TARUGA

ACN 153 868 789

ANNUAL REPORT 2018

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TARUGA

AND CONTROLLED ENTITIES

COMPANY INFORMATION

AND CONTROLLED ENTITIES

ACN	153 868 789	
Directors	Mark Gasson	Managing Director (appointed 28 February 2018)
	Bernard Aylward	Non-Executive Director
	Gary Steinepreis	Non-Executive Director
	Sheena Eckhof	Non-Executive Director (appointed 6 September 2017)
	Daniel Smith	Non-Executive Director (resigned 6 September 2017)

Joint Company Secretaries
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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

Company Overview

Taruga Minerals Limited ("Taruga" or "the Company") is an exploration company that listed on the Australian Securities Exchange (ASX) on 7 February 2012. Taruga is focused on the exploration of key commodities required for Electric Vehicle (EV) Batteries, including Cobalt, Copper and Lithium exploration in the Democratic Republic of Congo (DRC) and Australia.

Taruga recently completed technical due diligence drilling on two advanced Cobalt and Copper projects, Kamilombe and Mwilu, and is continuing to review and evaluate other opportunities prospective for Copper, Cobalt and Lithium within the DRC in conjunction with its DRC consultants.

In addition to the African projects, Taruga has also pursued new opportunities in Australia and during the year announced the application of two licences regarded as prospective for Cobalt and Lithium in the mid-west region of Western Australia. The Company intends to explore these licences when they are granted.

The Company successfully concluded two capital raisings during the financial year, with funds raised through existing shareholders and new investors, together totalling approximately $2.85m.

Projects Overview

Taruga Minerals Limited (**Taruga** or the **Company**) is a mineral exploration company which has projects located in the mineral rich DRC and Western Australia.

Democratic Republic of Congo

Copper-Cobalt Projects

Prior to the 2018 financial year on May 2017, Taruga announced that it had appointed Mr Mark Gasson and Mr Klaus Eckhof as strategic consultants for the Company to identify and review opportunities in the DRC that have potential to host high-grade Copper, Cobalt and Lithium mineralisation with a focus on the EV Battery sector. The DRC is the major supplier of Cobalt to the world market and project generation has identified key areas for project acquisition.

On 1 March 2018, the Company announced that it had entered into various option agreements to acquire highly prospective Cobalt and Copper mineralised concessions within the Central African Copper Belt, in the south-east of the DRC. Taruga has undertaken a comprehensive review on a number of projects, and has focused on potential acquisition of Cobalt-Copper projects and Lithium projects, ranging from advanced exploration with high-grade drill intersections through to early stage exploration offering additional opportunities. All concessions are shown in **Figure 1** highlighting their position within the Central African Copper Belt.

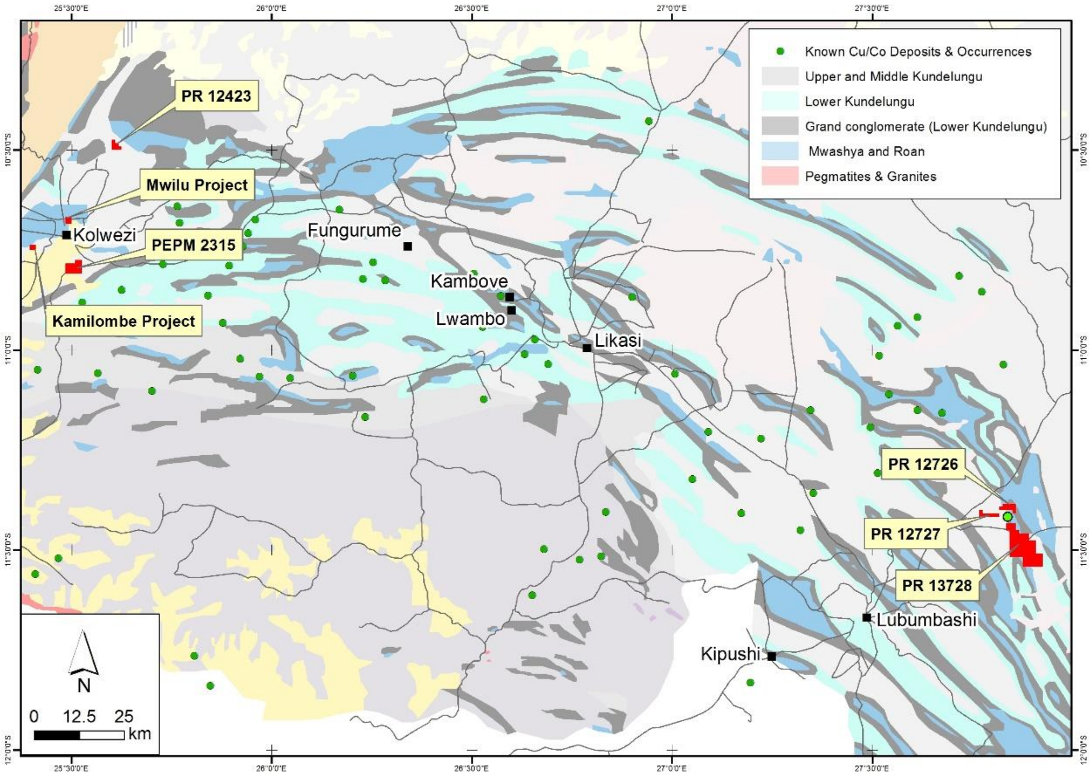

Figure 1: Regional geology showing location of Taruga's optioned tenements

Taruga has entered into an agreement with a consortium including the Government of Lualaba Province and local construction and development company, Mint-Master, to earn a 60% interest in the high grade Mwilu (portion of Permis d'Exploitation – PE 4960) and Kamilombe (portions of PE 11599 and PE 2605) Cobalt-Copper projects. The Company has agreed to a 6 month due diligence period and concluded drilling programmes to better understand the true mineralised potential of both deposits, which are currently being mined from surface by artisanal miners. Taruga has already collected a series of channel samples through the artisanal workings and reports grades of up to 13% Co (range 0.2% Co to 13% Co) using a handheld XRF Niton. In addition, Taruga has also secured a first right of refusal to assess and develop additional Cobalt-Copper licences held by the Government of Lualaba Province and Mint-Master.

The Company has also signed agreements with Madini for the acquisition of Madini's 70% option on four highly prospective Cobalt-Copper licences as well as up to 100% interest of PR 12423, all of which cover a total of 116km^2 of highly prospective ground with known Cobalt and Copper occurrences within inferred/mapped Roan sediments. The two main projects as part of acquisition, being Mwilu (portion of Permis d'Exploitation – PE 4960) and Kamilombe (portions of PE 11599 and PE 2605), are outlined below.

Kamilombe Project

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

No outcrop was observed during the field visit at Kamilombe; however, artisanal mining is occurring in the footwall zone in an overturned sequence over more than 1km strike length.

[1] Refer to Ni 43-101 Technical Report released by Katanga Mining Limited, dated 31 March 2017

Eight samples were collected from the artisanal pits at depths ranging from 25m to 75m below surface as shown in **Figure 2**. Niton results shown in **Figure 2** reported highly significant Cobalt grades of 0.8% Co to 5.6% Co. Little Copper mineralisation was reported, with a maximum grade of 0.38% Cu encountered.

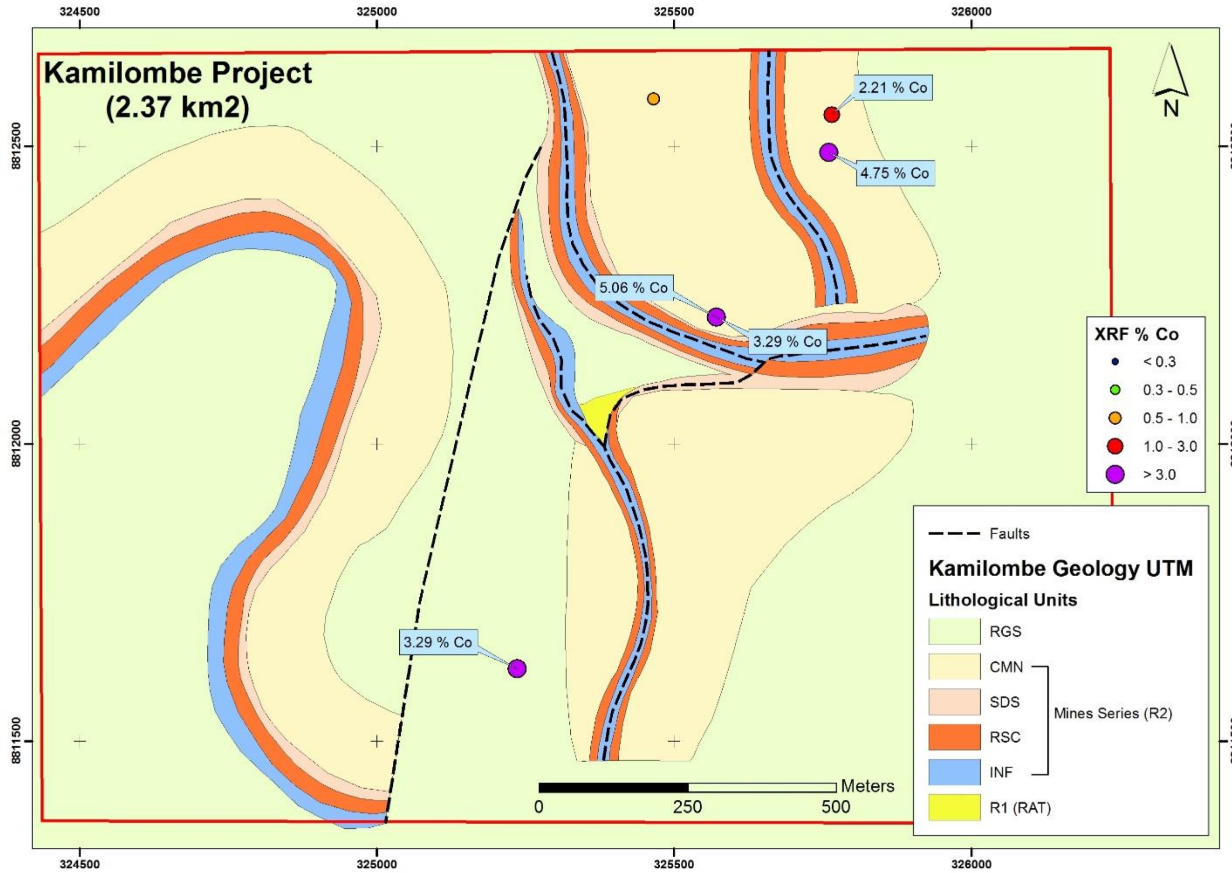

Figure 2: Interpreted geology from Gecamines and portable XRF grades for grab samples at Kamilombe

On 2 May 2018, Taruga announced that due diligence drilling had commenced at Kamilombe and the Mwilu. All holes at Kamilombe are vertical and will be surveyed every 30m with orientations measured with a Reflex tool throughout the hole. Due to expected bad ground conditions holes will be started with PQ down to a maximum of 150m after which they will be drilled with HQ size. The drilling was undertaken to confirm grade, widths and stratigraphy.

