

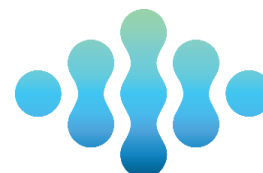
TARUGA

TARUGA MINERALS LIMITED

ACN 153 868 789

**INTERIM FINANCIAL REPORT
31 DECEMBER 2022**

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TARUGA

AND CONTROLLED ENTITIES

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DIRECTORS' REPORT



AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Gary Steinepreis	Non-executive Director
Paul Cronin	Non-executive Director
Eric de Mori	Non-executive Director
David Chapman	Non-executive Director

COMPANY SECRETARY

Daniel Smith	Company Secretary
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RESULTS

The loss after tax for the half year ended 31 December 2022 was \$677,576 (31 December 2021: loss of \$707,292).

REVIEW OF OPERATIONS

Project Overview

Taruga Minerals Limited (**Taruga** or the **Company**) is a resources exploration company with a large portfolio of copper and rare earth elements (REE) focussed exploration projects in South Australia's mineral rich Gawler Craton and Adelaide Fold Belt, and Western Australia's Yilgarn Craton.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

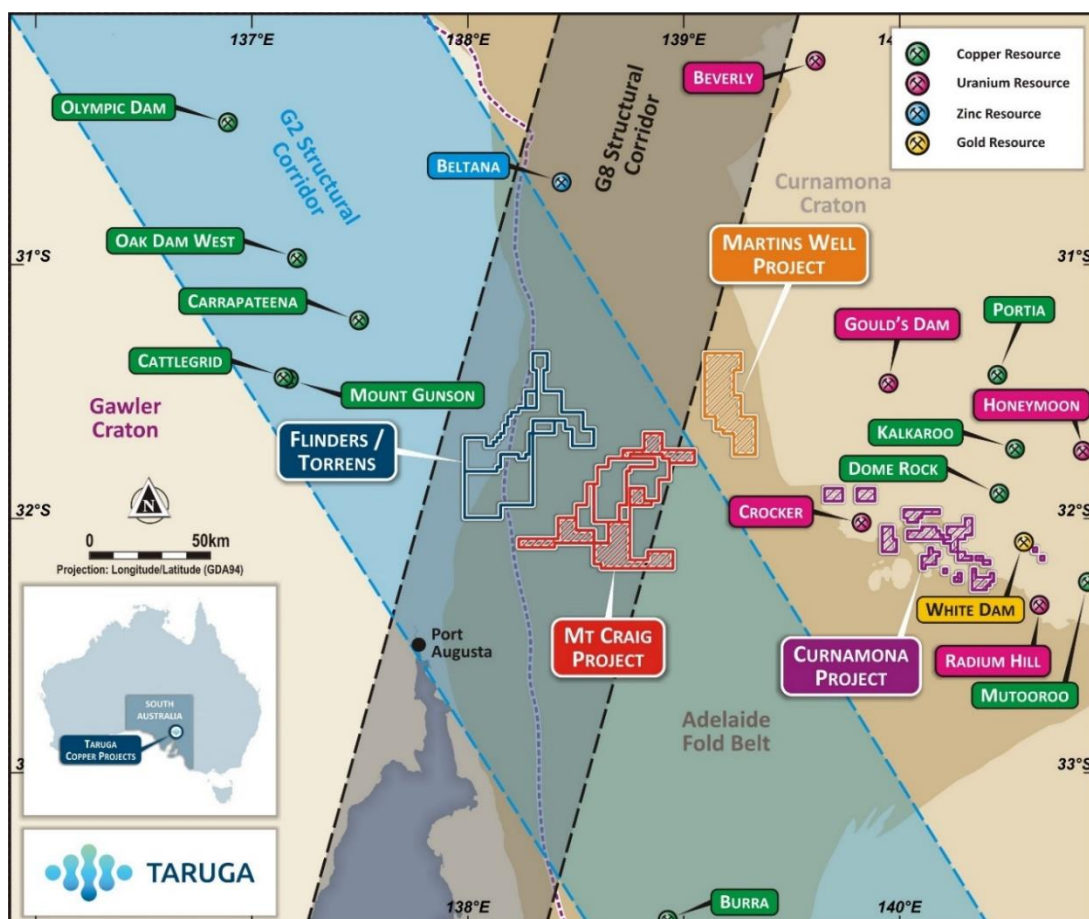


Figure 1: Tenement Map showing Taruga's South Australian projects and the regional and structural setting including the Gawler Craton outline as published by the Geological Survey of South Australia in purple.

