

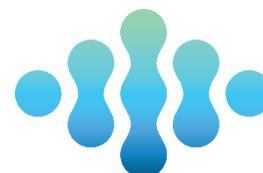
TARUGA

TARUGA MINERALS LIMITED

ACN 153 868 789

**INTERIM FINANCIAL REPORT
31 DECEMBER 2018**

CONTENTS

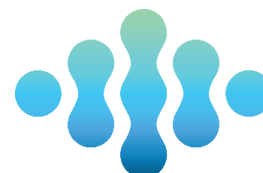


TARUGA

AND CONTROLLED ENTITIES

Directors' Report	3
Auditor's Independence Declaration	16
Condensed Consolidated Statement of Comprehensive Income	17
Condensed Consolidated Statement of Financial Position	18
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flows	20
Notes to the Condensed Consolidated Financial Statements	21
Directors' Declaration	26
Independent Auditor's Review Report	27

DIRECTORS' REPORT



TARUGA

AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

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

COMPANY SECRETARIES

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

REVIEW OF OPERATIONS

Project Overview

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

Democratic Republic of Congo

Copper-Cobalt Projects

Taruga has entered into option agreements to acquire a range of highly prospective cobalt and copper projects in the DRC. All concessions are shown in **Figure 1** highlighting their position within the Central African Copper Belt.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

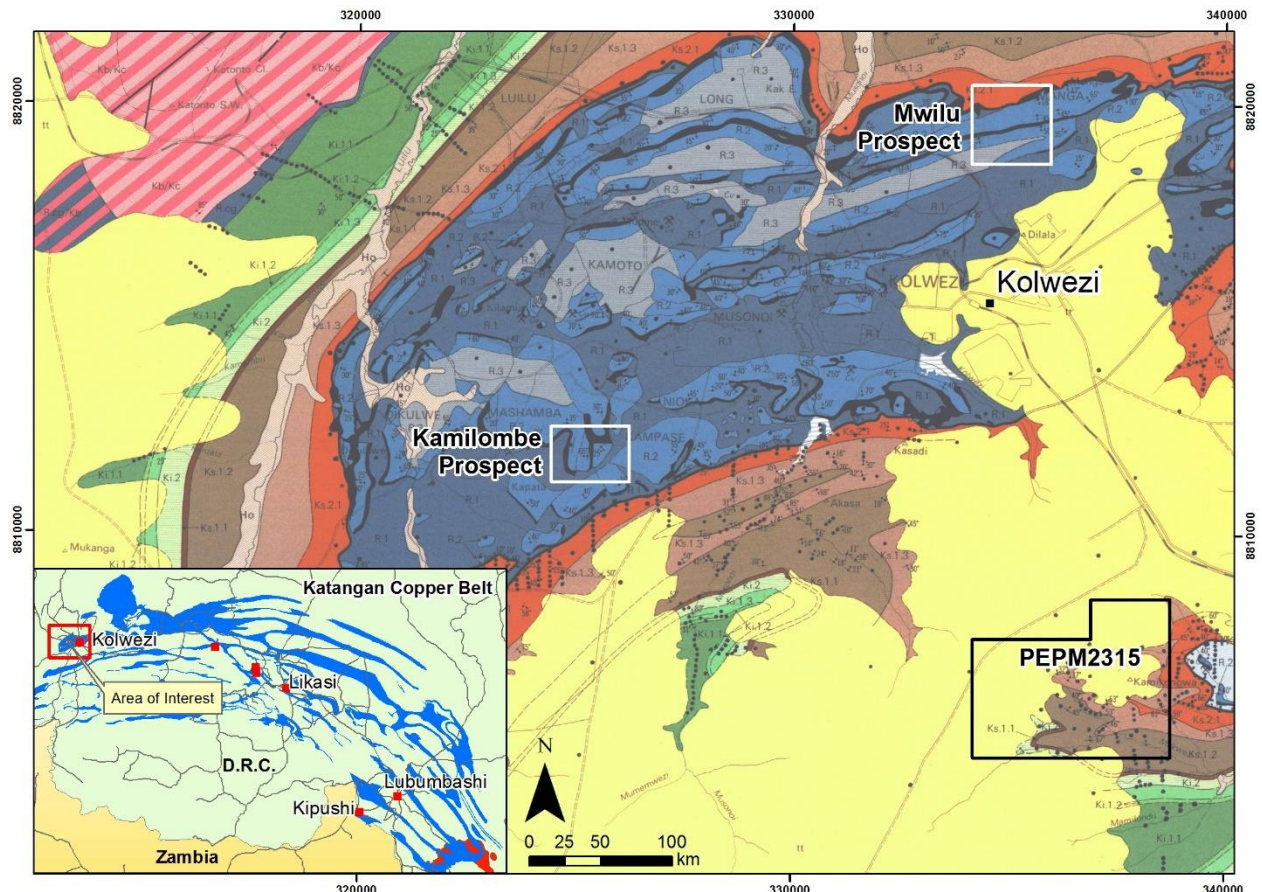


Figure 1: Regional geology showing location of Taruga's optioned tenements

In February 2018, Taruga entered into an agreement with a consortium including the Government of Lualaba Province and local construction and development company, Mint-Master, to earn a 60% interest in the high grade Mwilu (portion of Permis d'Exploitation – PE 4960) and Kamilombe (portion of PE 11599) Cobalt-Copper projects. During the half year the Company has completed due diligence diamond drilling programmes on both projects which highlighted the high-grade cobalt and copper potential of both Mwilu and Kamilombe.

