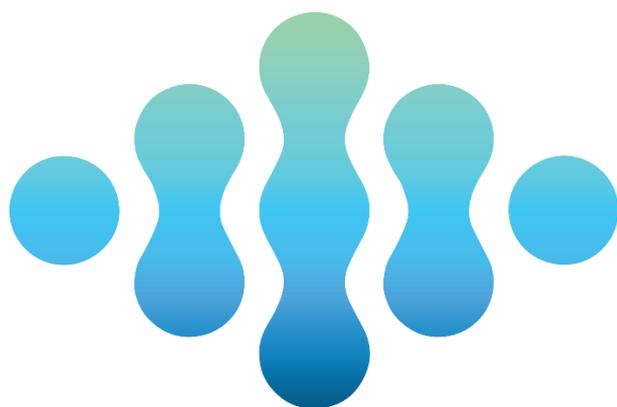


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**TARUGA**

ACN 153 868 789

**ANNUAL REPORT 2020**

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**TARUGA**

AND CONTROLLED ENTITIES

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# COMPANY INFORMATION



## AND CONTROLLED ENTITIES

ACN	153 868 789	
Directors	Mark Gasson Gary Steinepreis Paul Cronin Eric de Mori Cameron Williams Stefan White	Non-Executive Director Non-Executive Director Non-Executive Director (appointed 27 July 2020) Non-Executive Director (appointed 27 July 2020) Non-Executive Director (resigned 27 July 2020) Non-Executive Director (resigned 27 July 2020)
CEO	Thomas Line	
Joint Company Secretaries	Daniel Smith Sylvia Foong	
Registered Office	Level 8, 99 St Georges Terrace Perth WA 6000	Telephone: +61 8 9486 4036 Facsimile: +61 8 9486 4799
Share Registry	Automic Group Level 2/267 St Georges Terrace Perth WA 6000	Telephone: 1300 288 664 Facsimile: +61 2 8583 3040
Auditor	HLB Mann Judd Level 4, 130 Stirling Street Perth, WA 6000	Telephone: +61 8 9227 7500 Facsimile: +61 8 9227 7533
Bankers	Westpac Banking Corporation 116 James Street Northbridge Perth, WA 6000	
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	<a href="http://www.tarugaminerals.com.au">www.tarugaminerals.com.au</a>	

# REVIEW OF OPERATIONS



AND CONTROLLED ENTITIES

## 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 copper, gold and silver in South Australia and base metals and lithium in Western Australia.

During FY2019, Taruga relinquished its option to acquire all projects with the exception of the Kamilombe Project within the Central African Copper Belt as per agreement signed with the consortium of Mint-Master and the Lualaba Government (Consortium) in February 2018. Throughout the year, Taruga continued to experience delays in the granting of the Kamilombe licence with additional mining blocks due to a lack of high-level availability and decision making to finalise the license agreements. On 2 April 2020, the Company announced that it had notified the Consortium that the Company has decided to withdraw its interest in the Kamilombe copper-cobalt project, DRC.

Taruga has continued to pursue new opportunities in Australia and has signed an Option Agreement with Strikeline Resources Pty Ltd on its highly prospective Flinders and Torrens IOCG-style Projects within the Olympic Dam and Carrapateena structural trend in South Australia. During the year Taruga also announced initial field work on its wholly owned nickel, cobalt and gold project in the mid-west region of Western Australia and an application bordering Venture Resources/Chalice Gold Mines' base metal deposits in the south-west region of Western Australia.

### Projects Overview

Taruga is a mineral exploration company which has projects located in prolific mineral fields in South Australia and Western Australia.

#### Australia

##### **Flinders and Torrens IOCG Projects, South Australia (option to acquire 100%)**

On 14 May 2020, the Company announced that the Company has entered into a 12 month Option Agreement, in which Taruga can purchase a 100% interest in Strikeline Resources Pty Ltd (**Strikeline**) and its Flinders IOCG-style Project (**Project**) located 80km north of Port Augusta, South Australia, 80km from Carrapateena and 160km from Olympic Dam IOCG's, with power and rail on the lease (**Option Period**). On executing the terms sheet with Strikeline, Taruga paid a cash consideration A\$15,000, with a further A\$25,000 payable within 6 months in the event the Company elects to extend the Option Period. Post financial year end, on 2 July 2020, the Company announced that it had amended the Option Agreement with Strikeline to also include the Torrens IOCG Project, which adjoins the Flinders project.

Subject to Taruga having paid the cash consideration and having incurred exploration expenditure totalling A\$250,000 across the Flinders Project prior to the first anniversary, Taruga will have earned the right to exercise the option to acquire 100% ownership of Strikeline.

##### ***Flinders IOCG-style Project***

Copper mining has been conducted on the Flinders Project from 1863-1909, and subsequently iron oxide was mined in the 1980's from Main Lode Prospect in the Warrakimbo Ranges, with numerous artisanal copper workings within the project area.

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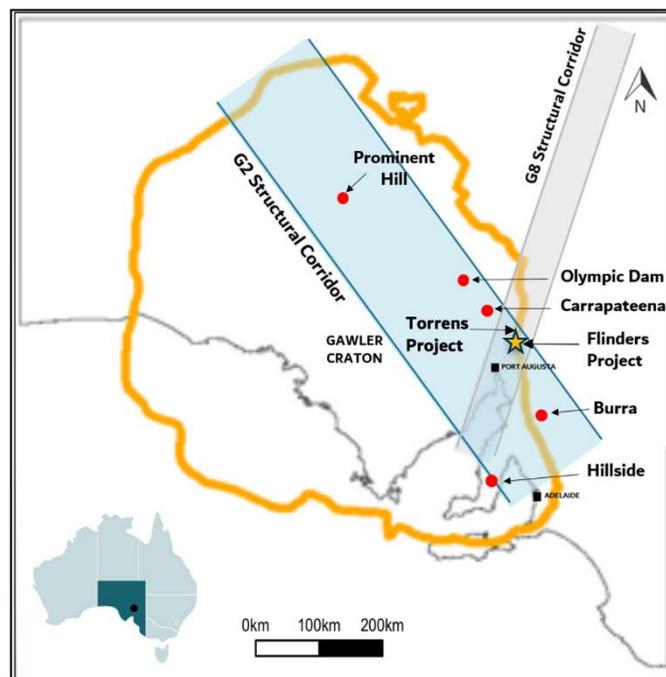
# REVIEW OF OPERATIONS



AND CONTROLLED ENTITIES

Mineralisation usually occurs within intrusive breccias hosted within major structures that crosscut the marine metasediments which dominate the project area. The breccia is often associated with mineralised and heavily altered mafic volcanics (primarily dolerite and basalt) that can be mapped for over 6.4km along the dominant Mt Stephen Thrust (MST) (**Figures 2 and 3**). Reprocessing and interpretation of the governmental regional magnetic data along with surface rock-chip sampling has increased the mineralised strike length to 15km with the inclusion of the Jenkins North and South Prospects in the north, and the Mt Stephen Prospect in the far south of the project area, as shown in **Figure 3**. Both the MST and sub-structures and fault splays which branch out from the MST have proved to contain high-grade copper-gold-silver mineralisation, indicating the potential for a larger “fluid system” or “mineralised network” beneath the surface.

During the year 8 main prospects were identified from historical mapping and mining, recent reconnaissance work and magnetic reprocessing over 15km of the Flinders IOCG Project. These are Warrakimbo Main Lode, Woolshed, Metabase, Rambla, Rainy Day, Mt Stephen, Jenkins North and Jenkins South as shown in **Figures 2 and 3**. Significant grades of mineralisation for individual prospects are summarised in **Table 1** and the individual styles of mineralisation are summarised in **Table 2**.



**Figure 1: The Flinders Project Regional and Structural Setting including the Gawler Graton outline as published by the Geological Survey of South Australia in yellow**

## *Historic Mining and Exploration*

A range of copper and iron occurrences have been identified within and adjacent to the Flinders Project area historically. Mining in the licence area started in 1863 and focused on artisanal mining of the high-grade copper mineralisation occurring in hematite-altered breccia at the Warrakimbo Main Lode (**WML**) which received limited development over the next 50 years due to low copper prices, with almost no modern exploration. Later operations focused on developing the rare industrial-grade micaceous iron oxide present within the breccia at WML.

# REVIEW OF OPERATIONS



AND CONTROLLED ENTITIES

## *Woolshed/Metabase Prospect (Copper-Gold-Silver)*

Both the Woolshed and Metabase Prospects are associated with a single 5km long magnetic anomaly. The two prospects are nominally separated by a creek, although mineralised outcrop has been confirmed at surface over > 2.5km, with a strong copper in soils anomaly extending continuously for over 3km (open to the south), which is perfectly coincident with the MST and magnetic high which defines the two prospects.

Grab samples were collected over a width of more than 120m over a strike-length of approximately 70m of a single exposure at Woolshed and reported significant grades of up to **18.5% Cu, 4.73g/t Au** and **29.3g/t Ag**. Channel sampling conducted at the Woolshed exposure returned significant grades of **4m at 4.2% Cu**, including **2m at 8.4% Cu** and **1m at 16.4% Cu**. The most recent sampling at the southern extent of the Woolshed/Metabase prospect identified the highest-grade sample to date for the prospect (Sample WK0578) which returned a grade of **26.1% Cu, 0.2g/t Au** and **2.6g/t Ag** from creek float draining from the MST.

## *Main Lode and Rambla Prospects (Copper-Silver)*

Warrakimbo Main Lode (WML or Main Lode) is a hematite altered breccia with high-grade copper and cobalt, along with enrichment in LREE and silver. Main Lode is hosted within a NW striking fault splay which branches out from the dominant N-S trending Mt Stephen Thrust. Main Lode has been mined historically for copper using artisanal methods. A small network of shafts, drives and adits have been developed at Main Lode to a depth of approximately 20m with mineralisation widening consistently with depth. A mineralised outcrop at Main Lode has been exposed intermittently over approximately 150m, is open along strike and at depth with only a single shallow drillhole sunk into the prospect which intersected mineralised breccia, however, was never followed up or geochemically assayed. Recent sampling at WML returned significant copper, gold, silver, and cobalt grades of **52.5% Cu** and **5.5g/t Ag** from WK040; **51.9% Cu** and **10.8 g/t Ag** from WK0556, **45.6% Cu** and **0.293% Co** from WK005; **25.6% Cu, 12g/t Ag, 0.05g/t Au** from WK110; **18.6% Cu, 9.5g/t Ag** from WK122; **4.58% Cu, 1.23% Co** and **4.6g/t Ag** from WK106; and WK003 reported **68.4% Fe** and **1.51kg/t LREE**.

