



# TARUGA GOLD

ACN 153 868 789

**ANNUAL REPORT 2017**

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TARUGA GOLD

AND CONTROLLED ENTITIES

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# COMPANY INFORMATION



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ACN	153 868 789	
Directors	Bernard Aylward Gary Steinepreis Sheena Eckhof Daniel Smith	Non-Executive Director Non-Executive Director (appointed 15 July 2016) Non-Executive Director (appointed 6 September 2017) Non-Executive Director (resigned 6 September 2017)
Joint Company Secretaries	Daniel Smith Sylvia Foong	
Registered Office	Unit 5, Ground Floor 1 Centro Avenue Subiaco WA 6008	Telephone: +61 8 9486 4036 Facsimile: +61 8 9486 4799
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153	Telephone: 1300 992 916 Facsimile: +61 8 9315 2233
Auditor	HLB Mann Judd Level 4, 130 Stirling Street Perth, WA 6000	Telephone: +61 8 9227 7500 Facsimile: +61 8 9227 7533
Bankers	Westpac Banking Corporation 116 James Street Northbridge Perth, WA 6000	
Securities Exchange Listing	Taruga Gold Limited Shares are listed on the Australian Securities Exchange. The home exchange is Perth, Western Australia. ASX Code: TAR	
Website	<a href="http://www.tarugagold.com.au">www.tarugagold.com.au</a>	

# REVIEW OF OPERATIONS



TARUGA GOLD

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## REVIEW OF OPERATIONS

### Company Overview

Taruga Gold Limited (“Taruga” or “the Company”) is an exploration company that listed on the Australian Securities Exchange (ASX) on 7 February 2012. Taruga initially focussed on West African projects, with the lead project the advanced Kossa Project in Niger which is located approximately 15km from the 5moz Essakane goldmine. Taruga continues to target the Birimian geology of West Africa, however the Company is actively seeking new projects and is reviewing projects in Australia, Africa and other regions of interest.

As part of Taruga’s strategy to identify attractive project acquisitions within Africa and Australia, the Company announced on 24 May 2017 that it had entered into a potential acquisition of PEPM4019 in the Kolwezi Mining District in the south-east of the Democratic Republic of Congo (Project). PEPM4019 (Permis d’ Exploitation de Petite Mine) covers 7.5 square kilometres within the prolific Central African Copperbelt, a 700km long x 400km wide arcuate fold belt which hosts a large number of sediment hosted, world-class copper-cobalt deposits both in Katanga, south-eastern DRC and Zambia. Following the due diligence period, where the Company undertook a geochemical sampling program designed to verify the initial coincident Copper/Cobalt anomaly, the Company elected not to proceed with the acquisition of the Project.

Taruga is continuing to review and evaluate other opportunities prospective for copper, cobalt and lithium within the DRC in conjunction with its DRC consultants.

In addition to the African projects, Taruga has also pursued new opportunities in Australia and during the year announced the application of two licences regarded as prospective for Cobalt in the mid-west region of Western Australia. The Company intends to explore these licences when they are granted.

The Company successfully concluded two capital raisings during the period, with funds raised through existing shareholders and new investors, together totalling approximately \$1.15m.

# REVIEW OF OPERATIONS



TARUGA GOLD

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## TARUGA IN NIGER

### Kossa Project, Niger

#### *Borobon Prospect*

The Borobon prospect is located at the south end of the Kossa–Borobon trend, a 10km strike length of gold mineralisation defined by drilling, anomalous geochemistry and artisanal workings. Extensive gold mineralisation has been defined at the Borobon prospect with drilling completed by Taruga and previous explorers.

At the Borobon prospect gold mineralisation is hosted in parallel shear zones in a folded sedimentary sequence (refer Figure 1). Interpretation of the drilling results indicates a series of plunging shoots that require additional drilling to target strike and depth extension. The gold mineralised shoots are interpreted to result from the intersection of shear structures highlighted on the detailed aeromagnetic survey.

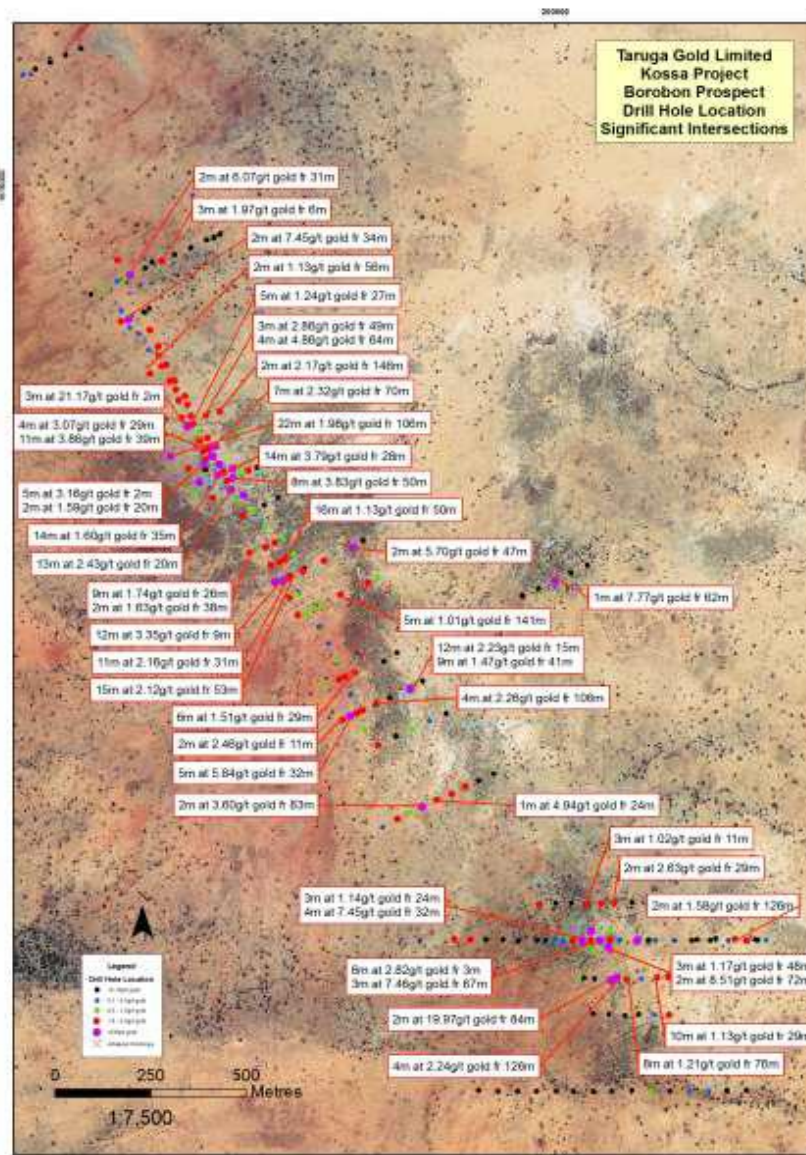


Figure 1 – Taruga Gold Limited – Borobon Prospect drill hole location and significant results  
Taruga Gold Limited

# REVIEW OF OPERATIONS



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An Inferred Mineral Resource estimate of 2.7Mt @ 1.3g/t gold for 112,000ozs gold (top cut 20g/t gold and lower cut-off of 0.5g/t gold applied) at the Borobon was announced for the prospect on 15 March 2016.

During the reporting period, exploration activity consisted of field visits by Taruga staff to undertake geological review of the Kossa-Borobon trend, review artisanal mining activities to evaluate geological control on mineralisation and to review targets for additional drilling.

The Company continued communication with the Government regarding the licences and proposed work programme and is reviewing the potential for further exploration in the new field season.

