



TARUGA GOLD

TARUGA GOLD

LIMITED

ACN 153 868 789

ANNUAL REPORT 2013

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COMPANY INFO

ACN	153 868 789
Directors	Frank Terranova Non-executive Chairman Bernard Aylward Managing Director Peter Newcomb Finance Director
Secretary	Peter Newcomb
Registered Office	24 Colin Street Perth, WA 6005 Telephone: +61 8 9222 5800 Facsimile: +61 8 9222 5810 Email: admin@tarugagold.com.au
Share Registry	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth, WA 6000 Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033
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	www.tarugagold.com.au

The photographs contained in this Annual Report are for illustration purposes only and are not necessarily assets of the Company.

DEAR SHAREHOLDERS,

It is with pleasure that I present your Company's 2013 Annual Report.

Having recently joined the Board, I am excited by the potential that exists within Taruga. The Company has exciting exploration projects and is evolving into a prominent exploration company within the West African region. Taruga has focused on acquiring and exploring highly prospective projects within the proven world-class mineral jurisdiction of West Africa. Taruga has a number of strategic advantages that makes it well placed as an investment of choice over the next twelve months.

Our 100% owned Kossa project in Niger provides a very clear path for adding near term value over the next twelve months. Further confirmation of the already substantial results will enable this project to be dramatically advanced within the portfolio to the point where a maiden Resource could be established throughout the period.

Unlocking the existing potential in Niger via consolidating our early mover advantage will play a key part in our strategy. This enables Taruga to leverage its existing well-formed relationships and understanding of the operating environment so that timelines can be managed and projects confidently advanced. Further it also places Taruga well to benefit from a growing level of global investment within the Niger resource sector which is expected to further accelerate in the future.

Recent acquisitions of projects in Mali and Côte d'Ivoire increase the strategic value of the our exploration portfolio. These new projects will increase the potential for discovery and in particular the Nangalasso project will be priority in the short term. Equally progressing our holdings in Côte d'Ivoire, which are in close proximity to a number of existing producing mines and global exploration companies enables our portfolio to maintain abundant option value within the West African region.

It is important to note that the cyclical nature of the resource sector has seen extreme volatility within the global exploration community over the past twelve months. As a result many companies have continued to face a challenging environment with regard to both procuring funding and reduced stock market liquidity. History suggests that these temporary phases of volatility are not new to the exploration sector and further with a disciplined strategy can accelerate opportunities for companies to accelerate their growth.

The outlook over the next twelve months suggests it will be defining period for Taruga. Therefore, ensuring investor relevance and procuring the required capital to advance the potential of our existing assets will remain one of the core priorities over the period.

The investment proposition of Taruga remains promising and our management team is focused on the development and implementation of work programs designed to add the maximum level of near term value whilst continuing to generate targets that have the potential to create world-class discoveries. Further, a relentless evaluation and prioritisation of projects will continue ensuring our exploration expenditure is targeted on the projects we believe have highest potential for new discoveries and opportunities.

I would like to thank the Taruga Board, management and staff as well as the service providers that Taruga relies on for their diligent and committed efforts.

In closing I wish to express my appreciation to shareholders for their ongoing support and belief in the Company and assure you that the Taruga team is committed to creating value to your Company.



Frank Terranova
Non-executive Chairman

COMPANY OVERVIEW

Taruga Gold Limited (“Taruga” or “the Company”) is a West African gold explorer that listed on the Australian Securities Exchange (ASX) on 7 February 2012. The Company operates exploration projects located in Niger, Ghana, Côte d’Ivoire and Mali. Taruga is targeting, subject to successful exploration, the delineation of new mineral resources and the Company’s objective is to exploit economic gold resources through downstream mine development.

During the past year, exploration has focused on the Kossa Project in Niger and the Ducie Project in Ghana.

Subsequent to the end of the reporting period, the Company received final approvals and a signed decree finalising the grant of the highly prospective Mankono concession in Côte d’Ivoire. This project has been in application since the incorporation of Taruga and the final grant will now allow Taruga to commence first –pass exploration in this under-explored region.

In addition to the existing exploration portfolio, Taruga has significantly expanded its landholding by entering an agreement to acquire additional exciting projects in Mali and Côte d’Ivoire. These new acquisitions are all located in proven gold mineralised regions and increase the potential for Taruga to discover new zones of gold mineralisation. The Nangalasso project in Mali will be an initial focus with exploration to target the strong geochemical anomalies and initial shallow drill intersections up to 3m at 7.84g/t gold.