The Mt Craig Project (100% TAR)

The MCP is situated within the Adelaide Geosyncline (AGS) (**Figure 1**), and lies at the intersection of the G2 and G8 structural corridors (lineaments).

On 5 September 2022, the Company announced that a rotary air blast (RAB) drilling program was underway at Mt Craig. Drilling is focussed on testing strike extensions of clay-hosted REEs recently discovered at Morgans Creek. All drilling is co-funded by the South Australian government under the Accelerated Discovery Initiative (ADI), under which Taruga was recently awarded \$650,000 in funding for REEs and sediment-hosted copper exploration at the Mt Craig Project.

Drilling intercepted high-grade clay-hosted REEs from surface, with many holes ending in mineralisation. The latest results have extended the strike at Hydrothermal Hill to 4.3km, with large zones still remaining untested. Multiple peripheral targets remain untested at Morgans Creek, which may be targeted in future drilling.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Metallurgical Test Results (Morgans Creek)

In mid-December Taruga announced preliminary ANSTO metallurgical outcomes with initial results providing extractions of up to 70% MREO, 60% HREO and 59% TREO. Importantly these were achieved with sulphuric acid leach (50g/L @ 50 Celsius). The best extractions came from the Yednalue Formation, which has been well mapped. Optimisation testwork will continue before finalising a plan going forward re exploration.

Further optimisation work will now be undertaken under the guidance of ANSTO, and Gavin Beer (consultant to the Company). This work will focus on optimising the flowsheet in alignment with commercially viable reagent and processing costs.

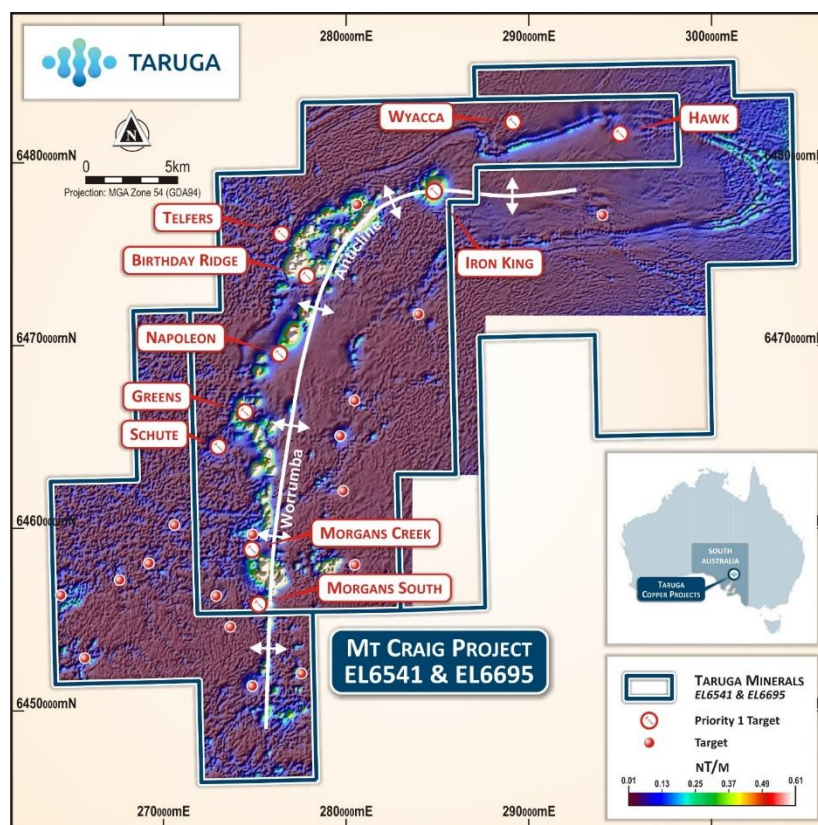


Figure 2: MCP Project outline showing priority exploration targets, the main structural feature being the Worrumba Anticline, and the Analytical Signal magnetics image.

