

TARUGA

ACN 153 868 789

ANNUAL REPORT 2022

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COMPANY INFORMATION



ACN	153 868 789	
Directors	Gary Steinepreis Paul Cronin Eric de Mori David Chapman	Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
CEO	Thomas Line	
Company Secretary	Daniel Smith	
Registered Office	Level 8, 99 St Georges Terrace Perth, WA 6000	
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Auditor	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth, WA 6000	
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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	www.tarugaminerals.com.au	

REVIEW OF OPERATIONS



REVIEW OF OPERATIONS

CEO Report

“Our vision is to discover and develop mineral resources which are critical to the future green economy. Ensuring that our operations deliver reward to local communities is at the heart of how we operate.”

Dear Shareholders,

It is my pleasure to present the Taruga Minerals Limited Annual Report for 2022. The past 12 months has been a time of transition, adding rare earth elements as a core focus of our exploration alongside copper, bolstering our drive to deliver the metals required for the future green economy.



The past year has been a time of significant expansion, with four new tenements granted in South Australia, doubling the Taruga portfolio. We are excited to build these projects through modern systematic exploration to generate value in the same way we have with the Flinders and Mt Craig projects.

We have had a great year on ESG, adding a full time Adnyamathanha-Kuyani employee to our team maintaining our 20% local Aboriginal Employment target. We have continued to engage with multiple 100% owned local Aboriginal businesses, showing our continued commitment to providing employment and business development opportunities for local Aboriginal people. Our sponsorship of the Hawker Races in March 2022 was fantastic opportunity to connect with the regional community. It was heart-warming to see how important these events are to the moral and wellbeing of people in remote communities which have been impacted by drought and covid over the past 24 months. We opened new accounts with local service providers, and more than 80% of our operational expenditure went to local people and local businesses in South Australia. We want people to see our commitment to the local community through the actions we take, and for all to know that with exploration success comes material and social reward.

Over the past 12 months, we allocated significant resources to completing due-diligence on the materiality of the clay hosted rare earth elements discovered at Morgans Creek in 2021. The result of this due-diligence has been the addition of REEs as a core exploration focus for Taruga, alongside copper. Geochemical analysis of the rare earths show that they contain a high proportion of high-value magnet rare earths (Nd + Pr + Dy + Tb). Magnet rare earths are by far the most commercially significant of the 15 rare earth elements, and are some of the most important critical metals in the world. The importance of magnet-REEs crosses many sectors, including electric vehicles, defence technologies, and renewable technologies. Leach testwork completed on clay-hosted rare earths from Hydrothermal Hill showed a very high proportion of readily soluble REEs present, indicating the mineralisation is amenable to a simple and low-cost metallurgical flow sheet. In September 2022, Taruga has just completed our first ever REE focussed drilling program at Morgans Creek, and we eagerly await the assay results.

We would like to thank the South Australian State Government for their continued strong support of our projects, after receiving two Accelerated Discovery Initiative (ADI) grants totalling \$650,000. The grants are focussed on exploration for sediment-hosted copper and rare earth elements at Taruga's Mt Craig Project, and cover cofunding for drilling, geophysics, and Aboriginal employment.

Despite the significant growth that the company has experienced at a foundational level, I recognise that the past 12 months has not been without frustration resulting from challenges with land access, particularly regarding long wait times and uncertainty regarding regulatory decisions at our South Australian Flinders IOCG Project. Taruga have now been waiting 18 months to receive a decision on the Section 23 application under the Aboriginal Heritage Act 1988. We believe Flinders Project has the potential to deliver huge value for local communities and the State of South Australia. We are beyond grateful for the support we have received from members of the local Aboriginal community for the Flinders Project to go ahead.

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Due to reasons outside of the control of the Adnyamathanha People and Taruga, Taruga have been unable to execute a Native Title Mining Agreement with the Adnyamathanha Traditional Lands Association (ATLA) due to ATLA being under special administration for the past 2 years. We continue to provide whatever support we can to assist ATLA in their transition out of special administration and we are confident that the matter should be resolved soon. Completion of an NTMA will allow access to approximately 40% of Taruga's South Australian portfolio which sits within ATLA native title land.

We are very excited about the 12 months ahead. There is huge value being unlocked at our Mt Craig Project in both the rare earths and copper space. The new ground we have acquired is highly prospective for copper, gold and rare earth elements and we are confident in our ability to unlock value and resources from this ground by applying modern, systematic exploration. We are excited about the prospect of further collaboration and partnerships with our neighbours. We remain hopeful that we will obtain access to our Flinders Project, and confident that land access across Native Title land will be resolved soon. Over the next 12 months we will be focussing on expanding current discoveries, making new discoveries, and defining material JORC resources across our portfolio.

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 during the reporting period. Taruga maintains a target of 20% Aboriginal employment in our full-time team, which is currently met.

Company Overview

Taruga Minerals Limited (**Taruga** or the **Company**) is a greenfields exploration and resource development 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.

Board and Management

Thomas Line | *Chief Executive Officer*

Thomas is an experienced geologist and project manager with 10 years' experience in mining, exploration, and resource development. Thomas was the founder of Strikeline Resources and project generator of Taruga's South Australian exploration portfolio. Thomas holds an honours degree in geology, and is a member of the Australian Institute of Geoscientists.

Paul Cronin | *Non-Executive Director*

Mr Cronin is a co-founder and the Managing Director of Balkans polymetallic developer Adriatic Metals Ltd (ASX:ADT, LSE:ADT1), which was the best performing IPO of 2018 and recently admitted to the ASX All Ordinaries Index. Mr Cronin has over 20 years of experience in corporate finance, investment banking, funds management, and commodity trading. Currently a Director of Black Dragon Gold (ASX:BDG).

Eric de Mori | *Non-Executive Director*

Mr de Mori has over 15 years' experience in ASX listed corporate finance specialising in natural resources. He has held Directorships with numerous ASX listed companies including as a co-founder and former Director of Balkans polymetallic developer Adriatic Metals (ASX:ADT, LSE:ADT1), which was the best performing IPO of 2018.

Gary Steinepreis | *Non-Executive Director*

Chartered Accountant with over 20 years' experience with ASX-listing rules, corporate governance and equity capital raisings. Gary provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

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David Chapman | *Non-Executive Director*

Geologist and senior executive with over 39 years of international resource industry experience in diverse roles and commodities covering all aspects of the mining industry from exploration, operations and business development, through to feasibility studies, financing and construction.

Daniel Smith | *Company Secretary*

Director of Minerva Corporate, a boutique corporate advisory firm. Has advised on and been involved in over two dozen IPOs, RTOs and capital raisings on the ASX and AIM. Director and/or company secretary of numerous ASX and AIM listed companies.

Projects Overview – South Australia

To watch the [Coffee with Samso video release about Taruga's South Australian projects, click here.](#)

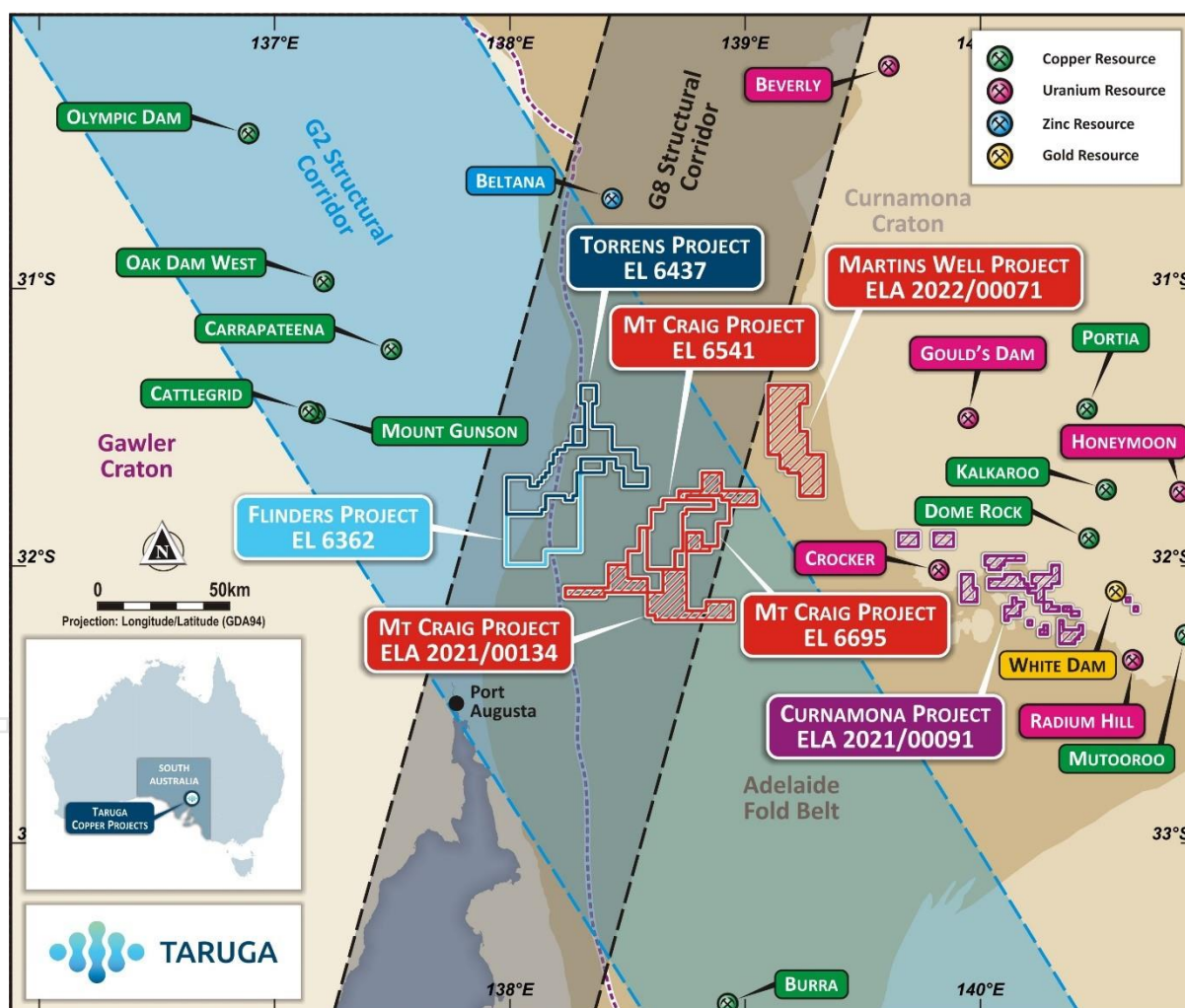


Figure 1. Tenement Map showing Taruga's South Australian projects.

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). The Adelaide Geosyncline (AGS) is comparable in age and geodynamic setting to the Katangan Orogen which hosts the Central African Copperbelt. The AGS is known to host mineralisation which is consistent with the Copperbelt model. The Beltana deposit is a very high-

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grade discordant zinc deposit which shows similarities to the world class Kipushi (Zn-Pb-Cu-Ag) deposit in DRC. The MCCP is in a comparable setting proximal to the Worrumba Diapir and Taruga consider it is prospective for Kipushi Type mineralisation. The diapir is interpreted as a major conduit for mineralising fluids. The Tindelpina Shale represents a reduced facies host rock with potential to host Zambian style mineralisation.

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.



