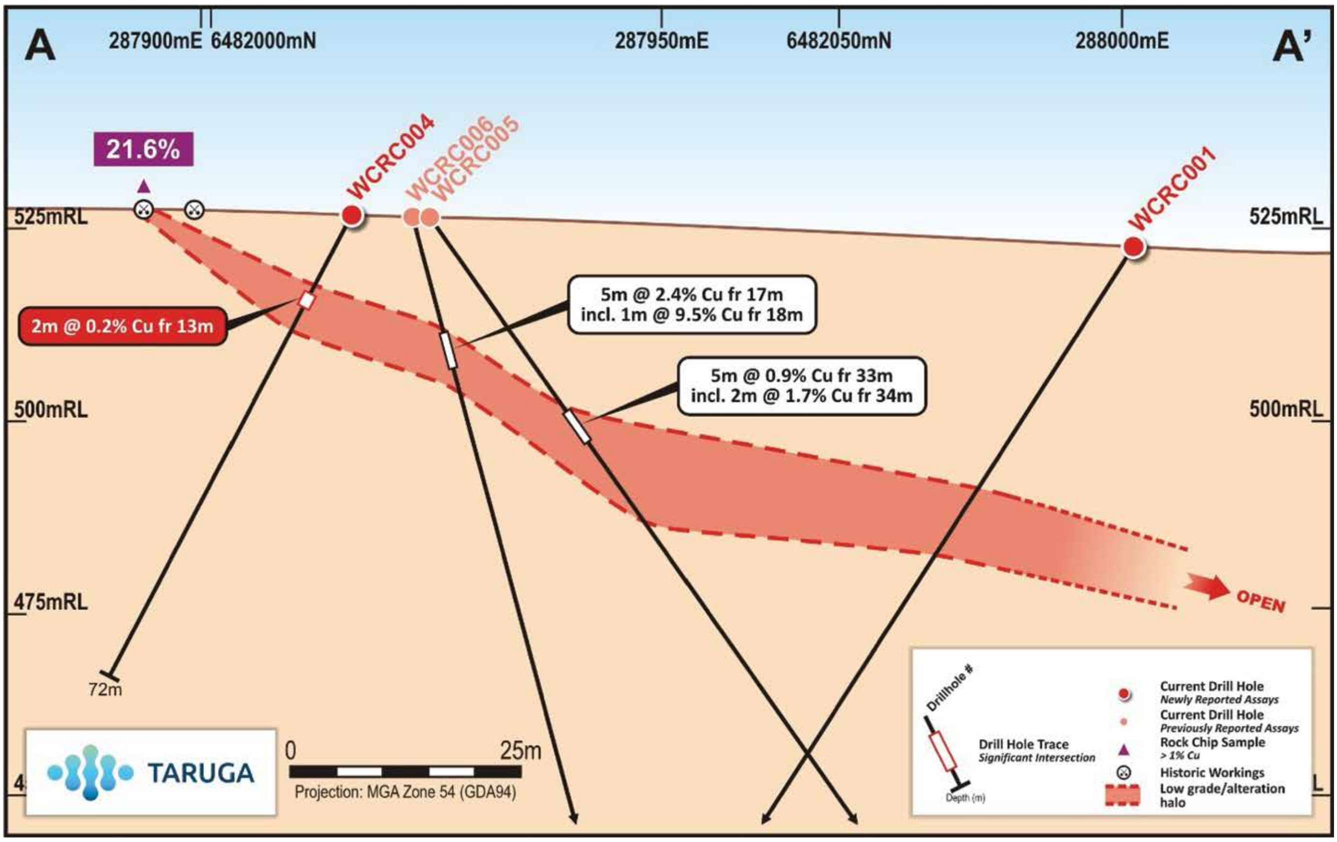


Figure 8. Cross Section A-A' Showing Significant Intercepts, the Base of the Tindelpina Shale Outline and Rock Chip Highlight from Historical Workings.

Reduced black shales of the Tindelpina Shale Member (TSM) provide an ideal host for Zambian/Central African Copperbelt style Cu-Co-Ag-Pb-Zn mineralisation. The TSM outcrops over 56 km around the Worrumba Anticline, within the Taruga Exploration Licence and Exploration Licence permit (Figures 8).

To watch the CEO video update for the Wyacca drilling results, click here.

To read the Wyacca drill results ASX announcement, click here.

REVIEW OF OPERATIONS

Morgan's Creek

Approximately 2100 metres of RC drilling was completed on the maiden RC drill program at Morgans Creek. Drilling intercepted a diverse 'Basket' of rare earth elements (REE's) and battery minerals, along with base metals (Cu and Zn), over a broad area.

Drilling highlights from the Morgan's Creek RC drilling program included **9m @ 1059 ppm total rare earth element oxide (TREO)** from 131m (including **3m at 2685 ppm TREO** from 136m) (**MCRC009**), along with broad zones of TREO mineralisation such as **29m at 501 ppm TREO** from 22m (including **3m at 1996 ppm TREO** from 29m) (**MCRC010**), and very broad low grade TREO intercepts such as **110m at 276 ppm TREO** from 3m including 92m at 0.6g/t Ag from 3m, 5m at 1.2g/t Ag from 58m, 5m at 1.2g/t Ag from 76m and 1m at 0.29% Cu from 69m (**MCRC012**). Observations from limited drilling indicate the REE mineralisation is concentrating in a wide range of lithologies associated with the intrusive breccias and mafic intrusions across the 40km2 project area. Review of soils geochemistry reveals that the high REE soils anomalies have not yet been drill tested (**Figure 9**).

Mafic intrusions drilled during the program returned consistent primary scandium and vanadium mineralisation from surface, including **132m at 56 ppm Sc_2O_3** and **542ppm V_2O_5** from surface (**MCRC009**), **73m** at **51 ppm Sc_2O_3** and **570ppm V_2O_5** from 23m to end of hole (**MCRC014**), and **54m @ 51ppm Sc_2O_3** and **546 ppm V_2O_5** from 15m (**MCRC016**).

Copper, lithium, barium, strontium and zinc were also intercepted, including 23m @ 0.20% Cu from 20m, including **8m @ 0.4% Cu** from 28m (**MCRC002**), **15m @ 0.16% Li_2O** from 6m including **7m @ 0.2% Li_2O** from 12m and 7m @ 0.10% Zn from 9m (MCRC010), and **6m @ 0.13% Li_2O and 0.14% Zn from 23m** (**MCRC022**).

Diamond drilling is currently underway at Morgan's Creek, aimed at obtaining mineralogical and metallurgical information to assess the processing and beneficiating properties of the REE's. RC drilling is planned to follow the diamond drilling in October 2021. This RC drilling will target a suite of newly identified REE targets including soils anomalies and structural zones, along with targeting extensions of previous intercepts.

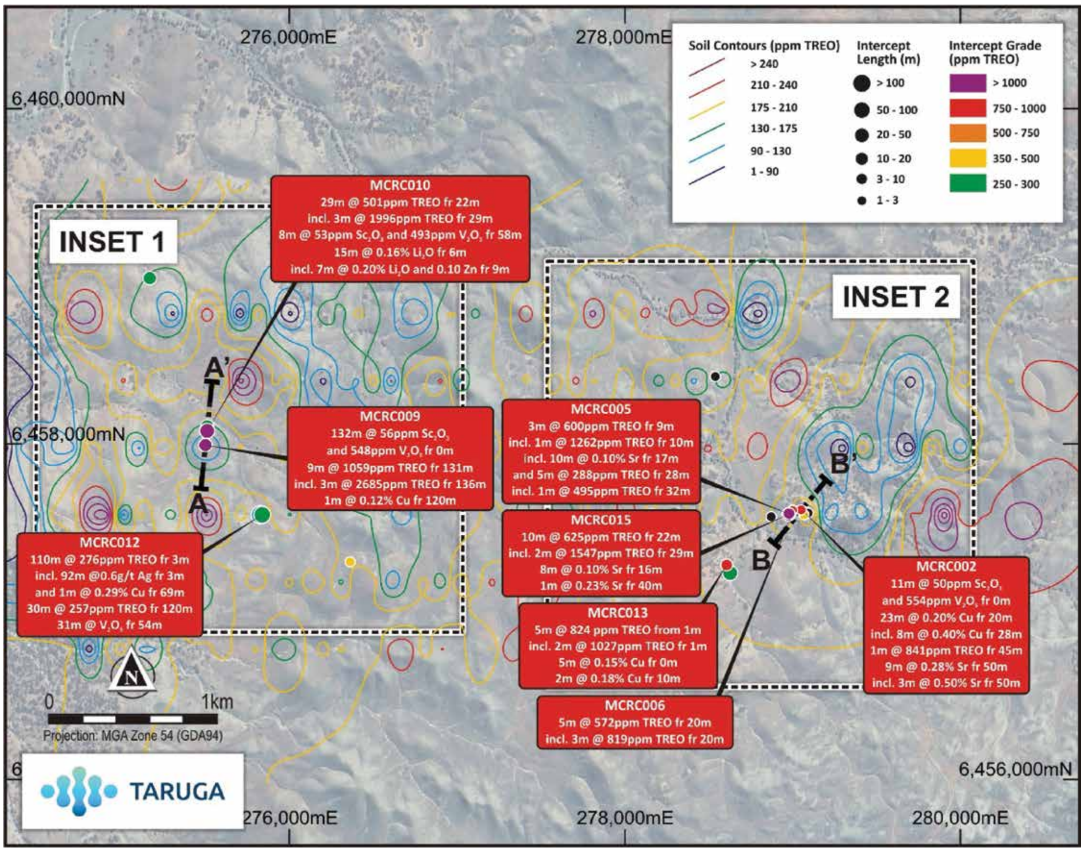


Figure 9. Morgans Creek Drilling Highlights Overlaid on TREO Soils Geochemistry Contours showing a range of Bullseye TREO Anomalies (> 90ppm – 400ppm) across the Project Area.

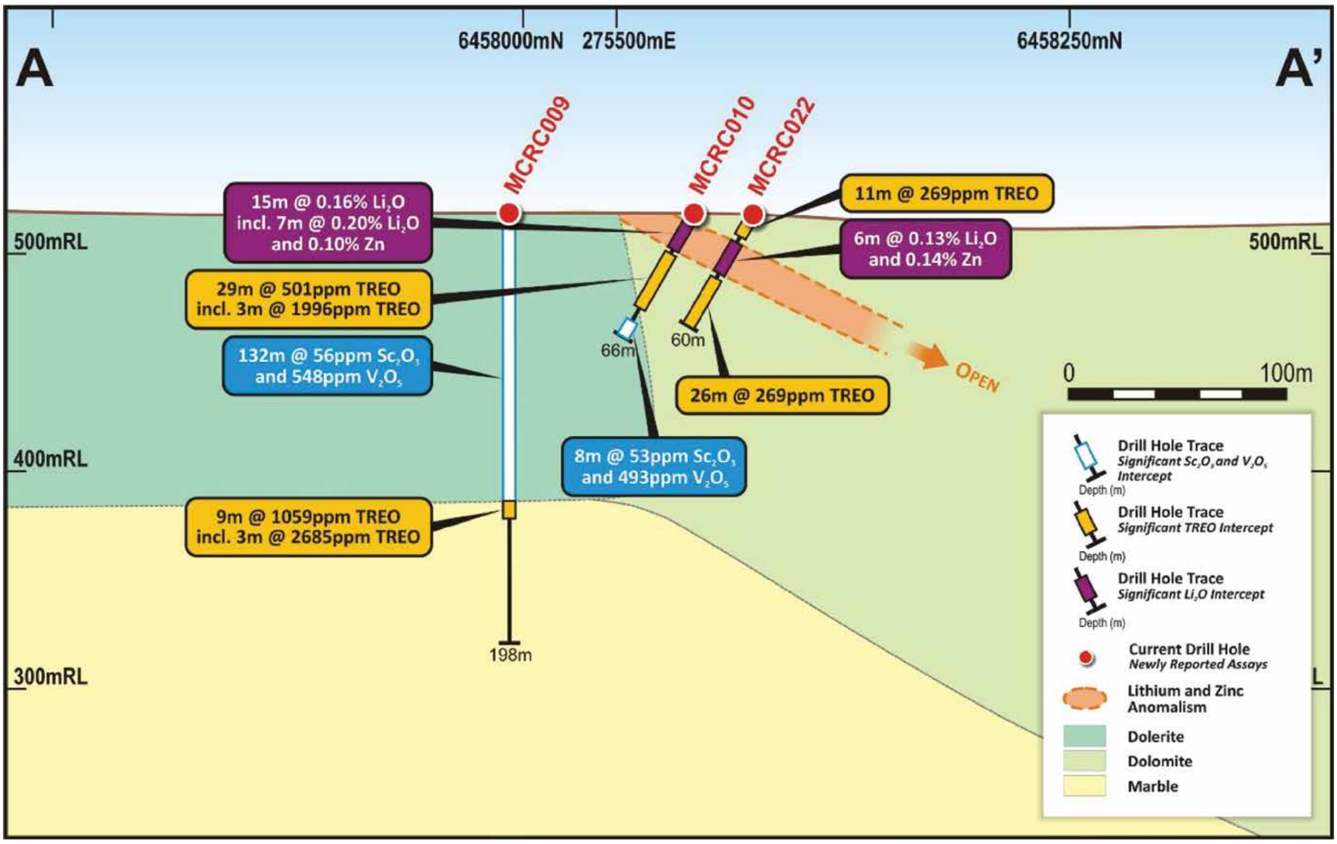


Figure 10. Morgans Creek Drillhole Section from Area 6, Holes 009, 010, and 022, showing TREO, Scandium, Zinc and Lithium Mineralisation within and around mafic body blue.