PROJECT OVERVIEW

KOSSA PROJECT, NIGER

The Kossa Project consists of two granted exploration licences covering 970km² located in northwest Niger, 230km northwest of the capital city Niamey. The eastern boundary of the Kossa Project is defined by the border with Burkina Faso and lays approximately 15km east of the Essakane Gold Mine, located in Burkina Faso.

Taruga’s exploration programs during the 2013 year have focussed on this exciting project and the Company has completed a range of exploration programs including:

- Reverse Circulation (RC) drilling targeting the Kossa-Borobon gold mineralised trend – Taruga has completed 134 RC drill holes for over 13,200m
- Aircore drilling targeting high-priority regional targets – Taruga has completed 639 Aircore drill holes for over 22,000m
- Auger geochemical sampling designed to complete first-pass exploration on the regional project – Taruga completed over 5,500 auger samples
- Detailed aeromagnetic geophysical survey completed – Taruga completed over 7,400 line km survey.
- Geological mapping, surface rock chip sampling and interpretation of key target areas within the extensive landholding.

Reverse Circulation Drilling Borobon Prospect

The Borobon Prospect is located at the southern 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. The mineralised system consists of multiple parallel lodes hosted in a sheared and folded sedimentary sequence.

Taruga has continued RC drilling at this key prospect, with drilling targeting the extensions to the mineralised structures, target depth extensions and determine continuity of gold mineralisation. Gold mineralisation at the Borobon prospect has been defined over a strike length exceeding 2.5km and remains open at depth and along strike.

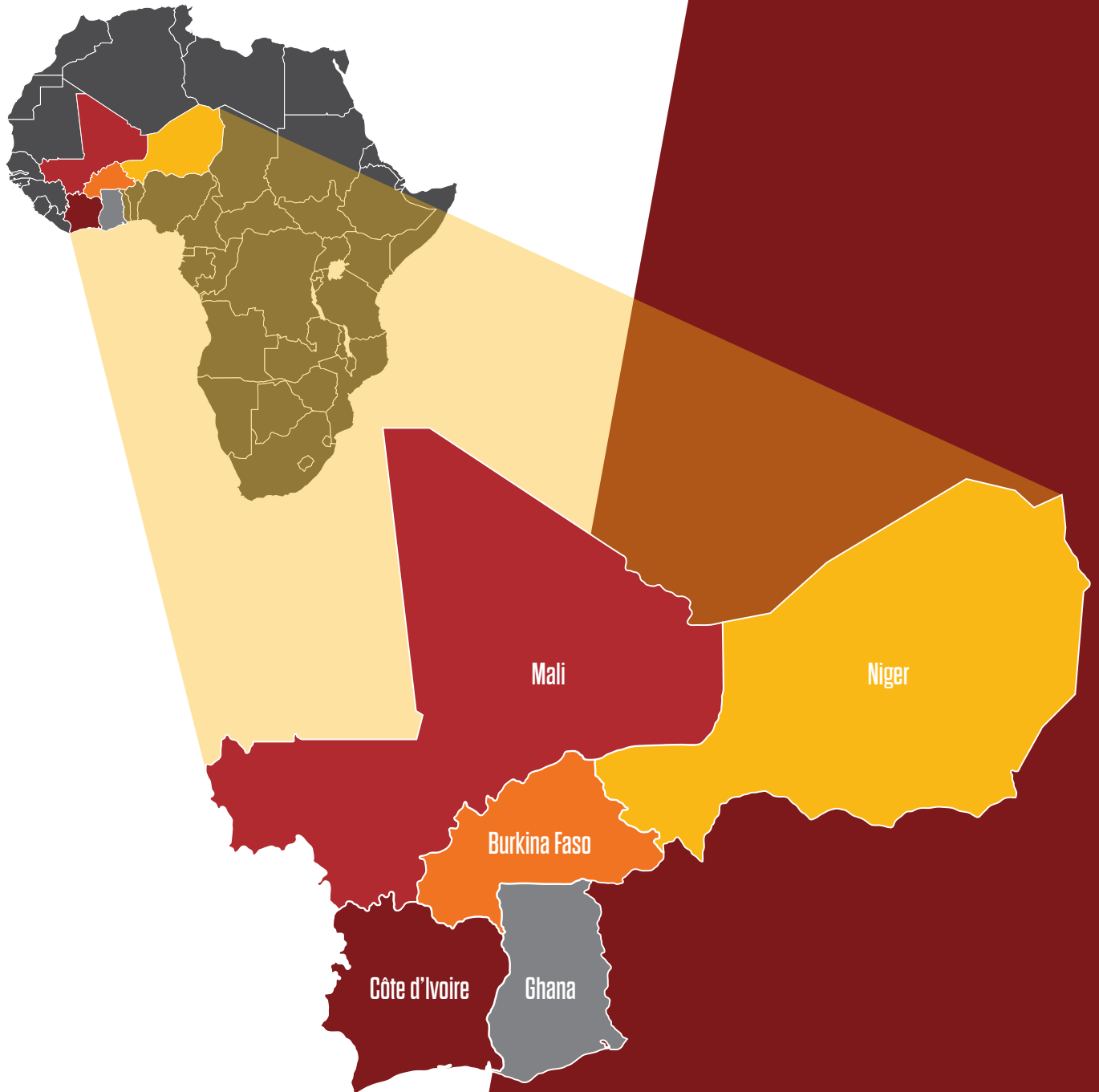
The drilling programs have highlighted the extensive mineralisation hosted in parallel lodes and Taruga will continue to target this prospect in the coming year with the aim of defining a maiden JORC compliant Mineral Resource.