Photo. RAB drilling underway at Mt Craig

Significant intercepts from Taruga's 2021 drilling at Morgans Creek (previously reported) include²:

- **6m @ 1,210 ppm TREO** from 9m (MCRC048)
- **22m @ 1,050 ppm TREO** from 27m, including **10m @ 1,940ppm TREO** (MCRC048)
- **31m @ 487ppm TREO** from 21m, including **3m @ 1,996ppm TREO** (MCRC010)
- **3m @ 1,715ppm TREO** from 39m, including **2m @ 2,456ppm TREO** (MCRC024)
- **13m @ 505ppm TREO** from 31m, including **3.15m @ 1,172ppm TREO** from 31m (MCDD004)
- **7m @ 560ppm TREO** from 2m, including **1m @ 1,124ppm TREO** (MCRC026)
- **5m @ 779ppm TREO** from 28m, including **2m @ 1,547ppm TREO** (MCRC015)
- **4m @ 953ppm TREO** from 1m (MCRC013)
- **17m @ 410ppm TREO** from surface, including **3m @ 945ppm TREO** (MCRC050)

¹REE refers to the 15 rare earth elements (Ce, La, Lu, Nd, Pr, Sm, Dy, Er, Eu, Gd, Ho, Tb, Tm, Yb, Y)

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²Announced on the 16th June 2022

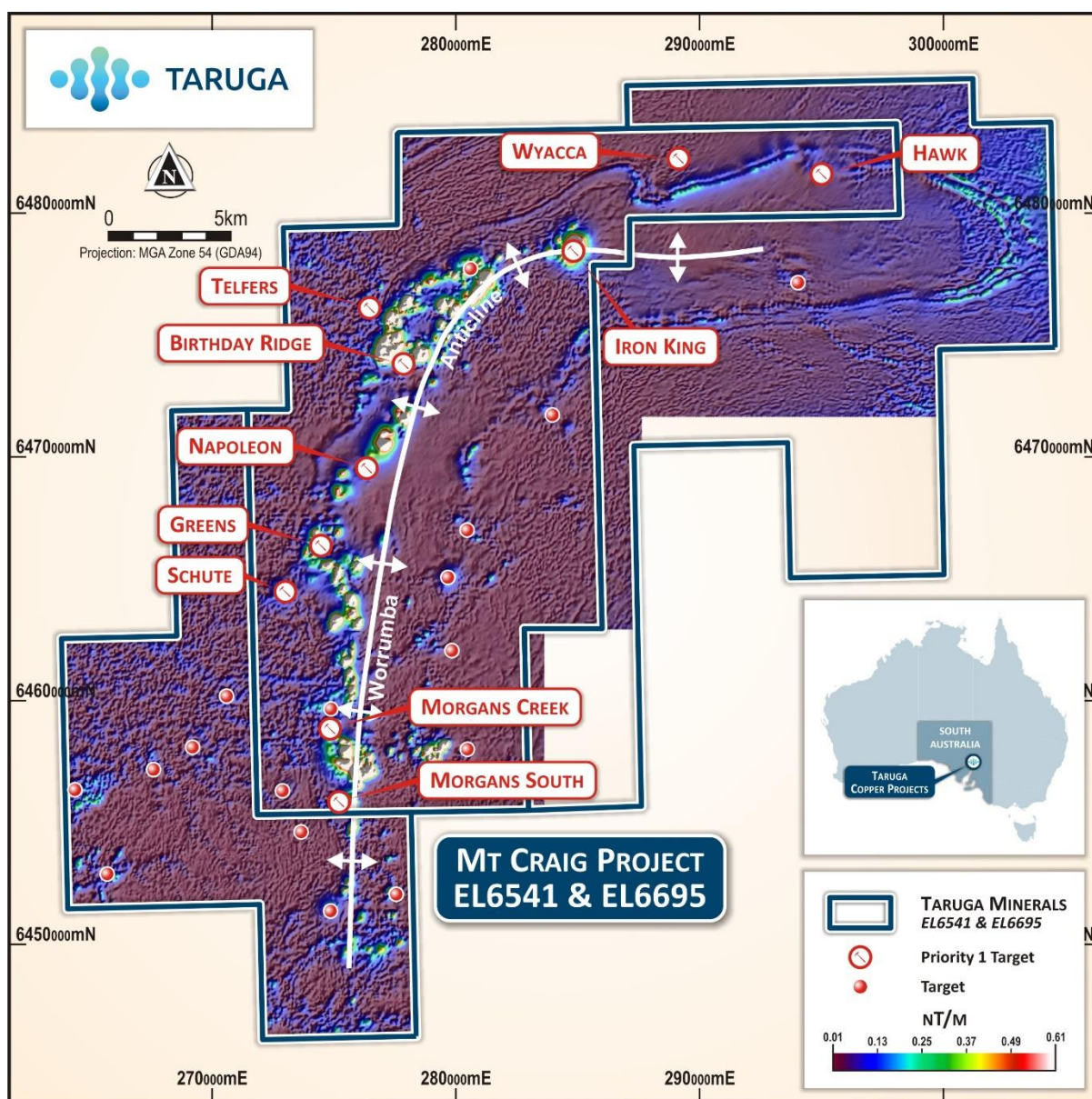


Figure 2. MCP Project outline showing priority exploration targets, the main structural feature being the Worrumba Anticline, and the Analytical Signal magnetics image.

Morgan's Creek prospect

During the year, drilling was focussed at Morgan's Creek prospect, where approximately ~5,000 metres of RC and diamond drilling (**Figure 3**) was conducted to test a range of copper and critical mineral targets identified from previous reconnaissance exploration and geophysics.

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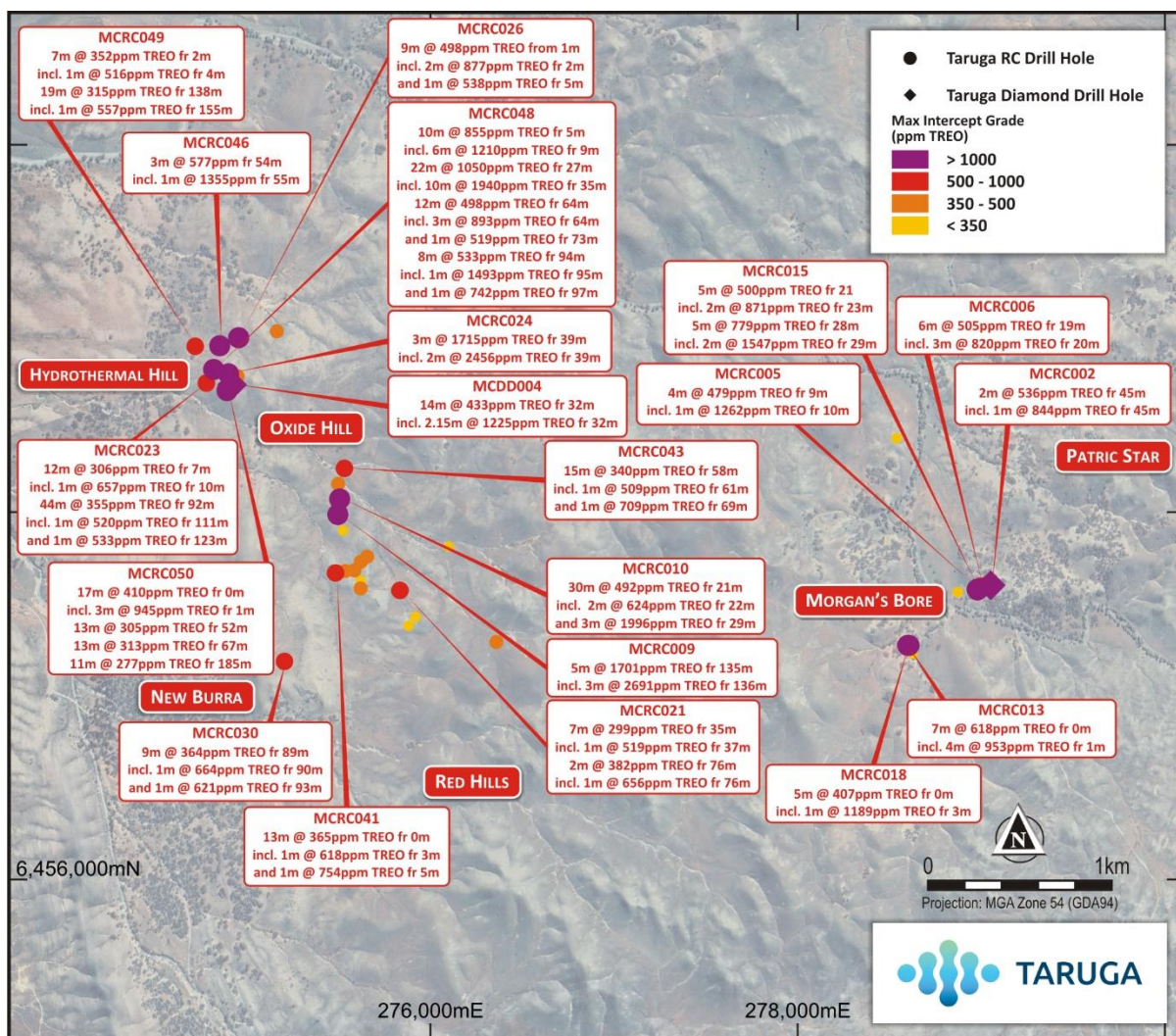


Figure 3. REE Drill results from Taruga's 2021 drilling at Morgan's Creek with collars colour coded by maximum TREO grade (purple represents >1000ppm TREO).

Taruga Minerals' exploration programs to date have identified polymetallic skarn systems associated with mafic intrusives within the Morgan's Creek Prospect area and elsewhere throughout the Mt Craig Project. Recent drilling by Taruga has proven the skarn contains enrichment in base metals, REE's, battery metals and precious metals. The skarn contains a high level of magnetite alteration and also disseminated copper sulphides; both of which will be valuable pieces of information as we implement the next phases of the exploration program. Most importantly however, has been the identification of clay hosted REE's in the weathered portions of the mappable Yednalue Quartzite unit at Morgans Creek.

During the June quarter, Taruga announced the results of analytical testwork completed on drill samples from the 2021 RC drilling program at the Morgan's Creek prospect, Mt Craig Project (MCP). The positive testwork has indicated there is a high concentration of readily soluble REE's from recent drill samples at Morgan's Creek, a critical factor in determining the economic viability of REE deposits. The results of the testwork are summarised in **Table 1**.

High resolution ground magnetics was collected and modelled over several clay-hosted REE prospects around Morgan's Creek to assist with geological interpretation and drill planning. Auger drilling has recently commenced at these targets to allow geochemical profiling.

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Table 1. Average REE oxide Recoveries for various lithologies. Note the clay content of various categories decreases from “clay”, to “fresh”: where “clay” has the highest clay content, “fresh” has the lowest clay content and “weathered” contains an intermediate clay content. Clay minerals are derived from both weathering and alteration.