Flinders IOCG Project, South Australia

Taruga (via Strikeline Resources Pty Ltd (**Strikeline**)) is awaiting a decision on authorisation under Section 23 of the Aboriginal Heritage Act 1988 (SA). The Section 23 authorisation will resolve uncertainty in areas where Native Title has not been determined at the Flinders Project. This authorisation would confirm full drilling authorisation.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

On 27 October 2021, a public consultation meeting chaired by the Department of Aboriginal Affairs was held in Port Augusta, where Strikeline presented to interested parties and took questions about the project.

Strikeline was advised by the Aboriginal Affairs and Reconciliation (**AAR**) division of the South Australian Department of Premier and Cabinet of a further extension to the Public Consultation period originally ending 30 September 2021, until 5 December 2021. The further extension was to allow interested parties additional time to consult with AAR and Strikeline regarding the Section 23 and 21 authorisations sought under the *Aboriginal Heritage Act 1988* (SA) (**authorisations**). AAR advised that this extension would not further delay the authorisation process.

The State Aboriginal Heritage Committee (SAHC) met on 13 January 2022 to review Strikeline's applications and prepare a recommendation to the Minister for Aboriginal Affairs (the Minister). Strikeline now awaits a decision from the Minister on whether the authorisation will be granted, and if so, any conditions that may apply.

Torrens Project, South Australia (100%)

Work was limited to further desktop review of historical datasets for the Torrens Project for the period.

Curnamona Project, South Australia (100%)

On 25 August 2022, the Company announced that the exploration licence application for the Curnamona Project has been offered to Taruga by the South Australian Department of Energy and Mining. The acquisition of the Curnamona Project is consistent with Taruga's focus on underexplored prolific polymetallic mineral provinces in close proximity to a number of world-class copper, gold and uranium resources.

Martins Well Project, South Australia (100%)

On 31 August 2022, the Company advised that it has lodged a successful bid for the Martins Well Project (**Figure 1**), under the competitive release process. Taruga competed with other South Australian companies for the project, which Taruga considers may be prospective for clay hosted rare earth elements (REEs), copper-gold-silver, and zinc-lead.

Western Australian projects

Meekatharra, Western Australia

The Meekatharra Project (Exploration licence E51/1832) is located 30km southeast of the regional centre of Meekatharra in the Murchison region of Western Australia. On 19 November 2020, the Company announced that it had executed a binding terms sheet with CU2 (WA) Pty Ltd (CU2), whereby CU2 can earn an 80% interest in E51/1832 through incurring a minimum of \$150,000 of expenditure within three years from the date of execution.

On 5 May 2021, Peak Minerals Ltd (ASX PUA) announced it has signed a non-binding term sheet to acquire 100% of CU2 including the Meekatharra Joint Venture with Taruga. Peak have since taken responsibility for managing the exploration program at Meekatharra which forms part of Peak's "Green Rocks Project" (see PUA corporate presentation released on the 21 October 2021).

On 20 May 2022, the Company provided an update on the Meekatharra project. Peak identified a strong, previously unidentified, EM conductor (500m x 300m) 250m below surface at Target B. Broad

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

nickel anomalism intersected above the Target B conductor showed **17m @ 0.29% Ni** from 56m (GRAC0037) and **10m @ 0.32% Ni** from 50m (GRAC0038).

Manjimup Project (100% TAR)

Taruga holds 3 exploration licence applications in the Greenbushes area of Western Australia (the Manjimup Project). E70/5029 adjoins the Chalice Mining / Venture Minerals JV (announced 21/5/2020) in a similar geological setting to the "Odin Prospect" with identified nickel, copper & PGE mineralisation.