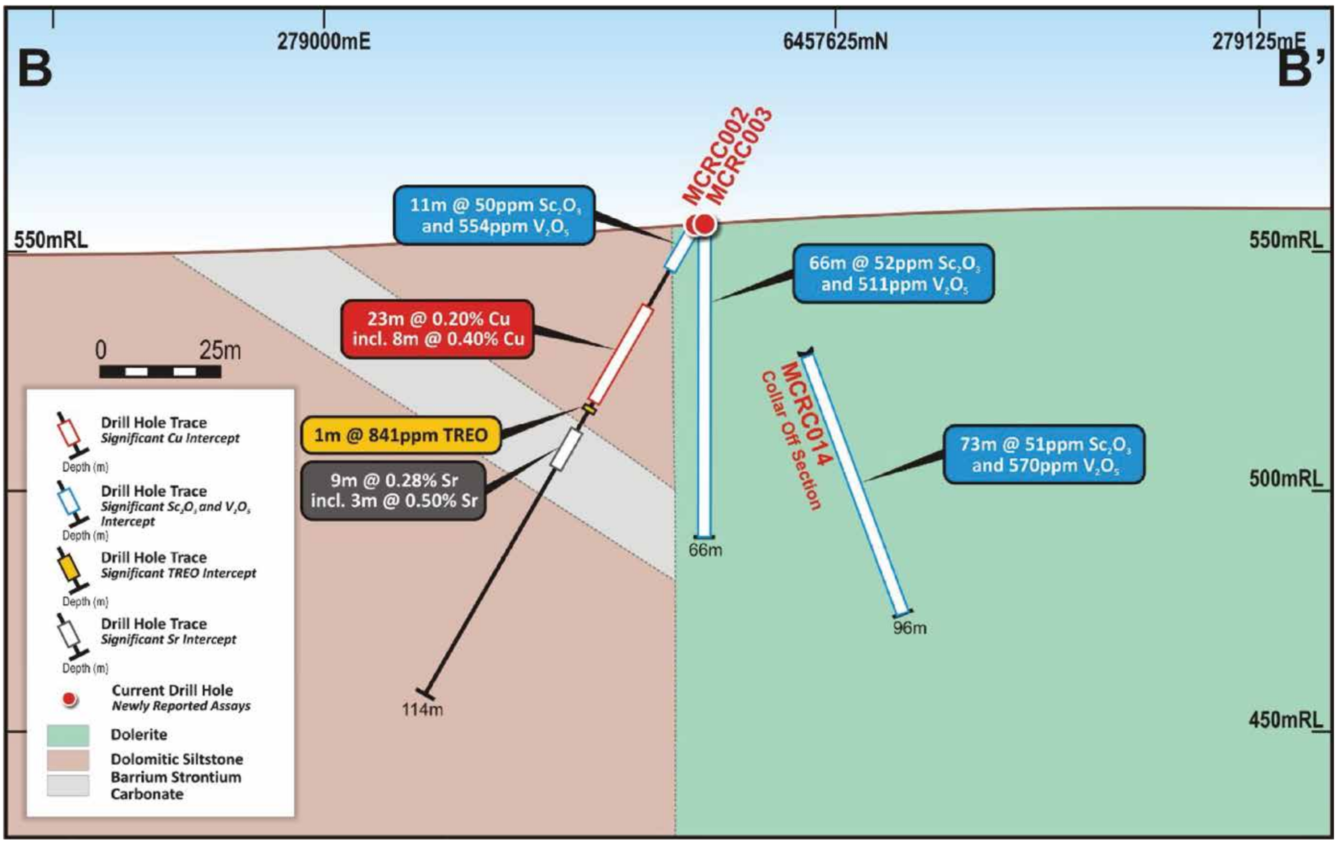


Figure 11. Morgans Creek Drillhole Section from Area 1, Holes 002, 003, and 014, Showing Primary Scandium and Vanadium Mineralisation within the Mafic Intrusion, and Around the Margins of the Mafic Intrusion, TREO, Copper and Strontium Mineralisation.

REVIEW OF OPERATIONS

The REE mineralisation at Morgans Creek is enriched in Heavy Rare Earth Oxides (~ 18% HREO), Critical Rare Earth Oxides (~ 24% CREO) and the permanent magnet REE's Neodymium – Praseodymium (21% Nd-Pr),. Uranium and Thorium is very low, averaging 4ppm U and 15ppm Th, which is positive for the environment and for processing.

Rare Earth Element Information

Rare Earths Elements (**REE**): The REEs are defined as the elements from lanthanum to lutetium (atomic numbers 57 to 71) and yttrium (atomic number 39). Scandium often occurs with and is added to REE resources, and is a very high value metal (US $1,500 - $4,000/kg) which has historically been classified as a REE. Rare Earths Oxides (**REO**): Oxides of the rare earths' elements. Grades of rare earths oxides are commonly quoted as parts per million (ppm) or percent (%) of TREO where:

- Total Rare Earth Oxide (**TREO**) is the sum of the oxides of the so-called heavy rare earths elements (HREO) and the so-called light rare earths elements (LREO
- Heavy Rare Earth Oxide (**HREO**) is the sum of the oxides of the heavy rare earths elements europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb), lutetium (Lu), and yttrium (Y). The HREO are less common than the LREO and are generally of higher value, with the exception being the LREE's Nd + Pr, which are used in permanent magnets
- Light Rare Earth Oxide (**LREO**) is the sum of the oxides of the light rare earths elements lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), and samarium (Sm)
- Critical Rare Earth Oxide (**CREO**) is a set of oxides the US Department of Energy, in December 2011 defined as critical due to their importance to clean energy requirements and their supply risk. They are Nd, Dy, Eu, Y and Tb
- Scandium Oxide (**Sc_2O_3**) is a rare and high value metal which often occurs with REE deposits and has historically been classified as a REE.
- Rare Metal Oxides (**RMO**) the so-called rare metal elements, being niobium, tantalum, gallium and hafnium.
- Critical Minerals (**CM**) As defined by Geoscience Australia; "Critical minerals are metals and non-metals that are considered vital for the economic well-being of the world's major and emerging economies, yet whose supply may be at risk due to geological scarcity, geopolitical issues, trade policy or other factors." The list of critical minerals include REE's, Scandium, Lithium, Platinum Group Elements (**PGE's**), Strontium, Rubidium, Tellurium, Fluorspar, Uranium and Vanadium, amongst others.

TREO Basket: "Basket" is a term used to describe a suite of REE's and other Critical Minerals, which coexist within a deposit. Not all Baskets are the same, and values can vary significantly depending on basket composition. The addition of other high-value Critical Minerals in a basket, such as Scandium, Lithium and PGE's can significantly increase the basket value.

To watch the CEO video update for the Morgan's Creek Drilling results, click here.

To read the Morgan's Creek drilling announcement, click here.

Birthday Ridge

During the year, reconnaissance exploration was carried out at Birthday Ridge prospect, along with reprocessing and review of geophysical datasets. Extensive sediment hosted copper mineralisation has been intercepted by historical drilling over 2km of strike at Birthday Ridge (**Figure 12**) proximal to the Worrumba Anticline, mafic intrusions and diapiric breccias. Mineralisation remains open along strike and downdip and has not been followed up since the initial drilling in 2009. Adjacent to the sediment hosted copper mineralisation, to the west, outcropping diapiric breccias have returned high-grade rock chips up to **18.8% Cu**, 0.1g/t Au and **16.8 g/t Ag** (**MC027**) and bullseye Cu-soils anomalies (max 750 ppm Cu).

These mineralised breccias and mafics have never been drilled, and are underlain by a strong coincident gravity and magnetic anomaly all of which are supported by discrete VTEM anomalies (**Figure 12**). The company plans to systematically drill test both the sediment hosted copper mineralisation, and the never before drilled breccias following the Wyacca and Morgan's Creek planned drilling programs.

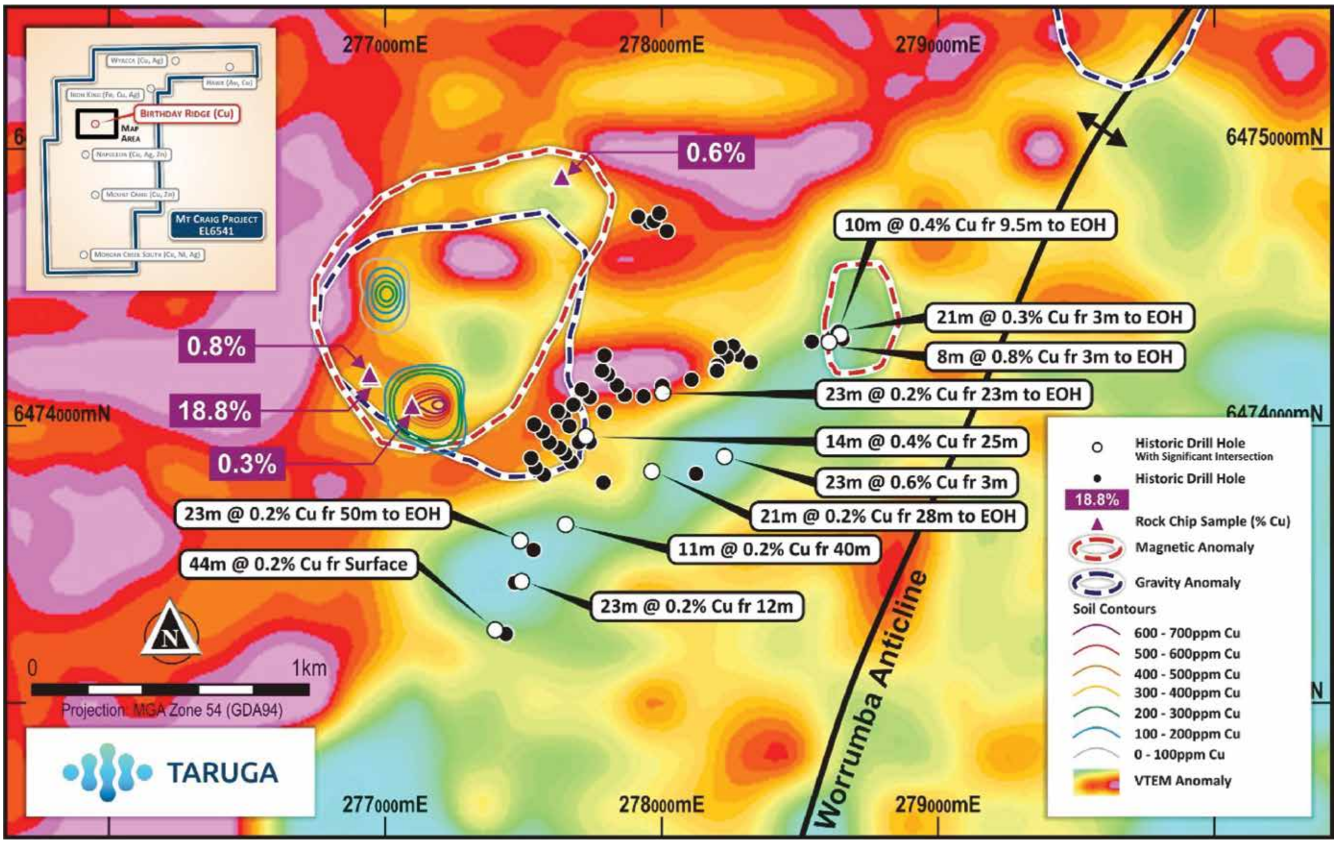


Figure 12. Image of the Vertical Component dB/dt Amplitude for Window 16 - 0.126 mSec, highlighting 7km Early-Time VTEM Anomalies at Birthday Ridge Prospect, Showing Coincident Gravity and Magnetic Geophysical Anomalies, Major Structure (Worrumba Anticline), Recent Rock Chip Results and Cu-Soils Geochemistry Anomalies from Recent Reconnaissance Sampling, and Historical Drilling Highlights.

REVIEW OF OPERATIONS

The Flinders and Torrens IOCG Projects *(100% TAR)*

The Flinders and Torrens IOCG Projects are highly prospective for copper-gold mineralisation in the same structural setting as the giant Olympic Dam (9,080 Mt @ 0.87% Cu, 0.32g/t Au and 0.27kg/t U3O8) and Carrapateena (203 Mt @ 1.31% Cu, 0.56 g/t Au and 0.27 kg/t U) deposits. High grade mineralisation is exposed from surface over 15km of strike length. The Flinders Project is located 80km from Carrapateena and 150km from Olympic Dam, with power and rail on the lease (**Figure 1**).