Taruga has received an extension to complete the due diligence at both Mwilu and Kamilombe. The mutually agreed extension is for 30 days from the successful signing of new title agreements currently under discussion between La Générale des Carrières et des Mines (**Gecamines**) and Mint-Master (**Title Agreements**).

The Company also has an agreement to explore and develop early stage PEPM 2315 (Permis d'Exploitation de Petite Mine) which is a cobalt-copper project in highly prospective Roan belt, covers 28.35km² and is located 8km SSE of Kolwezi in Lualaba Province.

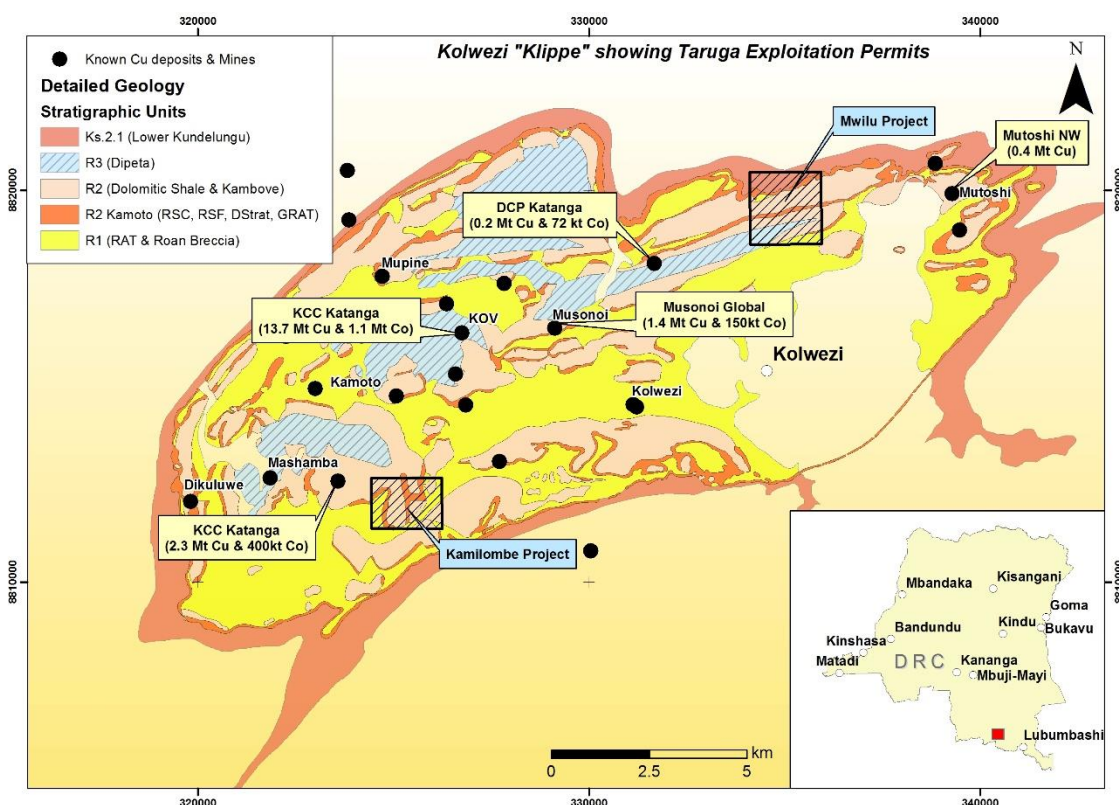


Figure 2: Geological map of the Kolwezi “Klippe” showing the Mwilu and Kamilombe project areas and known mines and deposits

Mwilu Project

Mwilu covers 3.36km² within the Kolwezi “Klippe” (**Figure 2**) which hosts a number of the largest known cobalt and copper mines and borders the city of Kolwezi to the north. The area is currently being mined at shallow levels by artisanal miners who are providing cobalt ore to the consortium, the sale of which is used to fund ongoing development projects in the Lualaba Province.

During the half year Taruga completed 8 diamond drill holes for a total of 1,247m as part of the technical due diligence at Mwilu. Two drill fences were completed to test the near surface cobalt grades of Mines R2 series lithologies within two interpreted fold structures as shown in Figures 3, 4 and 5.

Drilling confirmed a low grade cobalt mineralisation within a shallow dipping northern zone as shown in section in Figures 4 and 5 and high grade cobalt and copper mineralisation in a southern steeply dipping shear. Best results from the northern zone included:^{1,2}

¹ For MWDD001-003 result table please refer to Table 2 in the following ASX announcement: 31 Aug 2018 High Grade Cobalt Mineralisation Confirmed at Kamilombe Project in the DRC

² For MWDD004-008 result table please refer to Table 1 in the following ASX announcement: 14 Sep 2018 All Results Reported for Due Diligence at Mwilu and Kamilombe Projects in the DRC

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

- MWDD001: 3.58m @ 0.18% Co from 33.72m
- MWDD002: 11m @ 0.14% Co from 22.2m
- MWDD004: 16.30m @ 0.16% Co from 31.9m, 46.60m @ 0.12% Co from 81.55m and 6.20m @ 0.32% Co from 164.85m
- MWDD006: 13m @ 0.13% Co from 50.45m, 1.52m @ 0.41% Co from 67.83m and 6.45m @ 0.24% Co from 79.45m
- MWDD007: 33.80m @ 0.14% from 57.6m

The northern zone attains a maximum depth of roughly 170m and is approximately 700m wide.