Community and ESG

Taruga is committed to developing sustainable exploration projects which benefit local communities in the areas in which we operate. The Company continues to deliver value to local communities through providing local employment and maintaining exceptional local expenditure milestones, with over 80% of our expenditure going to local businesses and people for the December half. Taruga maintains a target of 20% Aboriginal employment in our full-time team.

CORPORATE

Annual General Meeting

The Company's annual general meeting was held on 24 November 2022 with all resolutions passing by way of a poll.

Subsequent Events

On 13 January 2023, the Company advised that following shareholder approval it had issued 8,035,717 fully paid ordinary shares at \$0.028 each to directors of the Company, raising \$225,000.

On 15 February 2023, the Company provided a corporate update and management changes. As a result of this re-alignment of priorities by the Board, Thomas Line, Taruga's CEO, has tendered his resignation.

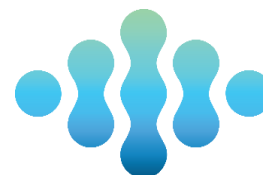
There are no other matters or circumstances that have arisen since 31 December 2022 that may significantly affect operations, results or state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd (WA Partnership), to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 9 and forms part of this directors' report for the half-year ended 31 December 2022.

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.

DIRECTORS' REPORT



TARUGA

AND CONTROLLED ENTITIES

A handwritten signature in black ink, reading "G. Steinepreis".

Gary Steinepreis

Non-Executive Director

Perth, 15 March 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Taruga Minerals Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
15 March 2023



N G Neill
Partner

hlb.com.au

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

	Note	31 December 2022 \$	Restated 31 December 2021 \$
Revenue		6,345	807
Other Income		-	-
Depreciation		(32,556)	(10,856)
Consultants		(114,736)	(99,710)
Employee benefits expense		(168,892)	(267,133)
Professional fees		(61,319)	(67,207)
Share based payments	11	(111,473)	(138,020)
Travel and accommodation		(18,379)	(368)
Office and communication costs		-	(688)
Project evaluation		(31,087)	(892)
Other expenses		(145,479)	(123,225)
Loss from continuing operations before income tax		(677,576)	(707,292)
Income tax expense		-	-
Net loss for the period from continuing operations		(677,576)	(707,292)
Loss from discontinued operations net of tax	12	-	(5,853)
Net loss for the period		(677,576)	(713,145)
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign subsidiaries		-	214
Total comprehensive loss for the period		(677,576)	(712,931)
Basic and diluted loss per share (cents per share)		(0.11)	(0.14)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



AS AT 31 DECEMBER 2022

AND CONTROLLED ENTITIES

	Note	31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		3,473,573	2,145,295
Trade and other receivables		162,552	56,493
Total Current Assets		3,636,125	2,201,788
NON-CURRENT ASSETS			
Mineral exploration and evaluation	2	9,168,157	8,200,267
Plant and equipment		339,645	87,451
Other assets		110,000	80,000
Total Non-Current Assets		9,617,802	8,367,718
TOTAL ASSETS		13,253,927	10,569,506
CURRENT LIABILITIES			
Trade and other payables	3	480,145	290,582
Total Current Liabilities		480,145	290,582
TOTAL LIABILITIES		480,145	290,582
NET ASSETS		12,773,782	10,278,924
EQUITY			
Issued capital	4	34,914,059	31,876,464
Reserves	5	3,498,863	3,364,024
Accumulated losses		(25,639,140)	(24,961,564)
TOTAL EQUITY		12,773,782	10,278,924