Rambla is a sediment hosted copper prospect which has undergone artisanal mining in the late 1800's. Rambla contains high-grade copper and silver and anomalous gold and LREE, with the absence of hematite alteration seen in the other regional targets. Rambla sits to the west of the Mt Stephen Thrust, and is associated with a 1.8km striking "white quartzitic" alteration feature which is bound by parallel N-S striking faults. Rambla represents additional copper and silver potential in the region. Rock chip highlights to date from Rambla include **6.4% Cu, 9.7g/t Ag** and 0.02g/t Au from WK0529; **5.5% Cu, 18.6g/t Ag** and 0.02g/t Au from WK0528; and **5.1% Cu, 22.8 g/t Ag** and 0.02g/t Au from WK0581.

## *Rainy Day Prospect (Copper)*

The newly identified Rainy Day Prospect reported significant copper mineralisation from mineralised breccias which were exposed over a width of 18m, with further mineralised breccias mapped historically over a strike length of 300m, yet to be field-located and sampled. Significant results from initial reconnaissance sampling included **4.5% Cu** from WK191, **3.7% Cu** from WK192 and **3.3% Cu** from WK193. Four and a half meters of channel sampling were completed where there was limited exposure within historic workings at the Rainy Day Prospect and reported 4.5m at **2.8% Cu** including 2m at **3.7% Cu**. The true mineralised potential will be uncovered in the ongoing soil geochemical sampling programme and gravity survey. The target is open to the north and south and lies within the same Etina Formation which hosts Main Lode 6km to the south.

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# REVIEW OF OPERATIONS



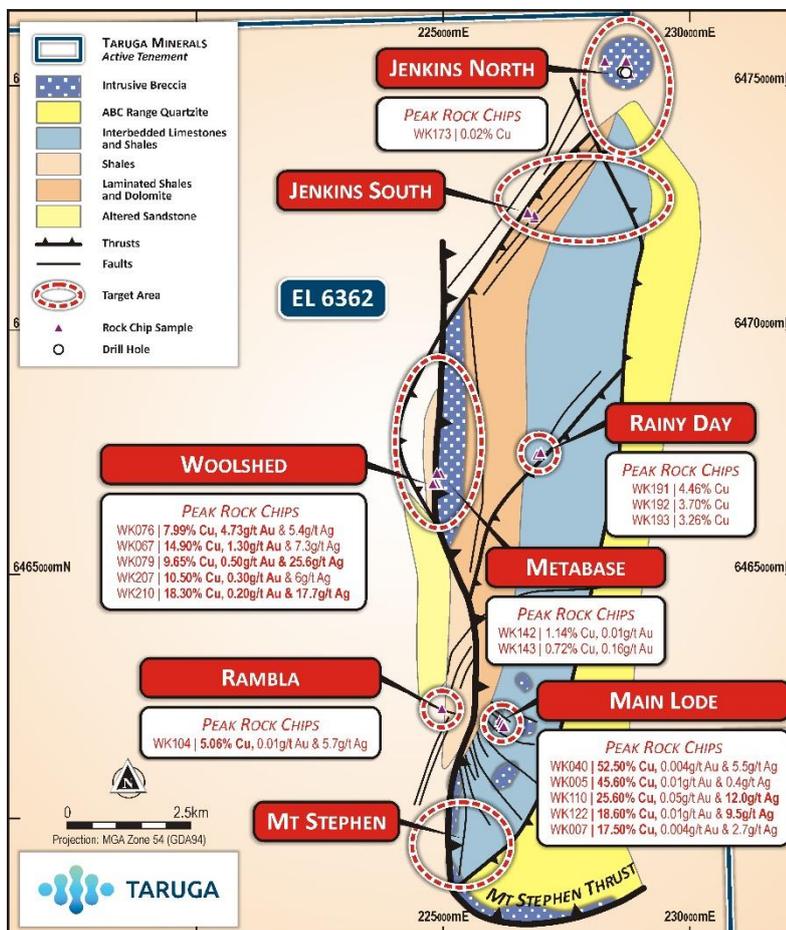
AND CONTROLLED ENTITIES

## Mt Stephen (Copper-Gold)

The Mt Stephen Prospect hosts a significant magnetic anomaly which appears to be associated with altered breccias within the hinge zone of the Mt Stephen Thrust. Historic sampling at Mt Stephen reported up to 0.55g/t Au, with recent sampling results confirming the presence of copper and gold mineralisation including 0.47% Cu and 0.02g/t Au from sample WK0562.

## Jenkins (Copper)

The Jenkins Prospect hosts a significant pipe-like magnetic anomaly extending from near surface to over 800m depth, and contains altered mafic breccias with anomalous copper with similar alteration features to the breccia which hosts high grade copper, gold and silver mineralisation further south at Woolshed. Sampling of altered magnetite and breccia lag recently over the Jenkins anomalies has returned highly anomalous vanadium (up to **2060ppm**) and LREE (up to 237ppm), along with anomalous gold (up to 29ppb), copper (up to 250ppm) and silver (up to 0.32g/t). Preliminary stream sediment sampling at Jenkins has also returned anomalous LREE's and copper which appear to be positively correlated. Two historic shallow holes drilled in the 6km<sup>2</sup> magnetic anomaly at Jenkins North returned anomalous gold and copper, however they fell short of reaching the magnetic source.



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# REVIEW OF OPERATIONS



AND CONTROLLED ENTITIES

Figure 2: Detailed Geology Map for the Flinders Project Target Area showing Prospects, Rock Chip Sample Results, Breccias and Historic Drillhole Locations.

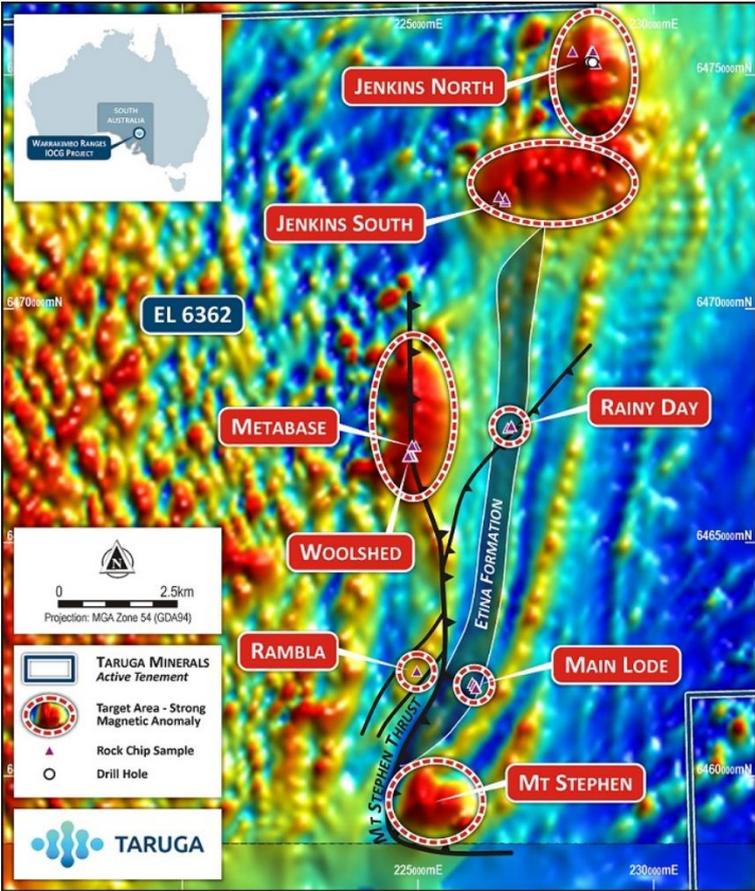


Figure 3: Reprocessed Government Magnetics Showing Prospects and Mt Stephen Thrust at Flinders Project

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# REVIEW OF OPERATIONS



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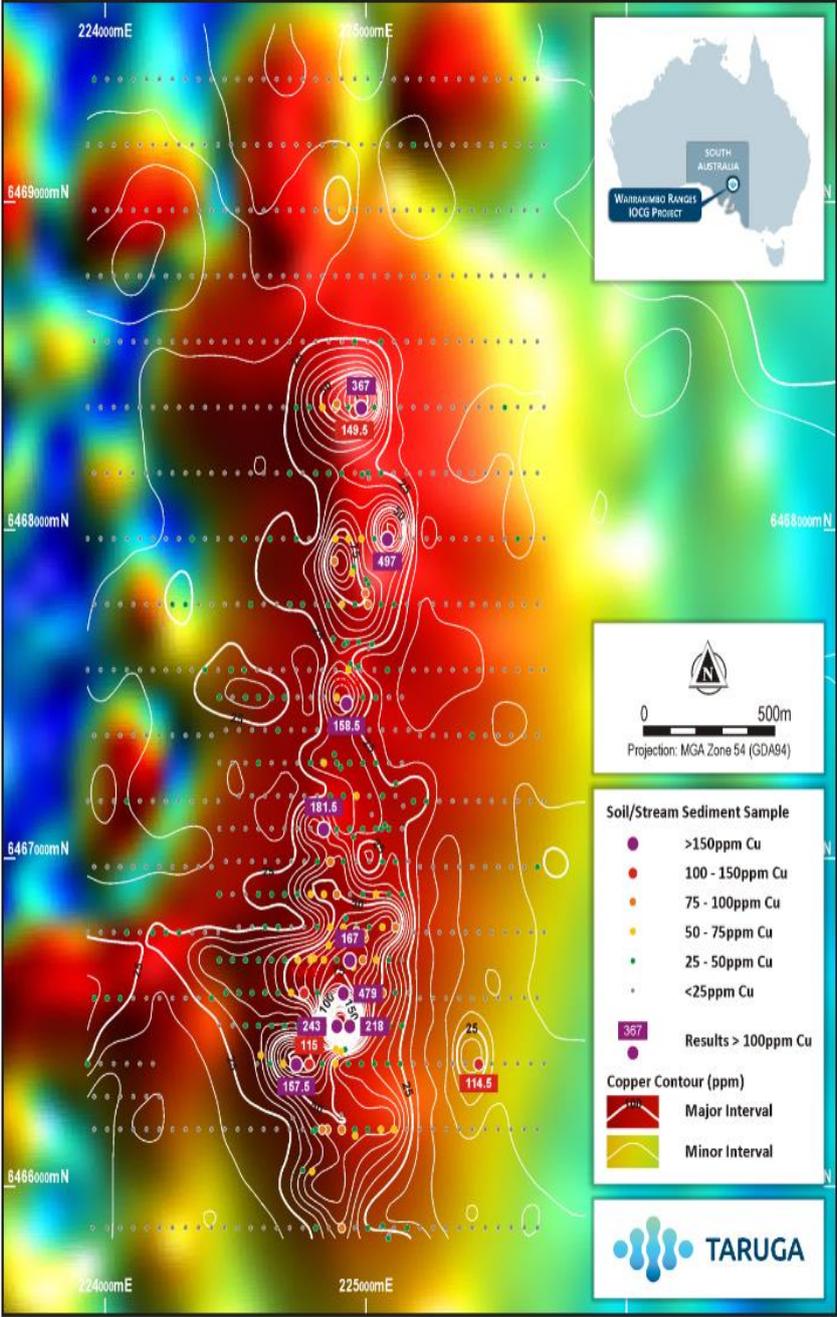


Figure 4: 3km Strong, Coincident Copper Soil Anomaly (Open to the South) over the Woolshed/Metabase Magnetic Anomaly.