A highly significant result of **6.40m at 1.11% Co** from **282.45m** within a broader zone of **42.85m at 0.39% Co** from **256.55m** was reported from hole MWDD008 which targeted the southern zone. A significant copper intersection of **13.05m at 2.02% Cu** from **264.5m** including **8.40m at 2.7% Cu** from **269.15m** was reported from the same zone. Channel sampling within artisanal at surface reported 19.32m at 0.33% Co including **9.87m at 0.55% Co** from the same zone at surface, suggesting continuous mineralisation down to a vertical depth of 280m.

The Company will prioritise the high grade southern zone in future drilling programmes.

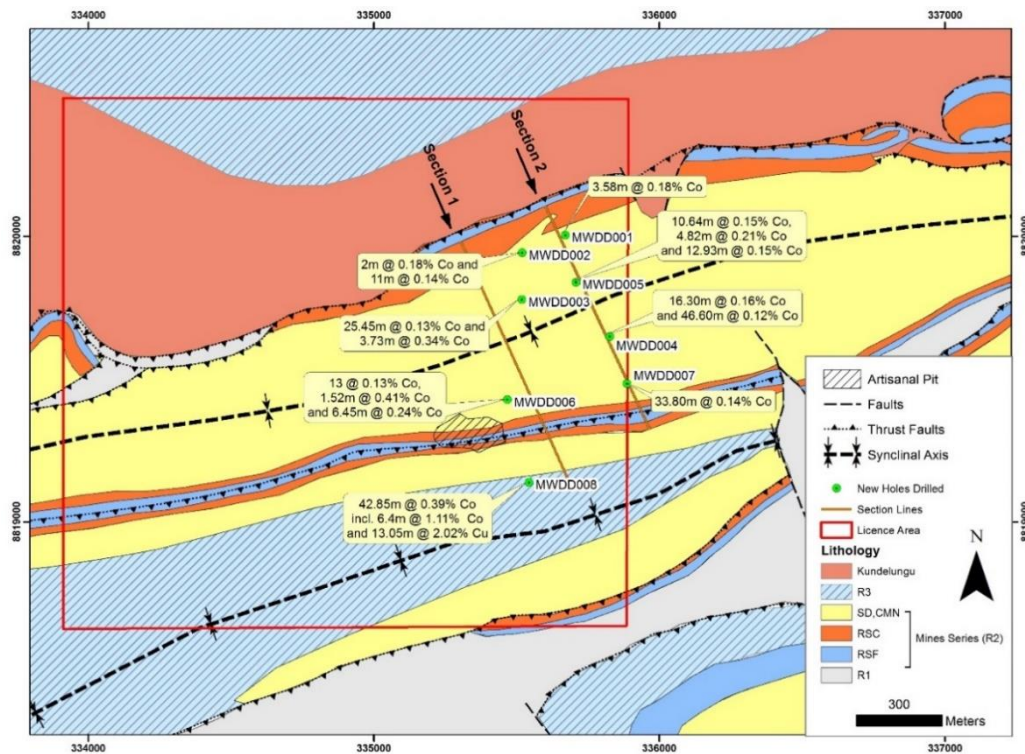


Figure 3: Interpreted geology and drilling results at Mwilu

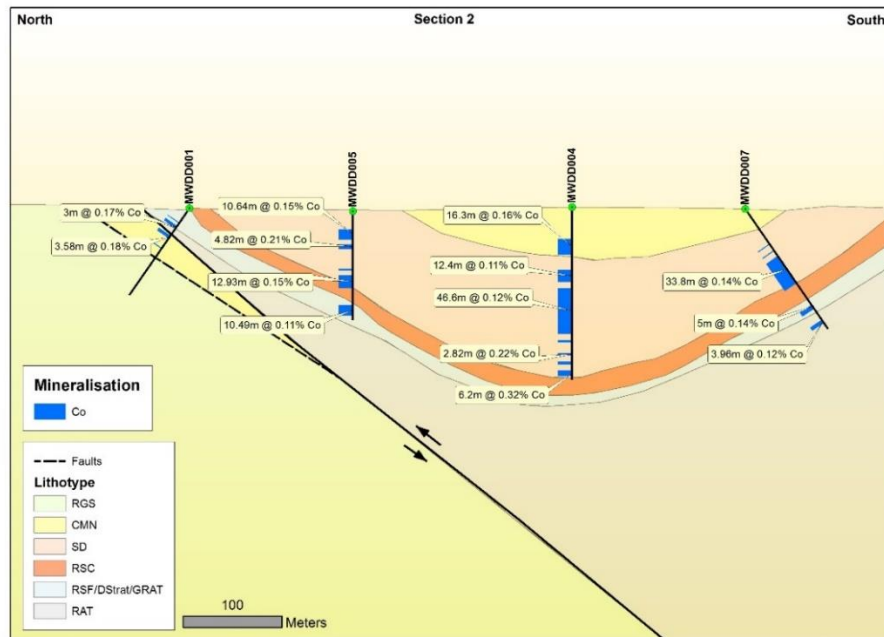


Figure 4: Cross section across the northern zone showing mineralisation confined to the synclinal structure on geology