On 22 May 2018, Taruga announced that drilling at one hole had been completed at Kamilombe. KMDD001 was drilled down to 264m. An excellent correlation exists between stratigraphic sequences comprising the Mines R2 Series in both drill holes. KMDD002 located 400m east of KMDD001 has been drilled down to 74m. Two additional KCC/Gecamines diamond holes will be twinned during the due diligence programme. The drilling allowed the Company to create a 3D lithological model using historical drilling data which will assist in future planning and modelling.

The Company announced the completion of drilling at Kamilombe post the financial year end, on 12 July 2018. Taruga completed 5 diamond holes at Kamilombe for a total of 999.3m, twinning historical drill holes (refer **Figure 3**).

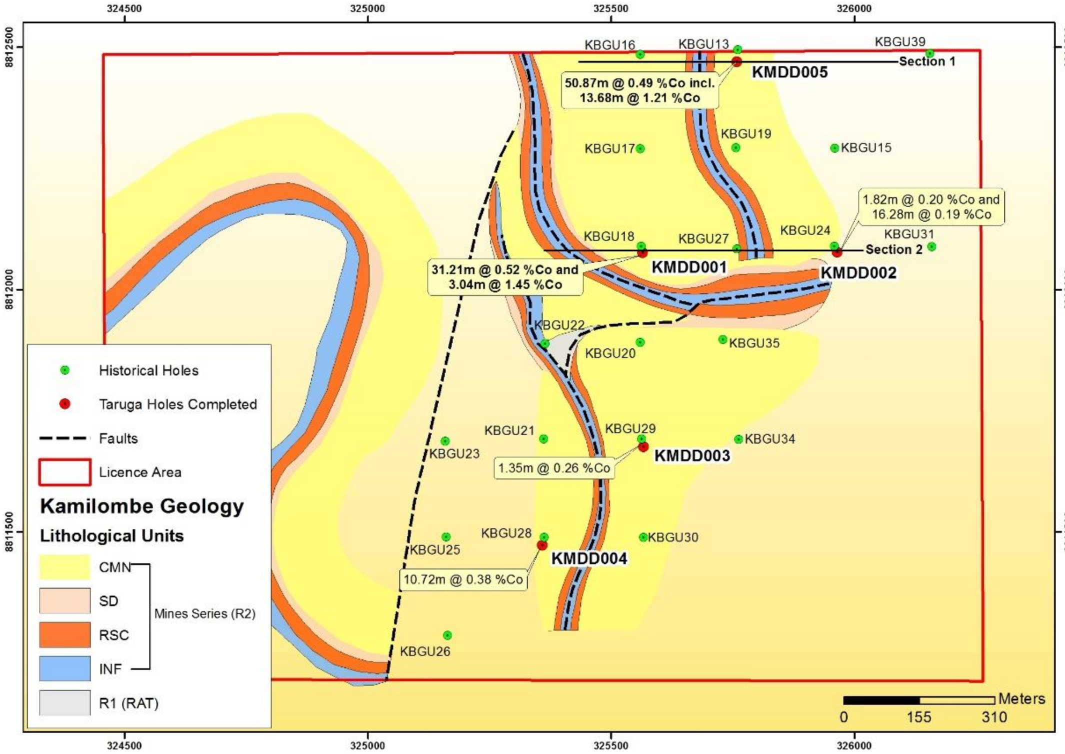

Figure 3: Interpreted geology from Gecamines showing historic diamond holes and 5 twinned diamond holes completed by Taruga

Post financial period

Following the financial year-end, on 30 July 2018 Taruga announced high grade Cobalt and Copper results from assays of KMDD001 at Kamilombe.

The Cobalt result of **31.21m at 0.52% Co** from **33.1m** including **3.04m at 1.45% Co** from **36.4m** and **5.18m at 1.05% Co** from **57.7m** confirms that Kamilombe is first and foremost a Cobalt project with Copper support. Significant intercepts are summarised in **Table 1** and the locality of KMDD001 is shown in **Figure 2**.

Table 1: Significant intercepts reported at Kamilombe

Hole ID	Easting	Northing	RL	Azimuth	Dip	EOH (m)	From (m)	To (m)	Interval (m)	Co (%)	Cu (%)
KMDD001	325565	8812076	1446.7	0	-90	266.00	33.1	64.31	31.21	0.52 [1]	
						incl.	36.4	39.44	3.04	1.45 [1]	
						incl.	57.7	62.88	5.18	1.05	
							72.3	88.46	16.16		1.05
							138.3	162.8	24.5		1.22
						incl.	144.08	152.2	8.12	0.10	
							204.87	214.5	9.63		1.01

[1] – includes 39% recoveries for high grade Co intercept (1.64m at 2.02% Co)
A cut-off grade of 0.1% Co and 0.5% Cu was used with a maximum dilution of 3m within each intercept

Drilling recoveries averaged 38% for the deeper Mines R2 Series and results cannot be considered to be reliable below a depth of 217m. Future holes will be drilled with the larger diameter PQ and HQ bit sizes to ensure better recoveries at depth.

Diamond drilling carried out by Taruga intersected an additional mineralised zone of **24.5m at 1.22% Cu** from **138.3m** and **8.12m at 0.1% Co** from **144.08m** which was not reported in historical drilling data.

Thicknesses of the mineralised intersections are close to true thickness as bedding in the highly weathered stratigraphic units appears to be flat.

The remaining 4 holes at Kamilombe demonstrate reasonable stratigraphic correlation with the existing drill holes, however slight variations were noted due to faulting and were easily identified in the core. The most significant variation was noted in KMDD005 where historical drilling intercepted mineralization from 70m, however Taruga observed mineralisation in artisanal workings and drill core which starts immediately below the 3-5m thick overburden.

On 31 August 2018, the Company announced that results for the final 4 diamond drill holes at Kamilombe and the initial 3 drill holes at Mwilu have been received. Drilling at Kamilombe included significant intercepts of **13.68m at 1.21% Co** from **30.47m** within a broader zone of **50.87m at 0.49% Co** from **5.8m.** This sits immediately below the quartz/dolomite mineralised overburden which reported **5.8m at 0.2% Co** from surface**.** A second intercept of **8.85m at 0.41% Co** and **1.32% Cu** was reported from **88.85m** all in KMDD005.

KMDD004 at the southern end of the area of drilling (refer **Figure 1**) reported **10.72m at 0.4% Co** from **40m** while KMDD002 reported a best result of **16.28m** at **0.2% Co** from **164.6m**. The intercept in KMDD002 lies east of a thrust fault shown in **Figure 3** on the same section where KMDD001 reported significant intercepts of **3.04m at 1.45% Co** from **36.4m** and **5.18m at 1.05% Co** from **57.7m** within a broader zone of **31.21m at 0.52% Co** from **33.1m.** The section shows that mineralisation in MWDD001 is flat lying and open to the west.

Narrow zones of Copper mineralisation were intersected in most holes with a broad zone of approximately **120m** of anomalous Copper (0.3% Cu) reported in KMDD004.

Results confirm that Kamilombe is a Cobalt project with Copper mineralisation reported at deeper intervals.

Table 2: Significant intercepts reported at Kamilombe

Hole ID	Easting	Northing	RL	Azi-muth	Dip	EOH (m)	From (m)	To (m)	Interval (m)	Co %	Cu %
KMDD002	325965	8812078	1439	0	-90	230.00	0.00	0.70	0.70	0.25	
							47.76	49.58	1.82	0.20	
							141.30	142.38	1.08	0.10	
							151.50	155.82	4.32	0.12	
							161.60	171.22	9.62		1.20
							164.60	180.88	16.28	0.19	
							184.88	185.66	0.78	0.14	
							201.40	212.05	10.65	0.11	
							211.05	215.75	4.70		2.06
						incl.	212.84	213.90	1.06		5.44
KMDD003	325567	8811676	1452	0	-90	82.70	0.00	1.35	1.35	0.26*	

Hole ID	Easting	Northing	RL	Azi-muth	Dip	EOH (m)	From (m)	To (m)	Interval (m)	Co %	Cu %
							42.60	45.85	3.25	0.11	
							57.16	57.50	0.34	0.13	
							61.65	62.30	0.65	0.10	
KMDD004	325359	8811473	1450	0	-90	293.00	40	50.72	10.72	0.38	
						incl.	41	42	1.00	0.90	
						incl.	48.4	49.4	1.00	0.74	
							55.45	56.3	0.85	0.11	
							74.8	75.78	0.98	0.10	
							85.70	86.70	1.00		0.68
							91.67	97.70	6.03		0.76
							112.20	113.03	0.83		1.58
							116.04	117.00	0.96		0.73
							152.92	154.26	1.34		0.62
							173.45	180.64	7.19		0.52
							203.40	208.00	4.60		0.54
							211.89	214.00	2.11		0.85
							220.9	221.6	0.69	0.12	
							254.30	255.12	0.82		0.57
							254.3	255.1	0.82	0.14	
							259.4	260.8	1.31	0.12	
							275.63	276.13	0.50		0.84
							283.76	287.60	3.84		1.96
						incl.	283.76	284.76	1.00		5.32
KMDD005	325759	8812471	1455	0	-90	100.50	0	5.8	5.80	0.2*	
							5.8	56.67	50.87	0.49	
						incl.	30.47	44.15	13.68	1.21	
							68.16	69.16	1.00		0.50
							78.61	84.85	6.24		0.58
						incl.	79.74	80.07	0.33	0.20	2.31
							88.85	97.70	8.85	0.41	1.32
						incl.	88.85	90.5	1.65	0.94	
						incl.	94.50	96.50	2.00		3.11
						incl.	95	97	2.00	0.62	

A cut-off grade of 0.5 % Cu and 0.1 % Co was used with a maximum dilution of 3m within each intercept