## TARUGA IN COTE D'IVOIRE

The Mankono concession is located in central Cote d'Ivoire and was granted to Taruga in 2013.

The Company has continued to follow the renewal application for the Mankono concession, however at this stage there is no advancement to report.

## COBALT EXPLORATION, AUSTRALIA

During the year, the Company applied for two new prospect areas with the potential for Cobalt mineralisation in the mid-west area of Western Australia.

The applications are in an early stage and all compliance requirements have been fulfilled to ensure grant of the licences in the future.

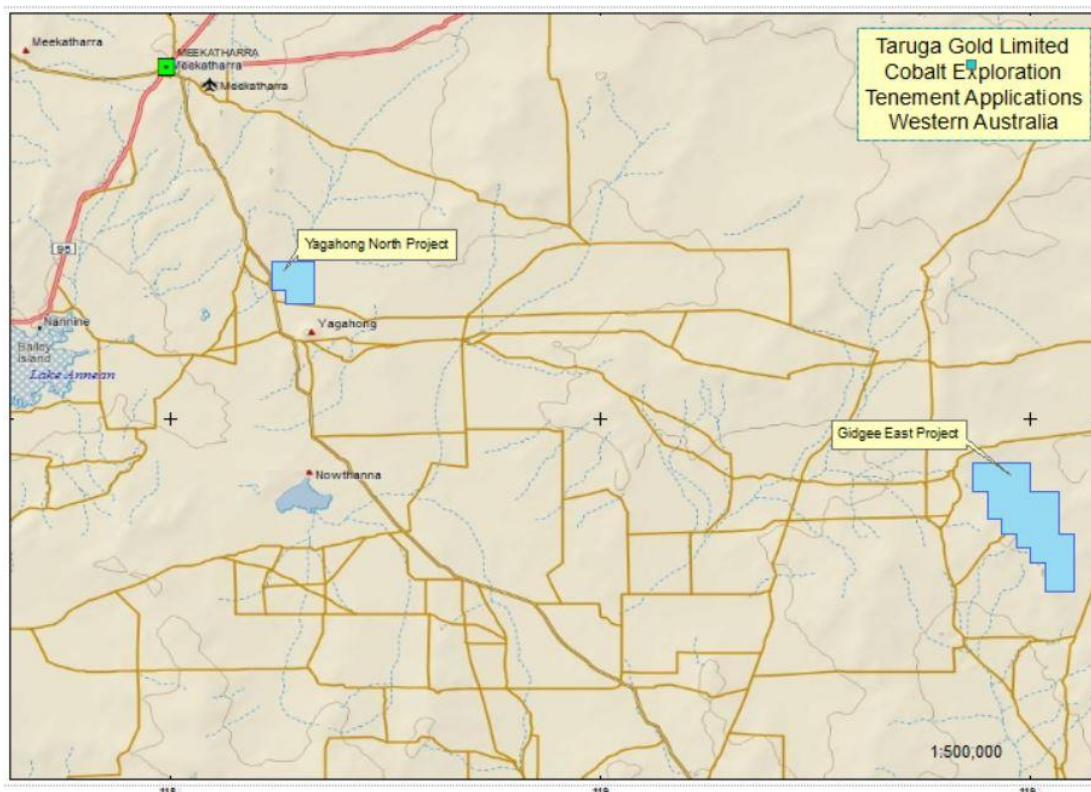
Taruga has currently applied for two licences, with targeting based on geological mapping, geochemical sampling completed by the Geological Survey of Western Australia ("GSWA") and initial field inspection completed by the Company. The licence applications are shown below, with the mapped geology of the "Yaghong North" project shown in Figure 3.

# REVIEW OF OPERATIONS



TARUGA GOLD

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**Figure 2: Location of Taruga Tenement Applications, Western Australia.**

Following grant of tenements, Taruga is proposing an exploration program of surface mapping and geochemical sampling. Initial field reconnaissance completed indicates that the concessions are amenable to surface geochemistry, with areas of outcropping geology and areas of transported surficial cover related to sheetwash drainage. No significant exploration for Cobalt has been completed and the wide spaced geochemical sampling completed by the GSWA provides early indications of potential, however a coherent exploration program is required to assess the area.

# REVIEW OF OPERATIONS



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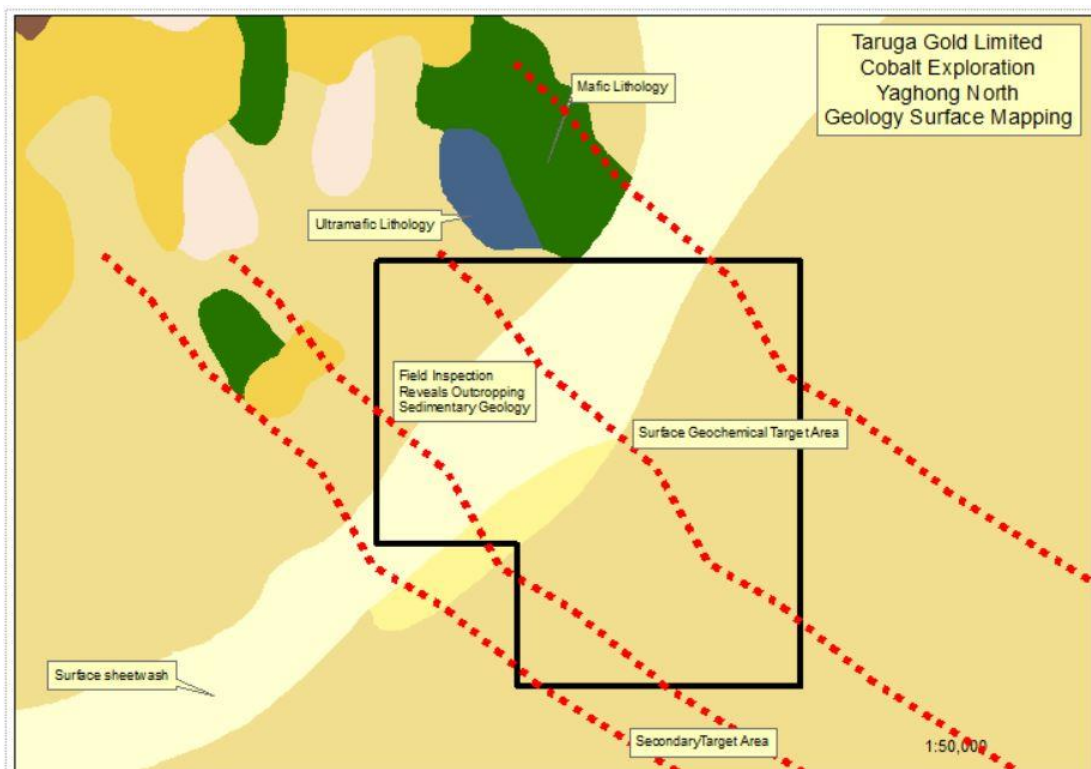


Figure 3: Yaghong North – Surface geology and target trends for Cobalt exploration

## PROJECT EVALUATION ACTIVITIES

### Cobalt Exploration, Democratic Republic of Congo

#### PEPM 4019 Technical Summary

PEPM4019 (Permis d' Exploitation de Petite Mine) covers 7.5 square kilometres within the prolific Central African Copperbelt, a 700km long x 400km wide arcuate fold belt which hosts a large number of sediment hosted, world-class copper-cobalt deposits both in Katanga, south-eastern DRC and Zambia. Copper-cobalt mineralization was initially thought to be constrained to the lower sedimentary sequences within the Lower Roan sub-group of rocks known as the Mines Group (R- 2). Recent exploration, however, has led to the discovery of several deposits in the overlying Mwashya (R-4) and Nguba Groups with the most significant being Ivanhoe's Kamoa deposits hosted in the "Grand Conglomerate Formation" at the base of the Nguba Group (also referred to as the Lower Kundulungu) which highlights the potential for new copper-cobalt discoveries.