# REVIEW OF OPERATIONS



AND CONTROLLED ENTITIES

**Table 1: Rock Chip Sample Result Highlights (announced 22 June 2020).**

Prospect	Sample ID	Sample Location	Cu %	Ag g/t	Au g/t
Main Lode	WK040	Mine Spoils	52.2	5.5	0.004
Main Lode	WK0556	Mine Spoils	51.9	10.8	0.012
Main Lode	WK0580	Mine Spoils	43.7	0.8	0.008
Main Lode	WK0539	Mine Spoils	41.7	14.4	0.009
Main Lode	WK0555	Mine Spoils	39.4	5.9	0.011
Main Lode	WK0535	Mine Spoils	32.5	1.9	0.015
Woolshed	WK0578	Surface	26.1	2.6	0.189
Woolshed	WK378	Surface	17.6	6.2	0.064
Woolshed	WK067	Surface	14.9	7.3	1.3
Woolshed	WK347	Surface	12.2	29.3	0.055
Woolshed	WK225	Surface	8.7	17.7	0.029
Woolshed	WK076	Surface	8.0	5.4	4.73
Metabase	WK0418	Rock Chip	4.8	0.1	0.001
Rambla	WK0529	Mine Spoils	6.4	9.7	0.017
Rambla	WK0528	Mine Spoils	5.5	18.6	0.021
Rambla	WK0581	Mine Spoils	5.1	22.8	0.016
Rambla	WK0527	Mine Spoils	4.7	17.1	0.017
Rambla	WK0526	Mine Spoils	4.7	22.2	0.018
Rainy Day	WK191	Surface	4.5	0.004	0.0
Rainy Day	WK192	Surface	3.7	0.001	0.0
Rainy Day	WK193	Surface	3.3	0.002	0.0
Mt Stephens	WK0562	Surface	0.5	0.2	0.016
Mt Stephens	WK0564	Surface	0.3	0.04	0.002

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# REVIEW OF OPERATIONS



AND CONTROLLED ENTITIES

**Table 2. Mineralisation Summary for the Flinders Project Prospects**

Prospect	Mineralisation Style	Max Assays
<b>Woolshed (Cu, Au, Ag)</b>	IOCG-style target with similarities to Olympic Dam and Carrapateena IOCG's. Associated with a 5km magnetic anomaly which extends beyond 1000m depth and is coincident with a 3km copper in soil anomaly.	<b>18.5% Cu, 4.73 g/t Au, 29g/t Ag</b>
<b>Metabase (Cu, Au)</b>	Continuation of IOCG-style mineralisation at Woolshed Prospect.	<b>4.83% Cu, 0.16g/t Au, 1.74g/t Ag, 0.14g/t PGE's</b>
<b>Main Lode (Cu, Ag, Co)</b>	Fault-hosted mineralised IOCG-Style Breccia with similarities to Carrapateena, Olympic Dam, Lala, and Rocklands IOCG. Associated with a magnetic low. Highest recorded copper grades.	<b>52.2% Cu, 0.05g/t Au, 14.4g/t Ag, 1.23% Co, 1.51kg/t LREE</b>
<b>Rainy Day (Cu)</b>	Fault-hosted mineralised IOCG-Style Breccia with similarities to Carrapateena, Olympic Dam, Lala, and Rocklands IOCG. Associated with a magnetic low.	<b>4.5m at 2.8% Cu (max 1m at 4.8%)</b>
<b>Jenkins North (Cu)</b>	Significant pipe-like magnetic anomaly extending from near surface to over 800m depth. Contains altered mafic breccias with anomalous copper.	<b>250ppm Cu</b>
<b>Jenkins South</b>	Significant pipe-like magnetic anomaly extending from near surface to over 1200m depth. Contains altered mafic breccias with anomalous copper.	<b>2060ppm V, 250ppm Cu, 0.03g/t Au, 0.3g/t Ag</b>
<b>Mt Stephen (Cu, Au)</b>	Significant magnetic anomaly associated with altered breccias within the hinge zone of the Mt Stephen Thrust.	<b>0.55g/t Au, 0.5% Cu</b>
<b>Rambla (Cu, Au, Ag)</b>	Sediment hosted (possible Angus Pb-Zn-Ag style) copper-silver associated with 1.8km white-rock and parallel fault set.	<b>6.4% Cu, 0.02g/t Au, 22.8g/t Ag</b>

## **Gravity survey**

Post financial year end, on 19 August 2020, the Company announced that a first pass gravity program had been undertaken, which covered the northern 50% of the Flinders licence area on a 50m x 400m grid. The data is currently being processed, with infill gravity programmes to follow up around coincident anomalies. The southern portion of the gravity survey has commenced and will cover the Main Lode, Rambla and Mt Stephen Prospects, with results and interpretation to be completed before drilling commences.

## **Drilling Program**

Taruga is currently advancing drilling preparations. Durock Drilling has been secured as the preferred drilling contractor. The programme will target near surface shallow mineralisation from approximately 2,000-4,000m of aircore, reverse circulation (RC) and diamond drilling. The programme will focus initially on the Woolshed/Metabase trend, followed by Rainy Day, Main Lode and Rambla prospects, which all show mineralisation at surface.

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# REVIEW OF OPERATIONS



AND CONTROLLED ENTITIES

## Torrens IOCG Project, South Australia

The Torrens Iron-Oxide-Copper-Gold (IOCG) Project (EL6437), forms part of the 100% option agreement with Strikeline. The Torrens Project borders the Flinders Project to the north of Flinders (**Figure 5**) and is situated within the G2 Structural corridor which hosts the nearby Olympic Dam and Carrapateena IOCG's.

Strong magnetic and gravity anomalies have been identified at Torrens, which have had limited or no drilling. The magnetic anomalies at Torrens, which are currently being reprocessed, are similar to those at Flinders to the south where significant grades of copper and gold mineralisation have been reported from surface exposures. Historic drilling at Torrens intersected anomalous copper, gold, LREE's and precious metals across several metres in various drill holes, often associated with altered breccias similar to those which host IOCG-style mineralisation identified at the Flinders Project.

Taruga is in the process of assessing the integrity of the drilling data including quality control procedures and assay methods.