In addition to the focus at Borobon, Taruga will continue RC drill testing of the advanced targets at Kole and Kossa where initial RC drilling has returned high-grade drill intersections.

Aircore Drilling

Taruga has undertaken an extensive reconnaissance aircore drilling campaign high-priority areas identified to host potential gold mineralisation including immediate extensions to the Borobon prospect.

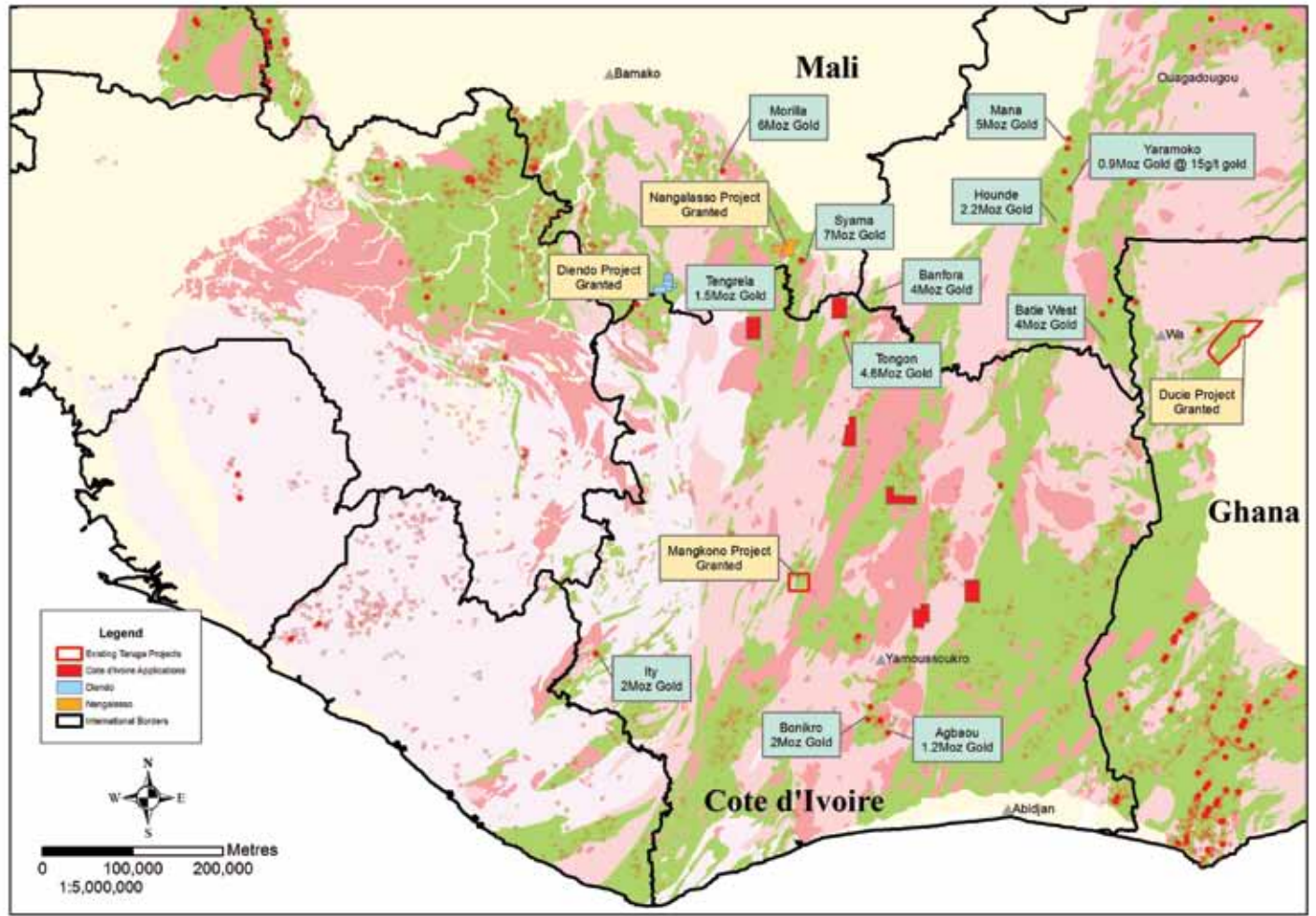
FOCUS ON WEST AFRICA WORLD CLASS GOLD PROVINCE



All Taruga Projects located within Proven Gold Mineralised Districts.