Locally, the project consists predominantly of carbonaceous shales and siltstones from the Kundulungu Group which have been transgressed by west-east trending Roan breccias. The project is divided by a north-west trending river system which potentially follows an underlying fault zone. Historical work had been limited to systematic soil sampling on a 50m x 50m grid by the current licence holder, La Société Geoscience Congo Services (GCS) where a number of highly significant copper (up to 4,970ppm Cu) and cobalt (up to 1,985ppm Co) anomalies were defined as shown in Figures 2 and 3. A total of 2,319 samples were collected in 1m deep pits and screened through a -80 mesh sieve. Samples were then analysed using a Niton XRF analyser. QAQC was limited to repeat and blank samples. No certified reference materials (CRM's) were analysed.



# REVIEW OF OPERATIONS



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During the June quarter, the Company continued Due Diligence investigation of a potential acquisition of the Copper/Cobalt PEP4019 project in the Democratic Republic of Congo ("DRC"). Taruga completed a geochemical sampling program designed to verify the initial coincident Copper/Cobalt anomaly defined by the Vendor group sampling. While the completed geochemical sampling indicated anomalous results, the work did not significantly enhance the anomaly and the relationship between the Cobalt and Copper anomalism is less defined. Taruga announced the withdrawal from the potential acquisition in July 2017.

Taruga is continuing to review and evaluate other opportunities prospective for copper, cobalt and lithium within the DRC in conjunction with its DRC consultants.

## CORPORATE

### Capital Raisings

On 8 July 2016, the Company announced the allotment of 8,885,885 new fully paid shares under the Shortfall Placement of \$0.03 per new share, following the Company's two (2) for three (3) non-renounceable rights issue announced to the market on 7 June 2016. Total applications for 8,885,885 New Shares raising gross proceeds of \$266,577 before fees was received.

In December 2016, the Company advised that 2,090,001 unlisted options exercisable at \$0.50 on or before 1 December 2016 had lapsed unexercised.

On 15 February 2017, the Company announced a capital raising via a two tranche placement to raise up to \$899,500 before costs. The placement of 25,700,000 ordinary shares to new and existing shareholders at an issue price of \$0.035 per share was undertaken for project evaluation and general working capital purposes. On 24 February 2017, the Company issued 19,500,000 fully paid ordinary shares (Tranche 1), raising \$682,500. Tranche 2, consisting of an additional 6,200,000 fully paid ordinary shares, was approved by shareholders at a general meeting on 7 April 2017.

On 31 May 2017, 9,608,898 unlisted options exercisable at \$0.15 on or before 31 May 2017 lapsed unexercised.

### Board Appointments

On 15 July 2016, the Company announced the appointment of non-executive director Mr Gary Steinepreis to the board. Additionally, Mr Frank Terranova and Mr Myles Campion resigned from the board on the same day.

Following the end of the reporting period, the Company announced changes to the board with the resignation of Mr Daniel Smith, and the appointment of Miss Sheena Eckhof as Non-executive Director of the Company.

Miss Eckhof holds a Bachelor of Commerce degree, majoring in Corporate and Investment Finance, from the University of Western Australia and has previously worked with two globally renowned Investment Banks, with a specific focus on the resources sector. Miss Eckhof currently works within a Business Development and Investor Relations role with a West Australian mid-cap resources company.

#### *Competent person's statement*

*The information in this report that relates to geological information and exploration results is based on information compiled by Mr Bernard Aylward. Mr Aylward is a Non-executive Director of Taruga Gold Limited and is also the CEO of Kodal Minerals Plc. Mr Aylward is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Aylward consents to the inclusion in the report of the matters based on information in the form and context in which it appears.*

# DIRECTOR'S REPORT



TARUGA GOLD

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## DIRECTORS' REPORT

Your Directors submit their report on the consolidated entity consisting of Taruga Gold Limited and its controlled entities ("Taruga") for the period ended 30 June 2017.

## DIRECTORS

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

		In office from	In office to
Frank Terranova	Non-executive Chairman	3 September 2013	15 July 2016
Myles Campion	Non-executive Director	27 August 2014	15 July 2016
Bernard Aylward	Non-executive Director	21 October 2011	present
Daniel Smith	Non-executive Director & Company Secretary	27 August 2014	6 September 2017
Gary Steinepreis	Non-executive Director	15 July 2016	present
Sheena Eckhof	Non-executive Director	6 September 2017	present

## PARTICULARS OF DIRECTORS

**Bernard Aylward**      **Non-Executive Director**      **BSc (Hons.), MAusIMM**

### *Qualifications and experience*

Mr Aylward is a geologist with over 20 years' experience as a manager and exploration geologist in the mining and exploration industry in a variety of commodities. Mr Aylward's experience includes serving as the Chief Operating Officer of International Goldfields Ltd, General Manager of Azumah Resources Ltd (Ghana), and Exploration Manager for Croesus Mining NL.

Mr Aylward has been involved in the discoveries and management of the Bepkong, Julie, Collette and Kunche deposits in Ghana, as well as the Deep South gold deposit, Gladstone North deposit, St Patrick's, Norseman Reef, and the Safari Bore gold deposit.

Mr Aylward brings considerable relevant skills and experience to the Board. He is a member of the Australasian Institute of Mining and Metallurgy.

### *Interest in Shares and Options*

Fully Paid Shares – 5,324,386  
Options – Nil

### *Special Responsibilities*

None.

### *Directorships held in listed entities*

Company Name	Appointed	Resigned
Kodal Minerals Plc.	20 May 2016	-

# DIRECTOR'S REPORT



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**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 UWA. Mr Steinepreis is currently a Non-Executive Director of Helios Energy Ltd and CFOAM Limited.

*Interest in Shares and Options*

Fully Paid Shares – 4,152,502  
Options – Nil

*Special Responsibilities*

None.

*Directorships held in listed entities*

Company Name	Appointed	Resigned
Helios Energy Ltd	4 June 2010	-
CFOAM Limited	30 March 2016	-
AVZ Minerals Ltd	30 November 2012	21 August 2017
Monto Minerals Ltd	16 June 2009	12 January 2016
Norseman Gold Plc	3 December 2007	9 March 2016
Intercept Minerals Ltd	8 April 2014	2 February 2015

**Sheena Eckhof      Non-Executive Director B.Com**

*Qualifications and experience*

Miss Eckhof holds a Bachelor of Commerce degree, majoring in Corporate and Investment Finance, from the University of Western Australia and has previously worked with two globally renowned Investment Banks, with a specific focus on the resources sector. Miss Eckhof currently works within a Business Development and Investor Relations role with a West Australian mid-cap resources company.

*Interest in Shares and Options*

Fully Paid Shares – Nil  
Options – Nil

*Special Responsibilities*

None.

*Directorships held in listed entities*

None.

# DIRECTOR'S REPORT



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## Information on Former Directors

### Myles Champion

Mr Champion is a geologist with a BSc.(Hons.) from University of Wales College Cardiff and a MSc.(MinEx) from the Royal School of Mines in London and is an Associate of the Royal School of Mines. Mr Champion has over 25 years' experience in the natural resources sector, including Resource Analyst, Fund Manager, equities research and project and debt financing.