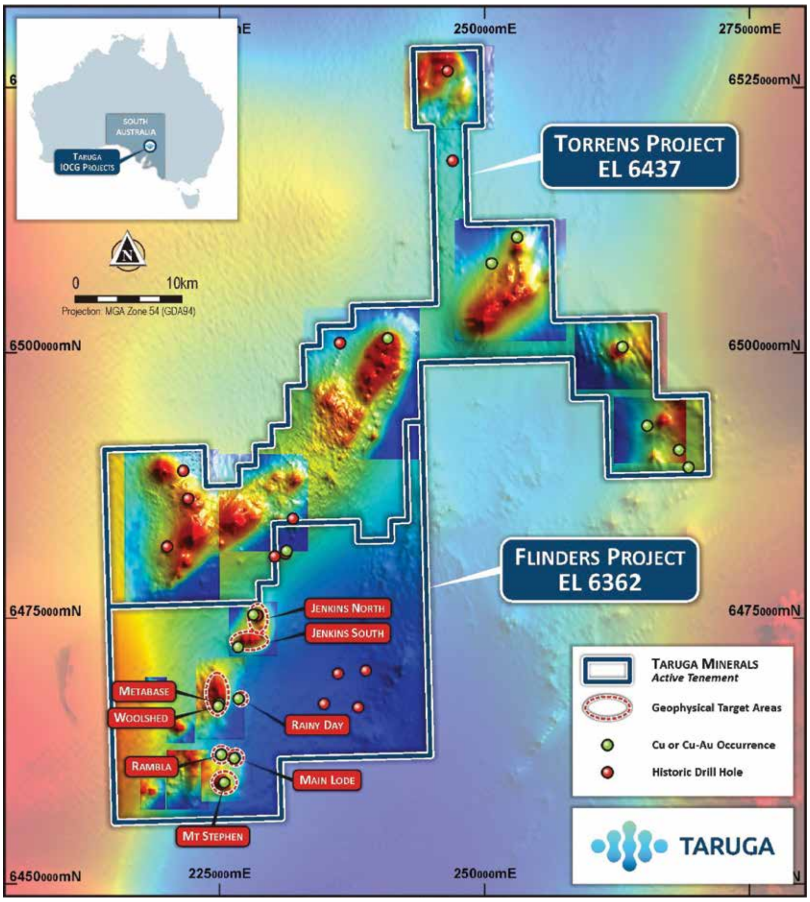


Figure 13. The Flinders and Torrens IOCG projects on Reprocessed Magnetics.

Figure 14. IOCG mineralisation in hematite-breccias, outcropping at the Flinders Project.

Flinders IOCG Project

During the year, the Company completed 7 Aircore holes at the Woolshed IOCG prospect. Drilling focused on testing a large coincident geochemical and geophysical anomaly associated with historical mining (**Figure 15**).

An auger drilling program was also conducted at the Jenkins South IOCG prospect, where near surface copper anomalism has been identified up to 0.2% Cu in hematite-altered mafic intrusions (**Figure 17**). Newly identified outcropping breccias mapped at the surface at Jenkins reported Cu grades up to 0.6% Cu and vanadium grades of up to 0.23% V, the latter indicating deep seated hydrothermal fluid flow associated with mineralisation. Anomalous soils and rock chips collected to date have defined an anomaly which covers more than 1km of the magnetic anomaly at Jenkins South.

The auger and Aircore drilling programs were stopped early to engage with a Local Aboriginal group. As a result, Taruga are currently awaiting the outcome of Aboriginal heritage authorisations Section 23 and 21 authorisations under the Aboriginal Heritage Act 1988 (SA). If granted, the authorisations would allow for a substantial exploration program across the Jenkins and Woolshed Project Areas. The authorisation would allow for:

- A stage 1 exploration program of up to 150 auger holes and 60 drill holes (diamond, RC and AC).
- A potential stage 2 exploration program of up to a further 500 auger holes and 350 drill holes (diamond, RC and AC).
- A range of geophysical surveys including gravity, induced polarisation, electromagnetic and seismic surveys.
- Ancillary activities to support the above.

The exploration program is already approved under the Mining Act 1978 (SA), following the grant of a Program for Environment Protection and Rehabilitation (E- PEPR) in September 2020.

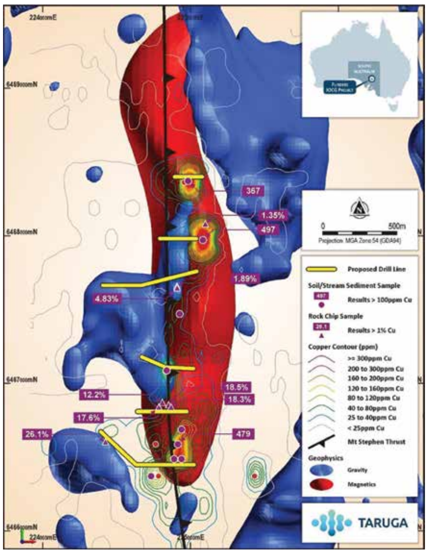


Figure 15. Woolshed/Metabase Geophysical Map showing the Modelled Magnetic Core and Prominent Gravity Anomalies, Cu in Soil Contours, and Rock Chip and Soil Highlights.

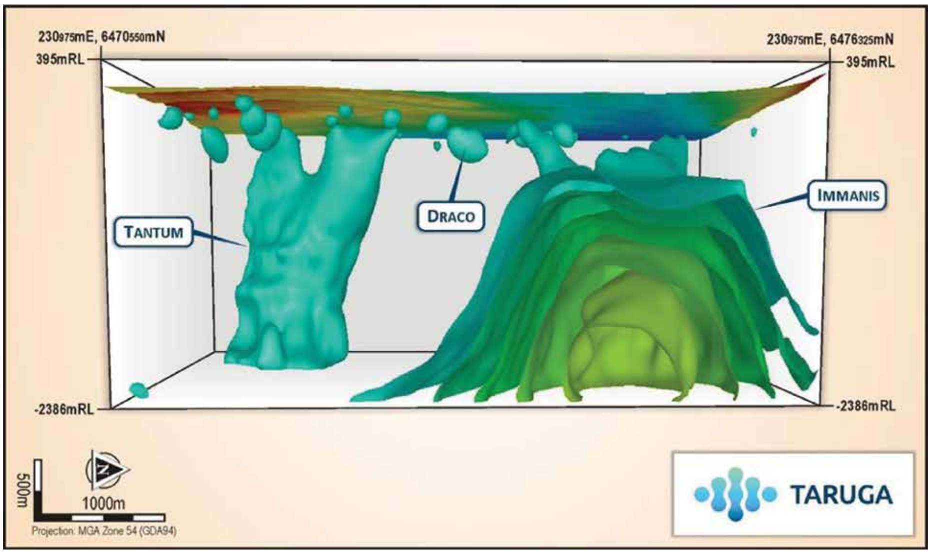


Figure 16. Immanis and Tantum Gravity Anomalies at Jenkins. Note the Pipe-like Tantum Anomaly to the South and the Dome-like Immanis Gravity Anomaly to the North. Vertical Scale is 2.7km and Open at Depth. Immanis Modelling is Open to the East, Extending Beyond the Gravity Survey Boundary.

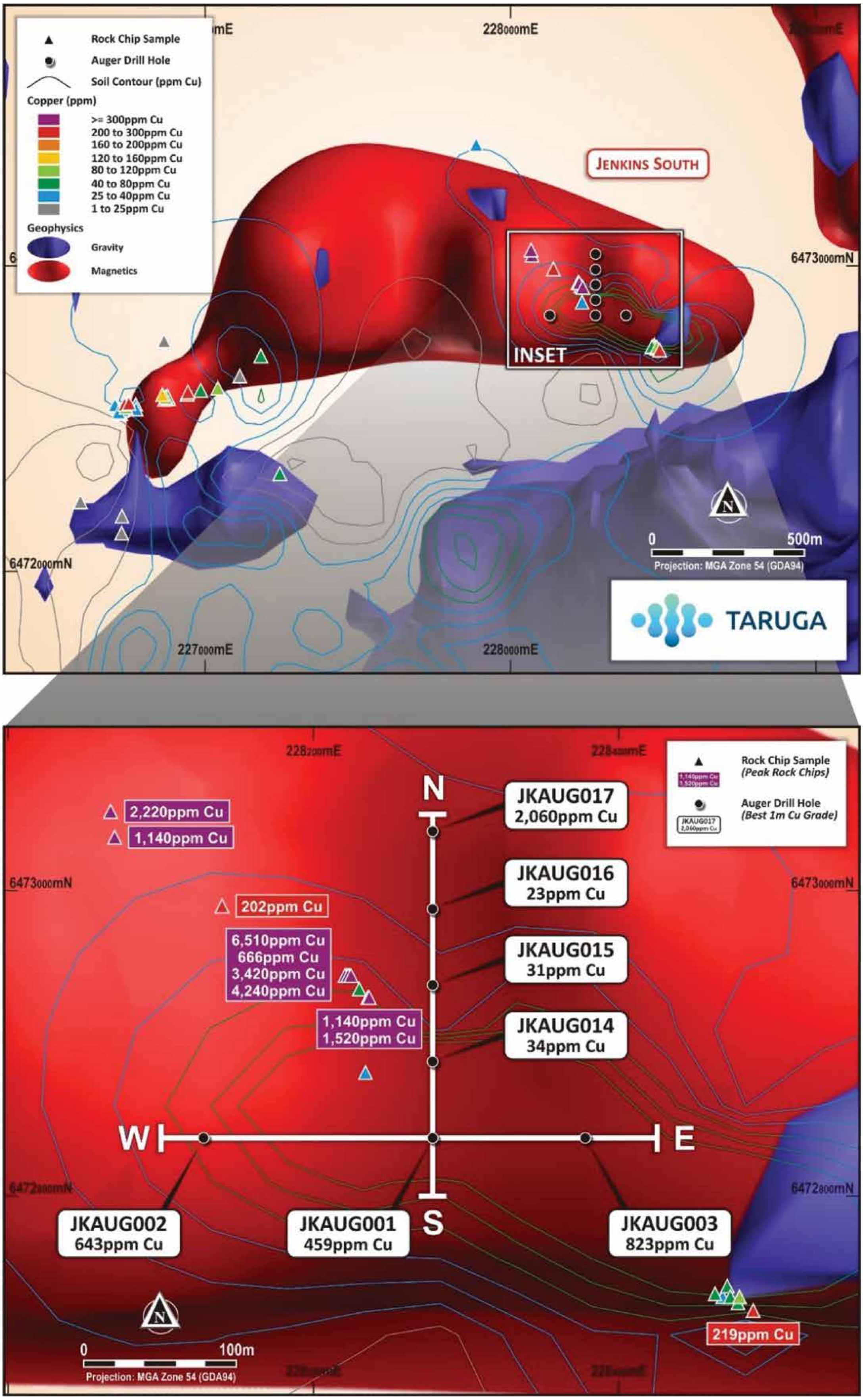


Figure 17. Soil Sample Contours, Anomalous Rock Chip Samples, Auger Hole results and Two Section Lines on the Geophysics at Jenkins South.

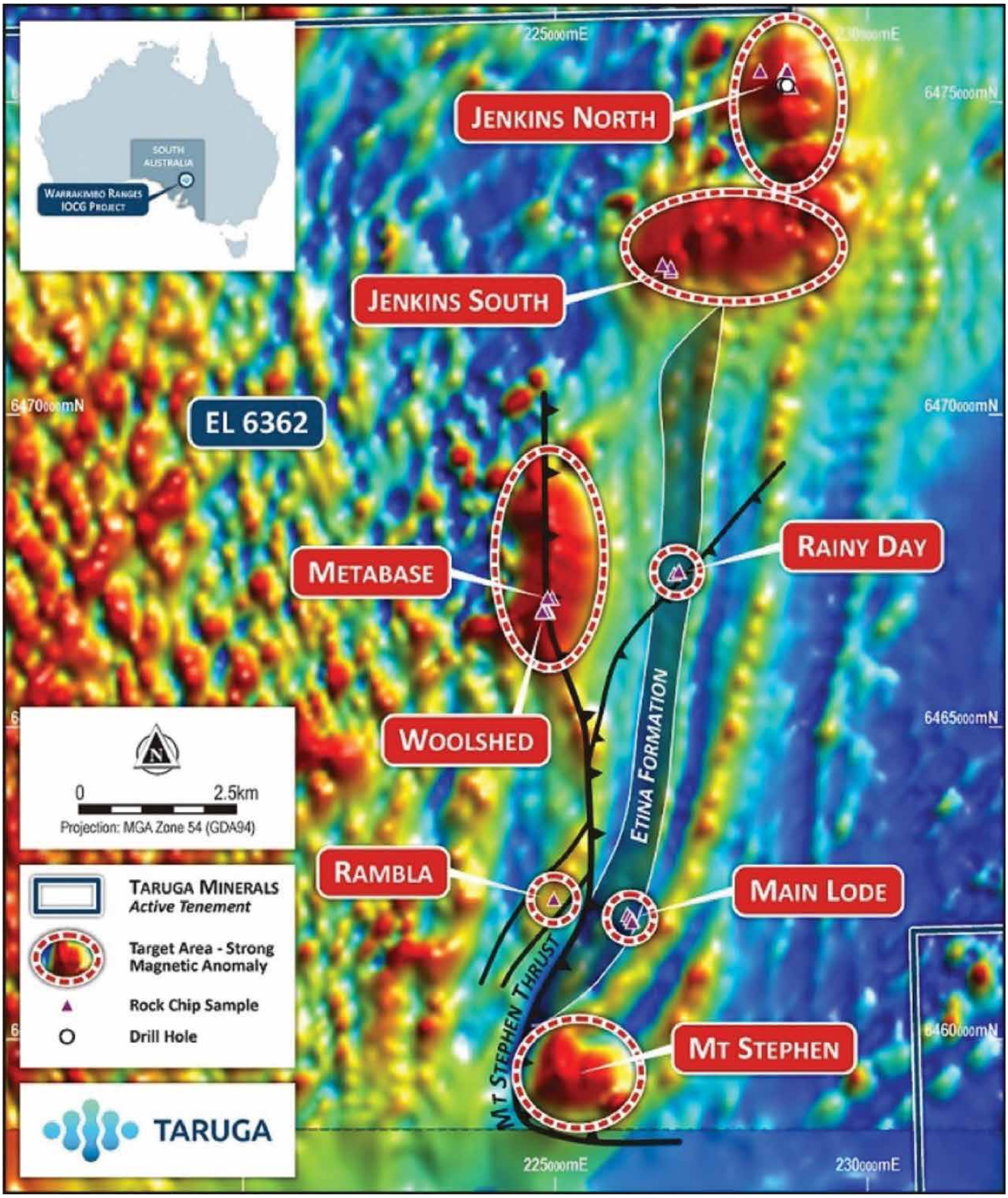


Figure 18. Reprocessed Government Magnetics Showing Prospects and Mt Stephen Thrust at the Flinders Project.