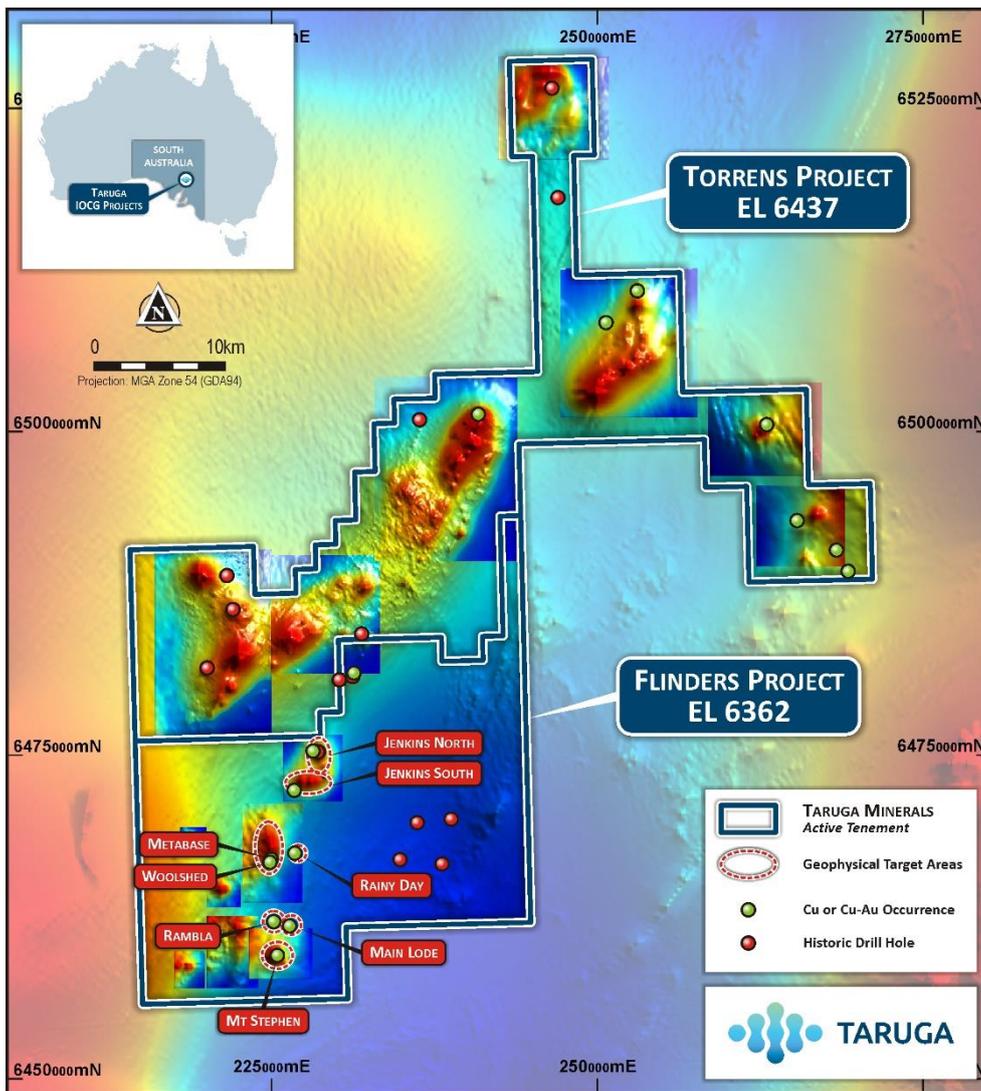


Figure 5: Location of Torrens Project

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# REVIEW OF OPERATIONS



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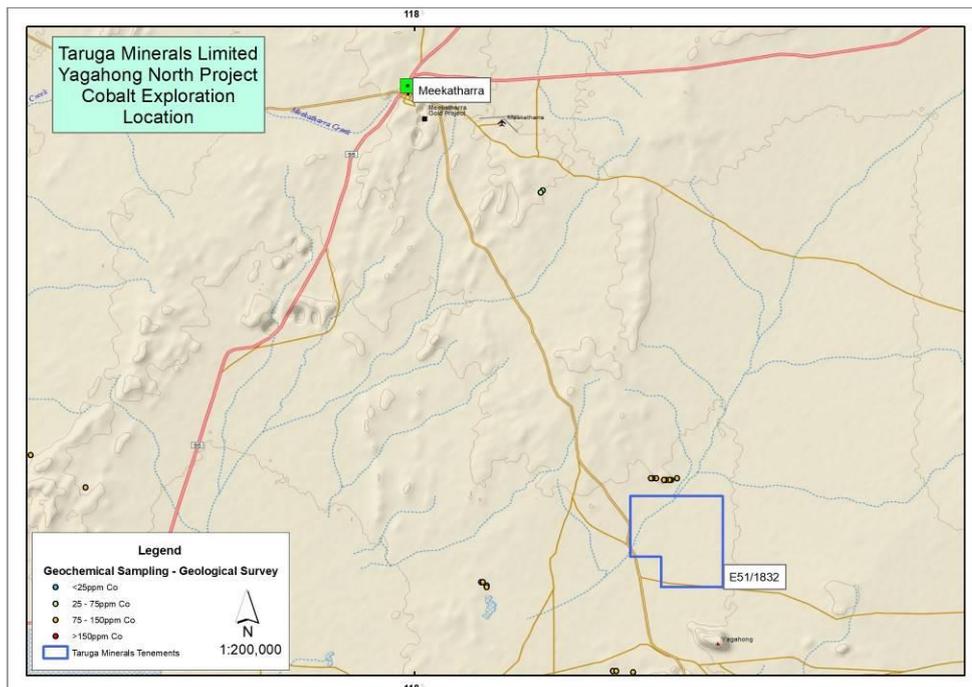
## Western Australian projects

### **Yagahong North (Cu-Au), Western Australia**

Exploration licence E51/1832 is located 30km southeast of the regional centre of Meekatharra in the Murchison region of Western Australia (**Figure 6**).

A total of 277 samples (258 auger locations + 19 QAQC samples) were sent to ALS Laboratories in Perth and were analysed for gold and base metals in addition to cobalt and pathfinder minerals, due to the tenement location and the presence of ultramafic units.

The results of the auger program highlighted low level gold anomalism (peak value 44ppb Au) and anomalous values that are potentially related to structures identified in the magnetic data. The tenement area is covered by alluvial sheetwash and “hardpan” transported cover that masks the bedrock geology, and is interpreted to have muted the geochemical response. In addition to the gold anomalism, a zone of coincident nickel, copper and cobalt anomalism has been defined in the north-west portion of the sampled area. The new zone remains open to the west and south and again is interpreted to relate to bedrock geological features.



**Figure 6: Yagahong North Project – E51/1832 Location plan**

## **Lithium**

Taruga holds 3 exploration applications in the Greenbushes area of Western Australia as shown in **Figure 8**. The tenements have potential for Greenbushes tin-tantalum-lithium and base metal types of mineralisation. Nickel and copper mineralisation in the area is hosted in mafic intrusive volcanics while lithium is hosted in pegmatites.

E70/5029 adjoins the recently announced Chalice Mines / Venture Minerals JV in a similar geological setting to the “Odin Prospect” with identified nickel, copper & PGE mineralisation (**Figure 7**).

# REVIEW OF OPERATIONS



AND CONTROLLED ENTITIES

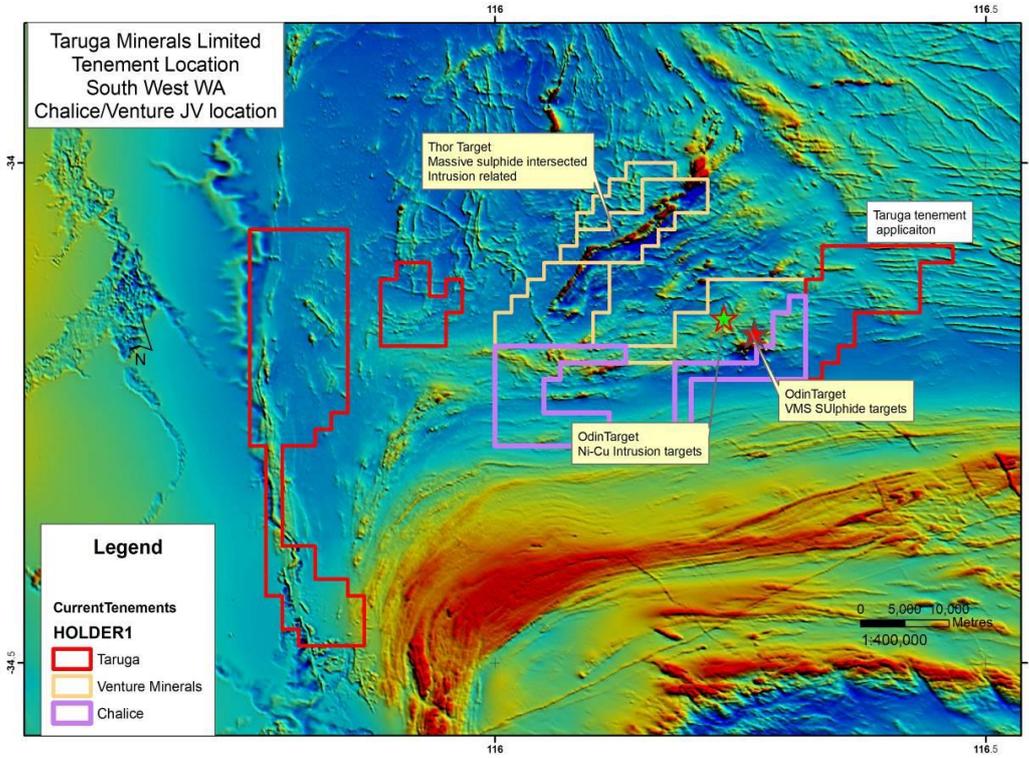


Figure 7: Taruga tenement location relative to Venture Minerals and Chalice Gold Mines

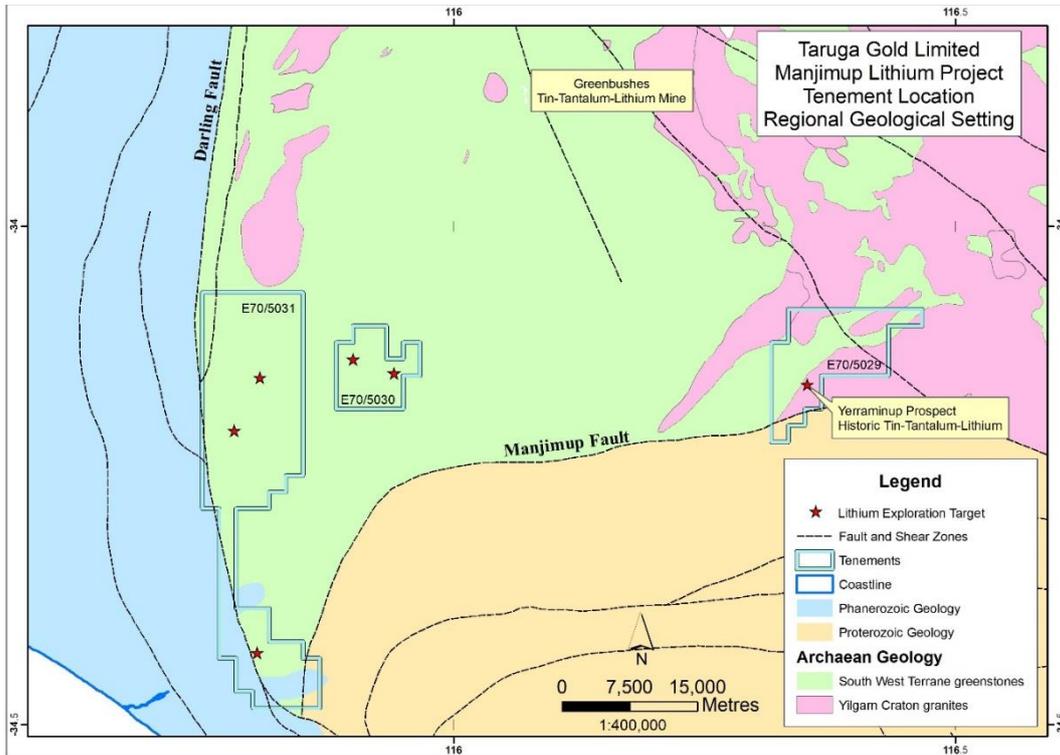


Figure 8: Greenbushes Lithium Tenement Application Location Plan

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# REVIEW OF OPERATIONS



AND CONTROLLED ENTITIES

## **Democratic Republic of Congo**

On 2 April 2020, the Company announced that it had notified the consortium of Mint-Master and the Lualaba Government (Consortium) that the Company has decided to withdraw its interest in the Kamilombe copper-cobalt project, DRC.

The Company announced the conditional acquisition of Kamilombe in February 2018. Since that time, the Company had been working closely with the Consortium regarding the successful signing of new title agreements. However, due to ongoing issues experienced regarding the granting of the license, and the depressed environment for cobalt projects, the Company is changing its focus from the DRC.

## **Coronavirus (COVID-19) impact on operations**

The board is actively monitoring the impact of COVID-19 on an ongoing basis.

There does not currently appear to be any material impact on the Company at present or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

The Company is currently well funded having raised \$4 million and is well positioned in the short to medium term.

## **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 a 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.*

# REVIEW OF OPERATIONS



AND CONTROLLED ENTITIES

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## CORPORATE

### Board Changes

On 23 January 2020, the Company announced that Ms Sheena Eckhof and Mr Bernard Aylward had resigned as directors of the Company. Mr Stefan White and Mr Cameron Williams were appointed as non-executive directors on the same day.

### Capital raisings

On 7 November 2019, the Company announced that it had issued 21,175,085 ordinary shares at a price of \$0.01 per share to sophisticated investors to raise \$211,750 before costs.

On 20 November 2019, the Company announced that it had issued 162,342,238 ordinary shares at a price of \$0.01 per share under the entitlement issue, raising \$1,623,423 before costs.

On 14 May 2020, the Company announced that it had raised \$600,000 (before expenses) through the issue of 60,000,000 ordinary shares at a price of \$0.01 per share to sophisticated and professional investors. The placement was managed by Shaw and Partners and Ashanti Capital.

### Option Expiry

On 19 June 2020, the Company announced that 11,749,999 options exercisable at \$0.30 each had expired unexercised.