Lithology	Method	LREO	LREO	LREO	LREO	LREO	HREO	HREO	HREO	HREO	HREO	HREO	HREO	HREO	HREO	HREO	Group Averages					
	Recovery	La2O3	Ce2O3	Sm2O3	Pr2O3	Nd2O3	Tb2O3	Dy2O3	Eu2O3	Y2O3	Gd2O3	Ho2O3	Er2O3	Tm2O3	Yb2O3	Lu2O3						
					MREO*	MREO*	MREO*	MREO*														
						CREO*	CREO*	CREO*	CREO*	CREO*								TREO	LREO	HREO	MREO	CREO
Clay	Fusion/Full Digest	53.1	147.8	24.1	21.1	102.0	3.7	22.4	5.2	121.0	29.1	4.3	12.9	1.6	10.1	1.5	560	348	212	149	254	
Clay	WAR	51.0	142.7	24.0	20.7	100.8	3.0	14.0	5.1	75.9	21.5	2.6	6.9	0.9	5.8	0.8	476	340	137	139	199	
Clay	Recovery	96%	97%	100%	98%	99%	82%	63%	98%	63%	74%	62%	53%	56%	58%	55%	85%	98%	64%	93%	78%	
Weathered	Fusion/Full Digest	79.4	200.0	18.5	21.8	87.6	1.9	10.0	3.4	58.8	14.5	1.8	5.0	0.6	4.6	0.6	509	407	101	121	162	
Weathered	WAR	44.9	162.1	13.8	15.6	67.6	1.5	6.9	2.7	33.6	11.1	1.2	3.1	0.4	2.5	0.4	367	304	63	92	112	
Weathered	Recovery	57%	81%	75%	72%	77%	76%	68%	79%	57%	77%	67%	62%	58%	54%	100%	72%	75%	62%	75%	69%	
Fresh	Fusion/Full Digest	93.8	192.8	13.7	22.1	77.6	1.3	6.8	2.3	35.2	11.1	1.2	3.7	0.3	3.3	0.3	465	400	65	108	123	
Fresh	WAR	45.3	93.3	6.0	10.7	40.0	0.6	2.4	1.0	10.9	4.3	0.4	1.1	0.1	1.0	0.1	217	195	22	54	55	
Fresh	Recovery	48%	48%	44%	48%	52%	41%	35%	43%	31%	39%	36%	30%	43%	29%	42%	47%	49%	33%	50%	45%	

“Fusion” - Lithium Borate Fusion analysis technique

“WAR” - Modified (weak) Aqua Regia analysis technique

Recovery - the proportion of Fusion result extracted by WAR technique

All grade values are reported in ppm. All recoveries are reported as %.

Calculated from results over 250 ppm TREO (Fusion) cut-off.

Wyacca prospect

During the year, the Company focussed on mineral system modelling at Wyacca, which has resulted in a number of new untested sediment-hosted copper targets. The mineralisation modelling consisted of utilising the existing drill data, collecting new geophysical datasets and reconnaissance data, and comparing this to globally relevant sediment hosted copper systems.

New gravity data modelling completed by Taruga has highlighted a series of near linear gravity anomalies which cross cut the Tapley Hill Formation and Tindelpina Shale sediments at Wyacca. The anomalies are perpendicular to the strike of the host rocks, which aligns with the hypothesis that high-grade copper mineralisation is controlled in cross cutting structures. Review of the modelling highlights that essentially all drilling to date has missed the anomalies, and that the anomalies do not align with the VTEM and IP anomalies - which map the stratigraphy well, however do not map the copper mineralisation (**Figure 4**).

The geology at Wyacca was formed in the same geological setting as the Central African Copperbelt, which hosts some of the world’s largest and highest-grade sedimentary copper deposits. For example, the Kamoa sedimentary Cu-Co-Ag deposit contains 20Mt of Cu metal, with mineralisation associated with reduced black shales formed in a rift margin environment. At Kamoa, Bonanza zones of very high-grade copper mineralisation are present in semi-isolated pods which are structurally controlled. These near-linear Bonanza zones require precision drilling to discover, and despite common belief about sedimentary copper systems, these deposits are not always simple and consistent.

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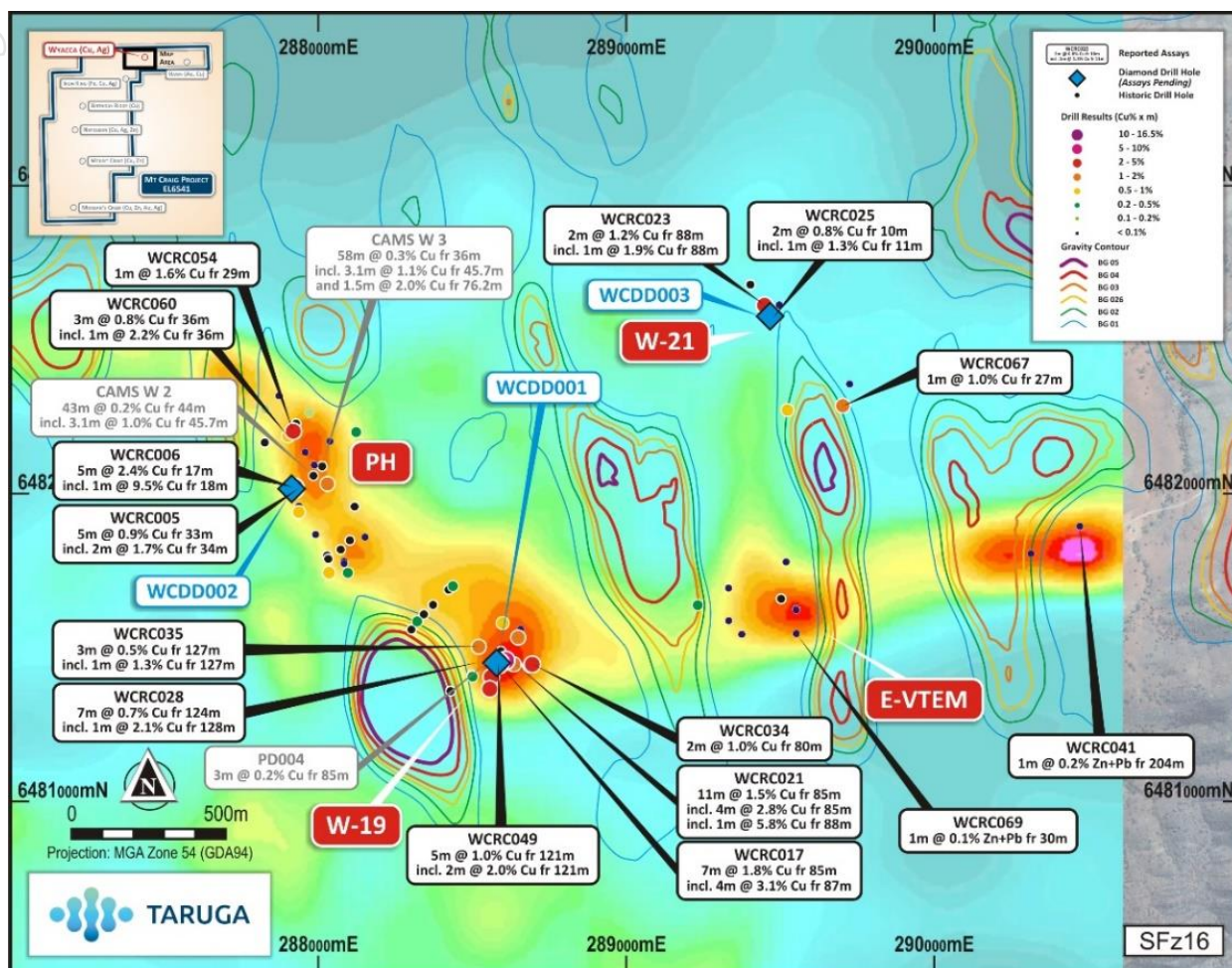


Figure 4. New gravity modelling contours over the SFz-16 (shallow time) VTEM image, showing the shallow time VTEM anomalies where previous high-grade intercepts have been hit at Worrumba-19 and Powder Hill. Note the shallow VTEM anomalies are around the edges of the gravity anomalies, which remain untested.

Birthday Ridge prospect

A sediment-hosted copper deposit was discovered at Birthday Ridge in the 1960's and has had very limited exploration work conducted since (**Figure 5**). The mineralisation has been intercepted over 2km of strike and remains open in all directions. The adjacent diapiric breccia and volcanics have never been targeted, and only the interpreted oxide and leached zone of the copper system has drilled to date (shallow drilling) most of which started in and/or ending in mineralisation.

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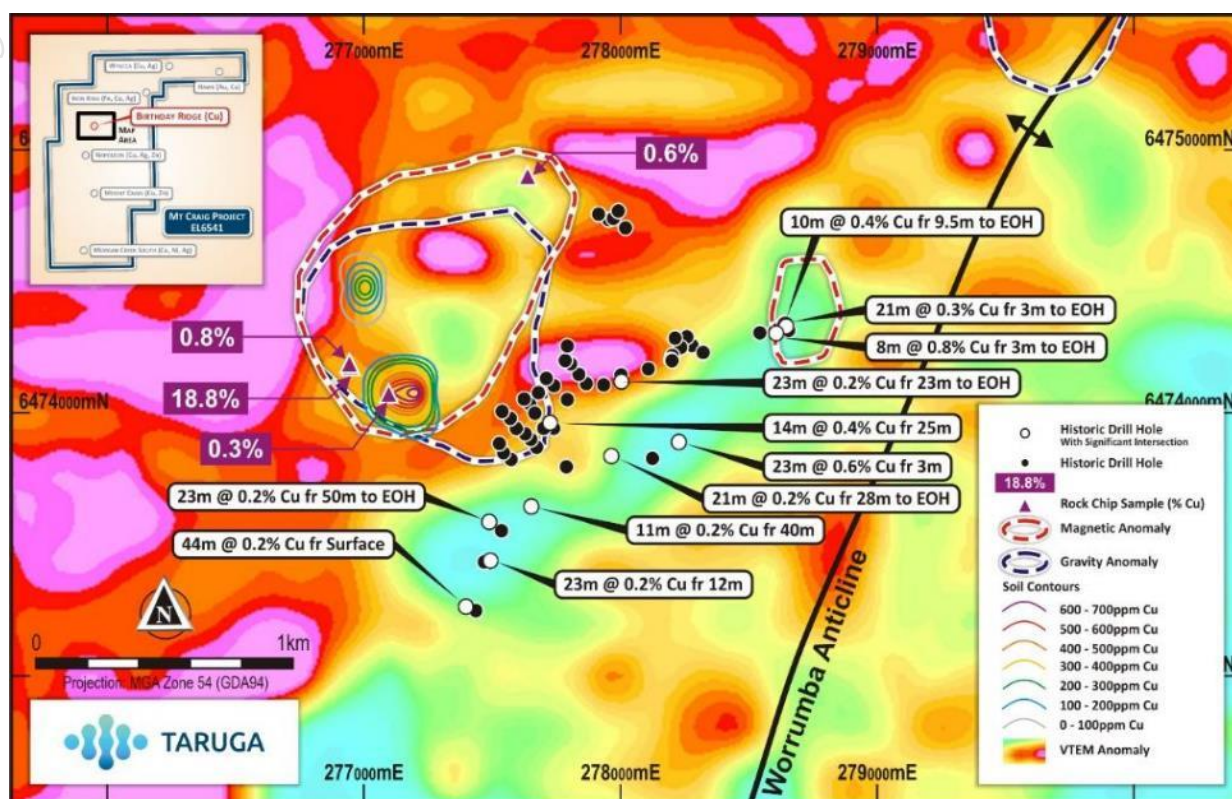


Figure 5. Historical drilling highlights at the Birthday Ridge prospect showing shallow time VTEM anomalies and gravity/magnetic anomalies, along with the dominant structure, the Worrumba Anticline.

Flinders IOCG Project, South Australia (100%)

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.

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, 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.

If granted, the authorisations would allow for a substantial exploration program across the Jenkins and Woolshed Project Areas. The authorisation would allow for:

- A stage 1 exploration program of up to 150 auger holes and 60 drill holes (diamond, RC and AC).