**** Overburden***

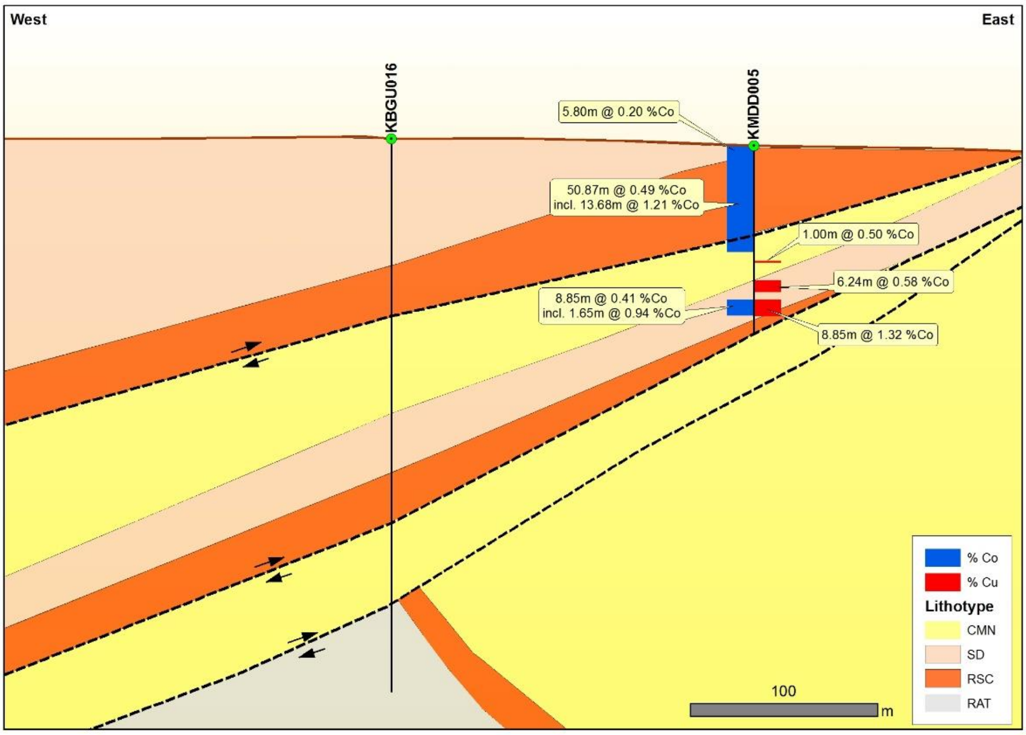

Figure 4: Interpreted section across KMDD005 highlighting the near surface and shallow dipping mineralized RSC unit and lower RAT unit

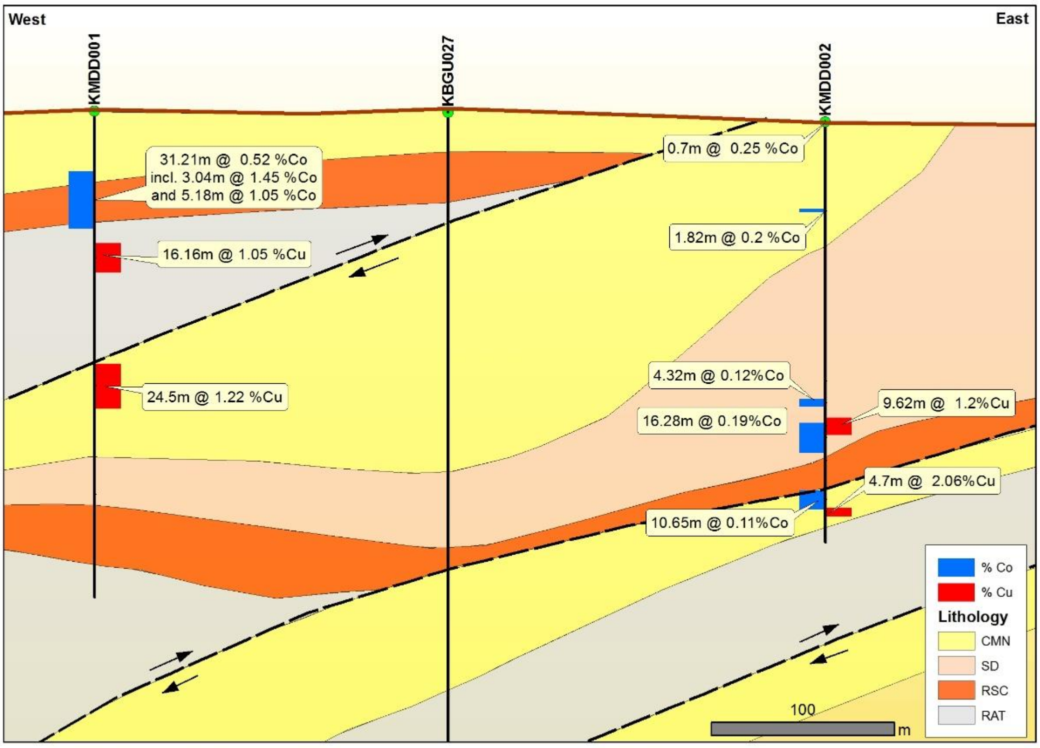

Figure 5: Interpreted section across KMDD001 and KMDD002

Mwilu Project

Mwilu covers 3.36km[2] within the Kolwezi "Klippe" (**Figure 6**) which hosts a number of the largest known Cobalt and Copper mines, and borders the city of Kolwezi to the north. The area is currently being mined at shallow levels by artisanal miners who are providing Cobalt ore to the consortium, the sale of which is used to fund ongoing development projects in the Lualaba Province. The Company is in discussions with the vendors of Mwilu for possible early stage production at shallow levels on the two projects.

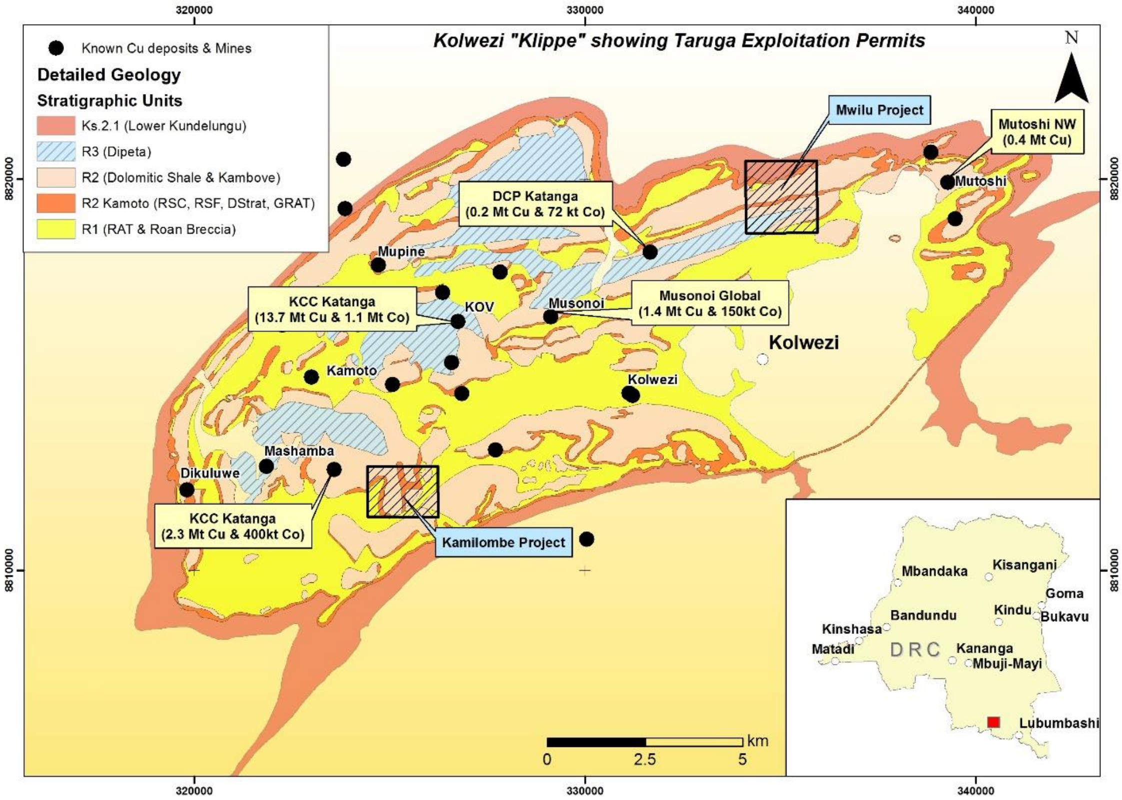

Figure 6: Geological map of the Kolwezi "Klippe" showing the Mwilu and Kamilombe project areas and known mines and deposits

In March 2018, Taruga conducted a reconnaissance sampling and mapping programme at Mwilu to confirm historical mapping carried out by La Générale des Carrières et des Mines (**Gécamines**). Samples were collected from a number of artisanal pits and a series of trenches in the NW corner of the project area. Significant results for grab and channel samples using a portable XRF are shown in **Figure 7**.

At shallow levels, no significant Copper grades were reported, confirming a dominance of Cobalt mineralisation at Mwilu. No historic drilling was available at Mwilu. A drilling programme was designed to test the near surface geology and mineralisation after which a fence of diamond holes at differing angles was planned to cover 1.4km of underlying Mines R2 Series lithologies.

Post financial period

On 12 July 2018, Taruga announced the completion of 6 drill holes at Mwilu for a total of 857m. Four inclined shallow holes were drilled at Mwilu to test near surface Cobalt grades of Mines R2 series lithologies exposed in two ridges at Mwilu. The holes were planned to evaluate the potential for early stage, small scale, near surface production.

Both diamond holes which targeted the northern ridge intersected mineralised lower R2 Mines series stratigraphy before intersecting a major thrust fault. Two diamond holes drilled below the southern ridge showed that mineralised Mines R2 series were duplicated through thrusting and could potentially host a broad zone of mineralisation.

All holes have showed varying amounts of black oxide which potentially includes heterogenite (Cobalt mineral). Copper in the form of malachite was observed at depth in many of the holes, especially along fault zones.

On 31 August 2018, the Company announced that results for the initial 3 drill holes at Mwilu had been received, with the remaining results from drilling at the southern end of the project outstanding. Two inclined shallow holes drilled to test near surface Cobalt mineralisation under the northern ridge and the potential for early stage, small scale, near surface production at Mwilu reported best intercepts of 3.58m at 0.18% Co from 33.72m in MWDD001 and 11m at 0.14% Co from 22.2m in MWDD002. Both intersections were reported from the lower R2 mineralised unit before intersecting a major thrust fault.

As shown in **Figure 8**, hole MWDD003 drilled further south reported best intercepts of **25.45m at 0.13% Co** from **14.25m**, **3.73m at 0.34% Co** from **45.37m** including **0.5m at 1.41% Co** from **45.37m**. Both upper and lower mineralised R2 units were intersected. Results for holes MWDD004 to MWD008 are outstanding.

All results are shown in **Table 3** and results and drill hole localities in **Figures 7**

Table 3: Significant intercepts reported at Mwilu

Hole ID	Easting	Northing	RL	Azi-muth	Dip	EOH (m)	From (m)	To (m)	Interval (m)	Cu %	Co %
MWDD001	325565	8812076	1446	0	-90	170.60	18	18.8	0.80		0.10
							21.9	24.9	3.00		0.17
							33.72	37.3	3.58		0.18
							49.2	50.2	1.00		0.13
MWDD002	335520	8819941	1473	345	-55	59.20	8.22	10.22	2.00		0.18
							22.2	33.2	11.00		0.14
							37.2	41.2	4.00		0.11
MWDD003	335518	8819777	1472	0	-90	136.05	9.1	9.75	0.65		0.11
							14.25	39.7	25.45		0.13
							45.37	49.1	3.73		0.34
						incl.	45.37	45.87	0.50	1.31	1.41
							54.1	55.1	1.00		0.21
							63.6	64.6	1.00		0.11
							73.43	74.76	1.33		0.13
							83.15	86.15	3.00		0.14

A cut-off grade of 0.5 %Cu and 0.1 % Co was used with a maximum dilution of 3m within each intercept

All drilling has been completed at Mwilu and all samples have been submitted to ALS Global's accredited laboratory in Johannesburg for 4 acid digest and ICP-AES finish. Both ridges were tested as well as the area between the two ridges as shown in **Figures 7 and 8**.