### Shareholder Meetings

The Company held its 2019 Annual General Meeting on 28 November 2019. All resolutions were passed by a show of hands.

On 14 February 2020, all resolutions put to Shareholders at the General Meeting, which included the ratification of a placement and the approval to issue shares and options, were passed by way of a Poll.

# DIRECTORS' REPORT



AND CONTROLLED ENTITIES

## DIRECTORS' REPORT

Your Directors submit their report on the Group consisting of Taruga Minerals Limited and its controlled entities (**Taruga**) for the year ended 30 June 2020.

## DIRECTORS

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

		In office from	In office to
Bernard Aylward	Non-executive Director	21 October 2011	23 January 2020
Mark Gasson	Non-executive Director	28 February 2018	present
Gary Steinepreis	Non-executive Director	15 July 2016	present
Sheena Eckhof	Executive Director	6 September 2017	23 January 2020
Cameron Williams	Non-executive Director	23 January 2020	27 July 2020
Stefan White	Non-executive Director	23 January 2020	27 July 2020
Paul Cronin	Non-executive Director	27 July 2020	present
Eric De Mori	Non-executive Director	27 July 2020	present

## PARTICULARS OF DIRECTORS

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

### *Qualifications and experience*

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

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 – 17,000,000  
Performance Rights – 4,500,000  
Options – Nil

### *Special Responsibilities*

Executive Director, technical.

### *Directorships held in listed entities*

Company Name	Appointed	Resigned
AJN Resources Inc	2 September 2016	-

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# DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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

*Qualifications and experience*

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

*Interest in Shares and Options*

Fully Paid Shares – 10,305,004  
Performance Rights – 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

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

*Qualifications and experience*

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

*Interest in Shares and Options*

Fully Paid Shares – 2,500,000  
Performance Rights – Nil  
Options – 4,000,000

*Special Responsibilities*

*Directorships held in listed entities*

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

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# DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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

### *Qualifications and experience*

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

### *Interest in Shares and Options*

Fully Paid Shares – 19,589,400  
Performance Rights – Nil  
Options – 8,000,000

### *Special Responsibilities*

### *Directorships held in listed entities*

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

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

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

### *Directorships held in listed entities*

Nil

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

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

### *Directorships held in listed entities*

Nil

# DIRECTORS' REPORT



AND CONTROLLED ENTITIES

**Bernard Aylward**      **Non-Executive Director**      **BSc (Hons.), MAusIMM (Resigned 23 January 2020)**

#### *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.

#### *Directorships held in listed entities*

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

**Sheena Eckhof**      **Executive Director B.Com (Resigned 23 January 2020)**

#### *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.

#### *Directorships held in listed entities*

Company Name	Appointed	Resigned
AJN Resources Inc.	26 June 2019	-

## Information on Company Secretaries

### **Daniel Smith**

Mr Smith is a Chartered Secretary who holds a BA, is a Fellow member of the Governance Institute of Australia, and has in excess of 12 years primary and secondary capital markets expertise. Mr Smith is currently a Director and Company Secretary of several AIM-listed and ASX-listed companies, including Europa Metals Limited and Lachlan Star Limited, and is also the Company Secretary of Vonex Ltd.

### **Sylvia Foong**

Miss Foong is a Chartered Accountant who holds a Bachelors of Commerce from the University of Western Australia. She also holds a Certificate in Governance Practice from the Governance Institute of Australia, and has in excess of 4 years' experience managing the compliance requirements of listed and unlisted clients. Sylvia has worked extensively with Australian and foreign entities providing accounting, financial reporting and stakeholder liaison services.

# DIRECTORS' REPORT



AND CONTROLLED ENTITIES

## OPERATING AND FINANCIAL REVIEW

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

### PRINCIPAL ACTIVITIES

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

#### Operating Results

The consolidated loss after tax for the financial year is \$2,496,299 (2019: \$2,967,780).

#### Financial Position

At 30 June 2020 the Company had cash reserves of \$2,025,102 (2019: 401,763).

#### Dividends

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

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

### MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 2 July 2020, the Company announced that it had appointed experienced South Australian based geologist, Thomas Line as Chief Executive Officer of Taruga. Thomas has been working as the Project Manager for Taruga in leading the exploration program on the Flinders Project. On 2 July 2020, the Company announced that the Option Agreement with Strikeline Resources was amended to include EL6437 the "Torrens Project" which adjoins the Flinders Project in the Gawler Craton, South Australia.

On 14 July 2020, the Company announced further high-grade copper results from a channel and grab sampling program undertaken at the Woolshed/Metabase Prospect, Flinders Project.

On 27 July 2020, the Company announced that Mr Paul Cronin and Mr Eric de Mori had been appointed as Non-Executive Directors of the Company. Simultaneously with the appointment of Mr Cronin and Mr de Mori as Directors of the Company, Mr Cameron Williams and Mr Stefan White have offered to step down.

On 19 August 2020, the Company released the results of a soil sampling program undertaken at the Woolshed prospect, Flinders Project. The sampling program led to the definition of a strong coherent copper in soil anomaly which extends for more than 3km, is strongly coincident with magnetics and is open to the south at Woolshed and Metabase.

On 28 August 2020, the Company announced the results of a General Meeting of Shareholders held that day, with all 8 resolutions passing by way of a Poll.

# DIRECTORS' REPORT



AND CONTROLLED ENTITIES

On 2 September 2020, the Company announced that it had raised \$4,000,000 (before costs) through the issue of 66,666,667 new shares in the Company at \$0.06 per share. The placement was undertaken via Ashanti Capital Pty Ltd and Foster Stockbroking Pty Ltd as Joint Lead Managers.

On 17 September 2020, the Company announced the acquisition of the Mt Craig Copper Project (MCCP). The MCCP is part of the option agreement to acquire 100% of Strikeline Resources Pty Ltd, with no changes to the acquisition terms.

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

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Taruga has the option up until 13 May 2021 (but not the obligation) to acquire 100% of Strikeline Resources Pty Ltd after meeting its minimum expenditure commitments.

Taruga has also applied for exploration licences 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 following grant.

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2020, and the number of meetings attended by each Director.

	Number eligible to attend	Number attended
Gary Steinepreis	4	4
Bernard Aylward	2	2
Sheena Eckhof	2	2
Mark Gasson	4	4

## REMUNERATION REPORT

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

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

### Remuneration policy

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

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# DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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

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

## Details of remuneration for year ended 30 June 2020

### 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

During the year, Executive Directors Mr Gasson and Ms Eckhof agreed to a short-term reduction in salary to conserve funds in the Company.

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. Subsequent to the agreed short-term reduction in fees was approved, Mr Gasson is currently remunerated \$30,000 per annum.

#### Chief Executive Officer

On 2 July 2020 the Company announced the appointment of Thomas Line as CEO. Thomas is on an executive service agreement, including the following remuneration:

- \$160,000 per annum salary plus superannuation.
- \$25,000 sign on fee.
- Short-term incentives based upon performance of various milestones relating to the exploration projects and results.

#### Non-executive Directors

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

Mr Gary Steinepreis is on a contract dated 15 July 2017, which provides for a fixed fee of \$2,000 per month.

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# DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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Mr Paul Cronin is on a contract dated 26 July 2020, which provides for a fixed fee of \$2,000 per month.

Mr Eric de Mori is on a contract dated 26 July 2020, which provides for a fixed fee of \$2,000 per month.

Mr Bernard Aylward was on a contract dated 15 July 2016, which provides for a fixed fee of \$2,000 per month. Mr Aylward resigned from the Company on 23 January 2020.

Ms Eckhof and the Company mutually agreed to a variation of the Consulting Agreement to \$2,500 per month and the waiver of Directors fees to assist with the conservation of funds in the Company. Ms Eckhof was remunerated at \$30,000 per annum. Ms Eckhof resigned from the Company on 23 January 2020.

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

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

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.

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# DIRECTORS' REPORT



## AND CONTROLLED ENTITIES

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

### Year ended 30 June 2020

Director	Associated Company	Fees		Short-term Benefits		Total	Performance related %
		\$	\$	Share Based Payments	Performance Rights <sup>(1)</sup>		
Gary Steinepreis	Leisurewest Consulting Pty Ltd	24,000	-	-	93,500	117,500	80
Bernard Aylward	Matlock Geological Services Pty Ltd	14,000	-	-	179,208	193,208	93
Sheena Eckhof	Iguana Resources Pty Ltd	17,500	-	-	179,208	196,708	91
Mark Gasson		27,500	-	-	238,500	266,000	90
Cameron Williams	BANFF Capital Investments Pty Ltd	10,581	-	-	-	10,581	-
Stefan White		10,638	-	-	-	10,638	-
		104,219	-	-	690,416	794,635	

### Year ended 30 June 2019

Director	Associated Company	Fees		Short-term Benefits		Total	Performance related %
		\$	\$	Share Based Payments	Performance Rights <sup>(1)</sup>		
Gary Steinepreis	Leisurewest Consulting Pty Ltd	24,000	-	-	93,500	117,500	80
Bernard Aylward	Matlock Geological Services Pty Ltd	24,000	-	-	93,500	117,500	80
Sheena Eckhof	Iguana Resources Pty Ltd	20,000	40,000	-	93,500	153,500	62
Mark Gasson		147,500	-	-	238,500	386,000	61
		215,500	40,000	-	519,000	774,500	

<sup>(1)</sup> Refer to Note 21 of the financial report for further details

# DIRECTORS' REPORT



## AND CONTROLLED ENTITIES

### Shareholdings of Key Management Personnel:

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

	Balance 30 June 2018	Balance on Appointment	Additions	Balance on Resignation	Balance 30 June 2019
Bernard Aylward	5,324,386	-	-	-	5,324,386
Mark Gasson	8,500,000	-	-	-	8,500,000
Gary Steinepreis	5,152,502	-	-	-	5,152,502
Sheena Eckhof <sup>2</sup>	-	-	-	-	-
	<b>18,976,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,976,888</b>

<sup>1</sup>Mr Aylward resigned on 23 January 2020 with a shareholding balance of 8,324,386 shares.

<sup>2</sup>Ms Eckhof resigned on 23 January 2020 with a shareholding balance of NIL.

<sup>3</sup>Mr Williams was appointed on 23 January 2020 with a shareholding balance of 1,000,000.

<sup>4</sup>Mr White was appointed on 23 January 2020 with a shareholding balance of NIL.