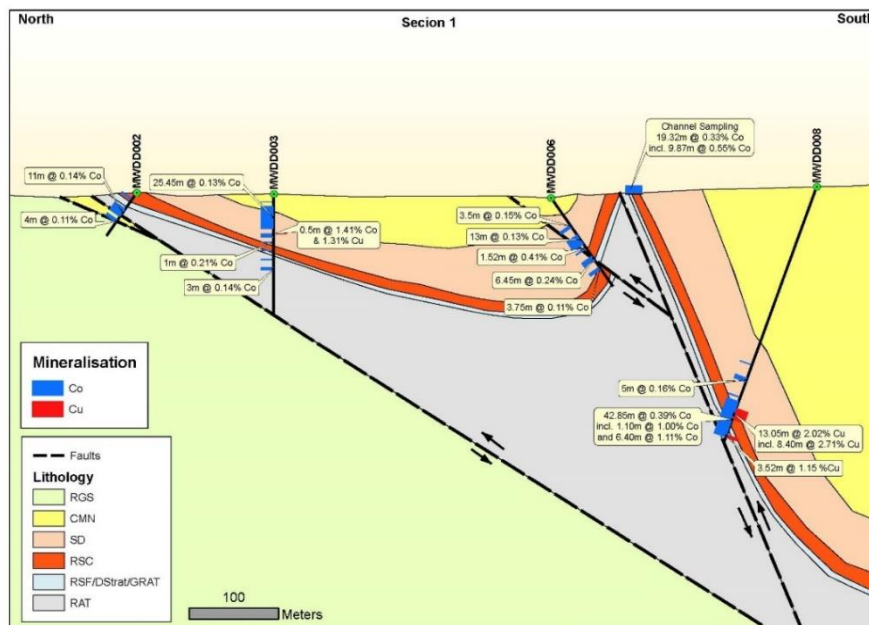
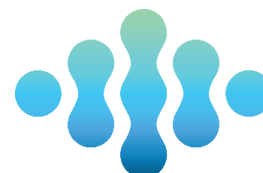


Figure 5: Cross section across both the northern and southern zone showing mineralisation confined to the synclinal structure in the northern zone and the steeply dipping southern zone on geology

DIRECTORS' REPORT



TARUGA

AND CONTROLLED ENTITIES

Kamilombe Project

Kamilombe covers a surface area of 2.37km² 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.³

Taruga twinned 5 historic holes for 999m drilled at Kamilombe as no information was available as to methods of analysis or aggradation methods used to calculate reported grades.

During the period, the Company reported the following high grade cobalt and copper results:^{4,5}

- KMDD001: 31.21m @ 0.52% Co from 33.1m including **3.04m @ 1.45% Co** from 36.4m and **5.18m at 1.05% Co** from 57.7m
- KMDD001: **24.5m @ 1.22% Cu** from 138.3m and 8.12m @ 0.1% Co from 144.08m
- KMDD002: 16.28m @ 0.2% Co from 164.6m
- KMDD004: 10.72m @ 0.38% Co from 40m
- KMDD005: 50.87m @ 0.49% Co from 5.8m including **13.68m @ 1.21% Co** from 30.47m and 8.85m @ 0.41% Co from 88.85

Drilling confirmed that Kamilombe is first and foremost a cobalt project with copper mineralisation coming in at deeper levels.

³ Refer to Ni 43-101 Technical Report released by Katanga Mining Limited, dated 31 March 2018

⁴ For KMDD001 result table please refer to Table 1 in the following ASX announcement: 30 Jul 2018 High Grade Cobalt and Copper Results at the Kamilombe Project in the DRC

⁵ For KMDD002-005 result table please refer to Table 1 in the following ASX announcement: 31 Aug 2018 High Grade Cobalt Mineralisation Confirmed at Kamilombe Project in the DRC

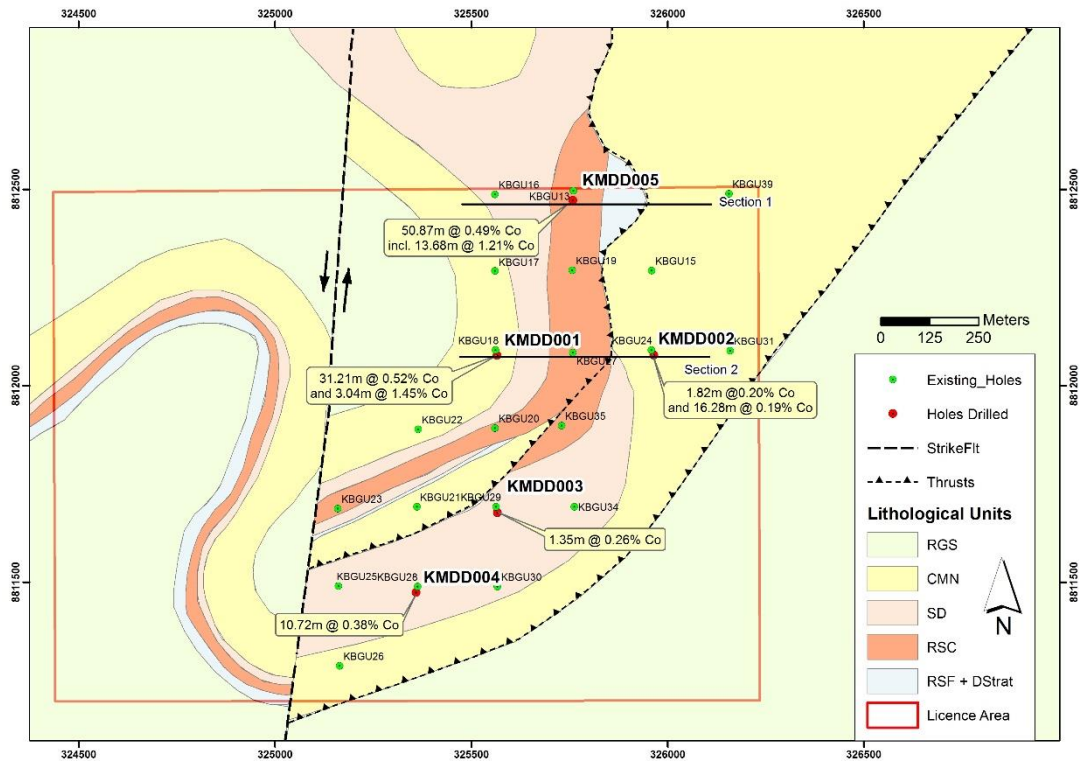


Figure 6: Interpreted geology from Gecamines showing historic diamond holes and 5 twinned diamond holes completed by Taruga

Thicknesses of the mineralised intersections are close to true thickness as bedding in the highly weathered stratigraphic units appears to be flat as shown in section in **Figures 7 and 8**. The sections further show that the mineralised Mines R2 units have been duplicated from thrusting thereby increasing the overall resource potential.