On 14 September, the Company announced the final results from due diligence drilling at Mwilu, with best intercepts including 6.40m at 1.11% Co from 282.45m and 8.40m at 2.7% Cu from 269.15m. Taruga considers that two styles of mineralisation occur at Mwilu, each with potential to host significant Cobalt mineralisation. Additionally, Taruga believes that simple treatment, such as HMS (Heavy Media Separation) and/ or gravity separation, will concentrate the shallow Cobalt mineralised material within the northern area of Mwilu.

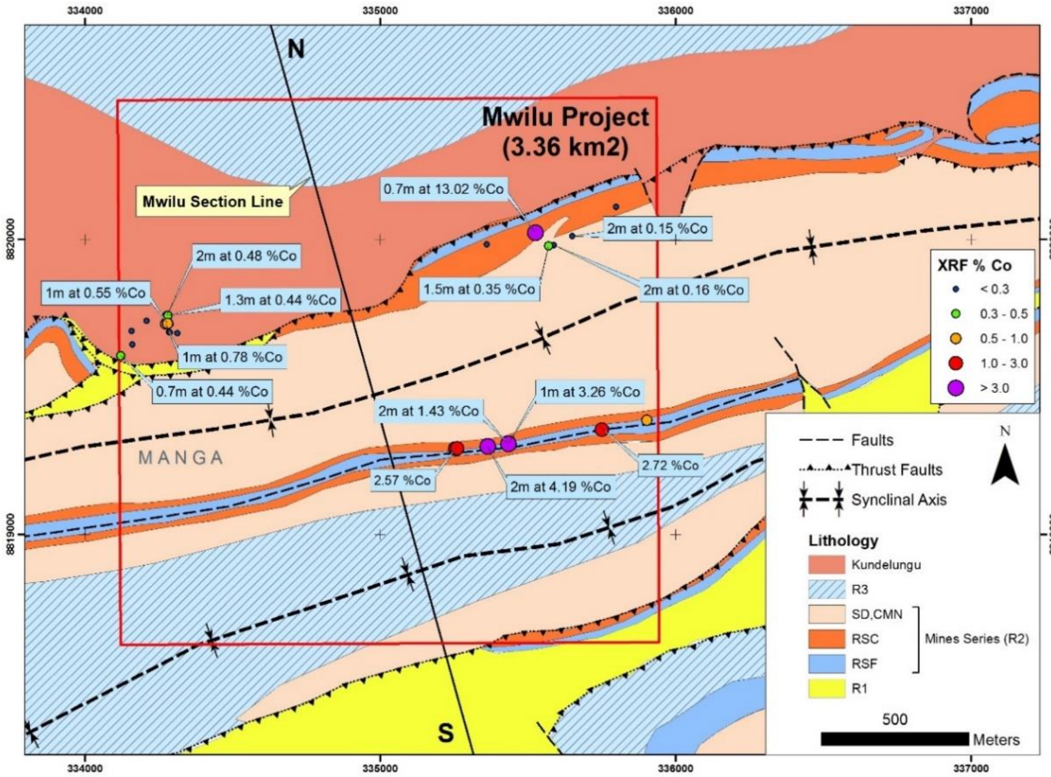

Figure 7: Interpreted geology and portable XRF grades at Mwilu

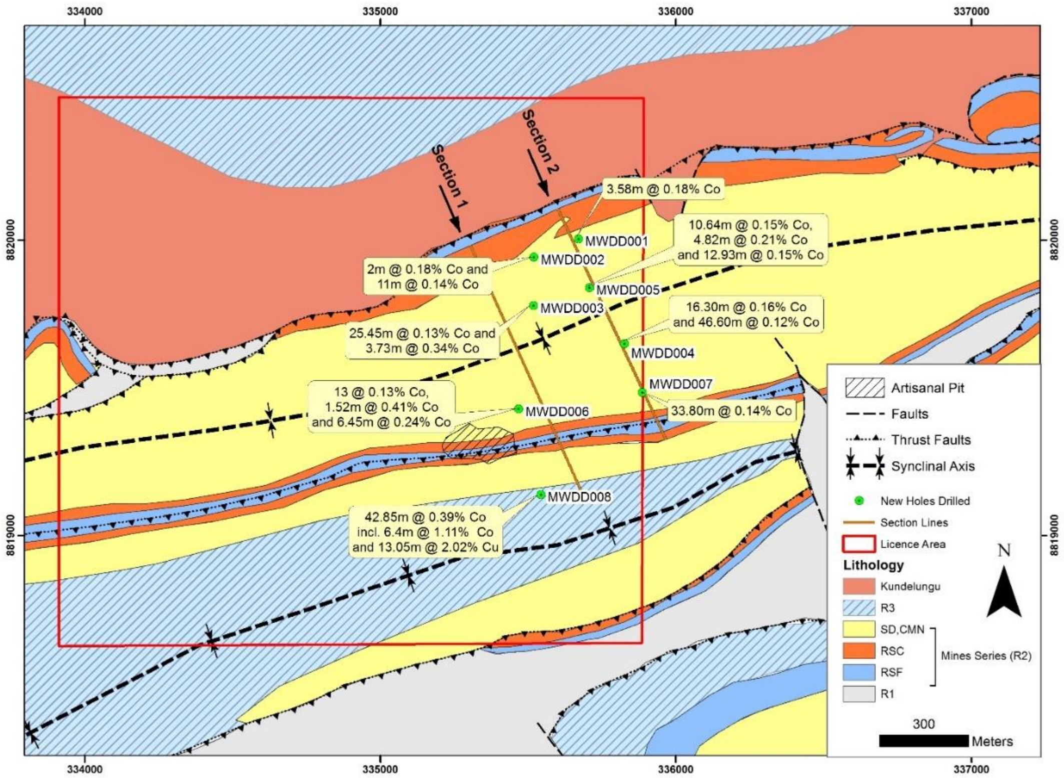

Figure 8: Interpreted geology and drilling results at Mwilu

Table 4: Significant intercepts reported at Mwilu

Hole ID	Easting	Northing	RL	Azimuth	Dip	EOH (m)	From (m)	To (m)	Interval (m)	% Co	% Cu
MWDD004	335826	8819648	1483	0	-90	196.4	31.9	48.2	16.30	0.16	
							63.3	75.7	12.40	0.11	
							81.55	128.15	46.60	0.12	
							134.15	136.8	2.65	0.12	
							147.33	150.15	2.82	0.22	
							155.75	159.15	3.40	0.13	
							164.85	171.05	6.20	0.32	
MWDD005	335708	8819838	1479	0	-90	110.15	18.06	28.7	10.64	0.15	
							33.38	38.2	4.82	0.21	
							58.1	59.95	1.85	0.16	
							64.62	77.55	12.93	0.15	
							95.01	105.5	10.49	0.11	
MWDD006*	335468	8819427	1467	165	-55	121.15	36.95	40.45	3.50	0.15	
							50.45	63.45	13.00	0.13	
							67.83	69.35	1.52	0.41	

Hole ID	Easting	Northing	RL	Azimuth	Dip	EOH (m)	From (m)	To (m)	Interval (m)	% Co	% Cu
							79.45	85.9	6.45	0.24	
							94.05	97.8	3.75	0.11	
MWDD007	335887	8819483	1481	165	-55	148.15	42.6	43.6	1.00	0.10	
							50.6	51.6	1.00	0.20	
							57.6	91.4	33.80	0.14	
							117.95	122.95	5.00	0.14	
							136.39	140.35	3.96	0.12	
MWDD008	335544	8819138	1480	345	-70	305.6	212.65	213.65	1.00	0.10	
							228.65	233.65	5.00	0.16	
							251.15	252.5	1.35	0.10	
							256.55	299.4	42.85	0.39	
						incl.	264.5	277.55	13.05		2.02
						incl.	269.15	270.25	1.10	1.00	
						incl.	269.15	277.55	8.40		2.71
						incl.	282.45	299.4	16.95	0.61	
						incl.	282.45	288.85	6.40	1.11	
						incl.	295.88	299.4	3.52		1.15

A cut-off grade of 0.5 %Cu and 0.1 % Co was used with a maximum dilution of 3.3m within each intercept

MWDD006*: Hole abandoned in lower mineralised zone due to broken ground conditions

Due Diligence – Madini Licences and PR12423

The ongoing due diligence on the Madini licences and PR12423 is progressing with a decision to continue expected within the coming weeks.

Central African Copperbelt

All tenements are located within the Central African Copper Belt, which hosts many of the largest known Copper-Cobalt deposits both in the south-eastern DRC and Zambia.

The geology of the Copper Belt sequence has been well studied, and a substantial history of mining and exploration provides a strong platform for future development work. Cobalt-Copper mineralisation was traditionally expected within the lower sedimentary sequences of the Lower Roan sub-group of rocks known as the Mines Group (R-2), although recent exploration has led to the discovery of several deposits in the overlying Mwashya (R-4) and Nguba Groups. The most significant example being Ivanhoe's Kamoa deposits (>25m tonnes of contained Copper) hosted in the "Grand Conglomerate Formation" at the base of the Lower Kundulungu. These new discoveries have highlighted the potential for additional units with the geological formation to host major Cobalt-Copper mineralisation and significantly highlight large areas of prospective ground that has had little to no previous exploration.

Lithium

During the 2018 financial year, Taruga advised that following technical and legal due diligence it did not intend to continue with the Option to acquire an interest in licence PEPM4019, in the Kolwezi Mining District in the south-east of the DRC. On 11 January 2018, the Company announced that it had entered a binding agreement to acquire, subject to due diligence, up to 65% interest in permit ZRG0705 in the Manono Tin Tantalum Mining District in the Tanganyika Province, east-central DRC. The project lies within the renowned "Katanga Tin Belt" where both primary and alluvial tin and tantalum have been mined since early 1900's. On 1 March 2018, the Company announced that following technical and legal due diligence it decided not to pursue the project.

Australia

Lithium

Three exploration tenement applications in the south-west of Western Australia were lodged during the period. The tenement application areas are in the Ballingup Greenstone belt, and are located to the south of the Greenbushes Tin-Tantalum-Lithium, the largest hard rock Lithium mine in the world **(Figure 9)**.