### Frank Terranova

Mr Terranova is a senior executive with extensive experience in corporate finance and executive management in mining and agricultural sectors. He is a Fellow of the Institute of Chartered Accountants and has held a number of executive roles in ASX listed companies including Managing Director of Allied Gold Mining PLC which was acquired by St Barbara Limited in 2012 for A\$560M. He subsequently became Managing Director of Polymetals Mining Limited overseeing its merger with Southern Cross Goldfields Limited and led the organisational transformation and a re-capitalisation program of that Group.

### Daniel Smith

Mr Smith is a member of the Australian Institute of Company Directors and the Governance Institute of Australia, with a background in finance. He has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings. He is also a director of Minerva Corporate, a private corporate consulting firm.

## OPERATING AND FINANCIAL REVIEW

A review of the operations of the consolidated entity during the financial year is contained in the Review of Operations section of this Annual Report. The Company's strategy in West Africa is to continue with the targeted exploration programs. The Company will also continue to review opportunities as they arise with a focus on advanced gold projects located within West Africa, as well as gold and other metals within Central Africa and Western Australia

## PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration in West Africa and Australia.

### Operating Results

Consolidated comprehensive loss after income tax for the financial period is \$381,328 (2016: \$1,429,955).

### Financial Position

At 30 June 2017 the Company had cash reserves of \$1,740,836 (2016: \$848,735).

### Dividends

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

# DIRECTOR'S REPORT



TARUGA GOLD

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## 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 consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

## MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 6 September 2017 the Company announced the appointment of non-executive director Miss Sheena Eckhof to the board. Additionally, Mr Daniel Smith resigned from the board on the same day, but will remain as Company Secretary to the Company.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue its exploration activities in Niger and Cote d'Ivoire and investigate the acquisition of new mineral projects.

Taruga has also applied for two new prospect areas with the potential for Cobalt mineralisation in the mid-west area of Western Australia. The applications are in an early stage and the Company is proposing an exploration program of surface mapping and geochemical sampling.

The Company is also continuing to review and evaluate other opportunities prospective for copper, cobalt and lithium within the DRC in conjunction with its DRC consultants.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2017, and the number of meetings attended by each Director.

	Number eligible to attend	Number attended
Gary Steinepreis <sup>4</sup>	2	2
Bernard Aylward	2	2
Sheena Eckhof <sup>1</sup>	-	-
Daniel Smith <sup>2</sup>	2	2
Frank Terranova <sup>3</sup>	-	-
Myles Champion <sup>3</sup>	-	-

<sup>1</sup> Miss Eckhof was appointed 6 September 2017

<sup>2</sup> Mr Smith resigned 6 September 2017

<sup>3</sup> Mr Terranova and Mr Champion resigned on 15 July 2016

<sup>4</sup> Mr Steinepreis was appointed 15 July 2016

# DIRECTOR'S REPORT



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## REMUNERATION REPORT

This report details the nature and amount of remuneration for each director and “Key Management Personnel” of Taruga Gold Limited.

The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standards AASB 124 “Related Party Disclosures”. These disclosures have 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.

### Remunerations policy

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payment 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 consolidated entity. However, to align Directors’ interests with shareholders’ interests, the Directors are encouraged to hold securities in the Company.

The Company’s aim is to remunerate at a level that will attract and retain high-calibre Directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

### Performance-based remuneration

The Company does not pay any performance-based component of salaries.

### Details of remuneration for year ended 30 June 2017

#### 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

None

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.

# DIRECTOR'S REPORT



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Mr Daniel Smith (through Minerva Corporate Pty Ltd) was on a contract dated 26 August 2016 which provided for a fixed fee of \$2,000 per month. Mr Gary Steinepreis is on a contract dated 15 July 2016, which provides for a fixed fee of \$2,000 per month. Mr Bernard Aylward is on a contract dated 15 July 2016, which provides for a fixed fee of \$2,000 per month. Miss Sheena Eckhof is on a contract dated 6 September 2017, which provides for a fixed fee of \$2,000 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.

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

## Year ended 30 June 2017

Director	Associated Company	Short-term Benefits				Performance related %
		Fees	Consultancy	Options	Total	
		\$	\$	\$	\$	
Gary Steinepreis	Leisurewest Consulting Pty Ltd	23,000	-	-	23,000	-
Bernard Aylward	Matlock Geological Services Pty Ltd	-	24,000	-	24,000	-
Daniel Smith	Minerva Corporate Pty Ltd	24,500	-	-	24,500	-
Myles Champion		-	-	-	-	-
Frank Terranova		-	-	-	-	-
		47,500	24,000	-	71,500	

## Year ended 30 June 2016

Director	Associated Company	Short-term Benefits				Performance related %
		Fees	Consultancy	Options	Total	
		\$	\$	\$	\$	
Bernard Aylward	Matlock Geological Services Pty Ltd	-	88,972	-	88,972	-
Daniel Smith	Minerva Corporate Pty Ltd	30,000	-	-	30,000	-
Myles Champion		30,000	-	-	30,000	-
Frank Terranova		48,000	-	-	48,000	-
		108,000	88,972	-	196,972	

The consolidated entity does not have any full time Executive officers. There were no performance related payments made during the year.

# DIRECTOR'S REPORT



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## Shareholdings of Key Management Personnel:

	Balance 30 June 2016	Balance on Appointment	Additions	Balance on Resignation	Balance 30 June 2017
Bernard Aylward	5,324,386	-	-	-	5,324,386
Daniel Smith <sup>1</sup>	764,444	-	314,285	-	1,078,729
Myles Campion <sup>2</sup>	588,889	-	-	588,889	-
Frank Terranova <sup>3</sup>	1,095,289	-	-	1,095,289	-
Gary Steinepreis <sup>4</sup>	-	3,210,002	942,500	-	4,152,502
Sheena Eckhof <sup>5</sup>	-	-	-	-	-
	<u>7,773,008</u>	<u>3,210,002</u>	<u>1,256,785</u>	<u>1,684,178</u>	<u>10,555,617</u>

<sup>1</sup>Mr Smith resigned on 6 September 2017 with a shareholding balance of 1,078,729 shares

<sup>2</sup>Mr Campion resigned on 15 July 2016 with a shareholding balance of 588,889 shares.

<sup>3</sup>Mr Terranova resigned on 15 July 2016 with a shareholding balance of 1,095,289 shares.

<sup>4</sup>Mr Steinepreis was appointed on 15 July 2016 with a shareholding balance of 3,210,002 shares.

<sup>5</sup>Miss Eckhof was appointed on 6 September with a shareholding balance of NIL.

	Balance 30 June 2015	Additions	Consolidation	Balance on Appointment	Additions	Balance on Resignation	Balance 30 June 2016
Bernard Aylward	43,665,188	14,444,444	(55,785,246)	-	3,000,000	-	5,324,386
Daniel Smith <sup>1</sup>	-	2,444,444	(2,346,666)	-	666,666	-	764,444
Myles Campion <sup>2</sup>	-	2,222,222	(2,133,333)	-	500,000	-	588,889
Frank Terranova <sup>3</sup>	7,160,000	3,555,555	(10,286,932)	-	666,666	-	1,095,289
Gary Steinepreis <sup>4</sup>	-	-	-	-	-	-	-
	<u>50,825,188</u>	<u>22,666,665</u>	<u>(70,552,177)</u>	<u>-</u>	<u>4,833,332</u>	<u>-</u>	<u>7,773,008</u>

<sup>1</sup>Mr Smith resigned on 6 September 2017 with a shareholding balance of 1,078,729 shares

<sup>2</sup>Mr Campion resigned on 15 July 2016 with a shareholding balance of 588,889 shares.