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# DIRECTORS' REPORT



## AND CONTROLLED ENTITIES

### Performance Rights holdings of Key Management Personnel:

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

	Balance 30 June 2018	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2019
Bernard Aylward	1,500,000	-	-	-	1,500,000
Mark Gasson	4,500,000	-	-	-	4,500,000
Gary Steinepreis	1,500,000	-	-	-	1,500,000
Sheena Eckhof	1,500,000	-	-	-	1,500,000
	<u>9,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000,000</u>

Key Management Personnel held nil options during the year (2019: nil)

### End of remuneration report

# DIRECTORS' REPORT



AND CONTROLLED ENTITIES

## ENVIRONMENTAL ISSUES

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

## OPTIONS

At the date of this report, there were 35,000,000 unlisted options on issue.

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

## INDEMNIFICATION OF DIRECTORS

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

## AUDITOR

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

## NON-AUDIT SERVICES

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

## PROCEEDINGS ON BEHALF OF COMPANY

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

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

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

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

Gary Steinepreis  
Non-Executive Director

Dated Perth 29 September 2020

# CORPORATE GOVERNANCE STATEMENT



AND CONTROLLED ENTITIES

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

The following corporate governance charters, codes and policies have been implemented and are available on the Company's website at [www.tarugaminerals.com.au](http://www.tarugaminerals.com.au):

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

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Taruga Minerals Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



**Perth, Western Australia**  
**29 September 2020**

**M R Ohm**  
**Partner**

**hlb.com.au**

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

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# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

	Note	CONSOLIDATED	
		Year to 30 June 2020 \$	Year to 30 June 2019 Restated \$
Revenue	2	37,200	3,431
Depreciation		(6,807)	(3,666)
Consultants		(144,466)	(310,937)
Professional fees		(98,065)	(110,016)
Travel and accommodation		(10,498)	(119,170)
Office and communication costs		(32,785)	(32,313)
Share-based payments	3	(1,020,917)	(771,500)
Exploration expenditure		(160,372)	(571,397)
Foreign exchange loss		(1,843)	(6,428)
Other expenses		(68,239)	(164,386)
<b>Loss from continuing operations before income tax</b>		<b>(1,506,792)</b>	<b>(2,086,382)</b>
Income tax expense	4	-	-
<b>Net loss for the period from continuing operations</b>		<b>(1,506,792)</b>	<b>(2,086,382)</b>
Loss from discontinued operations net of tax	22	(989,507)	(881,398)
<b>Net loss for the period</b>		<b>(2,496,299)</b>	<b>(2,967,780)</b>
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange gain/(loss) on translation of foreign subsidiaries		(179)	52,991
<b>Total comprehensive loss for the period</b>		<b>(2,496,478)</b>	<b>(2,914,789)</b>
Basic and diluted loss per share (cents per share)	18	(1.02)	(2.12)
Basic and diluted loss per share from continuing operations (cents per share)	18	(0.62)	(1.49)

The accompanying notes form part of these financial statements.

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# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

AND CONTROLLED ENTITIES

		CONSOLIDATED	
	Note	30 June 2020 \$	30 June 2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,025,102	401,763
Trade and other receivables	6	47,499	94,613
Other assets	7	-	725,608
Total Current Assets		<u>2,072,601</u>	<u>1,221,984</u>
<b>NON CURRENT ASSETS</b>			
Plant and equipment	8	<u>63,151</u>	<u>89,934</u>
Total Non-Current Assets		<u>63,151</u>	<u>89,934</u>
<b>TOTAL ASSETS</b>		<u>2,135,752</u>	<u>1,311,918</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	<u>104,576</u>	<u>85,819</u>
Total Current Liabilities		<u>104,576</u>	<u>85,819</u>
<b>TOTAL LIABILITIES</b>		<u>104,576</u>	<u>85,819</u>
<b>NET ASSETS</b>		<u>2,031,176</u>	<u>1,226,099</u>
<b>EQUITY</b>			
Issued capital	10	21,675,871	19,531,500
Reserves	11	1,987,561	830,556
Accumulated losses	11	<u>(21,632,256)</u>	<u>(19,135,957)</u>
<b>TOTAL EQUITY</b>		<u>2,031,176</u>	<u>1,226,099</u>

The accompanying notes form part of these financial statements.

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# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

	Consolidated				Total Equity
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	
	\$	\$	\$	\$	\$
<b>Year to 30 June 2019</b>					
As at 1 July 2018	18,531,500	(16,168,177)	64,292	(58,227)	2,369,388
Loss for the year	-	(2,967,780)	-	-	(2,967,780)
Other comprehensive income	-	-	-	52,991	52,991
Total comprehensive loss for the year	-	(2,967,780)	-	52,991	(2,914,789)
Issue of shares	1,000,000	-	-	-	1,000,000
Share-based payments – Performance Rights	-	-	771,500	-	771,500
As at 30 June 2019	19,531,500	(19,135,957)	835,792	(5,236)	1,226,099
<b>Year to 30 June 2020</b>					
As at 1 July 2019	19,531,500	(19,135,957)	835,792	(5,236)	1,226,099
Loss for the year	-	(2,496,299)	-	-	(2,496,299)
Other comprehensive income	-	-	-	(179)	(179)
Total comprehensive loss for the year	-	(2,496,299)	-	(179)	(2,496,478)
Issue of shares net of costs	2,144,371	-	214,267	-	2,358,638
Share-based payments – Performance Rights	-	-	942,917	-	942,917
As at 30 June 2020	21,675,871	(21,632,256)	1,992,976	(5,415)	2,031,176

The accompanying notes form part of these financial statements.



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

		CONSOLIDATED	
	Note	Year to 30 June 2020 \$	Year to 30 June 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers		(368,412)	(588,489)
Interest income received		602	3,431
Payment for exploration expenditure		<u>(309,252)</u>	<u>(1,695,757)</u>
<b>Net cash used in operating activities</b>	15	<u>(677,062)</u>	<u>(2,280,815)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Prepayment of acquisition costs		-	(725,608)
Payments for property, plant & equipment		<u>-</u>	<u>(76,028)</u>
<b>Net cash used in investing activities</b>		<u>-</u>	<u>(801,636)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		2,458,914	1,000,000
Share issue transaction costs		<u>(153,038)</u>	<u>(13,065)</u>
<b>Net cash provided by financing activities</b>		<u>2,305,876</u>	<u>986,935</u>
Net increase/(decrease) in cash held		1,628,814	(2,095,516)
Cash and cash equivalents at the beginning of the year		401,763	2,487,993
Effect of exchange rate fluctuations on cash held		<u>(5,475)</u>	<u>9,366</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u>2,025,102</u></u>	<u><u>401,763</u></u>

The accompanying notes form part of these financial statements.

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Preparation

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

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

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

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

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

### Statement of Compliance

The financial report was authorised for issue on 24 September 2020.

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 2020

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2019.

#### AASB 16 Leases

AASB Leases supersedes AASB 117 Leases. The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Group is the lessee being recognised in the Statement of Financial Position and removes the former distinction between 'operating' and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial impact on accumulated losses, and comparatives have not been restated.

#### *Impact on adoption of AASB 16*

All Group leases have a term of less than 12 months or relate to low value assets and the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Therefore, the adoption of AASB 16 resulted in the recognition of right-of-use assets of \$nil and lease liabilities of \$nil in respect of all operating leases.

The net impact on accumulated losses on 1 July 2019 was \$nil.

#### *Standards and interpretations in issue not yet adopted*

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2020. As a result of this review, the Director have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

## **Accounting Policies**

### (a) Basis of Consolidation

A controlled entity is any entity controlled by Taruga Minerals Limited. Control exists where Taruga Minerals Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Taruga Minerals Limited to achieve the objectives of Taruga Minerals Limited. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the Group, including any unrealised profit or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## (b) Going Concern

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

Notwithstanding the fact that the Group incurred a loss of \$2,496,299 for the year ended 30 June 2020, and a net cash outflow from operating activities amounting to \$677,062, the Directors are of the opinion that the Company is a going concern.

The Group has net working capital of \$1,968,025 at 30 June 2020, and announced on 2 September 2020 that it had raised additional funds of \$4,000,000 (before costs).

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, should the need arise.

## (c) Income Tax

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

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

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

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

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

## (d) Plant and Equipment

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

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

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## Depreciation

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

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

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### (e) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised where the requirements under AASB 6 for so doing are satisfied. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

### (f) Impairment of Assets

At each reporting date, the Directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### (g) Provisions

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

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## (h) Cash and Cash Equivalents

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

## (i) Trade and other receivables

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

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

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

## (j) Revenue

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

## (k) Goods and Services Tax (GST)

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

## (l) Issued Capital

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

## (m) Trade and other payables

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

## (n) Segment Reporting

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

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## Critical accounting estimates and judgements

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

### Key Estimates – Impairment

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

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

### Key Estimates – Share-based payment transactions

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

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

#### (o) Share based payments – shares and options

The fair value of shares and share options granted is recognised as an expense with a corresponding increase in equity. Fair value is measured at grant date and recognised over the period during which the grantees become unconditionally entitled to the shares or share options.

The fair value of share grants at grant date is determined by the share price at that time.

The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, any vesting and performance criteria, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

Upon the exercise of the option, the balance of the share-based payments reserve relating to the option is transferred to share capital.

#### (p) Foreign currency translation

Both the functional and presentation currency of Taruga Minerals Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

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

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

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

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

#### (q) Parent entity financial information

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

#### NOTE 2 – REVENUE

	Consolidated	
	2020	2019
Revenue	\$	\$
Interest received	603	3,431
Other income	36,597	-
Total Revenue	<u>37,200</u>	<u>3,431</u>

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 3 – LOSS FROM CONTINUING ACTIVITIES BEFORE INCOME TAX

	Consolidated	
	2020 \$	2019 \$
<b>Expenses</b>		
Depreciation of non-current assets:		
Plant and Equipment	631	1,662
Office furniture and equipment	3,238	339
Motor vehicles	17,120	14,310
Total depreciation of non-current assets	<u>20,989</u>	<u>16,311</u>
Share-based payments:		
Share based payments to Contractors (shares)	78,000	-
Share-based payments to Contractors <sup>1</sup>	252,500	252,500
Performance rights to Directors (Note 21)	690,417	519,000
	<u>1,020,917</u>	<u>771,500</u>

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

## NOTE 4 – INCOME TAX

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

	2020 \$	2019 \$
Loss from continuing operations	(1,506,792)	(2,895,787)
Loss from discontinued operations	<u>(989,507)</u>	<u>(71,993)</u>
Prima facie income tax expense at 30%	(748,890)	(890,334)
Tax effect of permanent differences		
Foreign projects	71,446	306,765
Share-based payments	306,275	231,450
Other non-deductible expenses	<u>285,656</u>	<u>242,455</u>
Income tax expense adjusted for permanent differences	(85,512)	(109,663)
Deferred tax asset not brought to account	85,512	109,663
Income tax expense	<u>-</u>	<u>-</u>

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 4 – INCOME TAX (CONTINUED)

### Income tax benefit

The directors estimate the cumulative unrecognised deferred tax asset attributable to the company and its controlled entity at 30% is as follows:

Deferred tax assets	Consolidated	
	2020 \$	2019 \$
Revenue losses after permanent differences	925,299	781,829
Capital losses	800,113	-
Capital raising costs yet to be claimed	5,190	7,050
Accruals	19,489	5,293
Other	-	85
	<u>1,750,091</u>	<u>794,257</u>

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2020 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:

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

	2020 \$	2019 \$
Cash at bank and on hand	<u>2,025,102</u>	<u>401,763</u>

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

## NOTE 6 – TRADE AND OTHER RECEIVABLES

	2020 \$	2019 \$
<b>Current</b>		
GST receivable	-	69,732
Other receivables	45,665	17,222
Other current assets	1,834	7,659
	<u>47,499</u>	<u>94,613</u>

No credit losses are expected at balance date.