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- A potential stage 2 exploration program of up to a further 500 auger holes and 350 drill holes (diamond, RC and AC).
- A range of geophysical surveys including gravity, induced polarisation, electromagnetic and seismic surveys.
- Ancillary activities to support the above.

The Flinders Project covers the eastern margin of the Gawler Craton in a similar structural setting as the nearby Olympic Dam (BHP) and Carrapateena deposits (Oz Minerals). Flinders is unique in that IOCG-style mineralisation has been mapped and sampled at surface and not under several hundred metres of sedimentary cover, as is often the case within the highly prospective G2 structural corridor shown in **Figure 1**. Mineralisation occurs in intrusive breccias hosted within major structures within the prospect area. The breccia often contains dykes and clasts of altered mafic volcanics that can be mapped for over 15km along the dominant Mt Stephen Thrust (MST), from the Mt Stephen prospect to Jenkins North. Sub-structures and fault splays which branch out from the MST have been proven to contain high-grade copper mineralisation, indicating the potential for a larger “fluid system” or mineralised network beneath the surface.

Torrens Project, South Australia (100%)

Work was limited to further desktop review of historical datasets for the Torrens Project for the period. The Torrens Iron-Oxide-Copper-Gold (IOCG) Project (EL6437) borders the Flinders Project to the north (**Figure 1**) and is situated within the G2 Structural corridor which hosts the nearby Olympic Dam and Carrapateena IOCGs.

Strong magnetic and gravity anomalies have been identified at Torrens, which have had limited or no drilling. The magnetic anomalies at Torrens, which have recently been reprocessed, are similar to those at Flinders to the south where significant grades of copper and gold mineralisation have been reported from surface exposures. The identification of the Cu-Au-Ag mineralised magnetite at Torrens further strengthens the prospectivity of the large magnetic anomalies which dominate the tenement area.

Historical 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.

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 (**Figure 6**). 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. The project is highly prospective for copper, gold, uranium and rare earth elements, and is centred around the MacArthur fault and its associated magnetic anomaly, which does not appear to have undergone any substantial systematic exploration.

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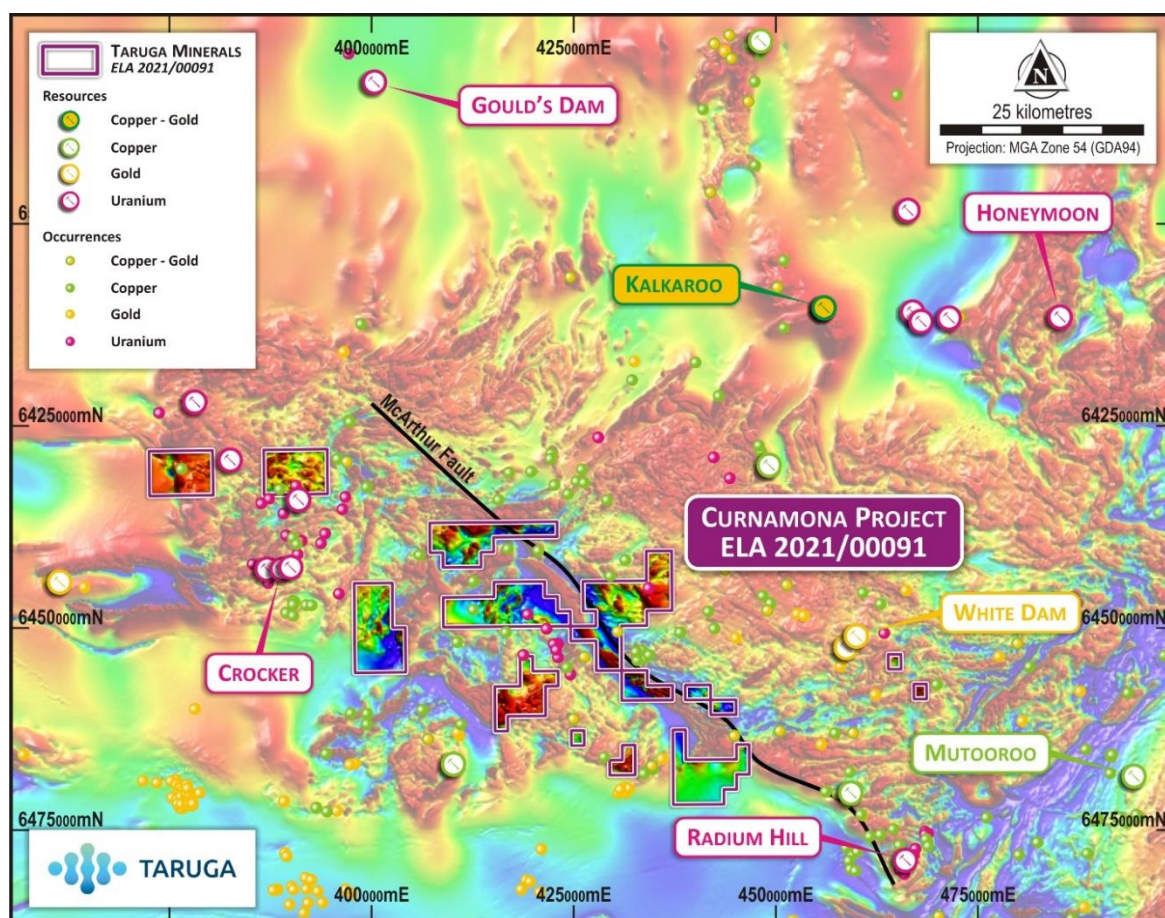


Figure 6. The Curnamona Copper Project (100% TAR), showing nearby copper, gold and uranium resources on the state TMI image.

The exploration program at Curnamona will consist of the following:

- Q3-Q4 2022
 - o Desktop review of historical company reports and datasets
 - o Acquisition and reprocessing of existing geophysical datasets
 - o Land access and native title negotiations
- Q1-Q2 2023
 - o Field reconnaissance and mapping
 - o Collection of new ground gravity and ground magnetics geophysics
- Q3-Q4 2023
 - o Prioritise targets and make drilling decision

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 (**Figures 1 & 7**), under the competitive release process. Taruga competed with other South Australian companies for the project, which Taruga considers to be highly prospective for clay hosted rare earth elements (REEs), copper-gold-silver, and zinc-lead. Several prospects have been identified at the Martins Well project, including two large diapiric structures, the Willipa Dome and Martins Well Dome, which are considered broad target areas prospective for clay-hosted REEs, MVT type Zn-Pb-Ag, and Central African style sediment hosted copper.

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The geology and alteration which has been mapped at both the Martins Well Dome and Willipa Dome show numerous similarities to that observed to be associated with REE mineralisation at Morgans Creek, therefore these dome structures form initial target areas for identifying further clay-hosted REEs in the region. The exploration program at the Martins Well project will consist of the following:

- Continued desktop review of available historical reports and company data
- Digitising historical geochemistry to assess for REE and base metal pathfinders
- Land access negotiations
- Reconnaissance exploration, including: Mapping, Surface geochemistry, Regional Airborne Magnetics/Radiometrics, Hyperspectral satellite imagery, Ground magnetics and gravity geophysics

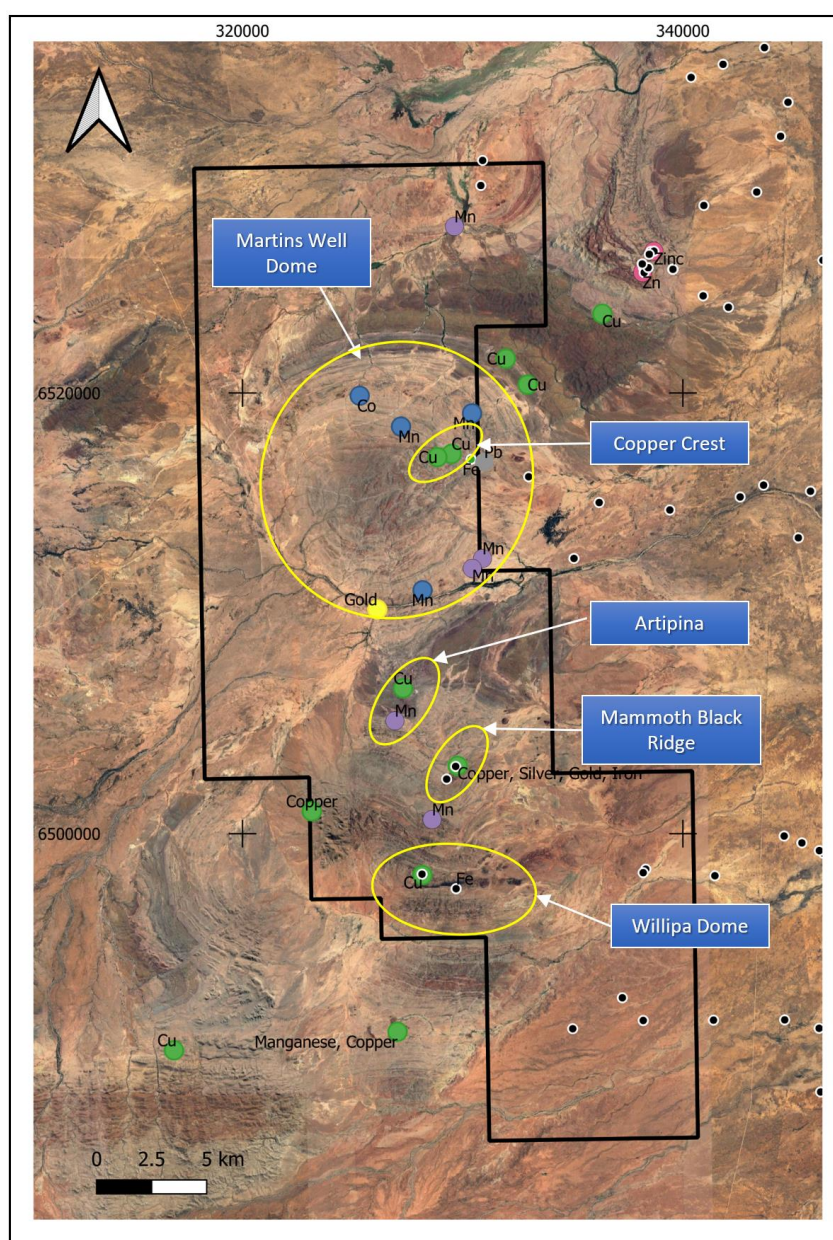


Figure 7. The Martins Well Project ELA 2222-00071 (black), showing reported mineral occurrences (green = copper; blue = cobalt +/- manganese; purple = manganese +/- cobalt; yellow = gold; pink = zinc), labelled by commodity, and historical drillholes (yellow).

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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 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). The Manjimup Project tenements have potential for Thor and Odin type Ni-PGE mineralisation, Volcanic Hosted Massive Sulphide (VHMS) polymetallic mineralisation, and Greenbushes tin-tantalum-lithium style of mineralisation.

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 (**Figure 8**). On 12 August 2021, Taruga announced the results of an ongoing desktop review and reprocessing of geophysics is at the Manjimup project which highlighted multiple targets across Taruga's Manjimup project including potential for Julimar-Style Ni-PGE mineralisation, VHMS mineralisation, and Greenbushes-style Li-Sn-Ta mineralisation.