<sup>3</sup>Mr Terranova resigned on 15 July 2016 with a shareholding balance of 1,095,289 shares.

<sup>4</sup>Mr Steinepreis was appointed on 15 July 2016 with a shareholding balance of 3,210,002 shares.

	Consolidated Entity 2017 \$	Consolidated Entity 2016 \$
Accounts payable	<u>26,120</u>	<u>40,111</u>



# DIRECTOR'S REPORT



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Taruga Gold Ltd Director Mr Daniel Smith is a current director of Minerva Corporate Pty Ltd. Minerva Corporate Pty Ltd provided corporate consultancy services to Taruga Gold Ltd during the period that Mr Daniel Smith was a director. Payments to Minerva Corporate Pty Ltd during the period total \$81,168 (2016: \$105,000).

Option holdings of Key Management Personnel:

	Balance 30 June 2016	Balance on Appointment	Additions	Balance on Resignation	Issues/ (Expiry)	Balance 30 June 2017
Bernard Aylward	303,333	-	-	-	(303,333)	-
Daniel Smith	60,000	-	-	-	(60,000)	-
Myles Campion	60,000	-	-	(60,000)	-	-
Frank Terranova	121,600	-	-	(121,600)	-	-
Gary Steinepreis <sup>1</sup>	-	-	-	-	-	-
Sheena Eckhof <sup>2</sup>	-	-	-	-	-	-
	<b>544,933</b>	<b>-</b>	<b>-</b>	<b>(181,600)</b>	<b>(363,333)</b>	<b>-</b>

<sup>1</sup>Mr Steinepreis was appointed on 15 July 2016 with an option holding balance of NIL.

<sup>2</sup>Miss Eckhof was appointed on 6 September 2017 with an option holding balance of NIL.

	Balance 30 June 2015	Additions	Consolidation	Balance on Appointment	Issues/ (Expiry)	Balance on Resignation	Balance 30 June 2016
Bernard Aylward	9,250,000	3,333,333	(12,080,000)	-	(200,000)	-	303,333
Daniel Smith	1,500,000	-	(1,440,000)	-	-	-	60,000
Myles Campion	1,500,000	-	(1,440,000)	-	-	-	60,000
Frank Terranova	3,040,000	-	(2,918,400)	-	-	-	121,600
Gary Steinepreis <sup>1</sup>	-	-	-	-	-	-	-
	<b>15,290,000</b>	<b>3,333,333</b>	<b>(17,878,400)</b>	<b>-</b>	<b>(200,000)</b>	<b>-</b>	<b>544,933</b>

## End of remuneration report

## ENVIRONMENTAL ISSUES

The consolidated entity has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The consolidated entity 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.

# DIRECTOR'S REPORT



TARUGA GOLD

AND CONTROLLED ENTITIES

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## OPTIONS

At the date of this report, there were no share 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

During the financial year, the Company has not given an indemnity or entered into an agreement to indemnify any of the Directors.

## AUDITOR

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

## NON-AUDIT SERVICES

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

## PROCEEDINGS ON BEHALF OF COMPANY

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

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

## AUDITORS' INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 20 and forms part of this directors' report for the year ended 30 June 2017.

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.

A handwritten signature in black ink that reads "Gary Steinepreis". The signature is written in a cursive, flowing style.

Gary Steinepreis  
Non-Executive Director

Dated Perth 29 September 2017

# CORPORATE GOVERNANCE STATEMENT



AND CONTROLLED ENTITIES

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The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Corporate Governance Principles and Recommendations (3rd 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.tarugagold.com.au](http://www.tarugagold.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 Gold Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

**Perth, Western Australia**  
**29 September 2017**



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

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

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# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017



AND CONTROLLED ENTITIES

	Note	CONSOLIDATED	
		Year to 30 June 2017 \$	Year to 30 June 2016 \$
Revenue	2	(4,666)	(1,698)
Other income		-	(154,661)
Depreciation	3	12,254	17,194
Consultants		130,353	241,427
Impairment expense		10,127	(4,599)
Professional fees		73,107	132,101
Travel and accommodation		2,784	36,461
Office and communication costs		45,057	44,358
Exchange loss		75	17,412
Other expenses		68,746	66,419
<b>Loss from continuing operations before income tax</b>		<b>337,837</b>	<b>394,414</b>
Income tax expense	4	-	-
Net loss for the period from continuing operations		<b>337,837</b>	<b>394,414</b>
Loss from discontinued operations net of tax	23	-	1,020,642
		<b>337,837</b>	<b>1,415,056</b>
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange loss on translation of foreign subsidiaries		43,491	(1,182)
Transfer of exchange gain on sale of subsidiaries		-	16,081
<b>Total comprehensive loss for the period</b>		<b>381,328</b>	<b>1,429,955</b>
Basic and diluted loss per share (cents per share)	19	0.39	2.18
Basic and diluted loss per share from continuing operations (cents per share)	19	0.39	0.61

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017



TARUGA GOLD

AND CONTROLLED ENTITIES

		CONSOLIDATED	
	Note	30 June 2017 \$	30 June 2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,740,836	848,735
Trade and other receivables	6	13,696	18,513
Total Current Assets		<u>1,754,532</u>	<u>867,248</u>
<b>NON CURRENT ASSETS</b>			
Plant and equipment	7	37,916	50,242
Mineral exploration and evaluation	8	6,995,457	7,029,813
Total Non-Current Assets		<u>7,033,373</u>	<u>7,080,055</u>
<b>TOTAL ASSETS</b>		<u>8,787,905</u>	<u>7,947,303</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	43,620	135,129
Total Current Liabilities		<u>43,620</u>	<u>135,129</u>
<b>TOTAL LIABILITIES</b>		<u>43,620</u>	<u>135,129</u>
<b>NET ASSETS</b>		<u>8,744,285</u>	<u>7,812,174</u>
<b>EQUITY</b>			
Issued capital	11	13,821,735	12,508,296
Reserves	12	(111,896)	(33,365)
Accumulated losses	12	(4,965,554)	(4,662,757)
<b>TOTAL EQUITY</b>		<u>8,744,285</u>	<u>7,812,174</u>

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

	Consolidated				
	Issued Capital	Options Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
<b>Year to 30 June 2016</b>					
As at 1 July 2015	11,767,286	681,344	(3,896,645)	(83,304)	8,468,681
Issue of shares	1,991,641	-	-	-	1,991,641
In specie distribution	(1,037,213)	-	-	-	(1,037,213)
Issue of options	-	2,640	-	-	2,640
Transfer of reserve to accumulated losses on expiry of options	-	(648,944)	648,944	-	-
Share issue expenses	(213,418)	-	-	-	(213,418)
Loss for the period	-	-	(1,415,056)	-	(1,415,056)
Exchange loss on translation of foreign subsidiaries	-	-	-	(1,182)	(1,182)
Transfer of exchange gain on sale of subsidiaries	-	-	-	16,081	16,081
As at 30 June 2016	<u>12,508,296</u>	<u>35,040</u>	<u>(4,662,757)</u>	<u>(68,405)</u>	<u>7,812,174</u>
<b>Year to 30 June 2017</b>					
As at 1 July 2016	12,508,296	35,040	(4,662,757)	(68,405)	7,812,174
Issue of shares	1,400,907	-	-	-	1,400,907
Transfer of reserve to accumulated losses on expiry of options	-	(35,040)	35,040	-	-
Share issue expenses	(87,468)	-	-	-	(87,468)
Loss for the period	-	-	(337,837)	-	(337,837)
Exchange loss on translation of foreign subsidiaries	-	-	-	(43,491)	(43,491)
As at 30 June 2017	<u>13,821,735</u>	<u>-</u>	<u>(4,965,554)</u>	<u>(111,896)</u>	<u>8,744,285</u>