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

	Consolidated 2020 \$	2019 \$
<b>NOTE 7 – OTHER ASSETS</b>		
<b>Share subscription receivable</b>		
Prepaid acquisition consideration at 1 July 2019	742,448	725,608
Impairment <sup>1</sup>	(742,448)	-
	<u>-</u>	<u>725,608</u>

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

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 8 – PLANT AND EQUIPMENT

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 8 – PLANT AND EQUIPMENT (CONTINUED)

	Consolidated				
	Motor Vehicles	Computer Equipment	Plant & Equipment	Fixtures & Fittings	Total
<b>Cost</b>	\$	\$	\$	\$	\$
<b>2019</b>					
Balance Brought Forward	142,193	2,860	37,883	27,641	210,577
Additions	75,061	-	154	-	75,214
Disposals	(127,092)	-	(23,681)	(27,410)	(178,183)
Foreign exchange movement	(1,068)	-	(199)	(231)	(1,498)
Balance Carried Forward	<u>89,094</u>	<u>2,860</u>	<u>14,157</u>	<u>-</u>	<u>106,111</u>
<b>Accumulated Depreciation</b>					
Balance Brought Forward	106,612	-	19,927	23,011	149,550
Charge	16,332	339	2,033	434	19,138
Disposals	(107,713)	-	(20,126)	(23,247)	(151,086)
Foreign exchange movement	(1,055)	-	(172)	(198)	(1,425)
Balance Carried Forward	<u>14,176</u>	<u>339</u>	<u>1,662</u>	<u>-</u>	<u>16,177</u>
Net Book Value 30 June 2019	<u>74,918</u>	<u>2,521</u>	<u>12,495</u>	<u>-</u>	<u>89,934</u>

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 9 – TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Trade creditors	39,613	67,050
Other payables	64,963	18,769
	<u>104,576</u>	<u>85,819</u>

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

## NOTE 10 – ISSUED CAPITAL

	2020	2019
	\$	\$
(a) <b>Issued capital</b>		
390,534,838 shares fully paid	<u>21,675,871</u>	<u>19,531,500</u>

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

	Number	\$
Opening balance at 30 June 2018	136,405,334	18,531,500
Placement - Tranche 2 (Part 1)	2,380,952	500,000
Placement - Tranche 2 (Part 2)	2,380,952	500,000
Issue costs	-	-
Closing balance at 30 June 2019	<u>141,167,238</u>	<u>19,531,500</u>

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

**Movements in options were as follows:**

	Number	\$
Opening balance at 30 June 2018	<u>6,988,095</u>	-
Closing balance at 30 June 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	<u>2,380,952</u>	-
Closing balance at 30 June 2019	11,749,999	-
19-Dec-19 – Broker Options	35,000,000	-
19-Dec-19 – Options expiring	<u>(11,749,999)</u>	-
	<u>35,000,000</u>	-

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 10 – ISSUED CAPITAL (CONTINUED)

### (b) Voting and dividend rights

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

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

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	\$	\$
<b>NOTE 11 – RESERVES AND ACCUMULATED LOSSES</b>		
Share-based Payments Reserve	1,992,976	835,792
Foreign Currency Translation Reserve	(5,415)	(5,326)
	<u>1,987,561</u>	<u>830,466</u>
<b>Accumulated Losses</b>		
	<b>2020</b>	<b>2019</b>
	\$	\$
Balance at beginning of the year	19,135,957	16,168,177
Net loss from ordinary activities	2,496,299	2,967,780
Balance at end of the year	<u>21,632,256</u>	<u>19,135,957</u>
<b>Share-based Payment Reserve</b>		
	<b>2020</b>	<b>2019</b>
	\$	\$
Balance at beginning of the year	835,792	64,292
Reserve arising on share-based payments expensed	1,157,184	771,500
Balance at end of the year	<u>1,992,976</u>	<u>835,792</u>
<b>Foreign Currency Translation Reserve</b>		
	<b>2020</b>	<b>2019</b>
	\$	\$
Balance at beginning of the year	(5,236)	(58,227)
Transfer of exchange gain/(loss) on discontinued operations	-	34,865
Reserve arising on translation of foreign subsidiaries	(179)	18,126
Balance at end of the year	<u>(5,415)</u>	<u>(5,236)</u>

### Nature and purpose of Reserves

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

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

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 12 – COMMITMENTS FOR EXPENDITURE

### (a) Mineral Tenement Leases

On 2 April 2020, the Company announced that it had notified the consortium of Mint-Master and the Lualaba Government (Consortium) that the Company has decided to withdraw its interest in the Kamilombe copper-cobalt project, DRC. Therefore, there are no commitments for expenditure at 30 June 2020.

There are no current commitments for expenditure relating to the Flinders Project.

	2020 \$	2019 \$
Not later than one year	-	500,000
Later than 1 year but not later than 2 years	-	500,000
Later than 2 years but not later than 5 years	-	500,000
	-	1,500,000

## NOTE 13 – INVESTMENT IN CONTROLLED ENTITIES

	Registered Number	Country of Incorporation	Interest Held		Value of investment	
			2020	2019	2020 \$	2019 \$
<b>Parent</b>						
Taruga Minerals Limited	153 868 789	Australia				
<b>Subsidiaries</b>						
Taruga Congo SARLU	01-122-N31711L	DRC	100%	100%	1,361	1,361
MGS Ghana Limited	CA-80, 601	Ghana	100%	100%	-	-

## NOTE 14 – SEGMENT INFORMATION

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 14 – SEGMENT INFORMATION (CONTINUED)

Geographic Information	Australia	DRC	Discontinued Operations	Consolidated
	\$	\$	\$	\$
<b>30 June 2020</b>				
Revenues from external customers				
Total loss after tax	(1,544,113)	(952,186)	-	(2,496,299)
Current assets	2,062,303	10,298	-	2,072,601
Non-current assets	20,422	42,729	-	63,151
Total assets	2,082,725	53,027	-	2,135,752
Current liabilities	101,007	3,569	-	104,576
Total liabilities	101,007	3,569	-	104,576
Net assets	1,981,718	49,458	-	2,031,176
<b>30 June 2019</b>				
Revenues from external customers				
Total loss after tax	(2,087,603)	(808,184)	(71,993)	(2,967,780)
Current assets	368,098	853,886	-	1,221,984
Non-current assets	27,230	62,704	-	89,934
Total assets	395,328	916,590	-	1,311,918
Current liabilities	59,897	25,922	-	85,819
Total liabilities	59,897	25,922	-	85,819
Net assets	335,431	890,668	-	1,226,099

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020



AND CONTROLLED ENTITIES

## NOTE 15 – NOTES TO THE STATEMENT OF CASH FLOWS

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	\$	\$
Reconciliation of loss after income tax to net operating cash flows		
<b>Loss from ordinary activities</b>	2,496,299	2,967,780
Depreciation	(20,989)	(16,311)
Impairment of exploration	(811,057)	-
Exchange loss	(1,843)	(6,428)
Share-based payments	(1,020,917)	(771,500)
	<u>641,493</u>	<u>2,173,541</u>
<b>Movement in assets and liabilities</b>		
Receivables	29,074	60,464
Payables	6,495	46,810
	<u>677,062</u>	<u>2,280,815</u>
Net cash used in operating activities	<u>677,062</u>	<u>2,280,815</u>

## NOTE 16 – RELATED PARTY INFORMATION

### a) Transactions with Key Management Personnel

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

### b) Directors and Executives Disclosures

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

	<b>2020</b>	<b>2019</b>
	\$	\$
Short-term employee benefits	104,219	255,500
Performance rights	690,416	519,000
	<u>794,635</u>	<u>774,500</u>

## NOTE 17 – REMUNERATION OF AUDITORS

	<b>2020</b>	<b>2019</b>
	\$	\$
Auditing and reviewing of the financial statements of Taruga Minerals Limited and of its controlled entities.	27,509	26,265
	<u>27,509</u>	<u>26,265</u>

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 18 – LOSS PER SHARE

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

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	\$	\$
Loss for the year	2,496,299	2,967,780
Loss for the year from continuing operations	1,506,792	2,086,382
Loss for the year from discontinued operations	989,507	881,398
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	<u>245,022,936</u>	<u>139,790,852</u>

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

## NOTE 19 – FINANCIAL INSTRUMENTS

### Financial Risk Management Policies

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

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

### Financial Risk Exposures and Management

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

### Interest Rate Risk

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

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	<b>Consolidated</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Financial Assets</b>			\$	\$
Cash at Bank	0.64%	0.21%	<u>2,025,102</u>	402,024
Total Financial Assets			<u>2,025,102</u>	<u>402,024</u>

There are no financial liabilities subject to interest rate fluctuations.

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 19 – FINANCIAL INSTRUMENTS (CONTINUED)

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

### Interest Rate Sensitivity Analysis

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

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

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	\$	\$
Change in Loss		
• Increase in interest by 2%	(40,504)	(8,040)
• Decrease in interest by 2%	40,504	8,040
Change in Equity		
• Increase in interest by 2%	(40,504)	(8,040)
• Decrease in interest by 2%	40,504	8,040

### 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:

Currency	Consolidated			
	Liabilities	Assets	Liabilities	Assets
	2020	2020	2019	2019
	\$	\$	\$	\$
Congolese Dollars	-	1,600	-	52,325

### 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.

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 19 – FINANCIAL INSTRUMENTS (CONTINUED)

### Credit Risk

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

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

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

### Capital Management Risk

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

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

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

### Net Fair Values

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

## NOTE 20 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 2 July 2020, the Company announced that it had appointed experienced South Australian based geologist, Thomas Line as Chief Executive Officer of Taruga. Thomas has been working as the Project Manager for Taruga in leading the exploration program on the Flinders Project. On 2 July 2020, the Company announced that the Option Agreement with Strikeline Resources was amended to include EL6437 the "Torrens Project" which adjoins the Flinders Project in the Gawler Craton, South Australia.