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Half-year to 31 December 2021					
Balance at 1 July 2021	29,475,236	(23,635,844)	3,101,320	40,512	8,981,224
Loss for the period	-	(713,145)	-	-	(713,145)
Other comprehensive loss	-	-	-	214	214
Total comprehensive loss for the period	-	(713,145)	-	214	(712,931)
Issue of shares net of costs	303,691	-	-	-	303,691
Share based payments – Performance Rights/Options	-	-	132,703	-	132,703
As at 31 December 2021	29,778,927	(24,348,989)	3,234,023	40,726	8,704,687
Half-year to 31 December 2022					
Balance at 1 July 2022	31,876,464	(24,961,564)	3,329,174	34,850	10,278,924
Loss for the period	-	(677,576)	-	-	(677,576)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	(677,576)	-	-	(677,576)
Issue of shares net of costs	2,953,966	-	-	-	2,953,966
Share based payments – Performance Rights/Options	83,629	-	134,839	-	218,468
As at 31 December 2022	34,914,059	(25,639,140)	3,464,013	34,850	12,773,782

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

	31 December 2022 \$	31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(565,463)	(545,300)
Government grants and tax incentives	-	300,000
Interest income received	6,345	807
Net cash used in operating activities	(559,118)	(244,493)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(984,657)	(1,775,787)
Payments for property plant & equipment	(188,907)	(32,870)
Net cash used in investing activities	(1,173,564)	(1,808,657)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,275,000	109,375
Share transaction costs	(214,040)	-
Net cash provided by financing activities	3,060,960	109,375
Net (decrease)/ increase in cash held	1,328,278	(1,943,775)
Cash and cash equivalents at the beginning of the period	2,145,295	3,390,011
Cash and cash equivalents at the end of the period	3,473,573	1,446,236

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. The interim financial report was authorised for issue on 15 March 2023.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Taruga Minerals Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

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

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

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

Reporting Basis and Conventions

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

Notwithstanding the fact that the Group incurred an operating loss of \$677,576 for the period ended 31 December 2022, and a net cash outflow from operating activities amounting to \$559,118, the Directors are of the opinion that the Company is a going concern.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2022.

Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2022

In the half-year ended 31 December 2022 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 2022. As a result of this the Directors have determined that there is no impact, material or otherwise, of the standards and interpretations in issue not yet adopted on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2022. As a result of this the Directors have determined that there is no impact, material or otherwise, of the standards and interpretations in issue not yet adopted on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

NOTE 2: MINERAL EXPLORATION AND EVALUATION

		Consolidated Half Year Ended 31 December 2022 \$	Year Ended 30 June 2022 \$
	Note		
Opening balance		8,200,267	5,720,931
Project acquisition costs	(i)	-	189,000
Capitalised exploration expenditure	(ii)	967,890	2,290,336
Acquisition costs in respect of areas of interest in the exploration phase		9,168,157	8,200,267

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

NOTE 2: MINERAL EXPLORATION AND EVALUATION (CONTINUED)

On 15 July 2021 the Company issued an additional 2,100,000 share to the advisors of the transaction at a share price of \$0.09.

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

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

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

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

In accordance with the NSR agreement the Company will grant to the Vendors a 1% NSR in respect of all precious, industrial minerals and base metals produced, sold and proceeds received from the Project.

Taruga will have the right to buy back the NSR from the sellers for total consideration of A\$500,000 which may at the election of Taruga be paid in cash or Ordinary Fully Paid Shares at the 30-day VWAP of Taruga's Share price as traded on the ASX.

(ii) The Company received a refund of \$325,000 from the South Australian government for expenditure at the Company's Mt Craig copper project. This refund has been reclassified as a credit to the carrying value of the exploration asset in the prior period.

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

NOTE 3 - TRADE AND OTHER PAYABLES

Consolidated

	31 December 2022 \$	30 June 2022 \$
Trade creditors	236,923	136,593
Other payables	243,222	153,989
	<u>480,145</u>	<u>290,582</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

NOTE 4 - ISSUED CAPITAL

Consolidated

	31 December 2022 \$	30 June 2022 \$
Ordinary Shares		
Issued and fully paid	<u>34,914,059</u>	<u>31,876,464</u>

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

Year to 30 June 2022

	Number	\$
Opening balance at 1 July 2021	505,476,505	29,475,236
Placement	65,988,235	2,243,600
Issue of shares - employee	108,500	5,316
Issue of shares – advisor	2,100,000	189,000
Exercise of options	4,375,000	109,375
Issue costs - cash	-	(146,063)
Closing balance at 30 June 2022	<u>578,048,240</u>	<u>31,876,464</u>