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017



AND CONTROLLED ENTITIES

		CONSOLIDATED	
	Note	Year to 30 June 2017 \$	Year to 30 June 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers		(399,159)	(289,546)
Interest income received		4,666	1,698
<b>Net cash used in operating activities</b>	16	<u>(394,493)</u>	<u>(287,848)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration expenditure		<u>(10,332)</u>	<u>(681,442)</u>
<b>Net cash used in investing activities</b>		<u>(10,332)</u>	<u>(681,442)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,400,907	1,102,374
Share issue transaction costs		<u>(104,397)</u>	<u>(105,751)</u>
<b>Net cash provided by financing activities</b>		<u>1,296,510</u>	<u>996,623</u>
Net increase in cash held		891,685	27,333
Cash and cash equivalents at the beginning of the period		848,735	830,111
Effect of exchange rate fluctuations on cash held		<u>416</u>	<u>(8,709)</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>1,740,836</u>	<u>848,735</u>

The accompanying notes form part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

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## 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. 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 West Africa. 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 consolidated entity consisting of Taruga Gold 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 29 September 2017.

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

#### Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the company's operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Directors that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies.

The Directors have also reviewed all of the new standards and interpretations in issue but not yet effective and determined that, there is no impact, material or otherwise, on the company's business and therefore no change is necessary to Company accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial year, as required under AASB 101.

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

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## Accounting Policies

### (a) Basis of Consolidation

A controlled entity is any entity controlled by Taruga Gold Limited. Control exists where Taruga Gold 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 Gold Limited to achieve the objectives of Taruga Gold Limited. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, 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 consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

### (b) Income Tax

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

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

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

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

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

### (c) 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 consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

## Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the consolidated entity 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 comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## (d) 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. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

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

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

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

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

## (e) 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 consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## (f) Provisions

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

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

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(g) 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.

(h) Revenue

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

(i) 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.

(j) Contributed Equity

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.

(k) 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 Gold Limited.

(l) 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 consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

An impairment was recognised in the prior year in respect of costs carried forward as exploration assets in Note 8. The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

The Directors have considered the potential existence of indicators of impairment at 30 June 2017 in relation to the Group's exploration portfolio and determined that none exist.

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

## (m) 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.

## (n) Foreign currency translation

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

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

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

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

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

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 foreign operations during the period and up to the disposal of some of the subsidiaries being the entities - Gecko Gold Niger, Gecko Gold CI and MGS Ghana is CFA Francs.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Taruga Gold 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.

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

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.

(o) Parent entity financial information

The financial information for the parent entity, Taruga Gold Limited, disclosed in Note 22 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.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

**NOTE 2 – REVENUE**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenue</b>	<b>\$</b>	<b>\$</b>
Interest received	4,666	1,698
Total Revenue	4,666	1,698

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Depreciation of non-current assets		
Plant and Equipment	1,607	1,008
Office furniture and equipment	1,883	2,876
Motor vehicles	8,764	13,310
Total depreciation of non-current assets	12,254	17,194

**NOTE 4 – INCOME TAX**

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Loss from continuing activities	337,837	1,415,056
Prima facie income tax expense at 30%	101,351	424,517

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

## NOTE 4 – INCOME TAX (CONTINUED)

Tax effect of permanent differences

Share issue costs amortised	40,894	69,530
Other non-deductible expenses	<u>3,038</u>	<u>-</u>
Income tax expense adjusted for permanent differences	145,283	494,047
Deferred tax asset not brought to account	<u>(145,283)</u>	<u>(494,047)</u>
Income tax expense	<u>-</u>	<u>-</u>

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	
	2017	2016
	\$	\$
Revenue Losses after permanent differences	2,011,936	1,910,585
Capital Raising Costs yet to be claimed	<u>163,579</u>	<u>-</u>
	<u>2,175,515</u>	<u>1,910,585</u>

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2017 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:

- (a) 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;
- (b) The company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and
- (c) 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.

	2017	2016
	\$	\$

## NOTE 5 – CASH AND CASH EQUIVALENTS

Cash at bank and on hand	<u>1,740,836</u>	<u>848,735</u>
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Cash at bank earns interest at floating rates based on daily deposit rates.

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

## NOTE 6 – TRADE AND OTHER RECEIVABLES

### Current

GST receivable	2,013	5,447
Other receivables	11,683	13,066
	<u>13,696</u>	<u>18,513</u>

## NOTE 7 – PLANT AND EQUIPMENT 2016

Consolidated

Cost	Motor Vehicles \$	Plant & Equipment \$	Fixtures & Fittings \$	Total \$
Balance Brought Forward	159,720	52,175	25,337	237,232
Acquisitions	-	-	-	-
Disposals	(42,240)	(30,285)	-	(72,525)
Foreign exchange movement	2,723	508	588	3,819
Balance Carried Forward	<u>120,203</u>	<u>22,398</u>	<u>25,925</u>	<u>168,526</u>

### Accumulated Depreciation

Balance Brought Forward	112,896	40,557	15,279	168,732
Disposals	(42,240)	(30,285)	-	(72,525)
Charge	13,310	1,008	2,876	17,194
Foreign exchange movement	305	4,528	50	4,883
Balance Carried Forward	<u>84,271</u>	<u>15,808</u>	<u>18,205</u>	<u>118,284</u>
Net Book Value 30 June 2016	<u>35,932</u>	<u>6,590</u>	<u>7,720</u>	<u>50,242</u>

### 2017

Balance Brought Forward	120,203	22,398	25,925	168,526
Foreign exchange movement	748	139	161	1,048
Balance Carried Forward	<u>120,951</u>	<u>22,537</u>	<u>26,086</u>	<u>169,574</u>

### Accumulated Depreciation

Balance Brought Forward	84,271	15,808	18,205	118,284
Charge	8,764	1,608	1,882	12,254
Foreign exchange movement	799	146	175	1,120
Balance Carried Forward	<u>93,834</u>	<u>17,562</u>	<u>20,262</u>	<u>131,658</u>
Net Book Value 30 June 2017	<u>27,117</u>	<u>4,975</u>	<u>5,824</u>	<u>37,916</u>



# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

<b>NOTE 8 – MINERAL EXPLORATION AND EVALUATION</b>	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Opening balance	7,029,813	8,508,993
Expenditure during the year	10,804	534,242
Disposal of subsidiaries	-	(2,022,553)
Foreign exchange movement	(45,160)	9,131
Closing balance	<u>6,995,457</u>	<u>7,029,813</u>

The ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploitation, or sale of the respective areas.

<b>NOTE 9 – TRADE AND OTHER PAYABLES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Trade creditors	26,120	103,636
Other payables	17,500	31,493
	<u>43,620</u>	<u>135,129</u>

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

## NOTE 10 – INTEREST BEARING LIABILITIES

### Financing Agreements

No overdraft facilities have been formalised at 30 June 2017 (2016: Nil) and neither the company nor its controlled entity have lines of credit at 30 June 2017 (2016: Nil).

