

TARUGA GOLD LIMITED
ACN 153 868 789

SECURITIES TRADING POLICY

1 BACKGROUND

In order to preserve the reputation and integrity of Taruga Gold Limited (**Company**), it is imperative that when people associated with the Company deal in the Company's securities those dealings are not only fair, but are seen to be fair.

The general scheme of this policy regarding allowable dealings by employees and directors in the Company's securities is that such persons should:

- (a) never engage in short term trading of the Company's securities;
- (b) not deal in the Company's securities while in possession of price sensitive information;
- (c) notify the company secretary of any material intended transactions involving the Company's securities; and
- (d) restrict their buying and selling of the Company's securities within the "trading windows".

The policy provides a general summary of the law in Australia in relation to insider trading, and as such operates in addition to the legal requirements. It is the personal responsibility of each individual to comply with this policy.

This is an important document. If you do not understand any aspect of this policy, it is strongly recommended that you contact the company secretary.

2 OVERVIEW OF THE INSIDER TRADING PROVISIONS IN THE CORPORATIONS ACT

It is illegal for anybody to deal in any securities of a body corporate (including the Company or any subsidiaries) when in possession of information that the person knows, or ought reasonably to know:

- (a) is not generally available (including information that the Company has not disclosed to the market in accordance with the Company's disclosure policy); and
- (b) might have a material effect on the price or value of those securities if it was generally available,

hereafter referred to as **Inside Information**.

This prohibition extends to procuring another person to deal and, in the case of securities of listed corporations, extends to communicating the inside information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the securities in question or procure another person to do so.

dealing includes applying for, acquiring or disposing of, or entering into an agreement to apply for, acquire or sell, securities, and **deal** has a corresponding meaning.

securities include shares, derivatives and other financial products that can be traded on a financial market including financial products issued or created over Company securities by third parties and products which operate to limit economic risk in holdings of Company securities.

3 CONFIDENTIALITY AND INSIDE INFORMATION

A person in possession of Inside Information about the Company has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person. Confidentiality is also stressed in relation to external advisers.

4 DEALING WITH SECURITY ANALYSTS, INSTITUTIONAL INVESTORS AND JOURNALISTS

You may be exposed to persons outside the Company such as security analysts, institutional investors and journalists. It is important that you be aware that selective disclosure of non-public information may result in a breach of the insider trading rules. Thus, if a report containing material non-public information concerning the Company was communicated only to local or trade journals and if full public disclosure of the information was not made at the same time, it is possible that this may give rise to a breach of the Corporations Act.

It is important to stress that it is the mere fact of conveyance of the material non-public information that gives rise to liability, not the manner in which it is conveyed. For example, the confirmation of an analyst's educated guess about a situation not known to the general public may be just as much a violation as the direct conveyance of information to an analyst. This is clearly the case even if the analyst's case is based upon his or her independent and creative analysis of publicly available information.

If during the course of a discussion with an analyst, journalist or other outsider, material non-public information concerning the Company is disclosed, inadvertently or otherwise, the recipient of the information should be informed of its non-public nature and cautioned against its use unless and until the Company has made full public disclosure of that information. The company secretary should be notified of the situation immediately so that a decision can be made regarding disclosure of the information. In view of the pitfalls inherent in responding to analyst's projections and questions regarding previously undisclosed operating results or other developments, no comment at all should be made on these matters except to correct serious factual errors in situations in which the facts are in the public domain.

5 SENIOR MANAGEMENT RESTRICTIONS ON TRADING

Personnel of the Company, whose positions expose or are likely to expose them to information regarding the Company, being:

- (a) the Board;
- (b) the managing director of the Company, and his or her direct reports;
- (c) group corporate accountant, the group taxation manager and the legal executive; and
- (d) anyone else who directly reports to the managing director,

(collectively called *Senior Management* for the purposes of this policy) are to be subject to the restrictions on trading in the Company securities other than at certain times of the year. This

includes any employee who may be exposed to Inside Information in the course of his or her duties.

6 ASSOCIATED PARTIES

Each person in Senior Management has a personal responsibility to ensure that his or her “associated parties” (being immediate family (including a spouse (or equivalent) or dependent), family company or trust) complies with the same respective restrictions as apply to Senior Management of the Company.

7 EMBARGO ON SENIOR MANAGEMENT’S DEALING IN COMPANY’S SECURITIES

In addition to the overriding prohibition on dealing when a person is in possession of Inside Information, Senior Management and their associated parties are at all times embargoed from dealing in the Company securities except for:

- (a) each period of 28 days immediately following each date upon which the Company gives to the ASX its preliminary final statement;
- (b) each period of 28 days immediately following each date upon which the Company gives to the ASX its half-yearly and quarterly reports; and
- (c) each period of 28 days immediately following each date upon which the Company holds its annual general meeting.

“Immediately following each date” means that Senior Management and their associated parties **cannot trade on the date** the preliminary final statement and half-yearly and quarterly reports are announced or on the date the annual general meeting is held. The 28 day period in which trading is allowed will, in each instance, start on the date after the announcement or the annual general meeting.

If any member of Senior Management is unsure as to the precise start and finish dates of these periods, they should consult their supervisor/manager or a representative from human resources. For the avoidance of doubt, it is stressed that the existence of these trading windows does not permit Senior Management to deal whilst in the possession of Inside Information - this restriction applies at all times.

Each member of Senior Management will be provided with a copy of this policy.

8 EMBARGO ON “SHORT-TERM” TRADING

In order to prevent the unfair use of information, Senior Management is generally prohibited from short-term trading at all times. Short-term trading is a purchase and sale of the same securities within a six month period.

In addition, the Board has an absolute discretion to place an embargo on Senior Management and/or employees and/or their respective associated parties trading in Company securities at any time.

9 EXEMPTION TO TRADE RESTRICTIONS DURING EMBARGO PERIOD

The Board may, in exceptional circumstances only, approve any member of Senior Management or his or her associated parties trading in Company securities during an embargo period. For example, the Board may approve Senior Management exercising options in employee share ownership plans, redemption of securities or certain other option exercises.

An exemption will not however be granted by the Board if it considers there is information that is not generally available, but if it were, would be likely to “materially affect” the price of Company securities.

10 NOTIFICATION RULES IN RELATION TO DEALING IN THE COMPANY’S SECURITIES

Senior Management are required to notify the Company of intended dealings in Company securities, by themselves or their associated parties, three days prior to such intended dealings. This should be done by written notice to the company secretary of the Company outlining the:

- (a) name of security holder;
- (b) proposed date of dealing;
- (c) type of proposed transaction (purchase, sale, etc.); and
- (d) number of securities involved.

Following completion of the proposed dealing, the member of Senior Management in question must provide confirmation to the company secretary that the dealing has occurred and the details of the dealing.

11 DIRECTORS TO NOTIFY ASX OF SHAREHOLDING

The directors of the Company are required to complete either Appendix 3X, 3Y or 3Z to the Listing Rules (as applicable) and provide it to the Company to be filed with the ASX in respect of their shareholding in the Company for the purposes of section 205G of the Corporations Act and Listing Rule 3.19A.

12 DISCLOSURE

In order to maintain transparency, this policy is to be disclosed in the annual report and be made publicly available.

13 BREACHES OF POLICY

Any breaches of this policy will be severely dealt with and may lead to summary termination.

14 REVIEW OF SECURITIES TRADING POLICY

The Board will, at least once in each financial year, review this policy to determine its appropriateness to the needs of the Company and make any amendments it determines are necessary or desirable.

Approved by the Board on 9 December 2011.