Half-year to 31 December 2022

Opening balance at 1 July 2022	578,048,240	31,876,464
Issue of shares – performance rights	154,000	1,717
Issue of shares - employee	2,824,545	81,912
Placement	116,964,283	3,275,000
Issue costs	-	(321,034)
Closing balance at 31 December 2022	<u>697,991,068</u>	<u>34,914,059</u>

Movements in options were as follows:

	Number
Opening balance at 1 July 2021	48,625,000
9-Aug-21 Exercise of options	(4,375,000)
30-Nov-21 Incentive options issued to directors	5,000,000
22-Feb-22 Options issued to brokers	2,500,000
Opening balance at 1 July 2022	51,750,000
11-Nov-22 Options issued to broker	6,000,000
Closing balance at 31 December 2022	<u>57,750,000</u>

NOTE 5 – RESERVES

	Half-year to 31 December 2022	Year to 30 June 2022 \$
Share-based Payments Reserve	3,464,013	3,323,321
Foreign Currency Translation Reserve	<u>34,850</u>	<u>40,703</u>
	<u>3,498,863</u>	<u>3,364,024</u>

Share-based Payment Reserve

Balance at beginning of the period	3,329,174	3,101,320
Reserve arising on share-based payments expensed	<u>134,839</u>	<u>227,854</u>
Balance at end of the period	<u>3,464,013</u>	<u>3,329,174</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

NOTE 5 – RESERVES (CONTINUED)

Foreign Currency Translation Reserve

Balance at beginning of the period	34,850	40,512
Reserve arising on translation of foreign subsidiaries	-	(5,662)
Balance at end of the period	<u>34,850</u>	<u>34,850</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.

NOTE 6 - CONTINGENT LIABILITIES

In addition to the acquisition consideration detailed in note 1 the Group will also make the following milestone payments to the sellers of Strikeline Resources Pty Ltd. The probability and timing of these milestones cannot be reliably estimated and have not been included in the acquisition consideration.

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

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

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

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

The Company had no other contingent liabilities at 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

NOTE 8 – 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.

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

During the period there was only one reportable segment, being the exploration of minerals in Australia.

NOTE 9 – EVENTS SUBSEQUENT TO BALANCE DATE

On 13 January 2023, the Company advised that it had issued 8,035,717 fully paid ordinary shares at \$0.028 each, raising \$225,000.

On 15 February 2023, the Company provided a corporate update and management changes. As a result of this re-alignment of priorities by the Board, Thomas Line, Taruga's CEO, has tendered his resignation.

There are no other matters or circumstances that have arisen since 31 December 2022 that may significantly affect operations, results or state of affairs of the Group in future financial years.

NOTE 10 – FINANCIAL INSTRUMENTS

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

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

NOTE 11 – SHARE-BASED PAYMENTS

Performance Rights Valuation

On 15 September 2021 the company agreed a revised remuneration package with the Chief Executive Officer, Mr Thomas Line. The new terms of Mr Line's remuneration package are as follows:

Remuneration	Base Salary of \$225,000 per annum plus superannuation, effective 1 July 2021.
Incentives	Effective 1 July 2021, earn up to 100% of Base Salary (excluding super) as measured by performance against annually determined KPI's, including OH&S, environmental, ESG, stakeholder engagement, and corporate
Short-term (STI)	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

NOTE 11 – SHARE-BASED PAYMENTS (CONTINUED)

Long-term (LTI) The awarding of 2,000,000 performance rights, vesting over three years (31 August 2022, 31 August 2023, 31 August 2024) on meeting LTI KPI's.

At, or following the Review Date, the Board may, in its absolute discretion, give to the Executive a Vesting Notice in respect of a number of Performance Rights up to, but not exceeding, the maximum Performance Rights amount set out for that Review Date in the Performance Rights vesting table. If the Board gives a Vesting Notice in respect of any Performance Rights, those performance rights will vest on the giving of that Vesting Notice.