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

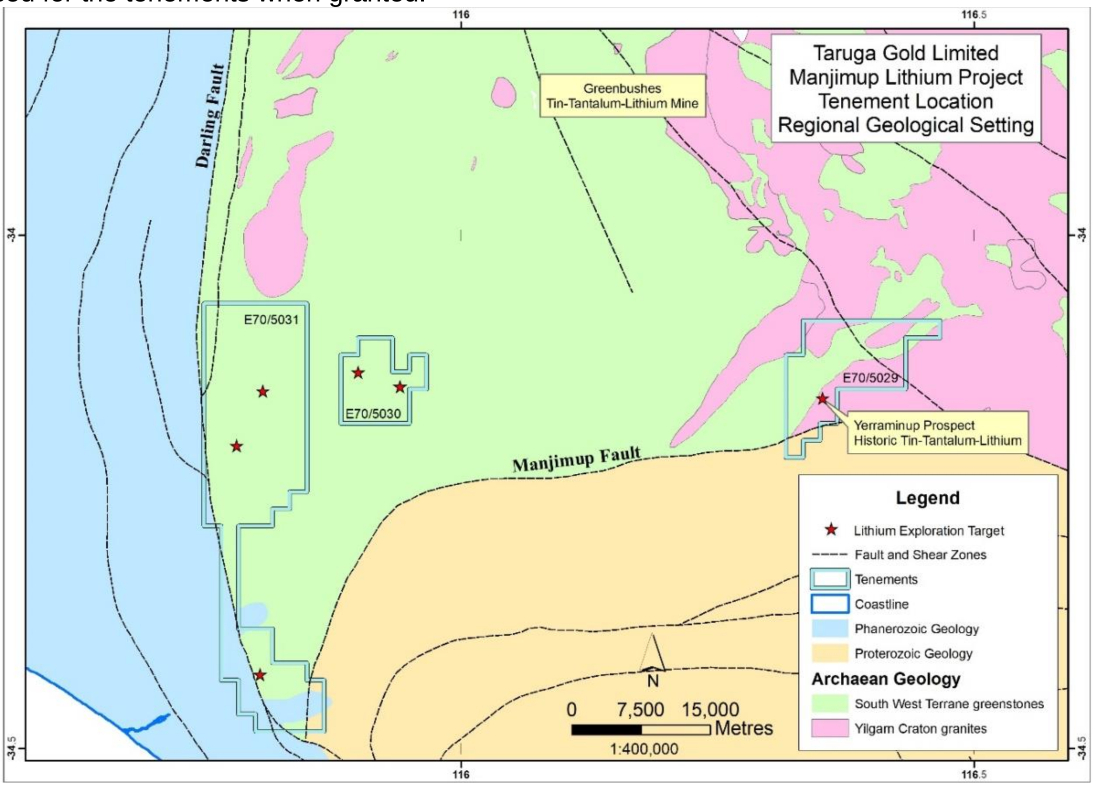

Figure 9: Taruga Minerals Limited – Tenement Application Location Plan

Niger

During the 2018 financial year the Kossa licenses reached their end of term and were not renewed. Subsequent to this the Company commenced a wind down of operations in Niger, including the closure of the field camp and associated mining operations. The Company retains its exploration geologist and country manager in Niger and will review opportunities if and when they arise.

CORPORATE

Capital Raisings and Security Issues

On 1 March 2018, as part of the Company's announcement regarding the acquisition of high-grade Cobalt and Copper projects in the DRC, Taruga foreshadowed a placement of up to 13,500,000 ordinary shares to new and existing shareholders at an issue price of $0.10 per share, to raise $1,350,000 (March Placement). On 6 March 2018, the Company announced the completion of the first tranche of the March Placement, being 10,900,000 ordinary shares at an issue price of $0.10 per share, to raise $1,090,000. Shareholders at a general meeting held on 1 June 2018 approved the second tranche of the Placement, being the subscription of 2,600,000 ordinary shares at an issue price of $0.10 per share.

Following the passing of all resolutions at the Company's general meeting on 1 June 2018, the Company issued a total of 13,500,000 Performance Rights to Directors and key management personnel. Additionally, the Company issued 6,000,000 strategic adviser shares each to Mr Klaus Eckhof and Mr Mark Gasson.

On 5 June 2018, the Company announced that it had received firm commitments to raise up to $2,835,000 by way of a placement of 13,500,000 ordinary shares to strategic and sophisticated investors at $0.21 per share (June Placement). The funds raised from the June Placement were earmarked for funding due diligence exploration activities and project evaluation in the Democratic Republic of Congo. Under the terms of the June Placement, the investors will also be issued with unlisted options on a 1 for 1 basis (up to 13,500,000 free attaching options) exercisable at $0.30 each within 24 months from the date of issue.

On 19 June 2018, the Company announced that Tranche 1 of the June Placement had been completed, with the issue of 6,988,095 fully paid ordinary shares (and 6,988,095 free attaching options) to professional and sophisticated investors at $0.21 per share under the additional placement capacity from the Company's June general meeting.

Post the financial year, on 17 September 2018, the Company issued 2,380,952 ordinary shares at a price of $0.21 per share and 2,380,952 free attaching options, to sophisticated investors as part of the Tranche 2 placement announced 19 June 2018. The shares and options were issued under the Company's ASX Listing Rule 7.1 capacity.

Name Change

On 19 June 2018, the Company announced that the Australian Securities and Investments Commission had processed the Company's name change (as approved by shareholders at the 1 June 2018 general meeting) from Taruga Gold Limited to Taruga Minerals Limited, to better reflect the mineral focus of the Company. There was no change to the Company's ASX ticker code.

Board Appointments

On 6 September 2017, the Company announced changes to the board with the resignation of Mr Daniel Smith, and the appointment of Miss Sheena Eckhof as Non-executive Director of the Company.

Miss Eckhof holds a Bachelor of Commerce degree, majoring in Corporate and Investment Finance, from the University of Western Australia and has previously worked with two globally renowned Investment

Banks, with a specific focus on the resources sector. Miss Eckhof currently works within a Business Development and Investor Relations role with a West Australian mid-cap resources company.

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

Competent person's statement

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Mark Gasson, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Gasson is an Executive Director of Taruga Minerals Limited. Mr Gasson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Gasson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

Your Directors submit their report on the consolidated entity consisting of Taruga Minerals Limited (formerly Taruga Gold Limited) and its controlled entities ("Taruga") for the period ended 30 June 2018.

DIRECTORS

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

		In office from	In office to
Bernard Aylward	Non-executive Director	21 October 2011	present
Mark Gasson	Executive Director	28 February 2018	present
Gary Steinepreis	Non-executive Director	15 July 2016	present
Sheena Eckhof	Non-executive Director	6 September 2017	present
Daniel Smith	Non-executive Director	27 August 2014	6 September 2017

PARTICULARS OF DIRECTORS

Mark Gasson **Executive Director** **BSc (Hons.)**

Qualifications and experience

Mr Gasson is a geologist with 33 years of experience and has been active in the DRC since 2004 in gold and base metals exploration and resource development. Mr Gasson was instrumental in the discovery of Tiger Resources 1 million tonnes Kipoi Copper deposit.

Mr Gasson brings considerable relevant skills and experience to the Board. He is a member of the Australasian Institute of Mining and Metallurgy.

Interest in Shares and Options

Fully Paid Shares – 8,500,000
Performance Rights – 4,500,000
Options – Nil

Special Responsibilities

Executive Director, technical.

Directorships held in listed entities

None.

Bernard Aylward **Non-Executive Director** **BSc (Hons.), MAusIMM**

Qualifications and experience

Mr Aylward is a geologist with over 20 years' experience as a manager and exploration geologist in the mining and exploration industry in a variety of commodities. Mr Aylward's experience includes serving as the Chief Operating Officer of International Goldfields Ltd, General Manager of Azumah Resources Ltd (Ghana), and Exploration Manager for Croesus Mining NL.

Mr Aylward has been involved in the discoveries and management of the Bepkong, Julie, Collette and Kunche deposits in Ghana, as well as the Deep South gold deposit, Gladstone North deposit, St Patrick's, Norseman Reef, and the Safari Bore gold deposit.

Mr Aylward brings considerable relevant skills and experience to the Board. He is a member of the Australasian Institute of Mining and Metallurgy.

Interest in Shares and Options

Fully Paid Shares – 5,324,386
Performance Rights – 1,500,000
Options – Nil

Special Responsibilities

None.

Directorships held in listed entities

Company Name	Appointed	Resigned
Kodal Minerals Plc.	20 May 2016	-
Lachlan Star Limited	18 January 2018	-

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 UWA. Mr Steinepreis is currently a Non-Executive Director of CFOAM Limited.

Interest in Shares and Options

Fully Paid Shares – 5,152,502
Performance Rights – 1,500,000
Options – Nil

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
AVZ Minerals Ltd	30 November 2012	21 August 2017
Monto Minerals Ltd	16 June 2009	12 January 2016
Norseman Gold Plc	3 December 2007	9 March 2016

Sheena Eckhof Non-Executive Director B.Com

Qualifications and experience

Miss Eckhof holds a Bachelor of Commerce degree, majoring in Corporate and Investment Finance, from the University of Western Australia. Miss Eckhof has previously worked with two globally renowned Investment Banks, with a specific focus on the resources sector and is currently Investor Relations Officer at Independence Group NL, a West Australian mid-cap resources company.
Interest in Shares and Options

Fully Paid Shares – Nil
Performance Rights – 1,500,000
Options – Nil

Special Responsibilities

None.

Directorships held in listed entities

None.

Information on Company Secretaries

Daniel Smith
Mr Smith is a member of the Australian Institute of Company Directors and the Governance Institute of Australia, with a background in finance. He has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings. He is also a director of Minerva Corporate, a private corporate consulting firm.

Sylvia Foong
Miss Foong holds a Bachelor of Commerce degree, majoring in Accounting, from the University of Western Australia. Miss Foong is currently pursuing her Chartered Accountants qualification, and has a Certificate in Governance Practice.

Information on Former Directors

Daniel Smith
Mr Smith is a member of the Australian Institute of Company Directors and the Governance Institute of Australia, with a background in finance. He has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings. He is also a director of Minerva Corporate, a private corporate consulting firm.

OPERATING AND FINANCIAL REVIEW

A review of the operations of the consolidated entity during the financial year is contained in the Review of Operations section of this Annual Report. The Company's strategy in West Africa is to continue with the targeted exploration programs. The Company will also continue to review opportunities as they arise with a focus on advanced gold projects located within West Africa, as well as gold and other metals within Central Africa and Western Australia.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration in Africa and Australia.

Operating Results

Consolidated comprehensive loss after income tax for the financial period is $10,947,081 (2017: $381,328).

Financial Position

At 30 June 2018 the Company had cash reserves of $2,487,993 (2017: $1,740,836).

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 consolidated entity 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

Corporate

On 17 September 2018, the Company issued 2,380,952 ordinary shares and 2,380,952 free attaching options as part of the Tranche 2 placement announced 19 June 2018, raising $500,000. The shares (and free attaching options) were issued at a price of $0.21 per share, under the Company's ASX Listing Rule 7.1 capacity.

Exploration

On 30 July 2018, the Company announced that all due diligence drilling at Kamilombe and Mwilu had been completed. The samples from the due diligence drilling were sent to ALS Global's laboratory in for analysis, with results confirming high-grade Cobalt potential for both projects. A decent Copper intersection was also reported at depth at Mwilu.