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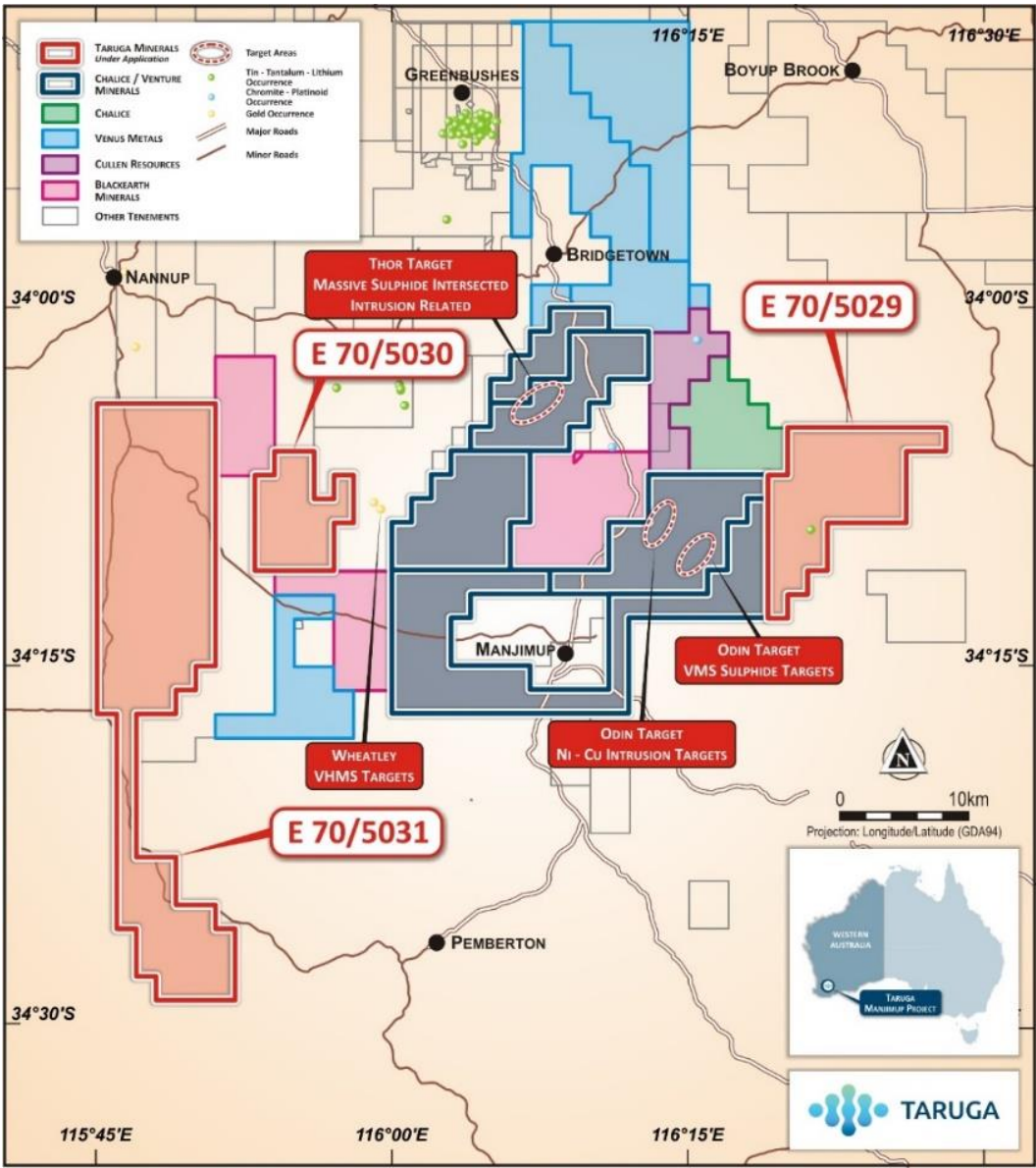


Figure 8. Taruga tenement location relative to Venture Minerals and Chalice Mining Limited.

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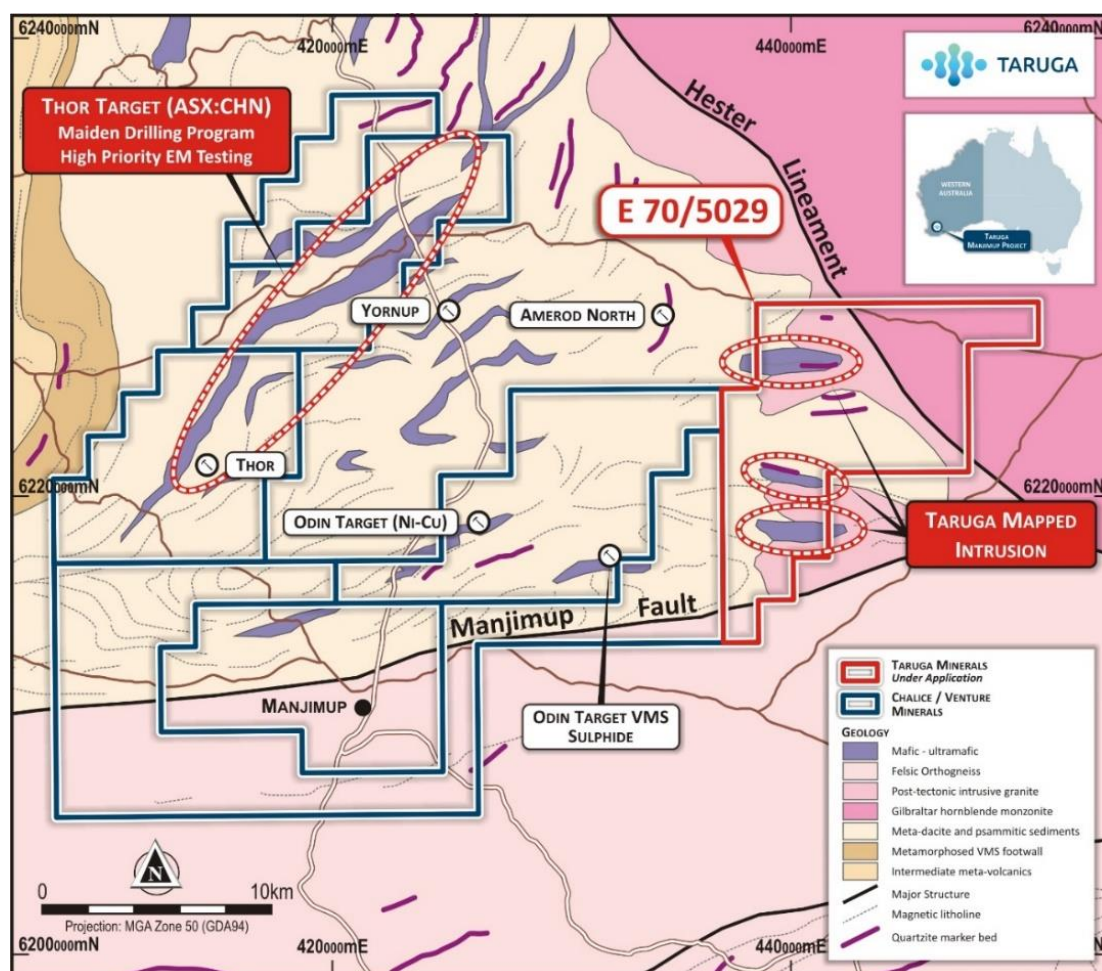


Figure 9. Kingston EL (E70/5029) showing recently mapped mafic intrusions contained almost entirely within Taruga's ground.

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 Brent Laws, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Laws is the Exploration Manager of Taruga Minerals Limited. Mr Laws 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 Laws consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

REVIEW OF OPERATIONS



CORPORATE

Board Changes

On 1 October 2021, the Company announced that Mr David Chapman had been appointed as a non-executive director of the Company.

Capital raisings

On 14 February 2022, the Company announced that it had received firm commitments for a placement to raise up to \$2,000,000 at \$0.034 per share (**Placement**), and an associated SPP to raise up to an additional \$500,000 from eligible shareholders at the placement price. 55,294,117 shares were issued pursuant to the Placement on 22 February 2022, raising \$1,880,000.

On 9 March 2022, the Company announced the results of the Company's share purchase plan (SPP), with the Company receiving valid applications for 4,764,704 new fully paid ordinary shares at an issue price of \$0.034 per share, raising \$162,000.

Shareholder Meetings

The Company held its 2021 Annual General Meeting on 30 November 2021. All resolutions were passed by way of a poll.

On 30 March 2022, the Company held a general meeting to approve, amongst other things, the ratification of the Placement. All resolutions were passed by way of a poll.

ADI Grant

On 26 November 2021, the Company announced that it received a \$300,000 (+GST) refund from the South Australian government for expenditure at the Company's Mt Craig copper project.

On 16 June 2022, the Company announced that it had been successful in securing \$325,000 (+GST) funding from the South Australian State government, to explore for ionic adsorption clay (IAC) style rare earth elements (REE's) at its Mt Craig Project. The Company was also successful in receiving an additional \$325,000 (+GST) to explore for Central Africa style sediment-hosted copper at Mt Craig.

DIRECTORS' REPORT



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 2022.

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
Gary Steinepreis	Non-executive Director	15 July 2016	present
Paul Cronin	Non-executive Director	27 July 2020	present
Eric De Mori	Non-executive Director	27 July 2020	present
David Chapman	Non-executive Director	1 October 2021	present

PARTICULARS OF DIRECTORS

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 – Nil
Options – 5,000,000

Special Responsibilities

None.

Directorships held in listed entities

Company Name	Appointed	Resigned
CFOAM Limited	30 March 2016	-
Lachlan Star Limited	18 January 2018	-

Paul Cronin Non-Executive Director B.Com, MBA

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

DIRECTORS' REPORT



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 – 5,900,000
Performance Rights – Nil
Options – 9,000,000

Special Responsibilities

None.

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	July 2021

Eric de Mori Non-Executive Director

Qualifications and experience

Mr de Mori has over 15 years' experience in ASX listed corporate finance specialising in natural resources. He has held Directorships with numerous ASX listed companies including as a co-founder and former Director of Balkans polymetallic developer Adriatic Metals (ASX:ADT, LSE:ADT1), which was the best performing IPO of 2018.

Interest in Shares and Options

Fully Paid Shares – 25,985,726
Performance Rights – Nil
Options – 13,000,000

Special Responsibilities

None.

Directorships held in listed entities

Company Name	Appointed	Resigned
Adriatic Metals Plc	3 February 2017	8 October 2019
Invictus Energy Ltd	11 December 2017	27 November 2020

David Chapman Non-Executive Director (Appointed 1 October 2021)

Qualifications and experience

Mr. Chapman is a Geologist and senior executive with over 39 years of international resource industry experience in diverse roles and commodities covering all aspects of the mining industry from exploration, operations and business development, through to feasibility studies, financing and construction. Most

DIRECTORS' REPORT



recently, David spent 5 years as the Managing Director of Australia's leading geophysical consultancy firm, Southern Geoscience Consultants (SGC).

Interest in Shares and Options

Fully Paid Shares – 588,235
Performance Rights – Nil
Options – 5,000,000

Special Responsibilities

None.

Directorships held in listed entities

None.

Information on Company Secretary

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 14 years primary and secondary capital markets expertise. Mr Smith is currently a Director and Company Secretary of several AIM-listed and ASX-listed companies.

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 Australia.

Operating Results

The consolidated loss after tax for the financial year is \$1,325,720 (2021: \$2,003,588).

Financial Position

At 30 June 2022 the Company had cash reserves of \$2,145,295 (2021: \$3,390,011).

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

DIRECTORS' REPORT



On 12 July 2022, the Company provided an update on the results of analytical testwork completed on drill samples from the 2021 RC drilling program at Morgan's Creek, within the Mt Craig Project (MCP).