If the Company has not given a Vesting Notice for an amount of Performance Rights equal to the maximum performance rights amount in respect of a Review Date by the corresponding Expiry Date, that number of Performance Rights that are not the subject of a Vesting Notice will be forfeited on that Expiry Date.

The above performance rights are subject to market and non-market based vesting conditions. The performance rights with market-based conditions are valued at 31 December 2022 as follows:

Item	Tranche 1	Tranche 2	Tranche 3
Value of underlying security	\$0.054	\$0.054	\$0.054
Exercise price	nil	nil	nil
Valuation date	15 September 2021	15 September 2021	15 September 2021
10-Day VWAP barrier	\$0.1404-\$0.2340	\$0.1404-\$0.2340	\$0.1404-\$0.2340
Life of the Rights (years)	0.79	1.79	2.79
Volatility	109%	109%	109%
Risk-free rate	0.026%	0.013%	0.113%
Dividend yield	nil	nil	nil
Share price targets	Note ¹	Note ¹	Note ¹
Value per Right	\$0.0181	\$0.0342	\$0.0417
Number of Rights	666,666	666,666	666,666
Weighting on total LTIP	61.6%	61.6%	61.6%
Weighted no. of securities	410,666	410,666	410,666
Value per Tranche	\$7,433	\$14,045	\$17,125
Expensed during period to 31 December 2022	-	\$3,830	\$3,022
Balance at 31 December 2022	-	\$3,830	\$9,066

¹ Share price targets – 20-day volume weighted average price of at least \$0.0966 (being 50% increase from benchmark VWAP of \$0.0644) for 25% to vest, \$0.1288 (being 100% increase from benchmark VWAP of \$0.0644) for 50% to vest and \$0.1610 (being 150% increase from benchmark VWAP of \$0.0644) for 100% to vest.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

NOTE 11 – SHARE-BASED PAYMENTS (CONTINUED)

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
6,000,000	01/11/22	01/11/25	0.045	106,994	01/11/22

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	\$0.029
Exercise price	\$0.045
Valuation date	01/11/22
Life of the Rights (years)	3.00
Volatility	116%
Risk-free rate	0.25%
Dividend yield	nil
Value per Option	\$0.0178
Cost (included in equity)	\$106,994

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

Number	Grant Date	Expiry Date	Exercise Price \$	Fair Value at grant date \$	Vesting date	
					Tranche A	Tranche B
5,000,000	30/11/21	30/11/24	0.065	109,003	31/05/22	30/11/22

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	\$0.0405
Exercise price	\$0.0650
Valuation date	30/11/21
Life of the Rights (years)	3.00
Volatility	103%
Risk-free rate	0.25%
Dividend yield	nil
Value per Option	\$0.022
Expensed during the period	\$22,709

In addition to the above the Company issued 2,824,545 shares valued at \$81,912 to employees in lieu of bonus payments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

NOTE 12 – DISCONTINUED OPERATIONS

Current year - Kamilombe Project

During 2019 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.

	2022 \$	2021 \$
Results of discontinued operations		
Depreciation	-	-
Other expenses	-	(5,853)
Results from operating activities	-	(5,853)
Income tax (expense)/benefit	-	-
Results from operating activities after tax	-	(5,853)
Cashflows gained from/(used in) discontinued operations		
Net cash gained from operating activities	-	-
Net cash flow for the year	-	-

NOTE 13 – RESTATEMENT OF 31 DECEMBER 2021 BALANCES

The Company's 2021 comparative Statement of Profit or Loss and Other Comprehensive Income has been restated to reflect the reclassification of grant income received of \$325,000 from Other Income to Mineral exploration and evaluation assets.



DIRECTORS DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

AND CONTROLLED ENTITIES

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

- 1) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Gary Steinepreis

Non-Executive Director

Perth, 15 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Taruga Minerals Limited

Report on the Condensed Interim Financial Report*Conclusion*

We have reviewed the accompanying interim financial report of Taruga Minerals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2023



N G Neill
Partner