On 31 August 2018, the Company announced that results for the final 4 diamond drill holes at Kamilombe and the initial 3 drill holes at Mwilu have been received. Drilling at Kamilombe included significant intercepts of **13.68m at 1.21% Co** from **30.47m** within a broader zone of **50.87m at 0.49% Co** from **5.8m.** This sits immediately below the quartz/dolomite mineralised overburden which reported **5.8m at 0.2% Co** from surface**.** A second intercept of **8.85m at 0.41% Co** and **1.32% Cu** was reported from **88.85m** all in KMDD005.

On 14 September 2018, the Company announced that all results from the due diligence drilling at Kamilombe and Mwilu had been received, and that the results supported further drilling. The Company announced that two styles of mineralisation occur at Mwilu, each with potential to host significant cobalt mineralisation. The northern flat lying zone is of lower grade, but mineralisation attains thicknesses of more than 30m, with a combined thickness of 90m in one hole, which makes it conducive to open pit mining. The southern zone is high grade and steeply dipping and is likely amendable to an underground operation.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company is close to finalising its due diligence review of the Kamilombe and Mwilu projects, both highly prospective for Cobalt and Copper, within the DRC. The Company will also review and evaluate other opportunities prospective for Copper, Cobalt and Lithium within the DRC in conjunction with its DRC consultants.

Taruga has also applied for exploration licenses which are prospective for Cobalt and Lithium mineralisation in Western Australia. The applications are in an early stage and the Company is proposing an exploration program of surface mapping and geochemical sampling.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2018, and the number of meetings attended by each Director.

	Number eligible to attend	Number attended
Gary Steinepreis	2	2
Bernard Aylward	2	1
Sheena Eckhof[1]	2	2
Mark Gasson	2	2
Daniel Smith[2]	-	-

[1] Miss Eckhof was appointed 6 September 2017
[2] Mr Smith resigned 6 September 2017

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 consolidated entity. 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.

Performance-based remuneration

The Company does not pay any performance-based component of salaries.

Details of remuneration for year ended 30 June 2018

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

Mr Gasson is on an Executive Employment Agreement, with a remuneration package of $180,000 per annum (inclusive of Directors fees). Either party may terminate the agreement with 3 months’ notice period.

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 $2,000 per month. Mr Bernard Aylward is on a contract dated 15 July 2016, which provides for a fixed fee of $2,000 per month. Miss Sheena Eckhof is on a contract dated 6 September 2017, which provides for a fixed fee of $2,000 per month. Mr Daniel Smith (through Minerva Corporate Pty Ltd) was on a contract dated 26 August 2016 which provided for a fixed fee of $2,000 per month.

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 2018

Director	Associated Company	Short-term Benefits					
		Fees	Consultancy	Share Based Payments	Performance Rights	Total	Performance related
		$	$	$	$	$	%
Gary Steinepreis	Leisurewest Consulting Pty Ltd	23,000	-	-	7,792	30,792	25%
Bernard Aylward	Matlock Geological Services Pty Ltd	24,000	-	-	7,792	31,792	25%
Sheena Eckhof		19,733		-	7,791	27,524	28%
Mark Gasson		-	60,000	990,000[1]	19,875	1,069,875	2%
Daniel Smith	Minerva Corporate Pty Ltd	4,834	-	-	-	4,834	-
		71,567	60,000	990,000	43,250	1,164,817	-

Year ended 30 June 2017

Director	Associated Company	Short-term Benefits				
		Fees	Consultancy	Options	Total	Performance related
		$	$	$	$	%
Gary Steinepreis	Leisurewest Consulting Pty Ltd	23,000	-	-	23,000	-
Bernard Aylward	Matlock Geological Services Pty Ltd	-	24,000	-	24,000	-
Daniel Smith	Minerva Corporate Pty Ltd	24,500	-	-	24,500	-
Myles Campion		-	-	-	-	-
Frank Terranova		-	-	-	-	-
		47,500	24,000	-	71,500	

The consolidated entity has one full time Executive officer, Mr Mark Gasson.

(1) During the year, Mark Gasson received 6,000,000 shares with a fair value of $990,000 for Strategic Consultant services provided pursuant to shareholder approval.

Shareholdings of Key Management Personnel:

	Balance 30 June 2017	Balance on Appointment	Additions	Balance on Resignation	Balance 30 June 2018
Bernard Aylward	5,324,386	-	-	-	5,324,386
Daniel Smith[1]	1,078,729	-	-	1,078,729	-
Mark Gasson	-	1,000,000	7,500,000	-	8,500,000
Gary Steinepreis	4,152,502		1,000,000	-	5,152,502
Sheena Eckhof[2]	-	-	-	-	-
	10,555,617	1,000,000	8,500,000	1,078,729	18,976,888

[1]Mr Smith resigned on 6 September 2017 with a shareholding balance of 1,078,729 shares.
[2]Miss Eckhof was appointed on 6 September 2017 with a shareholding balance of NIL.

	Balance 30 June 2016	Balance on Appointment	Additions	Balance on Resignation	Balance 30 June 2017
Bernard Aylward	5,324,386	-	-	-	5,324,386
Daniel Smith[1]	764,444	-	314,285	-	1,078,729
Myles Campion[2]	588,889	-	-	588,889	-
Frank Terranova[3]	1,095,289	-	-	1,095,289	-
Gary Steinepreis[4]	-	3,210,002	942,500	-	4,152,502
Sheena Eckhof[5]	-	-	-	-	-
	7,773,008	3,210,002	1,256,785	1,684,178	10,555,617

[1]Mr Smith resigned on 6 September 2017 with a shareholding balance of 1,078,729 shares
[2]Mr Campion resigned on 15 July 2016 with a shareholding balance of 588,889 shares.
[3]Mr Terranova resigned on 15 July 2016 with a shareholding balance of 1,095,289 shares.
[4]Mr Steinepreis was appointed on 15 July 2016 with a shareholding balance of 3,210,002 shares.
[5]Miss Eckhof was appointed on 6 September 2017 with a shareholding balance of NIL

	Consolidated Entity **2018** **$**	Consolidated Entity **2017** **$**
Accounts payable	206,122	26,120

Taruga Minerals Limited ex-Director Mr Daniel Smith is a current director of Minerva Corporate Pty Ltd. Minerva Corporate Pty Ltd provided corporate consultancy services to Taruga Minerals Ltd during the period that Mr Daniel Smith was a director. Payments to Minerva Corporate Pty Ltd during the period that Mr Smith was a director total $13,500 (2017: $81,168).

Performance Rights holdings of Key Management Personnel:

	Balance 30 June 2017	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2018
Bernard Aylward	-	-	-	1,500,000	1,500,000
Daniel Smith	-	-	-	-	-
Mark Gasson	-	-	-	4,500,000	4,500,000
Gary Steinepreis[1]	-	-	-	1,500,000	1,500,000
Sheena Eckhof[2]	-	-	-	1,500,000	9,000,000
	-	-	-	9,000,000	1,500,000

[1]Mr Steinepreis was appointed on 15 July 2016 with an option holding balance of NIL.
[2]Miss Eckhof was appointed on 6 September 2017 with an option holding balance of NIL.

	Balance 30 June 2016	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2017
Bernard Aylward	-	-	-	-	-
Daniel Smith	-	-	-	-	-
Myles Campion	-	-	-	-	-
Frank Terranova	-	-	-	-	-
Gary Steinepreis[1]	-	-	-	-	-
Sheena Eckhof[2]	-	-	-	-	-
	-	-	-	-	-

[3] Further details regarding the fair value and valuation assumptions of the performance rights are disclosed in Note 23.

Option holdings of Key Management Personnel:

	Balance 30 June 2017	Balance on Appointment	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2018
Bernard Aylward	-	-	-	-	-	-
Daniel Smith	-	-	-	-	-	-
Myles Campion	-	-	-	-	-	-
Frank Terranova	-	-	-	-	-	-
Gary Steinepreis[1]	-	-	-	-	-	-
Sheena Eckhof[2]	-	-	-	-	-	-
	-	-	-	-	-	-

[1]Mr Steinepreis was appointed on 15 July 2016 with an option holding balance of NIL.
[2]Miss Eckhof was appointed on 6 September 2017 with an option holding balance of NIL.

	Balance 30 June 2016	Balance on Appointment	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2017
Bernard Aylward	303,333	-	-	-	(303,333)	-
Daniel Smith	60,000	-	-	-	(60,000)	-
Myles Campion	60,000	-	-	(60,000)	-	-
Frank Terranova	121,600	-	-	(121,600)	-	-
Gary Steinepreis[1]	-	-	-	-	-	-
Sheena Eckhof[2]	-	-	-	-	-	-
	544,933	-	-	(181,600)	(363,333)	-

End of remuneration report

ENVIRONMENTAL ISSUES

The consolidated entity has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The consolidated entity 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 6,988,095 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

During the financial year, the Company has not given an indemnity or entered into an agreement to indemnify any 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.

AUDITORS' INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 32 and forms part of this directors' report for the year ended 30 June 2018.

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.

Bernard Aylward
Non-Executive Director

Dated Perth 28 September 2018

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 (3rd 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

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in 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**
28 September 2018	**Partner**

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

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

TARUGA AND CONTROLLED ENTITIES

	Note	CONSOLIDATED	
		Year to 30 June 2018 $	Year to 30 June 2017 $
Revenue	2	(7,899)	(4,666)
Depreciation	3	9,835	12,254
Consultants		17,173	130,353
Impairment expense	8	7,060,393	10,127
Professional fees		96,237	73,107
Travel and accommodation		105,176	2,784
Office and communication costs		43,698	45,057
Share based payments	3	2,044,292	-
Exploration		1,568,358	-
Exchange loss		-	75
Other expenses		265,361	68,746
Loss from continuing operations before income tax		11,202,623	337,837
Income tax expense	4	-	-
Net loss for the period		11,202,623	337,837
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange (gain)/loss on translation of foreign subsidiaries		(53,669)	43,491
Total comprehensive loss for the period		11,148,954	381,328
Basic and diluted loss per share (cents per share)	19	(10.37)	(0.39)
Basic and diluted loss per share from continuing operations (cents per share)	19	(10.37)	(0.39)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

TARUGA AND CONTROLLED ENTITIES

	Note	CONSOLIDATED 30 June 2018 $	30 June 2017 $
CURRENT ASSETS			
Cash and cash equivalents	5	2,487,993	1,740,836
Trade and other receivables	6	26,490	13,696
Total Current Assets		2,514,483	1,754,532
NON CURRENT ASSETS			
Plant and equipment	7	61,027	37,916
Mineral exploration and evaluation	8	-	6,995,457
Total Non-Current Assets		61,027	7,033,373
TOTAL ASSETS		2,575,510	8,787,905
CURRENT LIABILITIES			
Trade and other payables	9	206,122	43,620
Total Current Liabilities		206,122	43,620
TOTAL LIABILITIES		206,122	43,620
NET ASSETS		2,369,388	8,744,285
EQUITY			
Issued capital	11	18,531,500	13,821,735
Reserves	12	6,065	(111,896)
Accumulated losses	12	(16,168,177)	(4,965,554)
TOTAL EQUITY		2,369,388	8,744,285

The accompanying notes form part of these financial statements.