Metallurgy

As announced 31 January 2019, results received for provisional metallurgical studies on the DStrat stratigraphic unit at Kamilombe demonstrate the potential for concentrate grades of 4.1% Co to 12.6% Co and cobalt recoveries between 59% and 70% from simple gravity beneficiation. The DStrat unit occurs as highly friable sandy material and would therefore not require crushing, thus reducing processing costs.

The testwork has provided early indications of how the orebody may be processed to maximise economic returns from an early, shallow mining operation. Cashflow generated from shallow mining would be used towards a deeper resource drilling programme and feasibility studies at Kamilombe. Taruga is hopeful that a simple flowsheet and an economical processing facility can be confirmed in more detail following further testwork on exploration drill core.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

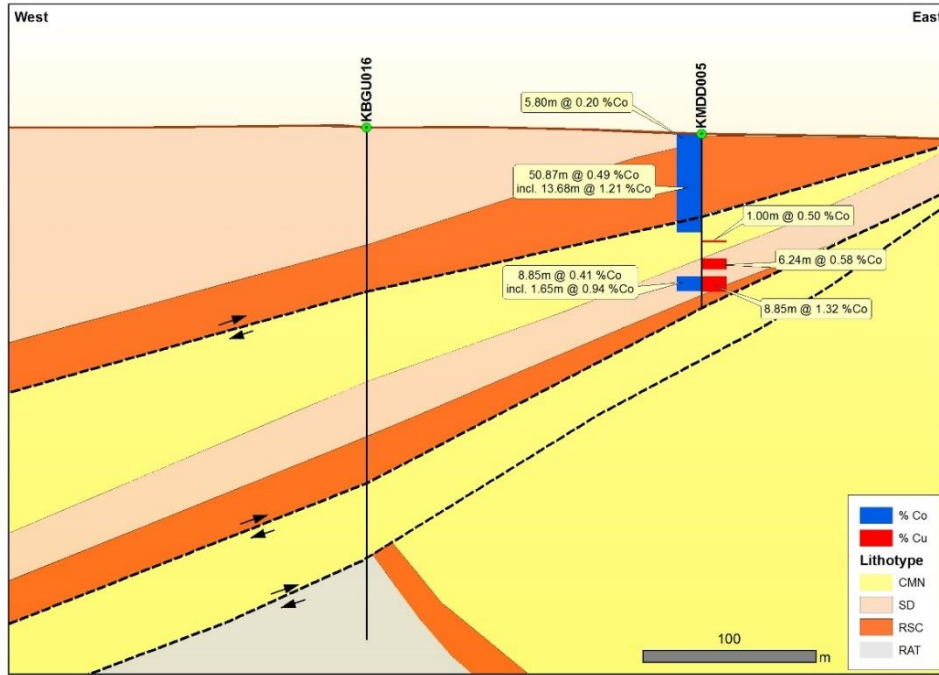


Figure 7: Interpreted section across KMDD005 highlighting the near surface and shallow dipping mineralized RSC unit and lower RAT unit

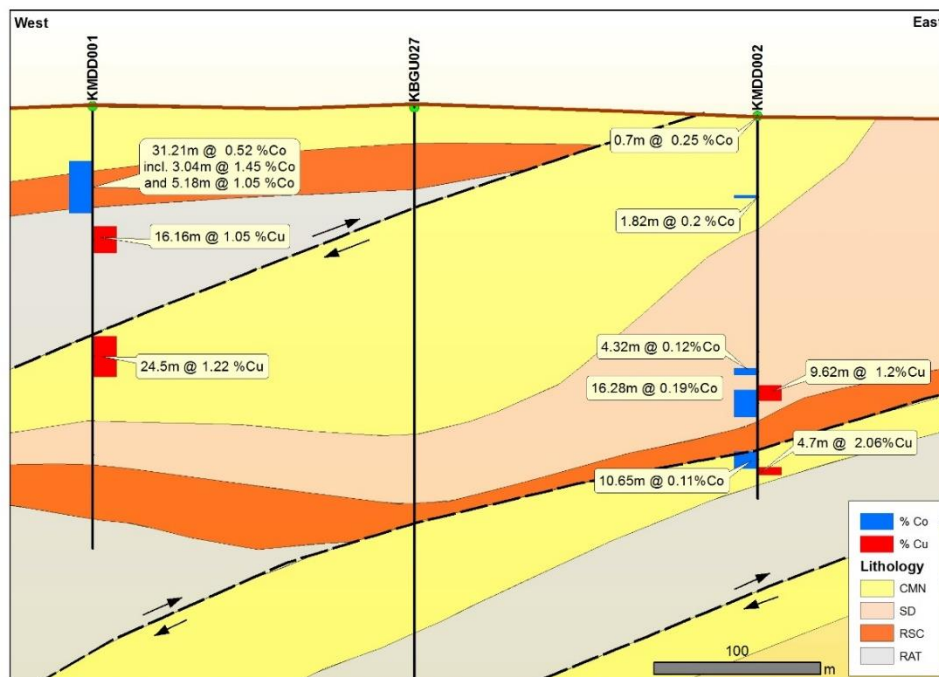


Figure 8: Interpreted section across KMDD001 and KMDD002

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

PEPM 2315

Eighty five percent of the PEPM 2315 property is overlain by recent soil cover where mineralised Roan sediments mined at Kamukongo and by artisanal miners immediately to the east and on the licence are interpreted to extend westwards onto the licence below soil cover. Taruga is currently working with the license holder as they transition the license to an exploitation permit during the ongoing due diligence. Once granted the Company will commence with soil sampling and follow up air core drilling programmes on the project area.