REVIEW OF OPERATIONS

Torrens IOCG Project, South Australia

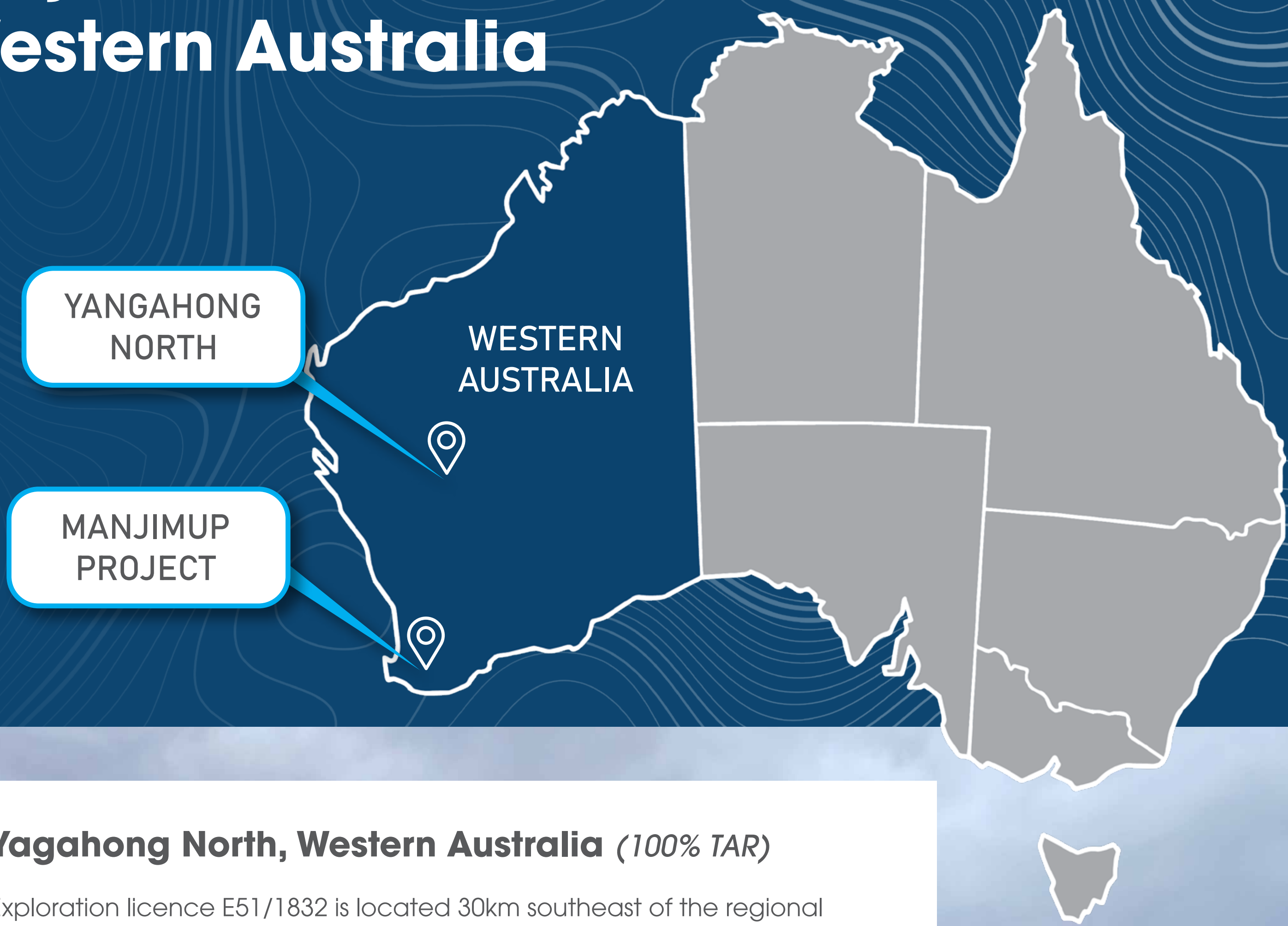
The Torrens IOCG Project borders the Flinders Project to the north of Flinders (**Figure 5**) and is situated within the G2 Structural corridor which hosts the nearby Olympic Dam and Carrapateena IOCG's.

Strong magnetic and gravity anomalies have been identified at Torrens, which have had limited or no drilling. Only 10 historical shallow drillholes have been drilled over the 818km2 project area. Recent reconnaissance sampling identified Flinders-style mineralised breccias outcropping at surface at Torrens, up to 45km along strike to the north of the Flinders Project.

Sample ID	Easting	Northing	Lithology	Cu %	Ag (ppm)	Au (ppb)	Co (ppm)	V_2O_5 (ppm)
TR003	253268.3	6510779	Breccia	3.70	1.4	26	19	107
TR004	253266	6510790	Magnetite	0.90	0	43	356	1857
TR005	263144.5	6500381	Magnetite	0.12	0.6	5	13	1874
TR002	253266.7	6511189	Basalt	0.04	1.6	4	36	295
TR001	253253.4	6511198	Mineralised Breccia	0.03	0	3	21	89

Table 1. Rock chip results from reconnaissance exploration completed at Torrens Project during Q3.

Projects Overview Western Australia



Yagahong North, Western Australia *(100% TAR)*

Exploration licence E51/1832 is located 30km southeast of the regional centre of Meekatharra in the Murchison region of Western Australia. On 19 November 2020, the Company announced that it had executed a binding terms sheet with CU2 (WA) Pty Ltd (CU2), whereby CU2 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. CU2 were subsequently purchased by ASX listed Peak Minerals Ltd on the 24th of May 2021, who now own and operate the farm-in agreement.

REVIEW OF OPERATIONS

Manjimup Project *(100% TAR)*

Over the course of the year, the Company undertook reprocessing of historical company and government geophysical data with geophysical consultants Southern Geoscience. This review highlighted a range of priority target areas across the tenement package which stretches across the highly prospective Southwest terrane, along the western margin of the Yilgarn Craton. The Southwest terrane contains the nearby Greenbushes Li-Sn-Ta mine (60km) the Wheatley JV VHMS targets (5km) and the Chalice Mining-Venture Minerals JV 'Julimar Lookalike' Ni-PGE targets (Thor < 10 km) (**Figure 19**).

Taruga is currently planning reconnaissance exploration which will include mapping and surface sampling of laterite and outcrop geology over prospective geophysical anomalies. Infill airborne magnetics, extensional airborne EM and ground-based EM will be considered following the phase-1 reconnaissance exploration.

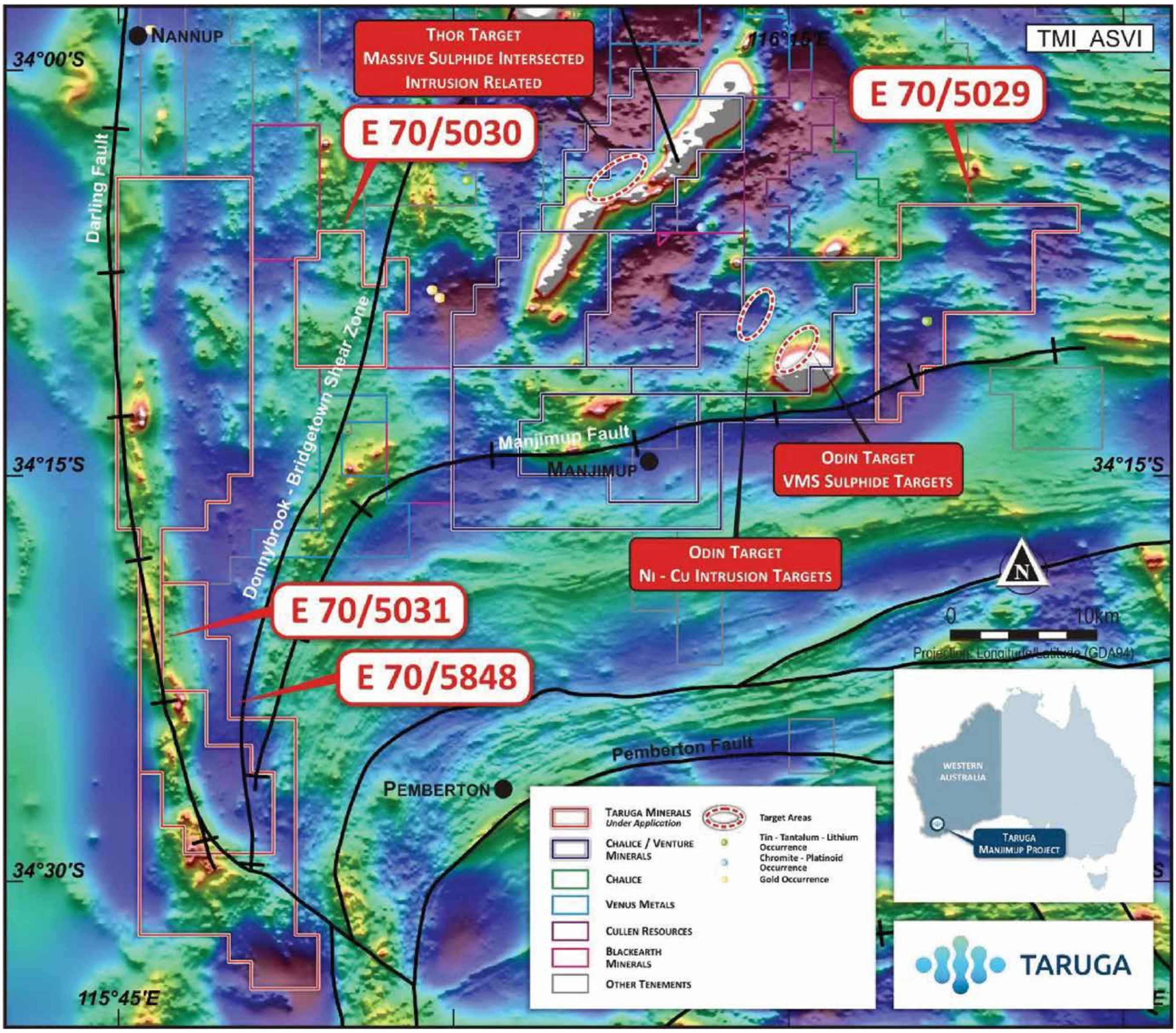


Figure 19. Analytical Signal of the Vertical Integral (ASVI) Magnetics Image for the Manjimup Project Area, showing Taruga Exploration Permits, Major Structures, and the nearby Thor Ni-Cu-PGE "Julimar Lookalike" Target.

Coronavirus (COVID-19) impact on operations

Taruga have successfully implemented strategies to reduce the impact of COVID-19 pandemic on operations. To date, the operations of the company have not been significantly impacted by the pandemic, which is evidenced by large scale exploration programs including over 9,000m of RC drilling which have been completed over the last year.

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 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.

Corporate

Board Changes

On 27 July 2020, the Company announced that Mr Stefan White and Mr Cameron Williams had resigned as directors of the Company. Mr Eric de Mori and Mr Paul Cronin were appointed as non-executive directors on the same day.

On 13 October 2020, the Company announced that Ms Sylvia Foong had resigned as a Joint Company Secretary. Mr Dan Smith remains in the role as sole Company Secretary.

On 23 March 2021, the Company announced the Mr Mark Gasson had resigned as a director of the Company.

CEO Appointment

On 2 July 2020, the Company announced that it had appointed experienced South Australian based geologist, Thomas Line as Chief Executive Officer of Taruga. Thomas had been working as the Project Manager for Taruga in leading the exploration program on the Flinders project and has been instrumental in the acquisition of all three of the Flinders, Torrens and the Mt Craig Copper Projects. Prior to this appointment Thomas worked for SIMEC Mining as a Senior Exploration Geologist on the 10mtpa iron ore mine in the Middleback Ranges in South Australia.

Strikeline Acquisition

On 11 May 2021, the Company issued 40,000,000 shares the vendors (or their nominee/s) of Strikeline Resources Pty Ltd in consideration for the acquisition of a 100% interest in Strikeline. In addition, the Company issued 3,900,000 shares to advisers of the Strikeline acquisition.

Capital raisings

On 10 September 2020 the Company announced that it had raised $4,000,000 (before expenses) through the issue of 66,666,667 shares at 6 cents each to sophisticated and professional investors (Placement). The Placement was co-managed by Foster Stockbroking and Ashanti Capital.

Option Exercises

On 5 May 2021, the Company issued 4,375,000 ordinary shares following the conversion of options at $0.025 each, raising $109,375.

Shareholder Meetings

The Company held its 2020 Annual General Meeting on 30 November 2020. All resolutions were passed by way of a poll.

Annual Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' REPORT

Your Directors submit their report on the Group consisting of Taruga Minerals Limited and its controlled entities (**Taruga**) for the year ended 30 June 2021.