	Consolidated					
	Issued Capital	Options Reserve	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$	$
Year to 30 June 2017						
As at 1 July 2016	12,508,296	35,040	(4,662,757)	-	(68,405)	7,812,174
Issue of shares	1,400,907	-	-	-	-	1,400,907
Transfer of reserve to accumulated losses on expiry of options	-	(35,040)	35,040	-	-	-
Share issue expenses	(87,468)	-	-	-	-	(87,468)
Loss for the period	-	-	(337,837)	-	-	(337,837)
Exchange loss on translation of foreign subsidiaries	-	-	-	-	(43,491)	(43,491)
As at 30 June 2017	13,821,735	-	(4,965,554)	-	(111,896)	8,744,285
Year to 30 June 2018						
As at 1 July 2017	13,821,735	-	(4,965,554)	-	(111,896)	8,744,285
Issue of shares	4,797,500	-	-	-	-	4,797,500
Share Based payments – Performance Rights	-	-	-	64,292	-	64,292
Share issue expenses	(87,735)	-	-	-	-	(87,735)
Loss for the period	-	-	(11,202,623)	-	-	(11,202,623)
Exchange loss on translation of foreign subsidiaries	-	-	-	-	53,669	53,669
As at 30 June 2018	18,531,500	-	(16,168,177)	64,292	(58,227)	2,369,388

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

AND CONTROLLED ENTITIES

	Note	CONSOLIDATED Year to 30 June 2018 $	Year to 30 June 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(401,109)	(399,159)
Interest income received		7,899	4,666
Net cash used in operating activities	16	(393,210)	(394,493)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(1,571,566)	(10,332)
Payments for property, plant & equipment		(30,896)	-
Net cash used in investing activities		(1,602,462)	(10,332)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,817,487	1,400,907
Share issue transaction costs		(74,658)	(104,397)
Net cash provided by financing activities		2,742,829	1,296,510
Net increase in cash held		747,157	891,685
Cash and cash equivalents at the beginning of the period		1,740,836	848,735
Effect of exchange rate fluctuations on cash held		-	416
Cash and cash equivalents at the end of the year		2,487,993	1,740,836

The accompanying notes form part of these financial statements.

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. 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 West Africa. 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 consolidated entity 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 28 September 2018.

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 2018

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for annual reporting periods beginning on or after 1 July 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue but not yet adopted for the year ended 30 June 2018. As a result of this review the Directors have determined that there is unlikely to be any material impact on the Group of AASB15 Revenue and AASB9 Financial Instruments. The Directors are in the process of assessing the impact of AASB16 Leases.

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 consolidated entity, 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 consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(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 an operating loss of $11,202,623 for the year ended 30 June 2018, and a net cash outflow from operating activities amounting to $393,210, the Directors are of the opinion that the Company is a going concern for the following reasons:

- Subsequent to the year end the Group raised $500,000 of equity capital via an issue of ordinary shares at $0.21. The funds raised will be used to meet the ongoing working capital requirements of the Group
- 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. The Directors are satisfied that they will be able to raise additional funds by debt and/or equity raisings.

However, should the above equity raisings not be completed, there is a material uncertainty that may cast significant doubt as to whether the Company will continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business.

(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 consolidated entity 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 consolidated entity 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 consolidated entity 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 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. 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 consolidated entity 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) Revenue

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

(j) 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.

(k) Contributed Equity

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.

(l) 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.

(m) 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 consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

An impairment was recognised in the prior year in respect of costs carried forward as exploration assets in Note 8 due to the uncertainty surrounding the renewals of the existing West African licenses, as well as the uncertainty regarding the granting of new licenses.

(n) 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.

(o) 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 foreign operations during the period and up to the disposal of some of the subsidiaries being the entities - Gecko Gold Niger, Gecko Gold CI and MGS Ghana is CFA Francs. The functional currency of 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.

(p) Parent entity financial information

The financial information for the parent entity, Taruga Minerals Limited, disclosed in Note 22 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.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

NOTE 2 – REVENUE

	Consolidated	
Revenue	**2018 $**	**2017 $**
Interest received	7,899	4,666
Total Revenue	7,899	4,666

NOTE 3 – LOSS FROM CONTINUING ACTIVITIES BEFORE INCOME TAX

	2018 $	2017 $
Expenses		
Depreciation of non-current assets		
Plant and Equipment	1,290	1,607
Office furniture and equipment	1,511	1,883
Motor vehicles	7,034	8,764
Total depreciation of non-current assets	9,835	12,254
Share based payments to Contractors (Note 11)	1,980,000	-
Performance rights to Directors (Note 23)	64,292	-
	2,044,292	-

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:

	2018 $	2017 $
Loss from continuing activities	(11,202,263)	337,837
Prima facie income tax expense at 30%	(3,080,721)	101,351
Tax effect of permanent differences		
Impairment	1,941,608	-
Foreign projects	444,914	-
Share based payments	562,180	-
Share issue costs amortised	-	40,894
Other non-deductible expenses	41,909	3,038
Income tax expense adjusted for permanent differences	(90,110)	57,419
Deferred tax asset not brought to account	90,110	(57,419)
Income tax expense	-	-

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:

NOTE 4 – INCOME TAX (continued)

DEFERRED TAX ASSETS	Consolidated 2018 $	2017 $
Revenue Losses after permanent differences	635,700	603,581
Capital Raising Costs yet to be claimed	3,812	49,074
Accruals	4,675	-
	644,187	652,655

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2018 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

	2018 $	2017 $
Cash at bank and on hand	2,487,993	1,740,836

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

NOTE 6 – TRADE AND OTHER RECEIVABLES

Current

GST receivable	6,050	2,013
Other receivables	12,781	11,683
Other current assets	7,659	-
	26,490	13,696

NOTE 7 – PLANT AND EQUIPMENT

	Consolidated			
Cost	Motor Vehicles $	Plant & Equipment $	Fixtures & Fittings $	Total $
2017				
Balance Brought Forward	120,203	22,398	25,925	168,526
Foreign exchange movement	748	139	161	1,048
Balance Carried Forward	120,951	22,537	26,086	169,574
Accumulated Depreciation				
Balance Brought Forward	84,271	15,808	18,205	118,284
Charge	8,764	1,608	1,882	12,254
Foreign exchange movement	799	146	175	1,120
Balance Carried Forward	93,834	17,562	20,262	131,658
Net Book Value 30 June 2017	27,117	4,975	5,824	37,916

NOTE 7 – PLANT AND EQUIPMENT (Continued)

	Consolidated				
Cost	Motor Vehicles $	Computer Equipment $	Plant & Equipment $	Fixtures & Fittings $	Total $
2018					
Balance Brought Forward	120,951	-	22,537	26,086	169,574
Additions	14,033	2,860	14,003	-	30,896
Foreign exchange movement	7,209	-	1,343	1,555	10,107
Balance Carried Forward	142,193	2,860	37,883	27,641	210,577
Accumulated Depreciation					
Balance Brought Forward	93,834	-	17,562	20,262	131,658
Charge	7,034	-	1,290	1,511	9,835
Foreign exchange movement	5,744	-	1,075	1,238	8,057
Balance Carried Forward	106,612	-	19,927	23,011	149,550
Net Book Value 30 June 2018	35,581	2,860	17,956	4,630	61,027

NOTE 8 – MINERAL EXPLORATION AND EVALUATION

	Consolidated 2018	2017
	$	$
Opening balance	6,995,457	7,029,813
Expenditure during the year	22,055	10,804
Impairment – refer Note 1(m)	(7,060,393)	-
Foreign exchange movement	42,881	(45,160)
Closing balance	-	6,995,457

The ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploitation, or sale of the respective areas.

NOTE 9 – TRADE AND OTHER PAYABLES

	2018	2017
	$	$
Trade creditors	206,122	26,120
Other payables	-	17,500
	206,122	43,620

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

NOTE 10 – INTEREST BEARING LIABILITIES

Financing Agreements

No overdraft facilities have been formalised at 30 June 2018 (2017: Nil) and neither the company nor its controlled entity have lines of credit at 30 June 2018 (2017: Nil).

NOTE 11 – ISSUED CAPITAL

	2018	2017
	$	$
(a) Issued capital		
136,405,334 shares fully paid	18,531,500	13,821,735

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

	Number	$
Opening balance at 30 June 2016	61,503,674	12,508,296
Allotment of rights issue	7,827,680	234,830
Shortfall Placement of 6 June 2016	8,885,885	266,577
Placement - Tranche 1	19,500,000	682,500
Placement - Tranche 2	6,200,000	217,000
Transaction costs	-	(87,468)
Closing balance at 30 June 2017	103,917,239	13,821,735

NOTE 11 – ISSUED CAPITAL (continued)

	Number	$
Opening balance at 30 June 2017	103,917,239	13,821,735
Placement	10,900,000	1,090,000
Placement March 2018	2,600,000	260,000
Consultants shares	12,000,000	1,980,000
Placement - Tranche 1	6,988,095	1,467,500
Transaction costs	-	(87,735)
Closing balance at 30 June 2018	136,405,334	18,531,500

Movements in options were as follows:

	Number	$
Opening balance at 30 June 2016	11,796,676	35,040
Lapse of $0.50 unlisted options 1/12/2016	(2,090,001)	(32,400)
Lapse of $0.15 unlisted options 31/05/2017	(9,706,675)	(2,640)
Closing balance at 30 June 2017	-	-
Unlisted options exercisable at $0.30 each on or before 19 June 2020	6,988,095	-
Closing balance at 30 June 2018	6,988,095	-

(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	
	2018	**2017**
	$	**$**
NOTE 12 – RESERVES AND ACCUMULATED LOSSES		
Share Based Payments Reserve	64,292	-
Foreign Currency Translation Reserve	(58,227)	(111,896)
	6,065	(111,896)

Accumulated Losses	**2018**	**2017**
	$	**$**
Balance at beginning of the year	4,965,554	4,662,757
Net loss from ordinary activities	11,202,623	337,837
Transfer from options reserve on expiry of options	-	(35,040)
Balance at end of the year	16,168,177	4,965,554

NOTE 12 – RESERVES AND ACCUMULATED LOSSES (continued)

Options Reserve	Consolidated 2018 $	2017 $
Balance at beginning of the year	-	35,040
Reserve arising on issue of options	-	-
Transfer to accumulated losses on expiry of options	-	(35,040)
Balance at end of the year	-	-

Foreign Currency Translation Reserve	2018 $	2017 $
Balance at beginning of the year	(111,896)	(68,405)
Reserve arising on translation of foreign subsidiaries	53,669	(43,491)
Balance at end of the year	(58,227)	(111,896)

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.

The share option reserve contains amounts received on the issue of options over unissued capital of the company.