Focus on highly prospective exploration in pro-mining countries:

Niger, Ghana, Côte d'Ivoire and Mali.



The aircore drilling was completed on a wide-spacing of 800m x 80m and has defined new gold anomalous zones extending for over 4,500m with intersection in excess of 1g/t gold returned. The drill holes confirm that the Borobon mineralisation continues to the south, and a minimum of over 1km has been identified by the aircore drilling. This area will be targeted by RC drilling in the 2014 year.

Auger Geochemistry and Geological Mapping

Taruga continued its extensive auger drilling campaign across the Kossa Project throughout the year. This program was designed to complete a first-pass test of the project area and allow ranking of multiple gold mineralised targets awaiting drill-testing.

Highlights of this work included:

- High-grade auger geochemical anomalies up to 1.46g/t gold
- Rock-chip sampling returned results up to 3.64g/t gold from sampling in the Kossa-Borobon area
- Confirmation of an historic soil geochemistry that previously returned assays up to 19.91g/t gold (2km x 250m, 20ppb Au untested anomaly) and 13.63g/t gold (minimum 2km x 2km zone at Fatatako Prospect)
- Exciting pipeline of prospects with majority of geochemical anomalies untested by drilling
- Coherent geochemical anomalies extending for more than 5km x 500m in strike defined
- Extensions and parallel anomalies to the gold mineralised Kossa-Borobon trend highlighted
- Infill and extension auger geochemical sampling was consistent throughout the field season.

Aeromagnetic Survey

A detailed aeromagnetic survey was completed over the entire Kossa project to continue the regional exploration of this highly prospective region. Highlights of this survey included:

- Immediate drill targets identified on extensions to the Kossa-Borobon trend
- Interpretation highlighted that the trend structure is similar to the Essakane gold mine located 20km from Kossa
- Integration of geophysics and geochemistry prioritising targets with high-grade geochemical anomalies up to 19.91g/t gold
- Detailed aeromagnetism highlights multiple porphyry bodies at Kossa Project
- Surface Gold Anomalism associated with porphyry intrusions and structures
- Previous drilling has only tested a very small part of target and returned best result of 150m at 324ppm molybdenum (from surface to end of hole)
- Potassic alteration system identified associated with porphyry intrusions and major iron-rich zone. These remain are untested.

Data from this was integrated into Taruga's regional exploration database to provide additional geological control on the mineralised structures, assist with geological mapping and for prospect ranking and program planning.

DUICIE PROJECT, GHANA

The Ducie project is situated in the north western corner of Ghana, the second largest gold producer in Africa. The Ducie Project area is at an early stage of exploration with the project located in the extensive Bole-Bolgatanga greenstone belt. The project area is entirely within the Birimian geological sequence, the host to the major gold mineralisation within West Africa.

Taruga has completed a first-pass auger geochemical sampling program at the Ducie project with a focus on the extension of previously defined geochemical anomalies and priority geological targets. Auger samples totalling 565 were completed on a wide spacing of 1,000m x 80m up to 2,000m x 160m as a regional review of target areas.

This outlined a number of surface geochemical anomalies:

Yala Prospect

Located in a central portion of the Ducie Project, Yala is defined as a zone of surface geochemical anomalism with historic conventional geochemical sampling up to 924ppb Au. Taruga auger sampling returned results of up to 150ppb Au. The zone is over a strike length of more than 8km and width of 4km. Taruga has identified a structure conducive to the formation of gold mineralisation.

Ducie Regional Anomalies

Taruga completed reconnaissance exploration in the southern portion of the project area with very wide-spaced sampling of more than 2km between lines and up to 200m between samples. This work demonstrated the presence of additional gold anomalous zones that require follow-up exploration.

MANKONO PROJECT, CÔTE D'IVOIRE

Taruga had two project areas in Côte d'Ivoire - Mankono and Tortiya - under application when the Company listed on the ASX in 2012. Subsequent to the end of the reporting period, in July 2013, Taruga received final approvals and a signed decree for the highly-prospective Mankono concession in Côte d'Ivoire.