DIRECTORS

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

		In office from	In office to
Mark Gasson	Non-executive Director	28 February 2018	23 March 2021
Gary Steinepreis	Non-executive Director	15 July 2016	present
Cameron Williams	Non-executive Director	23 January 2020	27 July 2020
Stefan White	Non-executive Director	23 January 2020	27 July 2020
Paul Cronin	Non-executive Director	27 July 2020	present
Eric De Mori	Non-executive Director	27 July 2020	present

PARTICULARS OF DIRECTORS

Gary Steinepreis **Non-Executive Director** **B.Com, CA**

Qualifications and experience

Mr Steinepreis has in excess of 20 years' experience with ASX-listing rules, corporate governance and equity capital raisings. Mr Steinepreis is a Chartered Accountant and holds a Bachelor of Commerce from University of Western Australia. Mr Steinepreis is currently a Non-Executive Director of CFOAM Limited and Lachlan Star Limited.

Interest in Shares and Options

Fully Paid Shares – 10,305,004
Performance Rights – Nil
Options – 5,000,000

Special Responsibilities

None.

Directorships held in listed entities

Company Name	Appointed	Resigned
CFOAM Limited	30 March 2016	-
Lachlan Star Limited	18 January 2018	-
Helios Energy Ltd	4 June 2010	11 September 2018

Paul Cronin **Non-Executive Director (Appointed 27 July 2020)**

Qualifications and experience

Mr Cronin is a co-founder and Managing Director of Balkans polymetallic developer Adriatic Metals PLC (ASX:ADT, LSE:ADT1), which was the best performing IPO of 2018. Mr Cronin has over 20 years of experience in corporate finance, investment banking, funds management, and commodity trading. Mr Cronin was Vice President of RMB Resources, the resource investment arm of First Rand Bank, and has a B.Com and MBA from the Queensland University of Technology. Mr Cronin is also a Non-Executive Director of Black Dragon Gold (ASX:BDG) and Global Atomic Corporation (TSX:GLO).

Interest in Shares and Options

Fully Paid Shares – 3,500,000
Performance Rights – Nil
Options – 9,000,000

Special Responsibilities

None.

Directorships held in listed entities

Company Name	Appointed	Resigned
Adriatic Metals Plc	3 February 2017	-
Black Dragon Gold Limited	10 July 2017	-
Global Atomic Corporation	December 2017	July 2021

Eric de Mori **Non-Executive Director (Appointed 27 July 2020)**

Qualifications and experience

Mr de Mori is a co-founder, substantial shareholder and previous Director of Adriatic Metals PLC (ASX:ADT, LSE:ADT1). Mr de Mori has over 15 years' experience in corporate finance for ASX listed companies, and is the Head of Natural Resources for advisory firm Ashanti Capital.

Interest in Shares and Options

Fully Paid Shares – 23,044,550
Performance Rights – Nil
Options – 13,000,000

Special Responsibilities

None.

Directorships held in listed entities

Company Name	Appointed	Resigned
Adriatic Metals Plc	3 February 2017	8 October 2019
Invictus Energy Ltd	11 December 2017	27 November 2020

Mark Gasson **Non-Executive Director (Resigned 23 March 2021)**

Qualifications and experience

Mr Gasson is a geologist with 33 years of experience and has been active in South Africa, Tanzania and the DRC since 1986 in gold and base metals exploration and resource development. Mr Gasson served on the Boards of Tiger Resources, Erongo Energy and Alphamin Resources and as Exploration Manager of a number of junior exploration companies. He was instrumental in the discovery of Tiger Resources' 1 million tonnes Kipoi copper deposit, 250,000 tonnes of tin at 3.5% tin at Alphamin's Bisie tin project, and 3Moz of gold at Amani's Giro deposits, all of which are located in the DRC.

Cameron Williams **Non-Executive director (Appointed 23 January 2020; Resigned 27 July 2020)**

Mr Williams is a Director and part of the founding team at Ashanti Capital. He has extensive skill and experience advising on capital raisings, having been a key team member on a large number of IPO's and secondary market capital raisings. Mr Williams holds a Bachelor of Commerce degree from the University of Western Australia as well as a Graduate Diploma in Applied Finance.

Stefan White **Non-Executive director (Appointed 23 January 2020; Resigned 27 July 2020)**

Mr White has approximately 20 years of experience as an investor, corporate executive and financial advisor, principally focusing on resource and energy companies. He has helped lead several turnaround and restructuring engagements and he has invested in numerous ASX listed companies both personally and as portfolio manager for a multi-billion dollar investment fund based in Hong Kong. Mr. White currently holds no other directorships.

Information on Company Secretary

Daniel Smith
Mr Smith is a Chartered Secretary who holds a BA, is a Fellow member of the Governance Institute of Australia, and has in excess of 13 years primary and secondary capital markets expertise. Mr Smith is currently a Director and Company Secretary of several AIM-listed and ASX-listed companies, including Europa Metals Limited and Lachlan Star Limited, and is also the Company Secretary of Vonex Ltd.

OPERATING AND FINANCIAL REVIEW

A review of the operations of the Group during the financial year is contained in the Review of Operations section of this Annual Report.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was mineral exploration in Australia.

Operating Results

The consolidated loss after tax for the financial year is $2,003,588 (2020: $2,496,299).

Financial Position

At 30 June 2021 the Company had cash reserves of $3,390,011 (2020: $2,025,102).

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 6 July 2021, all resolutions at the Company's General Meeting were passed by way of a poll.

On 15 July 2021, the Company issued 2,100,000 shares to Eric de Mori following shareholder approval.

On 24 August 2021, the Company provided an update of the progress on previously reported Aboriginal heritage authorisations being sought for the Flinders IOCG project in South Australia.

On 10 September 2021, the Company announced that it had been successful in its application for participation in the Federal Governments Junior Minerals Exploration Incentive scheme for the 2021/2022 income year, with an allocation of $900,000 of exploration credits.

On 15 September 2021, the Company advised of a revision to the remuneration package for CEO Mr Thomas Line.

Other than as detailed above, no other matters have arisen since 30 June 2021 that in the opinion of the directors has significantly affected or may significantly affect in future financial years (i) the Group's operations, or (ii) the results of those operations, or (iii) the Group's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Taruga have applied for 2 new exploration licenses in South Australia. These include an extension of the Mt Craig Copper Project, and a new project in the Curnamona/Olary province. Both exploration license applications are subject to the review and approval by the Department of Energy and Mining. The company is not aware of any reason why the applications would not be approved.

Drill testing of new greenfields and advanced targets at the Mt Craig Copper Project will continue.

Subject to approval from the Minister for Aboriginal Affairs under Section 23 of the Aboriginal Heritage Act, drilling would recommence at Flinders IOCG project within the 2022 year.

The Manjimup Project will undergo detailed reconnaissance exploration while the permits proceed to granting. These results will determine the next steps for the tenements. All options are being considered for the Manjimup Project, including seeking a farm-in or Joint Venture partner.

The Yagahong North Project is currently subject to a farm-in agreement with Peak Resources Ltd. It is anticipated that drill testing would be conducted during the current reporting period.

The Accelerated Discovery Initative refund of $325,000 is expected to be completed prior to 20 December 2021.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2021, and the number of meetings attended by each Director.

	Number eligible to attend	Number attended
Gary Steinepreis	5	5
Paul Cronin	5	4
Eric De Mori	5	5
Mark Gasson	3	3

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director and "Key Management Personnel" of Taruga Minerals Limited.

The report has been subject to audit. Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, including any director.

Remuneration policy

The Board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines benefits to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold securities in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre Directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company. The Company has not used external remuneration consultants during the year.

Performance-based remuneration

To ensure that the Company has appropriate mechanisms in place to continue to attract and retain the services of suitable directors and employees, the Company has issued options and performance rights to key personnel.

Details of remuneration for year ended 30 June 2021

Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to Directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the Directors or companies associated with the Directors in accordance with agreements between the Company and those entities.

Details of the agreements are set out below.

Agreements in respect of cash remuneration of Directors:

Executive Directors

Chief Executive Officer
On 2 July 2020 the Company announced the appointment of Thomas Line as CEO. Thomas is employed by Taruga by way of an executive services agreement (as varied 15 September 2021), which provides for the following remuneration:

- $225,000 per annum salary plus superannuation.
- Short-term and long-term incentives based upon performance of various milestones relating to the exploration projects and results.

Non-executive Directors

The Company's constitution provides that the Non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate sum determined by a general meeting. The aggregate remuneration has been set at an amount of $300,000 per annum.

Mr Gary Steinepreis is on a contract dated 15 July 2017, which provides for a fixed fee of $3,000, increasing to $4,000 per month from October 2020.

Mr Paul Cronin is on a contract dated 26 July 2020, which provides for a fixed fee of $3,000, increasing to $4,000 per month from October 2020.

Mr Eric de Mori is on a contract dated 26 July 2020, which provides for a fixed fee of $3,000, increasing to $4,000 per month from October 2020.

Mr Williams was on a contract dated 23 January 2020, which provides for a fixed fee of $2,000 per month. Mr Williams resigned from the Company on 27 July 2020.

Mr White was on a contract dated 23 January 2020, which provides for a fixed fee of $2,000 per month. Mr White resigned from the Company on 27 July 2020.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties. Executive Directors may be paid on commercial terms as the Directors see fit.

The total remuneration paid to Key Management Personnel is summarised below:

Year ended 30 June 2021

Director	Associated Company	Fees	Short-term Benefits Cash Bonus	Short-term Benefits Share Based Payments(4)	Performance Rights(4)	Post-employment benefits Super-annuation	Total	Performance related
		$	$	$	$	$	$	%
Gary Steinepreis	Leisurewest Consulting Pty Ltd	42,000	-	117,733	85,708	-	245,441	35
Paul Cronin[2]		40,258	-	117,733	-	-	157,991	-
Eric de Mori[2]		36,765	-	117,733	-	3,493	157,991	-
Mark Gasson[3]		29,000	-	148,715	218,625	-	396,340	55
Cameron Williams[1]	BANFF Capital Investments Pty Ltd	2,000	-	-	-	-	2,000	-
Stefan White[1]		2,000	-	-	-	-	2,000	-
		152,023	-	501,914	304,333	3,493	961,763	-
Other KMP								
Thomas Line (Chief Executive Officer)		185,000	85,000	-	-	25,650	295,650	29
Total		337,023	85,000	501,914	304,333	29,143	1,257,413	-

(1) Cameron Williams and Stefan White resigned on 27 July 2020.
(2) Paul Cronin and Eric de Mori were appointed on 27 July 2020.
(3) Mark Gasson resigned on 23 March 2021.

Year ended 30 June 2020

Director	Associated Company	Fees	Consultancy	Short-term Benefits Share Based Payments	Performance Rights[4]	Total	Performance related
		$	$	$	$	$	%
Gary Steinepreis	Leisurewest Consulting Pty Ltd	24,000	-	-	93,500	117,500	80
Bernard Aylward	Matlock Geological Services Pty Ltd	14,000	-	-	179,208	193,208	93
Sheena Eckhof	Iguana Resources Pty Ltd	17,500	-	-	179,208	196,708	91
Mark Gasson		27,500	-	-	238,500	266,000	90
Cameron Williams	BANFF Capital Investments Pty Ltd	10,581	-	-	-	10,581	-
Stefan White		10,638	-	-	-	10,638	-
		104,219	-	-	690,416	794,635	

The performance rights were cancelled during the year, having not achieved their vesting conditions.

[4] Performance Rights Valuation

Item	Tranche A	Tranche B	Tranche C
Value of underlying security	$0.22	$0.22	$0.22
Exercise price	nil	nil	nil
Valuation date	1 June 2018	1 June 2018	1 June 2018
10-Day VWAP barrier	$0.30	$0.40	$0.50
Life of the Rights (years)	3.00	3.00	3.00
Volatility	60%	60%	60%
Risk-free rate	2.12%	2.12%	2.12%
Dividend yield	nil	nil	nil
Vesting Conditions	Note [1]	Note [2]	Note [3]
Number of Rights	6,000,000	1,500,000	1,500,000
Value per Right	$0.19	$0.16	$0.13
Value per Tranche	$1,122,000	$235,500	$199,500

[1] The Tranche A Rights will vest upon the 10-day volume weighted average price (**'10-Day VWAP'**) of shares traded on the Australian Securities Exchange (**'ASX'**) being at $0.30 or greater.
[2] The Tranche B Rights will vest upon the 10-Day VWAP of shares traded on the ASX being at $0.40 or greater.
[3] The Tranche C Rights will vest upon the 10-Day VWAP of shares traded on the ASX being at $0.50 or greater.

The above tranches of performance rights are expensed over the life of the rights (3 years). The performance rights were cancelled on 1 June 2021 having not achieved their vesting conditions. The expense included in the reporting period to 30 June 2021 included in Directors remuneration was $304,333 (30 June 2020: $690,416).

Option Valuation

The following options were issued to directors during the period:

Number	Grant Date	Expiry Date	Exercise Price $	Fair Value at grant date $	Vesting date Tranche A	Vesting date Tranche B
20,000,000	1/12/2020	1/12/23	0.065	594,860	1 June 2021	1 January 2022

The fair value of the equity-settled share options is estimated as at the date of grant using the Black-scholes model taking into account the terms and conditions upon which the options were granted.