NOTE 13 – COMMITMENTS FOR EXPENDITURE

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay amounts of $1,500,000 in respect of minimum tenement expenditure requirements and lease rentals (subject to the applications noted on page 17-18). The obligations are not provided for in the financial report and are payable as follows :

	2018 $	2017 $
Not later than one year	500,000	100,000
Later than 1 year but not later than 2 years	500,000	200,000
Later than 2 years but not later than 5 years	500,000	250,000
	1,500,000	550,000

NOTE 14 – INVESTMENT IN CONTROLLED ENTITIES

	Registered Number	Country of Incorporation	Interest Held		Value of investment	
			2018	2017	2018 $	2017 $
Parent						
Taruga Minerals Limited	153 868 789	Australia				
Subsidiaries						
Taruga Congo SARLU	01-122-N31711L	DRC	100%	100%	1,361	-
Gecko Gold Niger SARL	RCCM-NI-NIA-2010-B-2625	Niger	100%	100%	1,316,675	1,316,675
MGS Ghana Limited	CA-80, 601	Ghana	100%	100%	-	-
Gecko Gold CI SARL	RCCM-CI-ABJ-2010-B-1899	Cote d'Ivoire	100%	100%	1,350,367	1,350,367

NOTE 15 – SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Taruga Minerals Limited.

The company operates in one operating segment therefore disclosures are consistent with the financial report.

Non-current assets by country	**Consolidated**	
	2018	**2017**
Mineral exploration and evaluation	**$**	**$**
DRC	-	-
Niger	-	5,637,205
Cote D'Ivoire	-	1,358,252
	-	6,995,457

NOTE 16 – NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated 2018 $	2017 $
Reconciliation of loss after income tax to net operating cash flows		
Loss from ordinary activities	11,202,623	337,837
Depreciation	(9,835)	(12,254)
Impairment	(7,060,393)	(10,127)
Exploration	(1,673,534)	-
Share Based payments	(2,044,292)	-
	414,569	315,456
Movement in assets and liabilities		
Receivables	5,135	4,817
Payables	(26,494)	74,220
Net cash used in operating activities	393,210	394,493

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.

The total remuneration paid to Directors and Executives is summarised below:

Former Taruga Minerals Limited Director, Mr Daniel Smith, is a current director of Minerva Corporate Pty Ltd. Minerva Corporate Pty Ltd provided corporate consultancy services to Taruga Minerals Limited during the period that Mr Daniel Smith was a director. Payments to Minerva Corporate Pty Ltd during the period while Mr Smith's held office as a director total $13,500 (2017: $81,168).

b) Directors and Executives Disclosures

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

	2018 $	2017 $
Short-term employee benefits	1,164,817	71,500
Post-employment benefits	-	-
	1,164,817	71,500

NOTE 18 – REMUNERATION OF AUDITORS

	2018 $	2017 $
Auditing and reviewing of the financial statements of Taruga Minerals Limited and of its controlled entities.	25,000	25,000
	25,000	25,000

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:

	2018 $	2017 $
Loss for the year	11,202,623	337,837
Loss for the year from continuing operations	11,202,623	337,837
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	108,061,812	86,007,316

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

NOTE 20 – FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The consolidated entity'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 consolidated entity'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:

NOTE 20 – FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk (continued)	Weighted Average Effective Interest Rate		Floating Interest Rate	
	Consolidated			
	2018	**2017**	**2018**	**2017**
Financial Assets			**$**	**$**
Cash at Bank	0.60%	0.60%	2,256,619	1,738,638
Total Financial Assets			2,256,619	1,738,638

There are no financial liabilities subject to interest rate fluctuations.

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 2018 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	
	2018	**2017**
	$	**$**
Change in Loss		
• Increase in interest by 2%	(47,772)	(45,119)
• Decrease in interest by 2%	47,772	45,119
Change in Equity		
• Increase in interest by 2%	(47,772)	(45,119)
• Decrease in interest by 2%	47,772	45,119

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 2018 $	Assets 2018 $	Liabilities 2017 $	Assets 2017 $
Congolese Dollars	-	226,330	-	-

NOTE 20 – FINANCIAL INSTRUMENTS (continued)

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.

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 consolidated entity 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 consolidated entity 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

Corporate

On 17 September 2018, the Company issued 2,380,952 ordinary shares and 2,380,952 free attaching options as part of the Tranche 2 placement announced 19 June 2018, raising $500,000. The shares (and free attaching options) were issued at a price of $0.21 per share, under the Company's ASX Listing Rule 7.1 capacity.

NOTE 21 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR (continued)

Exploration

On 30 July 2018, the Company announced that all due diligence drilling at Kamilombe and Mwilu had been completed. The samples from the due diligence drilling were sent to ALS Global's laboratory in for analysis, with results confirming high-grade Cobalt potential for both projects. A decent Copper intersection was also reported at depth at Mwilu.

On 31 August 2018, the Company announced that results for the final 4 diamond drill holes at Kamilombe and the initial 3 drill holes at Mwilu have been received. Drilling at Kamilombe included significant intercepts of **13.68m at 1.21% Co** from **30.47m** within a broader zone of **50.87m at 0.49% Co** from **5.8m.** This sits immediately below the quartz/dolomite mineralised overburden which reported **5.8m at 0.2% Co** from surface**.** A second intercept of **8.85m at 0.41% Co** and **1.32% Cu** was reported from **88.85m** all in KMDD005.

On 14 September 2018, the Company announced that all results from the due diligence drilling at Kamilombe and Mwilu had been received, and that the results supported further drilling. The Company announced that two styles of mineralisation occur at Mwilu, each with potential to host significant cobalt mineralisation. The northern flat lying zone is of lower grade, but mineralisation attains thicknesses of more than 30m, with a combined thickness of 90m in one hole, which makes it conducive to open pit mining. The southern zone is high grade and steeply dipping and is likely amendable to an underground operation.

NOTE 22 - PARENT ENTITY DISCLOSURES

Financial Position	**2018**	**2017**
	$	**$**
CURRENT ASSETS		
Cash and cash equivalents	2,256,511	1,735,712
Trade and other receivables	4,642	13,695
Other current assets	7,659	-
Total Current Assets	2,268,812	1,749,407
NON CURRENT ASSETS		
Plant and equipment	30,896	-
Investment in subsidiaries	-	4,050,393
Loans to subsidiaries less impairment	275,802	2,988,104
Total Non Current assets	306,698	7,038,497
TOTAL ASSETS	2,575,510	8,787,904
CURRENT LIABILITIES		
Trade and other payables	206,122	43,619
Total Current Liabilities	206,122	43,619

NOTE 22 - PARENT ENTITY DISCLOSURES (continued)

	2018 $	2017 $
TOTAL LIABILITIES	206,122	43,619
NET ASSETS	2,369,388	8,744,285
EQUITY		
Issued capital	18,531,500	13,821,735
Reserves	64,292	-
Accumulated losses	(16,226,404)	(5,077,450)
TOTAL EQUITY	2,369,388	8,744,285

Financial Performance

	2018 $	2017 $
Loss for the year	3,989,833	311,012
Impairment	7,159,120	2,336,965
Transfer of reserves to accumulated losses on expiry of options	-	(35,040)
Total comprehensive loss	11,148,953	2,612,937

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 expense included in the reporting period to 30 June 2018 was $64,292.

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 2018 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 2018.

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.

Bernard Aylward

Bernard Aylward

Non-Executive Director

Dated Perth 28 September 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2018, the consolidated statement of 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 2018 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates the existence of material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matter to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Share Based Payments (Refer Note 3)	
The Group has recorded a share based payment expense of $2,044,292 in relation to shares and performance rights issued for the year ended 30 June 2018. We considered this to be a key audit matter as the valuation of share based payments are subject to complexity and significant judgement and are material to the users understanding of the financial statements as a whole.	Our procedures included but were not limited to the following: - We assessed the treatment of the share-based payments in line with the requirements of AASB 2 *Share-based Payment*; - We reviewed the valuation prepared by an independent expert to ensure the methodology was appropriate; - We considered the allocation of the vesting expense across the relevant vesting period; and - We ensured the assumptions used in the valuation were consistent with those in the terms and conditions in the share-based payment arrangement.
Exploration Expenditure (Refer Note 8)	
The Group has recorded an impairment expense of $7,060,393 in relation to its previously capitalised exploration expenditure for the year ended 30 June 2018. We considered this to be a key audit matter due to the materiality of the expenditure to the financial report and its importance for the users understanding of the financial report as a whole.	Our procedures included but were not limited to the following: - We considered rights of tenure in relation to the Group's exploration projects; - We considered the existence of indicators of impairment arising in relation to the Group's exploration projects and reviewed management's memorandum in relation to the impaired expenditure; - We ensured all relevant impaired amounts were written off; and - We ensured appropriate disclosure was made in the financial report in relation to the impairment.

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 2018, 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

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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.
- 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

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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 in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Taruga Minerals Limited for the year ended 30 June 2018 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
28 September 2018

M R Ohm
Partner

ANALYSIS OF SHAREHOLDING as at 26 September 2018

			Shareholders
1	-	1,000	203
1,001	-	5,000	111
5,001	-	10,000	76
10,001	-	100,000	248
100,001	-	or more	108
Total on Issue			746

The number of shareholdings held in less than marketable parcels is 351.

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.

	Shares	**%**
Mark Gasson	8,500,000	6.12
Hongze Group Ltd	7,142,857	5.15

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

TARUGA

AND CONTROLLED ENTITIES

TOP TWENTY SHAREHOLDERS

Rank	Holder Name	Securities	%
1	MCNEIL NOM PL	18,090,494	13.03%
2	HSBC CUSTODY NOM AUST LTD	14,524,111	10.47%
3	J P MORGAN NOM AUST LTD	10,384,373	7.48%
4	GASSON MARK	8,500,000	6.12%
5	HONGZE GRP LTD	7,142,857	5.15%
6	RANCHLAND HLDGS PL	5,761,906	4.15%
7	AYLWARD BERNARD MICHAEL	4,698,586	3.39%
8	KHNAIZER WALID	4,057,160	2.92%
9	BNP PARIBAS NOM PL	3,710,677	2.67%
10	OAKHURST ENTPS PL	3,609,167	2.60%
11	CITICORP NOM PL	3,308,437	2.38%
12	TWO TOPS PL	3,300,000	2.38%
13	SAMLISA NOM PL	2,000,000	1.44%
14	HSBC CUSTODY NOM AUST LTD	2,000,000	1.44%
15	TALLTREE HLDGS PL	2,000,000	1.44%
16	BEBB TIFFANY	1,666,667	1.20%
17	VINALE PL	1,666,666	1.20%
18	HOLLYWOOD MARKETING WA PL	1,554,606	1.12%
19	ASCENT CAP HLDGS PL	1,543,335	1.11%
20	DING MARCUS STEVEN	1,524,213	1.10%
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	101,043,255	72.79%
	Total Remaining Holders Balance	**37,743,031**	**27.21%**

The name of the joint Company Secretaries are Daniel Smith and Sylvia Foong.

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

Registers of securities are held Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross WA 6153

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 Options over Un-issued Shares

There are 9,369,047 unlisted options exercisable at $0.30 each on or before 19 June 2020.

Granted tenements held directly by Taruga Minerals or subsidiary company

Tenements	Held	Country
E51/1832	100% (In application)	Australia
E53/1947	100% (In application)	Australia