<b>NOTE 11 – ISSUED CAPITAL</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Issued capital</b>		
103,917,239 shares fully paid	<u>13,821,735</u>	<u>12,508,296</u>

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

	Number	\$
Opening balance at 30 June 2015	447,821,877	11,767,286
Share Purchase Plan	15,777,775	71,000
Placement - Tranche 2	139,157,847	626,210
Partial Placement of SPP Shortfall	2,222,222	10,000
Shares issued in lieu of professional fees	19,333,332	87,000
Consolidation 1:25	(599,340,483)	-
Shares issued to advisor in lieu of cash	97,777	8,018
Issue of shares in lieu of accrued directors' fees and consultant fees	4,833,332	145,000
In-specie distribution of KOD shares	-	(1,037,213)
Placement	31,599,995	948,000
Transaction costs	-	(117,005)
Closing balance at 30 June 2016	<u>61,503,674</u>	<u>12,508,296</u>

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

## NOTE 11 – ISSUED CAPITAL (CONTINUED)

	Number	\$
Opening balance at 30 June 2016	61,503,674	12,508,296
Allotment of rights issue	7,827,680	234,830
Shortfall Placement of 6 June 2016	8,885,885	266,577
Placement - Tranche 1	19,500,000	682,500
Placement - Tranche 2	6,200,000	217,000
Transaction costs	-	(87,468)
Closing balance at 30 June 2017	<u>103,917,239</u>	<u>13,821,735</u>

### Movements in options were as follows:

	Number	\$
Opening balance at 30 June 2015	67,250,000	681,344
Free attaching options 17 July 2015	240,222,219	-
Consolidation 1:25	(295,173,320)	-
Unlisted options issued 16 October 2015	97,777	2,640
Lapse of unlisted options	<u>(600,000)</u>	<u>(648,944)</u>
Closing balance at 30 June 2016	<u>11,796,676</u>	<u>35,040</u>
Opening balance at 30 June 2016	11,796,676	35,040
Lapse of \$0.50 unlisted options 1/12/2016	(2,090,001)	(32,400)
Lapse of \$0.15 unlisted options 31/05/2017	<u>(9,706,675)</u>	<u>(2,640)</u>
Closing balance at 30 June 2017	<u>-</u>	<u>-</u>

### (d) Voting and dividend rights

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

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

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
<b>NOTE 12 – RESERVES AND ACCUMULATED LOSSES</b>		
Options Reserve	-	35,040
Foreign Currency Translation Reserve	(111,896)	(68,405)
	<u>(111,896)</u>	<u>(33,365)</u>

### Accumulated Losses

	<b>2017</b>	<b>2016</b>
	\$	\$
Balance at beginning of the year	4,662,757	3,896,645
Net loss from ordinary activities	337,837	1,415,056
Transfer from options reserve on expiry of options	(35,040)	(648,944)
Balance at end of the year	<u>4,965,554</u>	<u>4,662,757</u>

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

## NOTE 12 – RESERVES AND ACCUMULATED LOSSES (CONTINUED)

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
<b>Options Reserve</b>	<b>\$</b>	<b>\$</b>
Balance at beginning of the year	35,040	681,344
Reserve arising on issue of options	-	2,640
Transfer to accumulated losses on expiry of options	(35,040)	(648,944)
Balance at end of the year	<u>-</u>	<u>35,040</u>
<b>Foreign Currency Translation Reserve</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of the year	(68,405)	(83,304)
Reserve arising on translation of foreign subsidiaries	(43,491)	14,899
Balance at end of the year	<u>(111,896)</u>	<u>(68,405)</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.

The share option reserve contains amounts received on the issue of options over unissued capital of the company.

## NOTE 13 – COMMITMENTS FOR EXPENDITURE

### (a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay amounts of \$550,000 in respect of minimum tenement expenditure requirements and lease rentals (subject to the renewal applications noted on page 6). The obligations are not provided for in the financial report and are payable as follows :

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	100,000	100,000
Later than 1 year but not later than 2 years	200,000	200,000
Later than 2 years but not later than 5 years	250,000	250,000
	<u>550,000</u>	<u>550,000</u>

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

## NOTE 14 – INVESTMENT IN CONTROLLED ENTITIES

Parent	Registered Number	Country of Incorporation	Interest Held	Value of investment \$
Taruga Gold Limited	153 868 789	Australia		
<b>Subsidiaries</b>				
Gecko Gold Niger SARL	RCCM-NI-NIA-2010-B-2625	Niger	100%	1,316,675
MGS Ghana Limited	CA-80, 601	Ghana	100%	-
Gecko Gold CI SARL	RCCM-CI-ABJ-2010-B-1899	Cote d'Ivoire	100%	1,350,367

## NOTE 15 – SEGMENT INFORMATION

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

The company operates in one operating segment therefore disclosures are consistent with the financial report.

### Non-current assets by country

	Consolidated	
	2017	2016
<b>Mineral exploration and evaluation</b>	<b>\$</b>	<b>\$</b>
Niger	5,637,205	5,659,267
Cote D'Ivoire	1,358,252	1,370,546
	<u>6,995,457</u>	<u>7,029,813</u>

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

## NOTE 16 – NOTES TO THE STATEMENT OF CASH FLOWS

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Reconciliation of loss after income tax to net operating cash flows		
<b>Loss from ordinary activities</b>	337,837	1,415,056
Depreciation	(12,254)	(17,194)
Impairment	(10,127)	4,599
Loss from discontinued operations net of tax	-	(1,020,642)
	<u>315,457</u>	<u>381,819</u>
<b>Movement in assets and liabilities</b>		
Receivables	4,817	36,228
Payables	74,219	22,818
Net cash used in operating activities	<u>394,493</u>	<u>440,865</u>
<b>Non cash financing activities</b>		
Shares issued in lieu of payments	-	(153,017)
	<u>394,493</u>	<u>287,848</u>

## NOTE 17 – RELATED PARTY INFORMATION

### a) Transaction 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.

The total remuneration paid to Directors and Executives is summarised below:

Former Taruga Gold Ltd Director, Mr Daniel Smith, is a current director of Minerva Corporate Pty Ltd. Minerva Corporate Pty Ltd provided corporate consultancy services to Taruga Gold Ltd during the period that Mr Daniel Smith was a director. Payments to Minerva Corporate Pty Ltd during the period total \$81,168 (2016: \$105,000). An amount of \$7,276 was included in trade payables and other liabilities at 30 June 2017.

### b) Directors and Executives Disclosures

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

	<b>2017</b>	<b>2016</b>
	\$	\$
Short-term employee benefits	71,500	196,972
Post-employment benefits	-	-
	<u>71,500</u>	<u>196,972</u>

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

## NOTE 18 – REMUNERATION OF AUDITORS

	2017 \$	2016 \$
Auditing and reviewing of the financial statements of Taruga Gold Limited and of its controlled entities.	25,000	27,250
	<u>25,000</u>	<u>27,250</u>

## NOTE 19 – LOSS PER SHARE

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

	2017 \$	2016 \$
Loss for the year	337,837	1,415,056
Loss for the year from continuing operations	<u>337,837</u>	<u>394,414</u>

	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	<u>86,007,316</u>	<u>65,008,402</u>

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

In accordance with AASB 133, prior year weighted average number of shares has been restated as a result of the consolidation of share capital.

## NOTE 20 – FINANCIAL INSTRUMENTS

### Financial Risk Management Policies

The consolidated entity'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 consolidated entity'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:

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2017	2016	2017	2016
<b>Financial Assets</b>			<b>\$</b>	<b>\$</b>
Cash at Bank	0.60%	0.60%	1,738,638	844,581
Total Financial Assets			<u>1,738,638</u>	<u>844,581</u>

There are no financial liabilities subject to interest rate fluctuations.

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 2017 the effect on the loss and equity as a result of changes in the interest rate with all other variables remaining constant is as follows:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Change in Loss		
• Increase in interest by 2%	(45,119)	(21,935)
• Decrease in interest by 2%	45,119	21,935
Change in Equity		
• Increase in interest by 2%	(45,119)	(21,935)
• Decrease in interest by 2%	45,119	21,935

## 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 2017	Assets 2017	Liabilities 2016	Assets 2016
	\$	\$	\$	\$
West Africa CFA	-	-	-	164,364
Ghanaian Cedi	-	-	-	39

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

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## 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.