On 24 August 2022, the Company advised that initial drill targets for a Rotary Air Blast (RAB) drilling campaign have been defined at Morgans Creek, within the MCP.

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.

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

On 5 September 2022, the Company announced that a REE focused RAB drilling program had commenced at Mt Craig.

Other than as detailed above, no other matters have arisen since 30 June 2022 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

Drill testing of new greenfields and advanced targets at the Mt Craig Project will continue.

Subject to approval from the Minister for Aboriginal Affairs under Section 23 of the Aboriginal Heritage Act, drilling would recommence at Flinders IOCG project within the 2022 year.

The Yagahong North Project is currently subject to a farm-in agreement with Peak Resources Ltd. It is anticipated that drill testing would be conducted during the current reporting period.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2022, and the number of meetings attended by each Director.

	Number eligible to attend	Number attended
Gary Steinepreis	6	6
Paul Cronin	6	6
Eric De Mori	6	6
David Chapman	5	5

REMUNERATION REPORT

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

DIRECTORS' REPORT



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. 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. The Company has not used external remuneration consultants during the year.

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 2022

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

Chief Executive Officer

On 2 July 2020 the Company announced the appointment of Thomas Line as CEO. Thomas is employed by Taruga by way of an executive services agreement (as varied 15 September 2021), which provides for the following remuneration:

- \$225,000 per annum salary plus superannuation.
- Short-term and long-term incentives based upon performance of various milestones relating to the exploration projects and results.

DIRECTORS' REPORT



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 \$3,000, increasing to \$4,000 per month from October 2020.

Mr Paul Cronin is on a contract dated 26 July 2020, which provides for a fixed fee of \$3,000, increasing to \$4,000 per month from October 2020.

Mr Eric de Mori is on a contract dated 26 July 2020, which provides for a fixed fee of \$3,000, increasing to \$4,000 per month from October 2020.

Mr David Chapman is on a contract dated 30 September 2021, which provides for a fixed fee of \$4,000 per month.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties. Executive Directors may be paid on commercial terms as the Directors see fit.



DIRECTORS' REPORT

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

Year ended 30 June 2022

Director	Associated Company			Short-term Benefits			Post-employment benefits		
		Fees	Cash Bonus	Share Based Payments ⁽²⁾	Performance Rights ⁽²⁾	Super-annuation	Total	Performance related	
		\$	\$	\$	\$	\$	\$	%	
Gary Steinepreis	Leisurewest Consulting Pty Ltd	48,000	-	30,982	-	-	78,982	-	
Paul Cronin		48,000	-	30,982	-	-	78,982	-	
Eric de Mori		43,636	-	30,982	-	4,364	78,982	-	
David Chapman ¹	Parati Pty Ltd	36,000	-	86,294	-	-	122,294	-	
		175,636	-	179,240	-	4,364	359,240	-	
Other KMP									
Thomas Line (Chief Executive Officer)		225,000	-	-	18,854	22,500	266,354	7%	
Total		400,636	-	179,240	18,854	26,864	625,594	-	

⁽¹⁾ David Chapman was appointed on 1 October 2021.

⁽²⁾ Refer to note 22 of the financial statements for further details.



DIRECTORS' REPORT

Year ended 30 June 2021

Director	Associated Company			Short-term Benefits			Post-employment benefits		
		Fees	Cash Bonus	Share Based	Performance		Super-annuation	Total	Performance
		\$	\$	Payments ⁽⁴⁾	Rights ⁽⁴⁾		\$	\$	related
				\$	\$				%
Gary Steinepreis	Leisurewest Consulting Pty Ltd	42,000	-	117,733	85,708	-	-	245,441	35
Paul Cronin ²		40,258	-	117,733	-	-	-	157,991	-
Eric de Mori ²		36,765	-	117,733	-	3,493	-	157,991	-
Mark Gasson ³		29,000	-	148,715	218,625	-	-	396,340	55
Cameron Williams ¹	BANFF Capital Investments Pty Ltd	2,000	-	-	-	-	-	2,000	-
Stefan White ¹		2,000	-	-	-	-	-	2,000	-
		152,023	-	501,914	304,333	3,493	-	961,763	-
Other KMP									
Thomas Line (Chief Executive Officer)		185,000	85,000	-	-	25,650	-	295,650	29
Total		337,023	85,000	501,914	304,333	29,143	-	1,257,413	-

(1) Cameron Williams and Stefan White resigned on 27 July 2020.

(2) Paul Cronin and Eric de Mori were appointed on 27 July 2020.

(3) Mark Gasson resigned on 23 March 2021.

(4) Refer to note 22 of the financial report for further details.

DIRECTORS' REPORT



⁽⁴⁾ 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	
Short-term (STI)	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
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 30 June 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

DIRECTORS' REPORT



Value per Tranche	\$7,433	\$14,045	\$17,125
Expensed at 30 June 2022	\$7,433	\$6,384	\$5,037

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.

Option Valuation

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

Number	Grant Date	Expiry Date	Exercise Price \$	Fair Value at grant date \$	Tranche A	Vesting date Tranche B
20,000,000	1/12/2020	1/12/23	0.065	594,860	1 June 2021	1 January 2022

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	\$0.051
Exercise price	\$0.065
Valuation date	1/12/2020
Life of the Rights (years)	3.00
Volatility	103%
Risk-free rate	0.25%
Dividend yield	nil
Value per Option	\$0.030

DIRECTORS' REPORT



Shareholdings of Key Management Personnel:

	Balance 30 June 2021	Balance on Appointment	Additions/ (disposals)	Balance on Resignation	Balance 30 June 2022
Gary Steinepreis	10,305,004	-	-	-	10,305,004
Paul Cronin	3,500,000	-	2,400,000	-	5,900,000
Eric de Mori	20,944,550	-	5,041,176	-	25,985,726
David Chapman ¹	-	-	588,235	-	588,235
Thomas Line	28,833,644	-	-	-	28,833,644
	<u>63,583,198</u>	<u>-</u>	<u>8,029,411</u>	<u>-</u>	<u>71,612,609</u>

¹Mr Chapman was appointed on 1 October 2021.

Option holdings of Key Management Personnel:

	Balance 30 June 2021	Balance on appointment	Additions ²	Issues/ (Expiry)	Balance on Resignation	Balance 30 June 2022
Gary Steinepreis	5,000,000	-	-	-	-	5,000,000
Paul Cronin	9,000,000	-	-	-	-	9,000,000
Eric de Mori	13,000,000	-	-	-	-	13,000,000
David Chapman ¹	-	-	5,000,000	-	-	5,000,000
Thomas Line	-	-	-	-	-	-
	<u>27,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>32,000,000</u>

¹Mr Chapman was appointed on 1 October 2021.

No options were exercised or lapsed during the year.

Performance rights holdings of Key Management Personnel:

	Balance 30 June 2021	Balance on appointment	Additions ²	Issues/ (Expiry)	Balance on Resignation	Balance 30 June 2022
Gary Steinepreis	-	-	-	-	-	-
Paul Cronin	-	-	-	-	-	-
Eric de Mori	-	-	-	-	-	-
David Chapman ¹	-	-	-	-	-	-
Thomas Line	-	-	2,000,000	-	-	2,000,000
	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>

¹ See note 23 for details of performance rights and options issued to directors and management.

End of remuneration report

DIRECTORS' REPORT



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 51,750,000 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.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the financial report. This Independence Declaration is set out on page 33 and forms part of this directors' report for the year ended 30 June 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.

Gary Steinepreis

Non-Executive Director

Dated Perth 30 September 2022

CORPORATE GOVERNANCE STATEMENT



AND CONTROLLED ENTITIES

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:

- 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 consolidated financial report of Taruga Minerals Limited for the year ended 30 June 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
30 September 2022

N G Neill
Partner

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

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



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

AND CONTROLLED ENTITIES

	Note	CONSOLIDATED	
		Year to 30 June 2022	Year to 30 June 2021
		\$	\$
Revenue		1,064	6,687
Depreciation	2	(24,722)	(9,318)
Consultants		(218,528)	(193,733)
Employee benefits expense		(442,549)	(363,018)
Professional fees		(142,562)	(104,775)
Travel and accommodation		(15,505)	(3,247)
Office and communication costs		(1,579)	(10,622)
Share-based payments	2	(222,001)	(1,108,344)
Exploration expenditure		(4,589)	-
Foreign exchange gain/(loss)		(1,524)	26
Other expenses		(247,372)	(175,867)
Loss from continuing operations before income tax		(1,319,867)	(1,962,211)
Income tax expense	3	-	-
Net loss for the period from continuing operations		(1,319,867)	(1,962,211)
Loss from discontinued operations net of tax	23	(5,853)	(41,377)
Net loss for the period		(1,325,720)	(2,003,588)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange gain/(loss) on translation of foreign subsidiaries		(5,662)	45,927
Total comprehensive loss for the period		(1,331,382)	(1,957,661)
Basic and diluted loss per share (cents per share)	18	(0.25)	(0.44)
Basic and diluted loss per share from continuing operations (cents per share)	18	(0.25)	(0.44)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022



AND CONTROLLED ENTITIES

		CONSOLIDATED	
	Note	30 June 2022 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	4	2,145,295	3,390,011
Trade and other receivables	5	56,493	107,509
Total Current Assets		2,201,788	3,497,520
NON CURRENT ASSETS			
Mineral exploration and evaluation	7	8,200,267	5,720,931
Plant and equipment	8	87,451	78,722
Other assets	9	80,000	80,000
Total Non-Current Assets		8,367,718	5,879,653
TOTAL ASSETS		10,569,506	9,377,173
CURRENT LIABILITIES			
Trade and other payables	10	290,582	395,949
Total Current Liabilities		290,582	395,949
TOTAL LIABILITIES		290,582	395,949
NET ASSETS		10,278,924	8,981,224
EQUITY			
Issued capital	11	31,876,464	29,475,236
Reserves	12	3,364,024	3,141,832
Accumulated losses	12	(24,961,564)	(23,635,844)
TOTAL EQUITY		10,278,924	8,981,224

The accompanying notes form part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

AND CONTROLLED ENTITIES

	Issued Capital	Accumulated Losses	Consolidated Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Year to 30 June 2021					
As at 1 July 2020	21,675,871	(21,632,256)	1,992,976	(5,415)	2,031,176
Loss for the year	-	(2,003,588)	-	-	(2,003,588)
Other comprehensive income	-	-	-	45,927	45,927
Total comprehensive loss for the year	-	(2,003,588)	-	45,927	(1,957,661)
Issue of shares net of costs - placement	3,738,990	-	-	-	3,738,990
Issue of shares net of costs - acquisition	3,951,000	-	-	-	3,951,000
Issue of shares net of costs – exercise of options	109,375	-	-	-	109,375
Share-based payments – Performance Rights/Options	-	-	1,108,344	-	1,108,344
As at 30 June 2021	29,475,236	(23,635,844)	3,101,320	40,512	8,981,224
Year to 30 June 2022					
As at 1 July 2021	29,475,236	(23,635,844)	3,101,320	40,512	8,981,224
Loss for the year	-	(1,325,720)	-	-	(1,325,720)
Other comprehensive income	-	-	-	(5,662)	(5,662)
Total comprehensive loss for the year	-	(1,325,720)	-	(5,662)	(1,331,382)
Issue of shares net of costs - placement	2,097,537	-	-	-	2,097,537
Issue of shares net of costs - other	194,316	-	-	-	194,316
Issue of shares net of costs – exercise of options	109,375	-	-	-	109,375
Share-based payments – Performance Rights/Options	-	-	227,854	-	227,854
As at 30 June 2022	31,876,464	(24,961,564)	3,329,174	34,850	10,278,924

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022



AND CONTROLLED ENTITIES

		CONSOLIDATED	
	Note	Year to 30 June 2022 \$	Year to 30 June 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(947,811)	(524,200)
Interest income received		1,064	6,687
Net cash used in operating activities	16	(946,747)	(517,513)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure	8	(2,482,522)	(1,828,350)
Payments for bonds		-	(80,000)
Payments for property, plant & equipment		(32,870)	(67,617)
Proceeds from sale of property, plant and equipment		-	10,000
Net cash used in investing activities		(2,515,392)	(1,965,967)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,352,975	4,109,375
Share issue transaction costs		(134,893)	(261,010)
Net cash provided by financing activities		2,218,082	3,848,365
Net increase/(decrease) in cash held		(1,244,057)	1,364,885
Cash and cash equivalents at the beginning of the year		3,390,011	2,025,102
Effect of exchange rate fluctuations on cash held		(659)	24
Cash and cash equivalents at the end of the year		2,145,295	3,390,011

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS



NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. 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 30 September 2022.