Value of underlying security	$0.051
Exercise price	$0.065
Valuation date	1/12/2020
Life of the Rights (years)	3.00
Volatility	103%
Risk-free rate	0.25%
Dividend yield	nil
Value per Option	$0.030

Shareholdings of Key Management Personnel:

	Balance 30 June 2020	Balance on Appointment	Additions/ (disposals)	Balance on Resignation	Balance 30 June 2021
Mark Gasson[1]	17,000,000	-		(17,000,000)	-
Gary Steinepreis	10,305,004	-	-	-	10,305,004
Paul Cronin[2]	-	2,500,000	1,000,000	-	3,500,000
Eric de Mori[3]	-	19,589,400	1,355,150	-	20,944,550
Cameron Williams[4]	1,000,000	-	(972,400)	(27,600)	-
Stefan White[5]	5,000,000	-	-	(5,000,000)	-
Thomas Line[6]	-	164,286	28,669,358	-	28,833,644
	33,305,004	22,253,686	30,052,108	(23,027,600)	63,583,198

[1]Mr Gasson resigned on 23 March 2021 with a shareholding balance of 17,000,000 shares.
[2]Mr Cronin was appointed on 27 July 2020 with a shareholding balance of 2,500,000 shares.
[3]Mr de Mori was appointed on 27 July 2020 with a shareholding balance of 19,589,400 shares.
[4]Mr Williams resigned on 27 July 2020 with a shareholding balance of 27,600 shares.
[5]Mr White resigned on 27 July 2020 with a shareholding balance of 5,000,000 shares.
[6]Mr Line was appointed on 2 July 2020 with a shareholding balance of 164,286 shares.

	Balance 30 June 2019	Balance on Appointment	Additions	Balance on Resignation	Balance 30 June 2020
Bernard Aylward[1]	5,324,386	-	3,000,000	(8,324,386)	-
Mark Gasson	8,500,000	-	8,500,000	-	17,000,000
Gary Steinepreis	5,152,502	-	5,152,502	-	10,305,004
Sheena Eckhof[2]	-	-	-	-	-
Cameron Williams[3]	-	1,000,000	-	-	1,000,000
Stefan White[4]	-	-	5,000,000	-	5,000,000
	18,976,888	1,000,000	21,652,502	(8,324,386)	33,305,004

[1]Mr Aylward resigned on 23 January 2020 with a shareholding balance of 8,324,386 shares.
[2]Ms Eckhof resigned on 23 January 2020 with a shareholding balance of NIL.
[3]Mr Williams was appointed on 23 January 2020 with a shareholding balance of 1,000,000.
[4]Mr White was appointed on 23 January 2020 with a shareholding balance of NIL.

Performance Rights holdings of Key Management Personnel:

	Balance 30 June 2020	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2021
Mark Gasson	4,500,000	-	(4,500,000)	-	-
Gary Steinepreis	1,500,000	-	-	(1,500,000)	-
Paul Cronin	-	-	-	-	-
Eric de Mori	-	-	-	-	-
Cameron Williams	-	-	-	-	-
Stefan White	-	-	-	-	-
Thomas Line	-	-	-	-	-
	6,000,000	-	(4,500,000)	(1,500,000)	-

	Balance 30 June 2019	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2020
Bernard Aylward	1,500,000	-	(1,500,000)	-	-
Mark Gasson	4,500,000	-	-	-	4,500,000
Gary Steinepreis	1,500,000	-	-	-	1,500,000
Sheena Eckhof	1,500,000	-	(1,500,000)	-	-
	9,000,000	-	(3,000,000)	-	6,000,000

Option holdings of Key Management Personnel:

	Balance 30 June 2020	Balance on appointment	Additions[1]	Issues/ (Expiry)	Balance on Resignation	Balance 30 June 2021
Gary Steinepreis	-	-	5,000,000		-	5,000,000
Paul Cronin	-	4,000,000	5,000,000		-	9,000,000
Eric de Mori	-	8,000,000	5,000,000		-	13,000,000
Mark Gasson	-	-	5,000,000	(5,000,000)	-	-
Thomas Line	-	-	-	-	-	-
	-	12,000,000	20,000,000	(5,000,000)	-	27,000,000

[1] See note 23 for details of options issued to directors and management.

Key Management Personnel held nil options during 2020.

End of remuneration report

ENVIRONMENTAL ISSUES
The Group has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

OPTIONS

At the date of this report, there were 48,625,000 unlisted options on issue.

The names of persons who currently hold options are entered in a register pursuant to Section 170 of the Corporations Act 2001. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of the Company or any other corporation. Subsequent to year end no options have been issued or exercised.

INDEMNIFICATION OF DIRECTORS

The Company has in place Deeds of Indemnity with each of the Directors.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

There were no non-audit services provided during the current year by our auditors, HLB Mann Judd.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

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 financial report. This Independence Declaration is set out on page 37 and forms part of this directors' report for the year ended 30 June 2020.

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.

G Steinepreis

Gary Steinepreis
Non-Executive Director

Dated Perth 29 September 2021

Corporate Governance Statement

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council.

The following corporate governance charters, codes and policies have been implemented and are available on the Company’s website at www.tarugaminerals.com.au:

- Board Charter
- Corporate Code of Conduct
- Diversity, Nomination and Remuneration Committee Charter
- Audit and Risk Committee Charter
- Shareholder Communication Guidelines and Policy
- Disclosure Policy
- Securities Trading Policy

Auditor's Independence Declaration

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Taruga Minerals Limited for the year ended 30 June 2021, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**M R Ohm**
29 September 2021	**Partner**

hlb.com.au

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Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021

	Note	CONSOLIDATED	
		Year to 30 June 2021	Year to 30 June 2020
		$	$
Revenue	2	6,687	37,200
Depreciation	2	(9,318)	(6,807)
Consultants		(193,733)	(144,466)
Employee benefits expense		(363,018)	-
Professional fees		(104,775)	(98,065)
Travel and accommodation		(3,247)	(10,498)
Office and communication costs		(10,622)	(32,785)
Share-based payments	3	(1,108,344)	(1,020,917)
Exploration expenditure		-	(160,372)
Foreign exchange gain/(loss)		26	(1,843)
Other expenses		(175,867)	(68,239)
Loss from continuing operations before income tax		(1,962,211)	(1,506,792)
Income tax expense	4	-	-
Net loss for the period from continuing operations		(1,962,211)	(1,506,792)
Loss from discontinued operations net of tax	24	(41,377)	(989,507)
Net loss for the period		(2,003,588)	(2,496,299)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange gain/(loss) on translation of foreign subsidiaries		45,927	(179)
Total comprehensive loss for the period		(1,957,661)	(2,496,478)
Basic and diluted loss per share (cents per share)	18	(0.44)	(1.02)
Basic and diluted loss per share from continuing operations (cents per share)	18	(0.44)	(0.62)

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 JUNE 2021

	Note	CONSOLIDATED 30 June 2021 $	30 June 2020 $
CURRENT ASSETS			
Cash and cash equivalents	5	3,390,011	2,025,102
Trade and other receivables	6	107,509	47,499
Total Current Assets		3,497,520	2,072,601
NON CURRENT ASSETS			
Mineral exploration and evaluation	8	5,720,931	-
Plant and equipment	9	78,722	63,151
Other assets	10	80,000	-
Total Non-Current Assets		5,879,653	63,151
TOTAL ASSETS		9,377,173	2,135,752
CURRENT LIABILITIES			
Trade and other payables	11	395,949	104,576
Total Current Liabilities		395,949	104,576
TOTAL LIABILITIES		395,949	104,576
NET ASSETS		8,981,224	2,031,176
EQUITY			
Issued capital	12	29,475,236	21,675,871
Reserves	13	3,141,832	1,987,561
Accumulated losses	14	(23,635,844)	(21,632,256)
TOTAL EQUITY		8,981,224	2,031,176

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$
Year to 30 June 2020					
As at 1 July 2019	19,531,500	(19,135,957)	835,792	(5,236)	1,226,099
Loss for the year	-	(2,496,299)	-	-	(2,496,299)
Other comprehensive loss	-	-	-	(179)	(179)
Total comprehensive loss for the year	-	(2,496,299)	-	(179)	(2,496,478)
Issue of shares net of costs	2,144,371	-	214,267	-	2,358,638
Share-based payments – Performance Rights	-	-	942,917	-	942,917
As at 30 June 2020	21,675,871	(21,632,256)	1,992,976	(5,415)	2,031,176
Year to 30 June 2021					
As at 1 July 2020	21,675,871	(21,632,256)	1,992,976	(5,415)	2,031,176
Loss for the year	-	(2,003,588)	-	-	(2,003,588)
Other comprehensive income	-	-	-	45,927	45,927
Total comprehensive loss for the year	-	(2,003,588)	-	45,927	(1,957,661)
Issue of shares net of costs - placement	3,738,990	-	-	-	3,738,990
Issue of shares net of costs - acquisition	3,951,000				3,951,000
Issue of shares net of costs – exercise of options	109,375				109,375
Share-based payments – Performance Rights/Options	-	-	1,108,344	-	1,108,344
As at 30 June 2021	29,475,236	(23,635,844)	3,101,320	40,512	8,981,224

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2021

	Note	CONSOLIDATED Year to 30 June 2021 $	Year to 30 June 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(524,200)	(368,412)
Interest income received		6,687	602
Payment for exploration expenditure	16	-	(309,252)
Net cash used in operating activities	16	(517,513)	(677,062)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure	16	(1,828,350)	-
Payments for bonds		(80,000)	-
Payments for property, plant & equipment		(67,617)	-
Proceeds from sale of property, plant and equipment		10,000	-
Net cash used in investing activities		(1,965,967)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		4,109,375	2,458,914
Share issue transaction costs		(261,010)	(153,038)
Net cash provided by financing activities		3,848,365	2,305,876
Net increase/(decrease) in cash held		1,364,885	1,628,814
Cash and cash equivalents at the beginning of the year		2,025,102	401,763
Effect of exchange rate fluctuations on cash held		24	(5,475)
Cash and cash equivalents at the end of the year		3,390,011	2,025,102

The accompanying notes form part of these financial statements.

Notes to the Financial Statement

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. Historical cost is based on the fair values of the consideration given in exchange for assets.

The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activity is mineral exploration.

The accounting policies detailed below have been consistently applied to all of the periods presented unless otherwise stated. The financial statements are for the Group consisting of Taruga Minerals and its subsidiaries. For the purposes of preparing the consolidated financial statements, the Group is a for profit entity.

The financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Statement of Compliance

The financial report was authorised for issue on 29 September 2021.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2021

In the year ended 30 June 2021, 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 2020. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

Accounting Policies

(a) Basis of Consolidation
A controlled entity is any entity controlled by Taruga Minerals Limited. Control exists where Taruga Minerals Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Taruga Minerals Limited to achieve the objectives of Taruga Minerals Limited. All controlled entities have a 30 June financial year-end.
All inter-company balances and transactions between entities in the Group, including any unrealised profit or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Notwithstanding the fact that the Group incurred a loss of $2,003,588 for the year ended 30 June 2021, and a net cash outflow from operating and investing activities amounting to $2,483,480, the Directors are of the opinion that the Company is a going concern.

The Group has net working capital of $3,101,571 and cash balances of $3,390,011 at 30 June 2021.

The Directors are satisfied that the Group will have access to sufficient cash as and when required to enable it to fund administrative and other committed expenditure.

(c) Income Tax

The charge for current income tax expenses is based on the result for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation. Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset:	Depreciation Rate:
Plant and Equipment	15 – 50%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Exploration and Evaluation Expenditure
Exploration and evaluation expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised where the requirements under AASB 6 for so doing are satisfied. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.
Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the areas is made.
When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.
A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.
Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(f) Impairment of Assets
At each reporting date, the Directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.
Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Provisions

Provisions are recognised where there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(j) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses. Receivables and payables in the statement of financial position are shown inclusive of GST.

(l) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Segment Reporting

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 Minerals Limited.

Critical accounting estimates and judgements
The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key Estimates – Impairment
The Directors assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

An impairment of $742,448 was recognised in the previous year in respect of prepaid acquisition consideration repayable to the Group (note 7) due to the uncertainty surrounding the timing of the repayment to the Group.

Key Estimates – Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 21.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

(o) Share based payments – shares and options
The fair value of shares and share options granted is recognised as an expense with a corresponding increase in equity. Fair value is measured at grant date and recognised over the period during which the grantees become unconditionally entitled to the shares or share options.
The fair value of share grants at grant date is determined by the share price at that time.
The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, any vesting and performance criteria, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.
Upon the exercise of the option, the balance of the share-based payments reserve relating to the option is transferred to share capital.

(p) Foreign currency translation
Both the functional and presentation currency of Taruga Minerals Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.
All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.
Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.
Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the subsidiary MGS Ghana is CFA Francs. The functional currency of the subsidiary Taruga Congo SARLU was Congalese Franc.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Taruga Minerals Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(q) Parent entity financial information

The financial information for the parent entity, Taruga Minerals Limited, disclosed in Note 20 has been prepared on the same basis as the consolidated financial statements, except for Investments in subsidiaries which are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

NOTE 2 – REVENUE

	Consolidated	
	2021	**2020**
Revenue	**$**	**$**
Interest received	6,687	603
Other income	-	36,597
Total Revenue	6,687	37,200

Notes to the Financial Statement

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3 – LOSS FROM CONTINUING ACTIVITIES BEFORE INCOME TAX

	Consolidated	
	2021	**2020**
	$	**$**
Expenses		
Depreciation of non-current assets continuing operations:		
Plant and Equipment	2,027	631
Office furniture and equipment	4,972	3,238
Motor vehicles	2,319	2,938
Total depreciation of non-current assets	9,318	6,807
Share-based payments:		
Share based payments to contractors (shares)	-	78,000
Share-based payments to contractors [1]	275,598	252,500
Share-based payments to directors and consultants/employees (Note 23)	832,746	690,417
	1,108,344	1,020,917

[1] In 2018, the Company received approval at the General Meeting held on 24 May 2018 to issue 1,500,000 Performance Rights to two contractors for their services, past and future, as exploration manager and engineering consultant of the Company. The expense is related to the Performance Rights previously allotted.