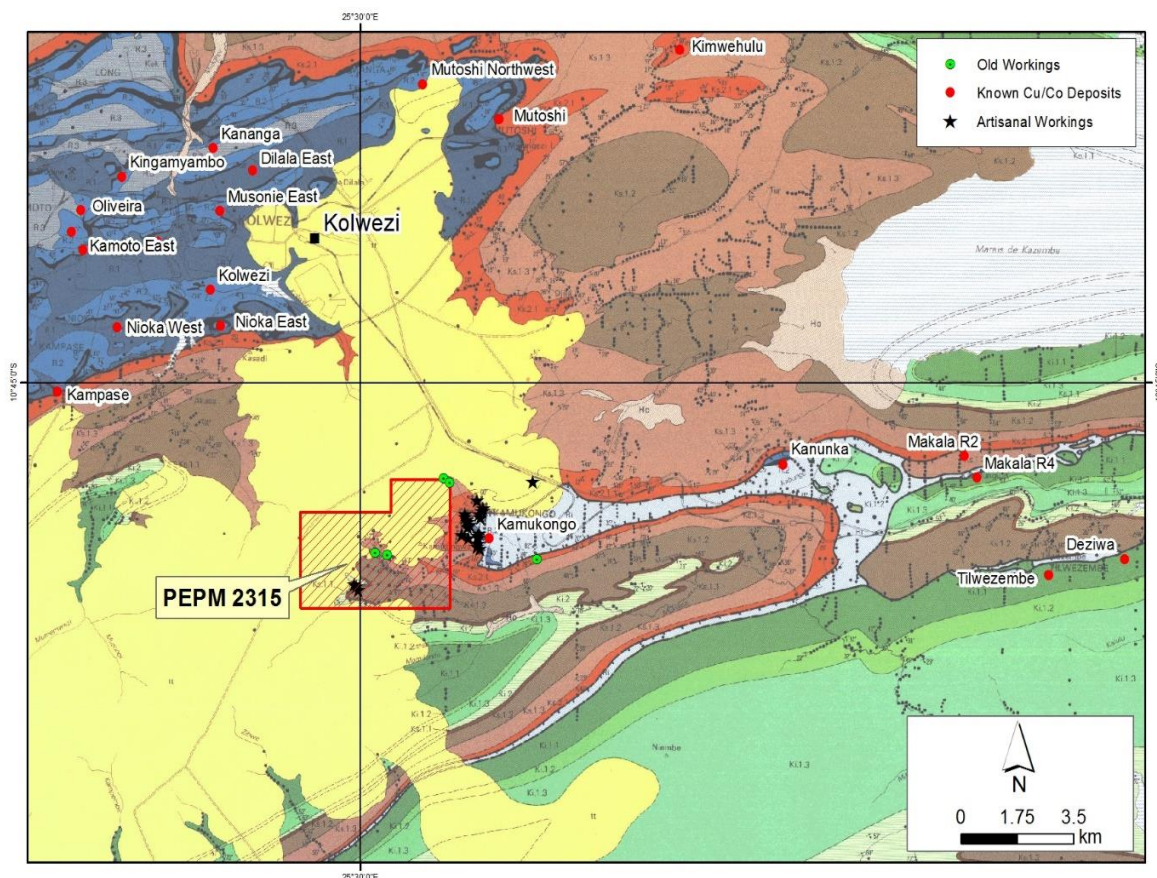


Figure 9: Geology map showing PEPM 2315 and underlying recent soil cover (yellow) and Kundulungu sediments (brown)

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

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Ivanhoe's Kamoia 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.

Australia

Cobalt Exploration

The Company is planning for a broad geochemical survey targeting cobalt mineralisation on exploration licence E51/1832, following further ground reconnaissance.

Lithium

The Company has exploration licence applications in the Greenbushes region of Western Australia pending. The licences are subject to review by the Department of Environment relating to proposed activities and licence conditions. **(Figure 10)**.

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.