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 2022

In the year ended 30 June 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 2021. As a result of this review the Directors 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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTES TO THE FINANCIAL STATEMENTS



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.

(b) Going Concern

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

Notwithstanding the fact that the Group incurred an operating loss of \$1,319,867 for the year ended 30 June 2022, and a net cash outflow from operating activities amounting to \$946,747, the Directors are of the opinion that the Company is a going concern and will have access to sufficient cash as and when required to enable it to fund administrative and other committed expenditure. Based on forecasted cash flows, the Company will be required to raise additional capital within the next 12 months as it continues to further evaluate and explore its exploration assets. The Directors are satisfied that they will be able to raise additional funds by debt and/or equity raisings.

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

(c) Income Tax

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

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

NOTES TO THE FINANCIAL STATEMENTS



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.

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.

NOTES TO THE FINANCIAL STATEMENTS



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.

(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.

NOTES TO THE FINANCIAL STATEMENTS



(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.

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 \$740,336 was recognised in the previous year in respect of prepaid acquisition consideration repayable to the Group (note 6) 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 using a Black-Scholes model, using the assumptions detailed in Note 20.

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.

NOTES TO THE FINANCIAL STATEMENTS



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

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

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

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

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

The functional currency of the 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 21 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.

NOTES TO THE FINANCIAL STATEMENTS



NOTE 2 – LOSS FROM CONTINUING ACTIVITIES BEFORE INCOME TAX

	Consolidated	
	2022	2021
	\$	\$
Expenses		
Depreciation of non-current assets continuing operations:		
Plant and Equipment	4,176	2,027
Office furniture and equipment	18,807	4,972
Motor vehicles	1,739	2,319
Total depreciation of non-current assets	<u>24,722</u>	<u>9,318</u>
Share-based payments:		
Share-based payments to contractors	-	275,598
Share-based payments to directors and consultants/employees (Note 23)	222,001	832,746
	<u>222,001</u>	<u>1,108,344</u>

NOTE 3 – 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:

	2022	2021
	\$	\$
Loss from continuing operations	<u>(1,325,720)</u>	<u>(2,003,588)</u>
Prima facie income tax expense at 30% (2021 30%)	(397,716)	(601,076)
Tax effect of permanent differences		
Share-based payments	66,600	332,503
Other non-deductible expenses	<u>-</u>	<u>12,448</u>
Income tax expense adjusted for permanent differences	(331,116)	(256,125)
Deferred tax asset not brought to account	<u>331,116</u>	<u>256,125</u>
Income tax expense	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS



NOTE 3 – 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	
	2022	2021
	\$	\$
Revenue losses after permanent differences	2,881,177	1,829,996
Capital losses	800,113	800,113
Capital raising costs yet to be claimed	119,202	139,203
Accruals	9,600	10,340
Exploration	(1,218,080)	(530,979)
Other	8,038	(6,688)
Deferred tax asset	<u>2,600,050</u>	<u>2,241,985</u>

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2022 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 4 – CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at bank and on hand	<u>2,145,295</u>	<u>3,390,011</u>

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

NOTE 5 – TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
Current		
GST receivable	28,478	83,389
Other receivables	26,181	22,286
Other current assets	1,834	1,834
	<u>56,493</u>	<u>107,509</u>

No credit losses are expected at balance date.

NOTES TO THE FINANCIAL STATEMENTS



NOTE 6 – OTHER ASSETS

Share subscription receivable

Prepaid acquisition consideration at 1 July 2019

Impairment ¹

	Consolidated 2022 \$	2021 \$
Prepaid acquisition consideration at 1 July 2019	740,336	677,112
Impairment ¹	(740,336)	(677,112)
	-	-

¹ 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 impaired the balance in full. Management continues to work on a repayment plan for these advances with the unrelated third party.

NOTE 7: MINERAL EXPLORATION AND EVALUATION

		Consolidated 2022 \$	2021 \$
Opening balance		5,720,931	-
Project acquisition costs	(i)	189,000	3,951,000
Capitalised exploration expenditure	(ii)	2,290,336	1,769,931
Acquisition costs in respect of areas of interest in the exploration phase		8,200,267	5,720,931

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.

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 sellers 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;

NOTES TO THE FINANCIAL STATEMENTS



NOTE 7: MINERAL EXPLORATION AND EVALUATION (CONTINUED)

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, or alternatively can be

(ii) The Company has capitalised exploration costs of \$2,290,336 in respect of the above projects.

Includes a refund received from the South Australian government for expenditure at the Company's Mt Craig copper project.

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.

NOTES TO THE FINANCIAL STATEMENTS



NOTE 8 – PLANT AND EQUIPMENT

	Consolidated			
	Motor Vehicles	Computer Equipment	Plant & Equipment	Total
Cost	\$	\$	\$	\$
2022				
Balance Brought Forward	14,033	14,572	69,909	98,514
Additions	-	5,255	28,196	33,451
Balance Carried Forward	<u>14,033</u>	<u>19,827</u>	<u>98,105</u>	<u>131,965</u>
Accumulated Depreciation				
Balance Brought Forward	7,076	2,997	9,719	19,792
Charge	1,739	4,176	18,807	24,722
Balance Carried Forward	<u>8,815</u>	<u>7,173</u>	<u>28,526</u>	<u>44,514</u>
Net Book Value 30 June 2022	<u>5,218</u>	<u>12,654</u>	<u>69,579</u>	<u>87,451</u>

NOTES TO THE FINANCIAL STATEMENTS



NOTE 8 – PLANT AND EQUIPMENT (CONTINUED)

	Consolidated			
	Motor Vehicles	Computer Equipment	Plant & Equipment	Total
Cost	\$	\$	\$	\$
2021				
Balance Brought Forward	89,094	2,860	14,157	106,111
Additions	-	11,712	55,906	67,618
Disposals	(75,061)	-	(154)	(75,215)
Foreign exchange movement	-	-	-	-
Balance Carried Forward	<u>14,033</u>	<u>14,572</u>	<u>69,909</u>	<u>98,514</u>
Accumulated Depreciation				
Balance Brought Forward	37,090	970	4,900	42,960
Charge	39,915	2,027	4,972	46,914
Disposals	(69,929)	-	(153)	(70,082)
Foreign exchange movement	-	-	-	-
Balance Carried Forward	<u>7,076</u>	<u>2,997</u>	<u>9,719</u>	<u>19,792</u>
Net Book Value 30 June 2021	<u>6,957</u>	<u>11,575</u>	<u>60,190</u>	<u>78,722</u>

NOTES TO THE FINANCIAL STATEMENTS



NOTE 9 – OTHER ASSETS

	2022	2021
	\$	\$
Environmental bonds	80,000	80,000
	<u>80,000</u>	<u>80,000</u>

NOTE 10 – TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade creditors	136,593	324,003
Other payables	153,989	71,946
	<u>290,582</u>	<u>395,949</u>

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

NOTE 11 – ISSUED CAPITAL

(a) Issued capital	2022	2021
	\$	\$
578,048,240 shares fully paid	<u>31,876,464</u>	<u>29,475,236</u>

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

	Number	\$
Opening balance at 30 June 2020	390,534,838	21,675,871
Placement	66,666,667	4,000,000
Exercise of options	4,375,000	109,375
Issue of shares – project acquisition	43,900,000	3,951,000
Issue costs - cash	-	(261,010)
Closing balance at 30 June 2021	<u>505,476,505</u>	<u>29,475,236</u>
	Number	\$
Opening balance at 30 June 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>

Movements in options were as follows:

	Number
Closing balance at 30 June 2020	35,000,000
1-Dec-20 – Director & management options	23,000,000
23-Mar-21- Lapsed	(5,000,000)
5-May-21 - Exercise of options	(4,375,000)
Closing balance at 30 June 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
Closing balance at 30 June 2022	<u>51,750,000</u>

NOTES TO THE FINANCIAL STATEMENTS



NOTE 11 – 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.

NOTE 12 – RESERVES AND ACCUMULATED LOSSES

	Consolidated 2022	2021
	\$	\$
Share-based Payments Reserve	3,323,321	3,101,320
Foreign Currency Translation Reserve	40,703	40,512
	<u>3,364,024</u>	<u>3,141,832</u>
Accumulated Losses	2022	2021
	\$	\$
Balance at beginning of the year	23,635,844	21,632,256
Net loss from ordinary activities	1,325,720	2,003,588
Balance at end of the year	<u>24,961,564</u>	<u>23,635,844</u>
Share-based Payment Reserve	2022	2021
	\$	\$
Balance at beginning of the year	3,101,320	1,992,976
Reserve arising on share-based payments expensed	227,854	1,108,344
Balance at end of the year	<u>3,329,174</u>	<u>3,101,320</u>
Foreign Currency Translation Reserve	2022	2021
	\$	\$
Balance at beginning of the year	40,512	(5,415)
Reserve arising on translation of foreign subsidiaries	(5,662)	45,927
Balance at end of the year	<u>34,850</u>	<u>40,512</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.

NOTES TO THE FINANCIAL STATEMENTS



NOTE 13 – INVESTMENT IN CONTROLLED ENTITIES

	Registered Number	Country of Incorporation	Interest Held		Value of investment	
			2022	2021	2022 \$	2021 \$
Parent						
Taruga Minerals Limited	153 868 789	Australia				
Subsidiaries						
Taruga Congo SARLU	01-122-N31711L	DRC	100%	100%	-	1,361
MGS Ghana Limited	CA-80, 601	Ghana	100%	100%	-	-
Strikeline Resources Pty Ltd (note 8)	631 241 355	Australia	100%	100%	4,140,000	3,951,000

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.

During the previous year 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) (Note 23).