NOTE 4 – INCOME TAX

The prima facie tax expense at 30% on loss from continuing activities is reconciled to the income tax expense in the financial statements as follows:

	2021	**2020**
	$	**$**
Loss from continuing operations	(2,003,588)	(1,506,792)
Loss from discontinued operations	-	(989,507)
Prima facie income tax expense at 30% (2020 30%)	(601,076)	(748,890)
Tax effect of permanent differences		
Foreign projects	-	71,446
Share-based payments	332,503	306,275
Other non-deductible expenses	12,448	285,656
Income tax expense adjusted for permanent differences	(256,125)	(85,512)
Deferred tax asset not brought to account	256,125	85,512
Income tax expense	-	-

NOTE 4 – INCOME TAX (CONTINUED)

Income tax benefit

The directors estimate the cumulative unrecognised deferred tax asset attributable to the company and its controlled entity at 30% is as follows:	Consolidated	
Deferred tax assets	**2021**	**2020**
	$	**$**
Revenue losses after permanent differences	1,829,996	925,299
Capital losses	800,113	800,113
Capital raising costs yet to be claimed	139,203	5,190
Accruals	10,340	19,489
Exporation	(530,979)	-
Other	(6,688)	-
Deferred tax asset	2,241,985	1,750,091

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2021 as the Directors do not believe it is appropriate to regard the realisation of the asset as probable. This asset will only be obtained if:

(a) The company and its controlled entity derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realised;

(b) The company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and

(c) No changes in tax legislation adversely affect the company and its controlled entity in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

Franking Credits

No franking credits are available at balance date for the subsequent financial year.

NOTE 5 – CASH AND CASH EQUIVALENTS

	2021	**2020**
	$	**$**
Cash at bank and on hand	3,390,011	2,025,102

Cash at bank earns interest at floating rates based on daily deposit rates.

NOTE 6 – TRADE AND OTHER RECEIVABLES

	2021	**2020**
	$	**$**
Current		
GST receivable	83,389	-
Other receivables	22,286	45,665
Other current assets	1,834	1,834
	107,509	47,499

No credit losses are expected at balance date.

	Consolidated 2021 $	2020 $
NOTE 7 – OTHER ASSETS		
Share subscription receivable		
Prepaid acquisition consideration at 1 July 2019	677,112	742,448
Impairment [1]	(677,112)	(742,448)
	-	-

[1] Prepaid acquisition consideration totalling US$510,000 towards due diligence costs, and the acquisition of the Kamilombe Project and adjacent tenure in the DRC. During the year, management decided not to pursue completing the acquisition and sought repayment of these advances. Due to concerns on the timing of the repayment, which raises doubts about recoverability, management has impaired the balance in full resulting in an impairment expense of $742,448. Management continues to work on a repayment plan for these advances with the unrelated third party.

NOTE 8: MINERAL EXPLORATION AND EVALUATION

	Note	Consolidated **2021** $	2020 $
Opening balance		**-**	-
Project acquisition costs	(i)	3,951,000	-
Capitalised exploration expenditure	(ii)	1,769,931	-
Acquisition costs in respect of areas of interest in the exploration phase		5,720,931	-

The recoverability of deferred project acquisition costs is dependent upon the successful development and commercial exploitation, or alternately the sale of the areas of interest.

(i) On 11 May 2021 the Company completed the acquisition of Strikeline Resources Pty Ltd and the Flinders, Torrens and Mt Craig Projects in South Australia. The acquisition consideration consisted of the issue of 40 million shares at a share price of $0.09 to the vendors of Strikeline and 3,900,000 shares to the advisors of the transaction at a share price of $0.09. Strikeline Resources Pty Ltd's only asset was exploration assets and no liabilities, and has therefore been accounted for as an acquisition of exploration expenditure.

In addition to the above acquisition consideration Taruga will also make the following milestone payments to the sellers of Strikeline. The probability and timing of these milestones cannot be reliably estimated and have not been included in the acquisition consideration in the above table.

Performance Milestone 1: Following Taruga delineating a JORC Indicated Resource (as defined in JORC 2012) of 150,000t Cu Equivalent (Cu, Au, Ag) at the Project, Taruga will make a milestone payment to the sellers of A$400,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 14-day VWAP of Taruga's Share price as traded on the ASX;

Performance Milestone 2: Following Taruga completing a positive Bankable Feasibility Study (as defined in JORC 2012) in relation to the Project, Taruga will make a milestone payment to the sellers of A$500,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 14-day VWAP of Taruga's Share price as traded on the ASX; and

Performance Milestone 3: Following Taruga commencing commercial production (being first concentrate sales) at the Project, the Company will make a payment to the sellers of A$500,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 14-day VWAP of Taruga's Share price as traded on the ASX.

In accordance with the NSR agreement the Company will grant to the Vendors a 1% NSR in respect of all precious, industrial minerals and base metals produced, sold and proceeds received from the Project. Taruga will have the right to buy back the NSR from the sellers for total consideration of A$500,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 30-day VWAP of Taruga's Share price as traded on the ASX, or alternatively can be

(ii) The Company has capitalised exploration costs of $1,769,931 in respect of the above projects.

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest as well as maintaining rights of tenure.

NOTE 9 – PLANT AND EQUIPMENT

	Consolidated			
	Motor Vehicles	Computer Equipment	Plant & Equipment	Total
Cost	$	$	$	$
2021				
Balance Brought Forward	89,094	2,860	14,157	106,111
Additions	-	11,712	55,906	67,618
Disposals	(75,061)	-	(154)	(75,215)
Foreign exchange movement	-	-	-	-
Balance Carried Forward	14,033	14,572	69,909	98,514
Accumulated Depreciation				
Balance Brought Forward	37,090	970	4,900	42,960
Charge	39,915	2,027	4,972	46,914
Disposals	(69,929)	-	(153)	(70,082)
Foreign exchange movement	-	-	-	-
Balance Carried Forward	7,076	2,997	9,719	19,792
Net Book Value 30 June 2021	6,957	11,575	60,190	78,722

NOTE 9 – PLANT AND EQUIPMENT (CONTINUED)

	Consolidated			
	Motor Vehicles	Computer Equipment	Plant & Equipment	Total
Cost	$	$	$	$
2020				
Balance Brought Forward	89,094	2,860	14,157	106,111
Additions	-	-	-	-
Disposals	-	-	-	-
Foreign exchange movement	-	-	-	-
Balance Carried Forward	89,094	2,860	14,157	106,111
Accumulated Depreciation				
Balance Brought Forward	14,176	339	1,662	16,177
Charge	17,120	631	3,238	20,989
Disposals	-	-	-	-
Foreign exchange movement	5,794	-	-	5,794
Balance Carried Forward	37,090	970	4,900	42,960
Net Book Value 30 June 2020	52,004	1,890	9,257	63,151

Notes to the Financial Statement

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 10 – OTHER ASSETS	2021 $	2020 $
Environmental bonds	80,000	-
	80,000	-

NOTE 11 – TRADE AND OTHER PAYABLES	2021 $	2020 $
Trade creditors	324,003	39,613
Other payables	71,946	64,963
	395,949	104,576

Trade payables are non-interest bearing and are normally settled on 30 day terms.

NOTE 12 – ISSUED CAPITAL	2021 $	2020 $
(a) Issued capital		
505,476,505 shares fully paid	29,475,236	21,675,871

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

	Number	$
Opening balance at 30 June 2019	141,167,238	19,531,500
Placement	81,175,000	811,750
Rights Issue	162,192,600	1,621,926
Consultants shares	6,000,000	78,000
Issue costs - cash	-	(153,212)
Issue costs - options		(214,093)
Closing balance at 30 June 2020	390,534,838	21,675,871

	Number	$
Opening balance at 30 June 2020	390,534,838	21,675,871
Placement	66,666,667	4,000,000
Exercise of options	4,375,000	109,375
Issue of shares – project acquisition	43,900,000	3,951,000
Issue costs - cash	-	(261,010)
Closing balance at 30 June 2021	505,476,505	29,475,236

Movements in options were as follows:

	Number
Closing balance at 30 June 2019	11,749,999
19-Dec-19 – Broker Options	35,000,000
19-Dec-19 – Options expiring	(11,749,999)
Closing balance at 30 June 2020	35,000,000
1-Dec-20 – Director & management options	23,000,000
23-Mar-21- Lapsed	(5,000,000)
5-May-21 - Exercise of options	(4,375,000)
Closing balance at 30 June 2021	48,625,000

NOTE 12 – ISSUED CAPITAL (CONTINUED)

(b) Voting and dividend rights

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	Consolidated	
	2021	2020
	$	$
NOTE 13 – RESERVES AND ACCUMULATED LOSSES		
Share-based Payments Reserve	3,101,320	1,992,976
Foreign Currency Translation Reserve	40,512	(5,415)
	3,141,832	1,987,561

Accumulated Losses	2021	2020
	$	$
Balance at beginning of the year	21,632,256	19,135,957
Net loss from ordinary activities	2,003,588	2,496,299
Balance at end of the year	23,604,862	21,632,256

Share-based Payment Reserve	2021	2020
	$	$
Balance at beginning of the year	1,992,976	835,792
Reserve arising on share-based payments expensed	1,108,344	1,157,184
Balance at end of the year	3,101,320	1,992,976

Foreign Currency Translation Reserve	2021	2020
	$	$
Balance at beginning of the year	(5,415)	(5,236)
Transfer of exchange gain/(loss) on discontinued operations	-	-
Reserve arising on translation of foreign subsidiaries	45,927	(179)
Balance at end of the year	40,512	(5,415)

Nature and purpose of Reserves

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

This share-based payments reserve is used to record the value of equity benefits provided to employees, Directors and consultants as part of their remuneration.

Notes to the Financial Statement

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14 – INVESTMENT IN CONTROLLED ENTITIES

	Registered Number	Country of Incorporation	Interest Held		Value of investment	
			2021	2020	2021 $	2020 $
Parent						
Taruga Minerals Limited	153 868 789	Australia				
Subsidiaries						
Taruga Congo SARLU	01-122-N31711L	DRC	100%	100%	1,361	1,361
MGS Ghana Limited	CA-80, 601	Ghana	100%	100%	-	-
Strikeline Resources Pty Ltd (note 8)	631 241 355	Australia	100%	-	3,951,000	-

NOTE 15 – SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is only two reportable segments, being the exploration of minerals in the Democratic Republic of Congo (DRC) and Australia.

The accounting policies of the reportable segments are the same as Group accounting policies.

NOTE 15 – SEGMENT INFORMATION (CONTINUED)

Geographic Information	**Australia**	**DRC**	**Consolidated**
30 June 2021	**$**	**$**	**$**
Revenues from external customers	6,687	-	6,687
Total loss after tax	(1,962,211)	(41,377)	(2,003,588)
Current assets	3,491,880	5,640	3,497,520
Non-current assets	5,879,653	-	5,879,653
Total assets	9,371,533	5,640	9,377,173
Current liabilities	395,949	-	395,949
Total liabilities	395,949	-	395,949
Net assets	8,975,584	5,640	8,981,224
30 June 2020	**$**	**$**	**$**
Revenues from external customers	37,200	-	37,200
Total loss after tax	(1,544,113)	(952,186)	(2,496,299)
Current assets	2,062,303	10,298	2,072,601
Non-current assets	20,422	42,729	63,151
Total assets	2,082,725	53,027	2,135,752
Current liabilities	101,007	3,569	104,576
Total liabilities	101,007	3,569	104,576
Net assets	1,981,718	49,458	2,031,176

NOTE 16 – NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated 2021 $	2020 $
Reconciliation of loss after income tax to net operating cash flows		
Loss from ordinary activities	2,003,588	2,496,299
Depreciation	(46,914)	(20,989)
Impairment of exploration	-	(811,057)
Exchange gain/(loss)	26	(1,843)
Share-based payments	(1,108,344)	(1,020,917)
Movement in assets and liabilities		
Receivables	60,010	29,074
Payables	(390,853)	6,495
Net cash used in operating activities	517,513	677,062

The cashflows for exploration expenditure have been reclassified as investing activity cashflows in the annual report, these cashflows were previously classified as operating activity cashflows in the Appendix 5B quarterly cashflows.

NOTE 17 – RELATED PARTY INFORMATION

a) Transactions with Key Management Personnel

The transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

b) Directors and Executives Disclosures

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	2021 $	2020 $
Short-term employee benefits	422,023	104,219
Share based payments	501,914	-
Performance rights	304,333	690,416
Post-employment benefits	29,143	-
	1,257,413	794,635

NOTE 18 – REMUNERATION OF AUDITORS

	2021 $	2020 $
Auditing and reviewing of the financial statements of Taruga Minerals Limited and of its controlled entities.	29,786	27,509
	29,786	27,509

NOTE 19 – LOSS PER SHARE

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

	Consolidated 2021	Consolidated 2020
	$	$
Loss for the year	2,003,588	2,496,299
Loss for the year from continuing operations	1,962,211	1,506,792
Loss for the year from discontinued operations	41,377	989,507
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	452,196,939	245,022,936

There are no potential ordinary shares on issue at the date of this report.

NOTE 20 – FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and hire purchase liabilities.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst maintaining potential adverse effects on financial performance. The Group has developed a framework for a risk management policy and internal compliance and control systems that covers the organisational, financial and operational aspects of the group's affairs. The Chairman is responsible for ensuring the maintenance of, and compliance with, appropriate systems.

Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk and liquidity risk.

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market, interest rate and the effective weighted average interest rate on these financial assets, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	Consolidated			
	2021	2020	2021	2020
Financial Assets			$	$
Cash at Bank	0.05%	0.64%	3,390,011	2,025,102
Total Financial Assets			3,390,011	2,025,102

There are no financial liabilities subject to interest rate fluctuations.

NOTE 20 – FINANCIAL INSTRUMENTS (CONTINUED)

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

Interest Rate Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks.

At 30 June 2020 the effect on the loss and equity as a result of changes in the interest rate with all other variables remaining constant is as follows:

	Consolidated	
	2021	**2020**
	$	**$**
Change in Loss		
• Increase in interest by 2%	(67,984)	(40,504)
• Decrease in interest by 2%	67,984	40,504
Change in Equity		
• Increase in interest by 2%	(67,984)	(40,504)
• Decrease in interest by 2%	67,984	40,504

Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Consolidated			
Currency	Liabilities 2021 $	Assets 2021 $	Liabilities 2020 $	Assets 2020 $
US Dollars	-	5,640	-	1,600

Foreign currency

Other than translational risk the Group has no significant exposure to foreign currency risk at the balance date.

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows. All liabilities are expected to be settled in 3 to 6 months.

NOTE 20 – FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statement.

In the case of cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority Supervision.

The Group does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

Capital Management Risk

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the Group since the prior year.

Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. The Group has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

NOTE 21 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 6 July 2021, all resolutions at the Company's General Meeting were passed by way of a poll.

On 15 July 2021, the Company issued 2,100,000 shares to Eric de Mori following shareholder approval.

On 24 August 2021, the Company provided an update of the progress on previously reported Aboriginal heritage authorisations being sought for the Flinders IOCG project in South Australia.

On 10 September 2021, the Company announced that it had been successful in its application for participation in the Federal Governments Junior Minerals Exploration Incentive scheme for the 2021/2022 income year, with an allocation of $900,000 of exploration credits.

On 15 September 2021, the Company advised of a revision to the remuneration package for CEO Mr Thomas Line.

Other than as detailed above, no other matters have arisen since 30 June 2020 that in the opinion of the directors has significantly affected or may significantly affect in future financial years (i) the Group's operations, or (ii) the results of those operations, or (iii) the Group's state of affairs.

Notes to the Financial Statement

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22 - PARENT ENTITY DISCLOSURES

Financial Position	2021 $	2020 $
Total Current Assets	3,491,835	2,062,303
Total Non-current assets	5,879,653	20,422
TOTAL ASSETS	9,371,488	2,082,725
Total Current Liabilities	395,948	101,007
TOTAL LIABILITIES	395,948	101,007
NET ASSETS	8,975,540	1,981,718
EQUITY		
Issued capital	29,475,236	21,675,871
Reserves	3,101,320	1,992,976
Accumulated losses	(23,601,016)	(21,687,129)
TOTAL EQUITY	8,975,540	1,981,718

Financial Performance

Loss for the year	1,913,887	1,655,241
Total comprehensive loss	1,913,887	1,655,241

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries, has no contingent liabilities, and has no commitments for acquisition of plant and equipment.

NOTE 23 – SHARE-BASED PAYMENTS

Performance Rights Valuation

Item	Tranche A	Tranche B	Tranche C
Value of underlying security	$0.22	$0.22	$0.22
Exercise price	nil	nil	nil
Valuation date	1 June 2018	1 June 2018	1 June 2018
10-Day VWAP barrier	$0.30	$0.40	$0.50
Life of the Rights (years)	3.00	3.00	3.00
Volatility	60%	60%	60%
Risk-free rate	2.12%	2.12%	2.12%
Dividend yield	nil	nil	nil
Vesting Conditions	Note [1]	Note [2]	Note [3]
Number of Rights	8,500,000	2,500,000	2,500,000
Value per Right	$0.19	$0.16	$0.13
Value per Tranche	$1,589,500	$392,500	$332,500

[1] The Tranche A Rights will vest upon the 10-day volume weighted average price (**'10-Day VWAP'**) of shares traded on the Australian Securities Exchange (**'ASX'**) being at $0.30 or greater.
[2] The Tranche B Rights will vest upon the 10-Day VWAP of shares traded on the ASX being at $0.40 or greater.
[3] The Tranche C Rights will vest upon the 10-Day VWAP of shares traded on the ASX being at $0.50 or greater.

The above tranches of performance rights are expensed over the life of the rights (3 years). The performance rights were cancelled on 1 June 2021 having not achieved their vesting conditions. The expense included in the reporting period to 30 June 2021 was $535,792 (30 June 2020: $942,917).

Option Valuation

The following options were issued to directors and management during the period:

Number	Grant Date	Expiry Date	Exercise Price $	Fair Value at grant date $	Tranche A	Vesting date Tranche B
23,000,000	1/12/2020	1/12/23	0.065	684,089	1 June 2021	1 January 2022

The fair value of the equity-settled share options is estimated as at the date of grant using the Black-scholes model taking into account the terms and conditions upon which the options were granted.

Value of underlying security	$0.051
Exercise price	$0.065
Valuation date	1/12/2020
Life of the Rights (years)	3.00
Volatility	103%
Risk-free rate	0.25%
Dividend yield	nil
Value per Option	$0.030

Notes to the Financial Statement

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 24 – DISCONTINUED OPERATIONS

Current year - Kamilombe Project

During the previous year Taruga Democratic Republic of the Congo withdrew from their acquisition of the Kamilombe Project and adjacent tenure in the Democratic Republic of the Congo (DRC). There were no cash flows attributable to the discontinued operations with the $41,377 loss being comprised of depreciation and other expenses.

	2021 $	2020 $
Results of discontinued operations		
Depreciation	(37,596)	(14,182)
Exploration expenditure	-	(232,718)
Impairment expense	-	(742,448)
Other expenses	(3,781)	(159)
Results from operating activities	(41,377)	(989,507)
Income tax (expense)/benefit	-	-
Results from operating activities after tax	-	-
	(41,377)	(989,507)
Cashflows gained from/(used in) discontinued operations		
Net cash gained from operating activities	-	-
Net cash flow for the year	-	-

NOTE 25 – COMMITMENTS

Exploration expenditure commitments

In order to maintain rights of tenure to its Australian located mineral tenements, the Group is required to outlay certain amounts in respect of rent and minimum expenditure requirements. The Group's commitments to meet this minimum level of expenditure is approximately $278,000 (2020: nil) annually.

NOTE 26 – CONTINGENT LIABILITIES

In addition to the acquisition consideration detailed in note 8 the Group will also make the following milestone payments to the sellers of Strikeline Resources Pty Ltd. The probability and timing of these milestones cannot be reliably estimated and have not been included in the acquisition consideration.

Performance Milestone 1: Following Taruga delineating a JORC Indicated Resource (as defined in JORC 2012) of 150,000t Cu Equivalent (Cu, Au, Ag) at the Project, Taruga will make a milestone payment to the sellers of A$400,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 14-day VWAP of Taruga's Share price as traded on the ASX;

NOTE 26 – CONTINGENT LIABILITIES (CONTINUED)

Performance Milestone 2: Following Taruga completing a positive Bankable Feasibility Study (as defined in JORC 2012) in relation to the Project, Taruga will make a milestone payment to the sellers of A$500,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 14-day VWAP of Taruga's Share price as traded on the ASX; and

Performance Milestone 3: Following Taruga commencing commercial production (being first concentrate sales) at the Project, the Company will make a payment to the sellers of A$500,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 14-day VWAP of Taruga's Share price as traded on the ASX.

In accordance with the NSR agreement the Company will grant to the Vendors a 1% NSR in respect of all precious, industrial minerals and base metals produced, sold and proceeds received from the Project. Taruga will have the right to buy back the NSR from the sellers for total consideration of A$500,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 30-day VWAP of Taruga's Share price as traded on the ASX, or alternatively can be

The Company had no other contingent liabilities at 30 June 2021 or 30 June 2020.

Directors' Declaration

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

1) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   (a) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and

   (b) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the period 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.

3) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

4) This declaration has been made after reviewing the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2021.

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.

G Steinepreis

Gary Steinepreis
Non-Executive Director

Dated Perth 29 September 2021

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ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the members of Taruga Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Taruga Minerals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Carrying value of mineral exploration and evaluation Refer to Note 8	
The Group has capitalised mineral exploration and evaluation expenditure of $5,720,931 as at 30 June 2021 which includes $3,951,000 in relation to an asset acquisition during the year then ended.	Our procedures included but were not limited to the following: - We reviewed the key terms of the acquisition agreement to determine the required accounting;

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Our audit procedures determined that the carrying value of capitalised mineral exploration and evaluation expenditure was a key audit matter as it was an area which required a significant amount of audit effort and communication with those charged with governance and was determined to be of key importance to the users of the financial statements.	- We considered whether the acquisition was an asset acquisition or business combination; - We reviewed the determination of the consideration and the net assets acquired; - We obtained an understanding of the key processes associated with management's review of the carrying value of the capitalised mineral exploration and evaluation expenditure; - We tested a sample of mineral exploration and evaluation expenditure capitalised during the year; - We considered the Directors' assessment of potential indicators of impairment; - We obtained evidence that the Group has current rights to tenure of its areas of interest; - We examined the exploration budget and discussed with management the nature of planned ongoing activities; and - We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2021

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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ADVISORY AND ACCOUNTING

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Taruga Minerals Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2021

M R Ohm
Partner

ASX Additional Information

AS AT 23 SEPTEMBER 2021

ANALYSIS OF SHAREHOLDING as at 20 September 2021

			Shareholders
1	-	1,000	205
1,001	-	5,000	91
5,001	-	10,000	153
10,001	-	100,000	593
100,001	-	or more	379
Total			1,421

The number of shareholdings held in less than marketable parcels is 397.

Voting Rights

Article 16 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have:

a) for every fully paid share held by him one vote
b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares

Substantial Shareholders

The following substantial shareholders have notified the Company in accordance with Corporations Act 2001.

Mr Thomas Line – 28,430,833 ordinary shares (5.55%).

Directors' Shareholding

The interest of each director in the share capital of the Company is detailed in the director's report.

Securities Subject to Escrow

Nil.

ASX Additional Information

AS AT 23 SEPTEMBER 2021

TOP TWENTY SHAREHOLDERS

Position	Holder Name	Holding	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,940,311	7.21%
2	MR THOMAS LINE <THOMAS LINE FAMILY A/C>	28,430,833	5.55%
3	GLAMOUR DIVISION PTY LTD <THE HAMMER A/C>	21,689,400	4.24%
4	MR MARK GASSON	16,000,000	3.12%
5	MCNEIL NOMINEES PTY LIMITED	15,354,782	3.00%
6	CITICORP NOMINEES PTY LIMITED	14,263,836	2.79%
7	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	11,953,898	2.33%
8	RANCHLAND HOLDINGS PTY LTD <R C STEINEPREIS FAMILY A/C>	10,146,903	1.98%
9	MOUTIER PTY LTD	10,000,000	1.95%
9	REPLAY HOLDINGS PTY LTD <SUNSET SUPER FUND A/C>	10,000,000	1.95%
9	TWO TOPS PTY LTD	10,000,000	1.95%
10	MR SALIM CASSIM	8,000,000	1.56%
11	OAKHURST ENTERPRISES PTY LTD	7,218,334	1.41%
12	MRS LYNETTE JEAN HOMER & MR MARK ROBERT HOMER <BEACH SUPER FUND A/C>	7,175,000	1.40%
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	7,084,512	1.38%
14	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	6,562,459	1.28%
15	TALLTREE HOLDINGS PTY LTD <D STEINEPREIS FAMILY A/C>	6,500,000	1.27%
16	MR PHILIP ALAN SPEAKMAN	6,200,000	1.21%
17	MR MARK FREEMAN <MARK FREEMAN FAMILY A/C>	5,710,000	1.12%
18	MR BERNARD MICHAEL AYLWARD <THE GALBRAITH FAMILY A/C>	5,698,586	1.11%
19	WORKPOWER PTY LTD	5,251,152	1.03%
20	PONDEROSA INVESTMENTS (WA) PTY LTD <THE PONDEROSA INVESTMENT A/C>	5,250,000	1.03%
	Total	**255,430,006**	**49.88%**
	Total issued capital - selected security class(es)	**512,060,006**	**100.00%**

The name of the Company Secretary is Daniel Smith.

The address of the registered office is: Level 8, 99 St Georges Terrace, Perth WA 6000.

Registers of securities are held by Automic Group, Level 2/267 St Georges Terrace WA 6000

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange Ltd.

There are nil securities currently subject to escrow.

Unquoted Securities

Options
There are 26,250,000 unlisted options exercisable at $0.025 each on or before 18 February 2024 and 18,000,000 unlisted options exercisable at $0.065 each on or before 1 December 2024.

ASX Additional Information

AS AT 23 SEPTEMBER 2021

Options Exercisable at $0.025 expiring 18/02/24	**% Interest**
Glamour Division Pty Ltd	30.48%
Talltree Holdings Pty Ltd <D Steinepreis Family A/C>	25.71%

Options Exercisable at $0.065 expiring 1/12/24	**% Interest**
Gary Steinepreis	27.78%
Paul Cronin	27.78%
Glamour Division Pty Ltd	27.78%

Performance Rights
There are 2,000,000 performance rights on issue subject to various vesting conditions

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 (MCCP)	100%	Australia
ELA2020/00233	100% (In application)	Australia


GEODRILL
GDR02
CAUTION

TARUGA

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