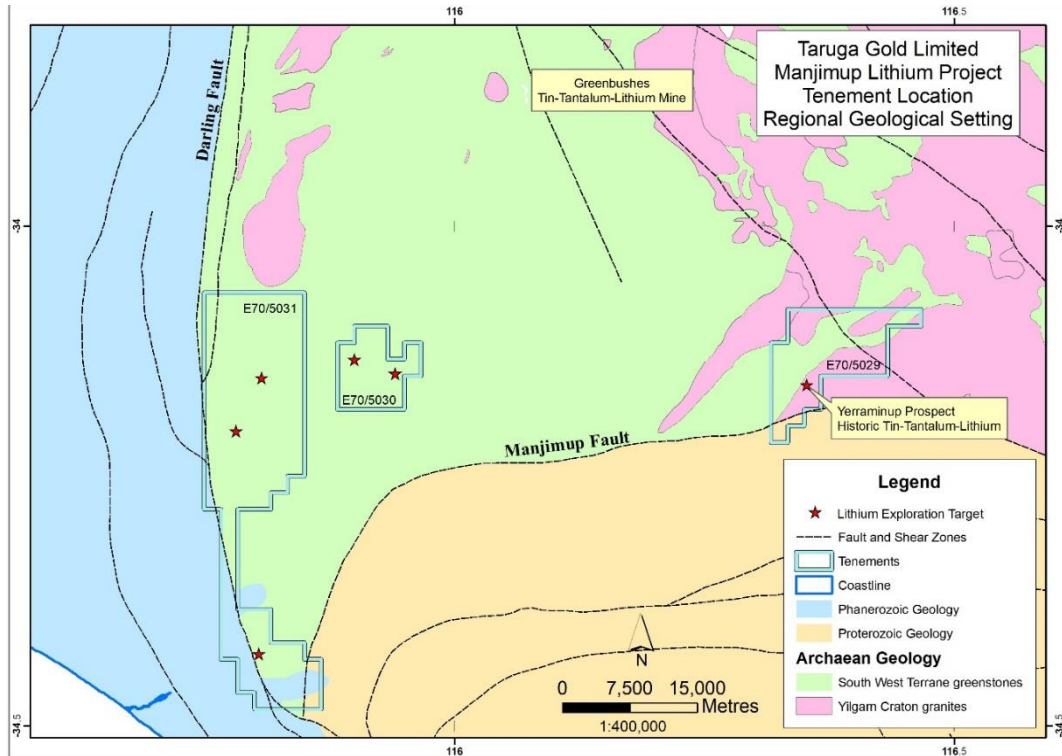


Figure 10: Taruga Minerals Limited – Tenement Application Location Plan

Discontinued Operations

During the period, following the divestment of its West African gold assets, the Group deregistered two of its subsidiaries: Gecko Gold Cote d’Ivoire SARL and Gecko Gold Limited. The Group no longer has activities in West Africa.

Competent Person’s Statement – Exploration Results

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr 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



AND CONTROLLED ENTITIES

CORPORATE

Management changes

During the reporting period, the Company announced that Ms Sheena Eckhof had transitioned to executive director of the Company and would oversee investor relations.

Capital raisings

On 17 September 2018, the Company announced that it had 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 placement raised \$500,000 before costs.

On 9 November 2018, the Company announced that it had 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, raising \$500,000 before costs.

After Balance Date Events

On 31 January 2019, the Company announced provisional metallurgical studies detailed under Kamilombe.

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

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION

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

.....
Gary Steinepreis

Non-Executive Director

Perth, 15 March 2019

AUDITOR'S INDEPENDENCE DECLARATION



AND CONTROLLED ENTITIES



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Taruga Minerals Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
15 March 2019

M R Ohm
Partner

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Taruga Minerals Limited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES

	Note	Consolidated	
		31 December 2018 \$	31 December 2017 \$
Revenue		2,264	4,355
Depreciation		(5,051)	-
Consultants		(166,159)	(75,151)
Professional fees		(60,455)	(34,226)
Share based payments		(385,749)	-
Travel and accommodation		(57,800)	(18,568)
Office and communication costs		(16,266)	(13,017)
Project evaluation		(921,194)	(96,952)
Impairment expense		-	(1,530,359)
Other expenses		(120,775)	(42,643)
Foreign exchange loss		(5,726)	(95)
Loss from continuing operations before income tax		<u>(1,736,911)</u>	<u>(1,806,656)</u>
Income tax expense		-	-
Net loss for the period from continuing operations		<u>(1,736,911)</u>	<u>(1,806,656)</u>
Loss from discontinued operations net of tax	10	<u>(71,993)</u>	<u>(4,857)</u>
		(1,808,904)	(1,811,513)
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign subsidiaries		60,759	(6,309)
Total comprehensive loss for the period		<u><u>(1,748,145)</u></u>	<u><u>(1,817,822)</u></u>
From continuing and discontinued operations			
Basic and diluted loss per share (cents per share)		(1.31)	(1.74)
From continuing operations			
Basic and diluted loss per share (cents per share)		(1.25)	(1.74)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



AS AT 31 DECEMBER 2018

AND CONTROLLED ENTITIES

		Consolidated	
	Note	31 December 2018 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		1,364,067	2,487,993
Trade and other receivables		48,990	26,490
Other current assets	2	<u>585,420</u>	<u> </u>
Total Current Assets		<u>1,998,477</u>	<u>2,514,483</u>
NON CURRENT ASSETS			
Property, plant and equipment		103,013	61,027
Mineral exploration and evaluation	3	<u>-</u>	<u>-</u>
Total Non Current Assets		<u>103,013</u>	<u>61,027</u>
TOTAL ASSETS		<u>2,101,490</u>	<u>2,575,510</u>
CURRENT LIABILITIES			
Trade and other payables		<u>94,498</u>	<u>206,122</u>
Total Current Liabilities		<u>94,498</u>	<u>206,122</u>
TOTAL LIABILITIES		<u>94,498</u>	<u>206,122</u>
NET ASSETS		<u>2,006,992</u>	<u>2,369,388</u>
EQUITY			
Issued capital	4	19,531,500	18,531,500
Reserves		452,573	6,065
Accumulated losses		<u>(17,977,081)</u>	<u>(16,168,177)</u>
TOTAL EQUITY		<u>2,006,992</u>	<u>2,369,388</u>