## 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 consolidated entity 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 consolidated entity 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 21 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 6 September 2017 the Company announced the appointment of non-executive director Miss Sheena Eckhof to the board. Additionally, Mr Daniel Smith resigned from the board on the same day, but will remain as Company Secretary to the Company.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017



AND CONTROLLED ENTITIES

## NOTE 22 - PARENT ENTITY DISCLOSURES

Financial Position	Consolidated	
	2017	2016
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,735,712	843,638
Trade and other receivables	13,695	18,512
Total Current Assets	<u>1,749,407</u>	<u>862,150</u>
<b>NON CURRENT ASSETS</b>		
Total Non Current assets	7,038,497	7,014,837
<b>TOTAL ASSETS</b>	<u>8,787,904</u>	<u>7,876,987</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	43,619	135,129
Total Current Liabilities	<u>43,619</u>	<u>135,129</u>
<b>TOTAL LIABILITIES</b>		
<b>NET ASSETS</b>	<u>8,744,285</u>	<u>7,741,858</u>
<b>EQUITY</b>		
Issued capital	13,821,735	12,508,296
Reserves	-	35,040
Accumulated losses	(5,077,450)	(4,801,478)
<b>TOTAL EQUITY</b>	<u>8,744,285</u>	<u>7,741,858</u>
<b>Financial Performance</b>		
Loss for the year	311,012	1,470,473
Impairment	2,336,965	-
Transfer of reserves to accumulated losses on expiry of options	(35,040)	(648,944)
Total comprehensive loss	<u>2,612,937</u>	<u>821,529</u>

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries, has no contingent liabilities, and has no commitments for acquisition of plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

## NOTE 23 – DISCONTINUED OPERATIONS

On 20 May 2016 the Group disposed of 100% of its interest in International Goldfields (Bermuda) Limited to Kodal Minerals Plc (AIM:KOD).

	2017 \$	2016 \$
Results of discontinued operations		
Revenue	-	-
Cost of sales	-	-
Expenses	-	(59,435)
Results from operating activities	-	(59,435)
Income tax (expense)/benefit	-	-
Results from operating activities after tax	-	(59,435)
Loss on sale of subsidiary assets	-	(961,207)
Loss from discontinued operations	-	(1,020,642)

	2017 \$	2016 \$
(i) Loss on sale of subsidiary assets		
Carrying value of International Goldfields (Bermuda) Limited		
Exploration	-	2,022,553
Other	-	(24,133)
Sale consideration received	-	(1,037,213)
Loss on disposal of International Goldfields (Bermuda) Limited	-	961,207

	2017	2016
(ii) Valuation of sale consideration		
Kodal Minerals Plc shares received	-	1,025,000,000
Kodal Minerals Plc share price 20 May 2016 (completion date)	-	GBP 0.0005
Value of Kodal Minerals Plc shares received GBP	-	GBP 512,500
Value of Kodal Minerals Plc shares received AUD (AUD:GBP2.02383)	-	\$1,037,213

	2017 \$	2016 \$
Cashflows gained from/(used in) discontinued operations		
Net cash gained from operating activities	-	13,186
Net cash flow for the year	-	13,186

# DIRECTORS' DECLARATION



FOR THE YEAR ENDED 30 JUNE 2017

AND CONTROLLED ENTITIES

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In the opinion of the directors of Taruga Gold 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 2017 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 2017.

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.

A handwritten signature in black ink, appearing to read "G Steinepreis".

Gary Steinepreis

Non-Executive Director

Dated Perth 29 September 2017

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Taruga Gold Limited

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of Taruga Gold Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration for the Company and the Group.

In our opinion, the accompanying financial report of Taruga Gold Limited 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 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

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

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

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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**Key Audit Matter**
**How our audit addressed the key audit matter**


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**Exploration and Evaluation Expenditure  
(Refer Note 8)**


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In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition.

Our audit focused on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group.

We planned our work to address the audit risk that the capitalised expenditure might no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

Our procedures included but were not limited to the following:

- We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest;
  - 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 for the 2017/2018 and discussed with management the nature of planned ongoing activities;
  - We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; 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 2017, 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 in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Taruga Gold Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

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

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**29 September 2017**



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

# ASX Additional Information



TARUGA GOLD

AND CONTROLLED ENTITIES

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## ANALYSIS OF SHAREHOLDING as at 26 September 2017

		Shareholders
1	- 1,000	186
1,001	- 5,000	87
5,001	- 10,000	38
10,001	- 100,000	150
100,001	- or more	112
Total on Issue		<u>573</u>

The number of shareholdings held in less than marketable parcels is 351.

### 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.

	Shares	%
N&J Mitchell Holdings Pty Ltd <Ord Street Properties>, Croesus Mining Pty Ltd <Steinepreis Super Fund A/C and Second Super Fund A/C> and Linda Steinepreis	9,665,095	9.30

### 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



TARUGA GOLD

AND CONTROLLED ENTITIES

## TOP TWENTY SHAREHOLDERS

Rank	Holder Name	Securities	%
1	CITICORP NOMINEES PTY LTD	6,839,709	6.58%
2	J P MORGAN NOMINEES AUSTRALIA	6,722,884	6.47%
3	MCNEIL NOMINEES PTY LIMITED	5,232,857	5.04%
4	RANCLAND HOLDINGS PTY LTD	4,761,906	4.58%
5	MR BERNARD AYLWARD	4,671,386	4.50%
6	CROESUS MINING PTY LTD	3,406,482	3.28%
7	CROESUS MINING PTY LTD	3,262,514	3.14%
8	SUNSHORE HOLDINGS PTY LTD	3,060,656	2.95%
9	BNP PARIBAS NOMINEES PTY LTD	2,718,334	2.62%
10	OAKHURST ENTERPRISES PTY LTD	2,609,167	2.51%
11	TWO TOPS PTY LTD	2,444,576	2.35%
12	MR BIN LIU	2,400,000	2.31%
13	MR DAVID HARPER	2,080,304	2.00%
14	TIETTO MINERALS PTY LTD	2,000,000	1.92%
15	TALLTREE HOLDINGS PTY LTD	2,000,000	1.92%
16	CROESUS MINING PTY LTD	1,944,445	1.87%
17	MS TIFFANY BEBB	1,666,667	1.60%
18	VIMINALE PTY LTD	1,666,666	1.60%
19	ASCENT CAPITAL HOLDINGS PTY LTD	1,543,335	1.49%
20	SCINTILLA STRATEGIC	1,500,000	1.44%
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)</b>		<b>62,531,888</b>	<b>60.17%</b>
<b>Total Remaining Holders Balance</b>		<b>41,385,351</b>	<b>39.83%</b>

The name of the joint Company Secretaries are Daniel Smith and Sylvia Foong.

The address of the registered office is: Unit 5, Ground Floor, 1 Centro Avenue, Subiaco WA 6008.

Registers of securities are held Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross WA 6153

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

There are nil securities currently subject to escrow.

### Unquoted Options over Un-issued Shares

Nil

# ASX Additional Information



TARUGA GOLD

AND CONTROLLED ENTITIES

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## Granted tenements held directly by Taruga Gold or subsidiary company

Tenements	Held	Country
Kossa 1	100%	Niger
Kossa 2	100%	Niger
Kouriki	100%	Niger
Ounzerbe	100%	Niger
Mankono	100%	Cote d'Ivoire