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

NOTES TO THE FINANCIAL STATEMENTS



NOTE 14 – SEGMENT INFORMATION (CONTINUED)

Geographic Information	Australia	DRC (Discontinued Operation)	Consolidated
30 June 2022	\$	\$	\$
Revenues from external customers	1,064	-	1,064
Total loss after tax	(1,319,867)	(5,853)	(1,325,720)
Current assets	2,201,788	-	2,201,788
Non-current assets	8,367,718	-	8,367,718
Total assets	10,569,506	-	10,569,506
Current liabilities	290,582	-	290,582
Total liabilities	290,582	-	290,582
Net assets	10,278,924	-	10,278,924
30 June 2021	\$	\$	\$
Revenues from external customers	6,687	-	6,687
Total loss after tax	(1,962,211)	(41,377)	(2,003,588)
Current assets	3,491,880	5,640	3,497,520
Non-current assets	5,879,653	-	5,879,653
Total assets	9,371,533	5,640	9,377,173
Current liabilities	395,949	-	395,949
Total liabilities	395,949	-	395,949
Net assets	8,975,584	5,640	8,981,224

NOTES TO THE FINANCIAL STATEMENTS



NOTE 15 – NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated 2022 \$	2021 \$
Reconciliation of loss after income tax to net operating cash flows		
Loss from ordinary activities	1,325,720	2,003,588
Depreciation	(24,722)	(46,914)
Impairment of exploration	(4,589)	-
Exchange gain/(loss)	(1,524)	26
Share-based payments	(222,001)	(1,108,344)
Movement in assets and liabilities		
Receivables	(51,015)	60,010
Payables	(75,122)	(390,853)
Net cash used in operating activities	946,747	517,513

The cashflows for exploration expenditure have been reclassified as investing activity cashflows in the annual report, these cashflows were previously classified as operating activity cashflows in the Appendix 5B quarterly cashflows.

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:

	2022 \$	2021 \$
Short-term employee benefits	400,636	422,023
Share based payments	179,240	501,914
Performance rights	18,854	304,333
Post-employment benefits	26,864	29,143
	625,594	1,257,413

NOTE 17 – REMUNERATION OF AUDITORS

	2022 \$	2021 \$
Auditing and reviewing of the financial statements of Taruga Minerals Limited and of its controlled entities.	35,213	29,786
	35,213	29,786

NOTES TO THE FINANCIAL STATEMENTS



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:

	Consolidated	
	2022	2021
	\$	\$
Loss for the year	1,325,720	2,003,588
Loss for the year from continuing operations	1,319,867	1,962,211
Loss for the year from discontinued operations	5,853	41,377
	<hr/>	<hr/>
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	519,806,220	452,196,939
	<hr/>	<hr/>

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	
	2022	2021	Consolidated	
			2022	2021
			\$	\$
Financial Assets				
Cash at Bank	0.008%	0.05%	2,145,295	3,390,011
Total Financial Assets			<hr/>	<hr/>
			2,145,295	3,390,011

There are no financial liabilities subject to interest rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS



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 2022 the effect on the loss and equity as a result of changes in the interest rate with all other variables remaining constant is as follows:

	Consolidated 2022 \$	2021 \$
Change in Loss		
• Increase in interest by 2%	(43,133)	(67,984)
• Decrease in interest by 2%	43,133	67,984
Change in Equity		
• Increase in interest by 2%	(43,133)	(67,984)
• Decrease in interest by 2%	43,133	67,984

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 2022 \$	Assets 2022 \$	Liabilities 2021 \$	Assets 2021 \$
US Dollars	-	-	-	5,640

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. All liabilities are expected to be settled in 3 to 6 months.

NOTES TO THE FINANCIAL STATEMENTS



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 12 July 2022, the Company provided an update on the results of analytical testwork completed on drill samples from the 2021 RC drilling program at Morgan's Creek, within the Mt Craig Project (MCP).

On 24 August 2022, the Company advised that initial drill targets for a Rotary Air Blast (RAB) drilling campaign have been defined at Morgans Creek, within the MCP.

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.

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

On 5 September 2022, the Company announced that a REE focused RAB drilling program had commenced at Mt Craig.

Other than as detailed above, no other matters have arisen since 30 June 2022 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.

NOTES TO THE FINANCIAL STATEMENTS



NOTE 21 - PARENT ENTITY DISCLOSURES

Financial Position

	2022	2021
	\$	\$
Total Current Assets	1,876,788	3,491,835
Total Non-current assets	8,367,718	5,879,653
TOTAL ASSETS	10,244,506	9,371,488
Total Current Liabilities	290,581	395,948
TOTAL LIABILITIES	290,581	395,948
NET ASSETS	9,953,925	8,975,540
EQUITY		
Issued capital	31,876,464	29,475,236
Reserves	3,329,174	3,101,320
Accumulated losses	(25,251,713)	(23,601,016)
TOTAL EQUITY	9,953,925	8,975,540

Financial Performance

Loss for the year	1,650,697	1,913,887
Total comprehensive loss	1,650,697	1,913,887

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.

NOTES TO THE FINANCIAL STATEMENTS



NOTE 22 – 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	
Short-term (STI)	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
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 2021 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

NOTES TO THE FINANCIAL STATEMENTS



NOTE 22 – SHARE-BASED PAYMENTS (CONTINUED)

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 at 30 June 2022	\$7,433	\$6,384	\$5,037

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.

Option Valuation

The following options were issued to directors and management during the 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

Number	Grant Date	Expiry Date	Exercise Price \$	Fair Value at grant date \$	Vesting date	
					Tranche A	Tranche B
23,000,000	1/12/2020	1/12/23	0.065	684,089	1 June 2021	1 January 2022

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	\$0.051
Exercise price	\$0.065
Valuation date	1/12/2020
Life of the Rights (years)	3.00
Volatility	103%
Risk-free rate	0.25%
Dividend yield	nil
Value per Option	\$0.030

NOTES TO THE FINANCIAL STATEMENTS



NOTE 23 – DISCONTINUED OPERATIONS

Current year - Kamilombe Project

During the previous year 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 \$5,853 loss being comprised of depreciation and other expenses.

	2022 \$	2021 \$
Results of discontinued operations		
Depreciation	-	(37,596)
Other expenses	(5,853)	(3,781)
Results from operating activities	(5,853)	(41,377)
Income tax (expense)/benefit	-	-
Results from operating activities after tax	-	-
	(5,853)	(41,377)
Cashflows gained from/(used in) discontinued operations		
Net cash gained from operating activities	-	-
Net cash flow for the year	-	-

NOTE 24 – COMMITMENTS

Exploration expenditure commitments

In order to maintain rights of tenure to its Australian located mineral tenements, the Group is required to outlay certain amounts in respect of rent and minimum expenditure requirements. The Group's commitments to meet this minimum level of expenditure is approximately \$278,000 (2021: 278,000) annually.

NOTE 25 – CONTINGENT LIABILITIES

In addition to the acquisition consideration detailed in note 8 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;

NOTES TO THE FINANCIAL STATEMENTS



NOTE 25 – CONTINGENT LIABILITIES (CONTINUED)

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, or alternatively can be

The Company had no other contingent liabilities at 30 June 2022 or 30 June 2021.

DIRECTORS' DECLARATION



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 2022 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 2022.

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 30 September 2022

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 2022, the consolidated statement of profit or loss and other comprehensive, 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 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw your attention to Note 2 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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Key Audit Matter	How our audit addressed the key audit matter
Carrying value of mineral exploration and evaluation Refer to Note 8	
<p>The Group has capitalised mineral exploration and evaluation expenditure of \$8,525,267 as at 30 June 2022.</p> <p>Our audit procedures determined that the carrying value of capitalised mineral exploration and evaluation expenditure was a key audit matter as it was an area which required a significant amount of audit effort and communication with those charged with governance and was determined to be of key importance to the users of the financial statements.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - We obtained an understanding of the key processes associated with management's review of the carrying value of the capitalised mineral exploration and evaluation expenditure; - We tested a sample of mineral exploration and evaluation expenditure capitalised during the year; - We considered the Directors' assessment of potential indicators of impairment; - We obtained evidence that the Group has current rights to tenure of its areas of interest; - We examined the exploration budget and discussed with management the nature of planned ongoing activities; and - We examined the disclosures made in the financial report.

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 2022, 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.
- 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 the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Taruga Minerals Limited for the year ended 30 June 2022 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
30 September 2022**

Norman G Neill

**N G Neill
Partner**

ASX Additional Information



AND CONTROLLED ENTITIES

ANALYSIS OF SHAREHOLDING as at 26 September 2022

		Shareholders	Shares
1	- 1,000	209	74,977
1,001	- 5,000	89	285,916
5,001	- 10,000	127	1,052,098
10,001	- 100,000	646	27,946,948
100,001	- or more	453	548,688,301
Total		1,524	578,048,240

The number of shareholdings held in less than marketable parcels is 514, holding 2,557,054 shares.

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:

- for every fully paid share held by him one vote
- 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

Position	Holder Name	Holding	% IC
1	MR THOMAS LINE <THOMAS LINE FAMILY A/C>	28,430,833	4.92%
2	GLAMOUR DIVISION PTY LTD <HAMMER A/C>	25,985,726	4.50%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,897,617	3.27%
4	TWO TOPS PTY LTD	16,132,352	2.79%
5	MR MARK GASSON	16,000,000	2.77%
6	CITICORP NOMINEES PTY LIMITED	15,727,102	2.72%
7	MCNEIL NOMINEES PTY LIMITED	15,354,782	2.66%
8	MOUTIER PTY LTD	15,072,137	2.61%
9	BNP PARIBAS NOMS PTY LTD <DRP>	12,600,249	2.18%
10	RANCHLAND HOLDINGS PTY LTD <R C STEINEPREIS FAMILY A/C>	10,146,903	1.76%
11	REPLAY HOLDINGS PTY LTD <SUNSET SUPER FUND A/C>	10,000,000	1.73%
11	MR PHILIP ALAN SPEAKMAN	10,000,000	1.73%
12	ZERO NOMINEES PTY LTD	8,750,000	1.51%
13	OAKHURST ENTERPRISES PTY LTD	7,218,334	1.25%
14	MRS LYNETTE JEAN HOMER & MR MARK ROBERT HOMER <BEACH SUPER FUND A/C>	7,100,000	1.23%
15	RIVECK NOMINEES PTY LTD <RUTH PANETH SF A/C>	7,000,000	1.21%
16	TALLTREE HOLDINGS PTY LTD <D STEINEPREIS FAMILY A/C>	6,500,000	1.12%
17	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	5,946,790	1.03%
18	MR BERNARD MICHAEL AYLWARD <THE GALBRAITH FAMILY A/C>	5,698,586	0.99%
19	AMBER CLOUD PTY LTD	5,529,412	0.96%
20	WORKPOWER PTY LTD	5,251,152	0.91%
	Total	253,341,975	43.83%
	Total issued capital - selected security class(es)	578,048,240	100.00%

The name of the Company Secretary is Daniel Smith.

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 (ASX:TAR).

There are nil securities currently subject to escrow.

Unquoted Securities

Options

There are 26,250,000 unlisted options exercisable at \$0.025 each on or before 18 February 2024 and 18,000,000 unlisted options exercisable at \$0.065 each on or before 1 December 2024.

ASX Additional Information



AND CONTROLLED ENTITIES

Options Exercisable at \$0.025 expiring 18/02/24

% Interest

<i>Glamour Division Pty Ltd</i>	30.48%
<i>Talltree Holdings Pty Ltd <D Steinepreis Family A/C></i>	25.71%

Options Exercisable at \$0.065 expiring 1/12/24

% Interest

<i>Gary Steinepreis</i>	27.78%
<i>Paul Cronin</i>	27.78%
<i>Glamour Division Pty Ltd</i>	27.78%

Performance Rights

There are 2,000,000 performance rights on issue subject to various vesting conditions

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)	100%	Australia
EL6437 (Torrens)	100%	Australia
EL6541 (MCP)	100%	Australia
EL6695 (MCP)	100%	Australia
ELA2022/00071 (Martins Well)	100% (In application)	Australia
EL6828 (Curnamona Project)	100%	Australia
EL6836 (Curnamona Project)	100%	Australia
EL6829 (MCP)	100%	Australia