On 14 July 2020, the Company announced further high-grade copper results from a channel and grab sampling program undertaken at the Woolshed/Metabase Prospect, Flinders Project.

On 27 July 2020, the Company announced that Mr Paul Cronin and Mr Eric de Mori had been appointed as Non-Executive Directors of the Company. Simultaneously with the appointment of Mr Cronin and Mr de Mori as Directors of the Company, Mr Cameron Williams and Mr Stefan White have offered to step down.

On 19 August 2020, the Company released the results of a soil sampling program undertaken at the Woolshed prospect, Flinders Project. The sampling program led to the definition of a strong coherent copper in soil anomaly which extends for more than 3km, is strongly coincident with magnetics and is open to the south at Woolshed and Metabase.

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 20 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR (CONTINUED)

On 28 August 2020, the Company announced the results of a General Meeting of Shareholders held that day, with all 8 resolutions passing by way of a Poll.

On 2 September 2020, the Company announced that it had raised \$4,000,000 (before costs) through the issue of 66,666,667 new shares in the Company at \$0.06 per share. The placement was undertaken via Ashanti Capital Pty Ltd and Foster Stockbroking Pty Ltd as Joint Lead Managers.

On 17 September 2020, the Company announced the acquisition of the Mt Craig Copper Project (MCCP). The MCCP is part of the option agreement to acquire 100% of Strikeline Resources Pty Ltd, with no changes to the acquisition terms.

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

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020



AND CONTROLLED ENTITIES

## NOTE 20 - PARENT ENTITY DISCLOSURES

Financial Position	2020	2019
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,023,476	349,412
Trade and other receivables	24,572	11,000
Other current assets	14,255	7,659
<b>Total Current Assets</b>	<u>2,062,303</u>	<u>368,071</u>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	20,422	27,229
<b>Total Non Current assets</b>	<u>20,422</u>	<u>27,229</u>
<b>TOTAL ASSETS</b>	<u>2,082,725</u>	<u>395,300</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	101,007	59,896
<b>Total Current Liabilities</b>	<u>101,007</u>	<u>59,896</u>
<b>TOTAL LIABILITIES</b>	<u>101,007</u>	<u>59,896</u>
<b>NET ASSETS</b>	<u>1,981,718</u>	<u>335,404</u>
<b>EQUITY</b>		
Issued capital	21,675,871	19,531,500
Reserves	1,992,976	835,792
Accumulated losses	(21,687,129)	(20,031,888)
<b>TOTAL EQUITY</b>	<u>1,981,718</u>	<u>335,404</u>
<b>Financial Performance</b>		
Loss for the year	1,655,241	3,805,484
<b>Total comprehensive loss</b>	<u>1,655,241</u>	<u>3,805,484</u>

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.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 21 – 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 <sup>1</sup>	Note <sup>2</sup>	Note <sup>3</sup>
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

<sup>1</sup> 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.

<sup>2</sup> The Tranche B Rights will vest upon the 10-Day VWAP of shares traded on the ASX being at \$0.40 or greater.

<sup>3</sup> 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 2020 was \$942,917 (30 June 2019: \$771,500).

### Option Valuation

The following options were issued to brokers during the period:

Number	Grant Date	Expiry Date	Exercise Price	Fair Value at grant date	Vesting date
			\$	\$	
35,000,000	20/12/19	20/12/23	0.025	214,268	20/12/19

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

Value of underlying security	\$0.011
Exercise price	\$0.025
Valuation date	20/12/19
Life of the Rights (years)	4.00
Volatility	100%
Risk-free rate	2.00%
Dividend yield	nil
Value per Option	\$0.006

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# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2020

AND CONTROLLED ENTITIES

## NOTE 21 – SHARE-BASED PAYMENTS (CONTINUED)

### Shares issued to consultants

During the year 6,000,000 shares were issued to Ashanti Capital and Shaw and Partners as a facilitation fee on the signing of the option agreement with Strikeline Resources Pty Ltd.

The shares were valued at \$0.013 being the share price on the date of issue (22 May 2020).

## NOTE 22 – DISCONTINUED OPERATIONS

### Current year - Kamilombe Project

During the period Taruga Democratic Republic of the Congo withdrew from their acquisition of the Kamilombe Project and adjacent tenure in the Democratic Republic of the Congo (DRC). There were no cash flows attributable to the discontinued operations with the \$989,507 loss being comprised of impairment loss (Note 7), exploration expenditure, depreciation and other expenses.

	2020 \$	2019 \$
<b>Results of discontinued operations</b>		
Depreciation	(14,182)	(12,645)
Exploration expenditure	(232,718)	(796,149)
Impairment expense	(742,448)	-
Other expenses	(159)	(611)
	<hr/>	<hr/>
Results from operating activities	(989,507)	(809,405)
Income tax (expense)/benefit	-	-
Results from operating activities after tax	<hr/>	<hr/>
	(989,507)	(809,405)
<b>Cashflows gained from/(used in) discontinued operations</b>		
Net cash gained from operating activities	-	-
Net cash flow for the year	<hr/>	<hr/>
	-	-

### Prior year - West African Gold Assets

During the prior year, 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.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020



AND CONTROLLED ENTITIES

## NOTE 22 – DISCONTINUED OPERATIONS (CONTINUED)

<b>Assets and liabilities of discontinued operations</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Cash and cash equivalents	-	5,562
Trade and other receivables	-	28,740
<b>Liabilities</b>		
Loan from parent entity	-	(4,844,454)
<b>Net Assets/(Liabilities)</b>	<b>-</b>	<b>(4,810,152)</b>
<b>Results of discontinued operations</b>		
Revenue	-	-
Cost of sales	-	-
Expenses	-	(2,826)
Results from operating activities	-	(2,826)
Income tax (expense)/benefit	-	-
Results from operating activities after tax	-	(2,826)
Loss on disposal of discontinued operations	-	(69,167)
	-	(71,993)
<b>Cashflows gained from/(used in) discontinued operations</b>		
Net cash gained from operating activities	-	-
Net cash flow for the year	-	-

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# DIRECTORS' DECLARATION



FOR THE YEAR ENDED 30 JUNE 2020

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 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 2020 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 2020.

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

Dated Perth 29 September 2020

## 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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

#### Key audit matters

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

Key Audit Matters	How our audit addressed the key audit matter
<p><b>Kamilombe Discontinued Operation</b> Refer to Note 22</p> <p>During the year, Taruga Congo SARLU withdrew from its acquisition of the Kamilombe Project and adjacent tenure in the Democratic Republic of the Congo.</p> <p>We considered this to be a key audit matter as the Group had a related advance of \$742,448</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>- Assessing the withdrawal from the Kamilombe Project against the criteria for a discontinued operation contained in AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>;</li> </ul>

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to a DRC entity which necessitated us to consider expected credit losses on this amount in addition to the disclosure within the financial statements as a discontinued operation.

- Considering the assessment by management of the recoverable amount of the advance made to a DRC entity of \$742,448 and ensuring the impairment was appropriately disclosed;
- Ensuring the disclosures in relation to the discontinued operation were appropriately made within the financial statements.

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*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 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

*Responsibilities of the directors for the financial report*

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

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

*Auditor's responsibilities for the audit of the financial report*

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- 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 should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Taruga Minerals Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

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

*HLB Mann Judd*

**HLB Mann Judd**  
Chartered Accountants

**Perth, Western Australia**  
29 September 2020



**M R Ohm**  
Partner

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# ASX Additional Information



AND CONTROLLED ENTITIES

## ANALYSIS OF SHAREHOLDING as at 23 September 2020

		<b>Shareholders</b>
1	- 1,000	199
1,001	- 5,000	84
5,001	- 10,000	88
10,001	- 100,000	392
100,001	- or more	279
Total		<u>1,042</u>

The number of shareholdings held in less than marketable parcels is 321.

### 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.

Nil.

### 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



AND CONTROLLED ENTITIES

## TOP TWENTY SHAREHOLDERS

Rank	Holder Name	Securities	% IC
1	MCNEIL NOMINEES PTY LIMITED	28,924,782	6.33%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,748,241	5.63%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	24,855,542	5.44%
4	GLAMOUR DIVISION PTY LTD <THE HAMMER A/C>	19,589,400	4.28%
5	HAVELOCK MINING INVESTMENT LTD	19,047,618	4.17%
6	MR MARK GASSON	17,000,000	3.72%
7	CITICORP NOMINEES PTY LIMITED	15,466,742	3.38%
8	RANGLAND HOLDINGS PTY LTD <R C STEINEPREIS FAMILY A/C>	12,146,903	2.66%
9	TALLTREE HOLDINGS PTY LTD	10,000,000	2.19%
10	REPLAY HOLDINGS PTY LTD <SUNSET SUPER FUND A/C>	10,000,000	2.19%
11	TALLTREE HOLDINGS PTY LTD <D STEINEPREIS FAMILY A/C>	9,500,000	2.08%
12	MR SALIM CASSIM	8,850,000	1.94%
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	8,685,918	1.90%
14	TWO TOPS PTY LTD	7,500,000	1.64%
15	MOUTIER PTY LTD	7,500,000	1.64%
16	UBS NOMINEES PTY LTD	7,231,872	1.58%
17	OAKHURST ENTERPRISES PTY LTD	7,218,334	1.58%
18	MR BERNARD AYLWARD <THE GALBRAITH FAMILY A/C>	5,671,386	1.24%
19	WORKPOWER PTY LTD	5,251,152	1.15%
20	MR STEFAN VINCENT WHITE	5,000,000	1.09%
	<b>Total - Top 20 holders of ORDINARY FULLY PAID SHARES</b>	<b>281,252,154</b>	<b>61.52%</b>
	<b>Total - Remaining Holders Balance</b>	<b>175,949,506</b>	<b>38.48%</b>

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 by Automic Group, Level 2/267 St Georges Terrace WA 6000

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

There are nil securities currently subject to escrow.

### Unquoted Options over Un-issued Shares

There are 35,000,000 unlisted options exercisable at \$0.30 each on or before 18 February 2024.

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# ASX Additional Information



AND CONTROLLED ENTITIES

## Interests in tenements held directly by Taruga Minerals or subsidiary company

Tenements	Held	Country
E51/1832	100%	Australia
E70/5029	100% (In application)	Australia
E70/5030	100% (In application)	Australia
E70/5031	100% (In application)	Australia
EL6362 (Flinders)	Option to acquire 100%	Australia
EL6437 (Torrens)	Option to acquire 100%	Australia
ELA2020/00077) (MCCP)	Option to acquire 100%	Australia

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