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Half-year to 31 December 2017					
Balance at 1 July 2017	13,821,735	(4,965,554)	-	(111,896)	8,744,285
Loss for the period	-	(1,811,513)	-	-	(1,811,513)
Exchange differences on translation of foreign subsidiaries	-	-	-	(6,309)	(6,309)
As at 31 December 2017	13,821,735	(6,777,067)	-	(118,205)	6,926,463
Half-year to 31 December 2018					
Balance at 1 July 2018	18,531,500	(16,168,177)	64,292	(58,227)	2,369,388
Issue of shares	1,000,000	-	-	-	1,000,000
Share based payments – Performance Rights	-	-	385,749	-	385,749
Loss for the period	-	(1,808,904)	-	-	(1,808,904)
Exchange differences on translation of foreign subsidiaries	-	-	-	60,759	60,759
As at 31 December 2018	19,531,500	(17,977,081)	450,041	2,532	2,006,992

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES

	Consolidated	
	31 December 2018 \$	31 December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(352,725)	(153,277)
Interest income received	2,264	4,355
Net cash used in operating activities	<u>(350,461)</u>	<u>(148,922)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(1,690,344)	(155,491)
Payments for motor vehicles purchased	(77,269)	
Net cash used in investing activities	<u>(1,767,613)</u>	<u>(155,491)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,000,000	-
Share transaction costs	(13,107)	-
Net cash provided by financing activities	<u>986,893</u>	<u>-</u>
Net (decrease)/increase in cash held	(1,131,181)	(304,413)
Cash and cash equivalents at the beginning of the period	2,487,913	1,740,836
Effect of exchange rate fluctuations on cash held	7,335	-
Cash and cash equivalents at the end of the period	<u><u>1,364,067</u></u>	<u><u>1,436,423</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. The interim financial report was authorised for issue on 15 March 2019.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Taruga Minerals Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

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

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

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

Reporting Basis and Conventions

The financial 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 \$1,808,904 for the period ended 31 December 2018, and a net cash outflow from operating activities amounting to \$350,461, the Directors are of the opinion that the Company is a going concern for the following reasons:

- 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 Company be unable to raise additional funds as necessary, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES

Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2018.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB, including AASB9 and AASB 15, that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2018.

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2019. As a result of this review, the Director have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

NOTE 2 – OTHER CURRENT ASSETS

	Consolidated	
	Half-year to 31 December 2018	Year to 30 June 2018
	\$	\$
Balance at beginning of period	-	-
Loan to third party in DRC ¹	585,420	-
Closing Balance at 31 December 2018	<u>585,420</u>	<u>-</u>

¹ The purpose for the loan was as an advance for costs related to the acquisition of tenements within the Democratic Republic of Congo.

NOTE 3 – MINERAL EXPLORATION AND EVALUATION

	Consolidated	
	Half-year to 31 December 2018	Year to 30 June 2018
	\$	\$
Balance at beginning of period	-	6,995,457
Expenditure incurred during the period	-	22,055
Impairment	-	(7,060,393)
Foreign exchange movement	-	42,881
Total deferred exploration and evaluation expenditure	<u>-</u>	<u>-</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES

NOTE 4 - ISSUED CAPITAL

Consolidated

	31 December 2018	30 June 2018
	\$	\$
Ordinary Shares		
Issued and fully paid	<u>19,531,500</u>	<u>18,531,500</u>

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

Half-year to 31 December 2017

	Number of shares	\$
Opening balance at 1 July 2017	<u>103,917,239</u>	<u>13,821,735</u>
Closing balance at 31 December 2017	<u>103,917,239</u>	<u>13,821,735</u>

Half-year to 31 December 2018

	Number of shares	\$
Opening balance at 1 July 2018	136,405,334	18,531,500
19-Sept-18 Placement – Tranche 2	2,380,952	500,000
09-Nov-18 Placement – Tranche 2	2,380,952	500,000
Closing balance at 31 December 2018	<u>141,167,238</u>	<u>19,531,500</u>

Movements in options were as follows:

Half-year to 31 December 2017

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

Half-year to 31 December 2018

	Number of Options	\$
Opening balance at 1 July 2018	6,988,095	-
19-Sept-18 Unlisted free attaching Options Placement – Tranche 2	2,380,952	-
09-Nov-18 Unlisted free attaching Options Placement – Tranche 2	2,380,952	-
Closing balance at 31 December 2018	<u>11,749,999</u>	<u>-</u>

NOTE 5 - CONTINGENT LIABILITIES

Taruga Minerals Limited and its controlled entities have no known material contingent liabilities as at 31 December 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES

NOTE 6 – 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 reports.

NOTE 7 – EVENTS SUBSEQUENT TO BALANCE DATE

On 31 January 2019, the Company announced provisional metallurgical studies detailed under Kamilombe.

NOTE 8 – FINANCIAL INSTRUMENTS

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

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

NOTE 9 – 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 31 December 2018 was \$385,749.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES

NOTE 10 – DISCONTINUED OPERATION

During the period, following the divestments of its West African gold assets, the Group deregistered two of its subsidiaries: Gecko Gold Cote d'Ivoire SARL and Gecko Gold Limited. There was no material loss or cash flows attributable to the discontinued operations with the \$71,993 loss being comprised of written off assets and the attributable foreign currency reserve balance.

DIRECTORS DECLARATION



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES

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 Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group’s financial position as at 31 December 2018 and of its performance for the half-year then ended; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

.....

Gary Steinepreis

Non-Executive Director

Perth, 15 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Taruga Minerals Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Taruga Minerals Limited ("the Group") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the interim financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the interim financial report

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

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INDEPENDENT AUDITOR'S REVIEW REPORT



FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AND CONTROLLED ENTITIES



Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2019

M R Ohm
Partner