The Mankono project is located in central Côte d'Ivoire, 410km from the nation's economic capital, Abidjan. The Mankono project consists of one granted concession covering approximately 400km², with good access to the project area and a network of tracks and paths throughout the concession.

The project is a greenfields exploration project with very limited previous work. A review of the geological setting highlights the presence of artisanal workings, major geological structures and geological setting that indicate the prospectivity for gold mineralisation.

The Bonikro gold mine operated by Newcrest is located 70km from the Mangkono concession, and the geological setting of Bonikro mineralisation is interpreted to be similar to the Mangkono geology.

During the 2013/2014 field season, Taruga is planning a first-pass exploration program consisting of systematic geological mapping and rock-chip sampling and a wide-spaced soil and stream sediment sampling program covering the concession area. This will aim to provide sufficient geological data to delineate drilling targets for the determination of economic gold mineralisation.

MALI AND CÔTE D'IVOIRE PROJECT ACQUISITION

Subsequent to the end of the reporting period, in July 2013, Taruga entered an agreement with Pelamis Investments Limited ("Pelamis"), to acquire a series of West African gold projects consisting of six options to acquire gold projects in Mali (Nangalasso and Diendio projects) and six permit applications in Côte d'Ivoire.

Taruga will acquire all the shares in the ultimate holding company, International Goldfields (Bermuda) Limited, that is the owner of the projects via wholly-owned subsidiary companies registered in Mali and Côte d'Ivoire. As part of the agreement Taruga will reimburse A\$123,277 spent on recent exploration, option payments and government fees.

The consideration for the acquisition is 12,500,000 fully-paid ordinary shares in Taruga, with a deemed price of 1.6 cents per share representing a value of A\$200,000 for the highly prospective landholding. The acquisition of the ground will be completed by the issuing of shares under the Company's 15% capacity.

A Net Smelter Return (NSR) royalty of 2% is applicable on all concessions within this agreement payable by International Goldfields (Bermuda) Limited. In addition, the Mali option agreements grant a NSR royalty varying between 2% and 3% (dependent on the concession) if the Company elects to complete the purchase.

NANGALASSO PROJECT, MALI

The Nangalasso Project in Mali acquired by Taruga as part of the Pelamis transaction. Located in southern Mali, the Nangalasso Project consists of two options over granted concessions (Nangalasso and Sotian concessions), which cover an area of 345km².

The option agreements grant Taruga exclusive access to the ground for exploration and the right to purchase 100% of the concessions for an agreed amount, as well as granting a Net Smelter Royalty (NSR) on gold production varying between 2% and 3%, depending on the agreement with the local owners.

A summary of the work completed on the Nangalasso Project to date:

- 61 aircore holes for a total of 1,979m drilled. Drilling completed on wide-spaced traverses (more than 2km apart) and only completed in the Nangalasso concession Surface geochemical sampling consisting of more than 4,400 termite samples, 400 auger samples and 150 rock-chip and soils samples
- Trench sampling – one trench completed
- Geological mapping and interpretation.

The exploration completed has returned encouraging results. Surface geochemical sampling has defined multiple gold anomalies extending for more than 10.5km of strike. Gold anomalous zones are interpreted to be associated with felsic intrusive units and geological shears and fault systems. Sampling has returned anomalous samples up to 1.3g/t gold in termite sampling, up to 1.3g/t gold in rock-chip sampling of quartz veins and up to 0.38g/t gold in auger samples.

Reconnaissance drilling has been completed on only one portion of the extensive gold anomalies and the majority of the zone remains untested. This drilling returned significant intersections including 1m at 7.8g/t gold and 3m at 7.84g/t gold, including 1m at 13.5g/t gold from 16m.

Trench sampling returned broad gold anomalism up to 18m at 0.36g/t gold, including 3m at 1.5g/t gold. This was the first sampling targeting the extensive surface gold anomalism in the southern portion of the Sotian concession and confirmed that the surface anomaly indicates a primary gold source.

Taruga plans to continue exploring the Nangalasso Project to follow-up the high grade gold intersections and complete first pass testing of the extensive surface geochemical anomalies. The exploration program will include additional aircore drilling, geological mapping and infill-geochemical sampling.

CORPORATE

Capital raising

At the same time as the Mali and Côte d'Ivoire project acquisition, Taruga announced plans to undertake a capital raising. It aimed to raise up to A\$1 million to fund continued exploration on Taruga's extensive West African portfolio. As part of the acquisition agreement, Pelamis will procure subscribers for A\$500,000 of the placement.

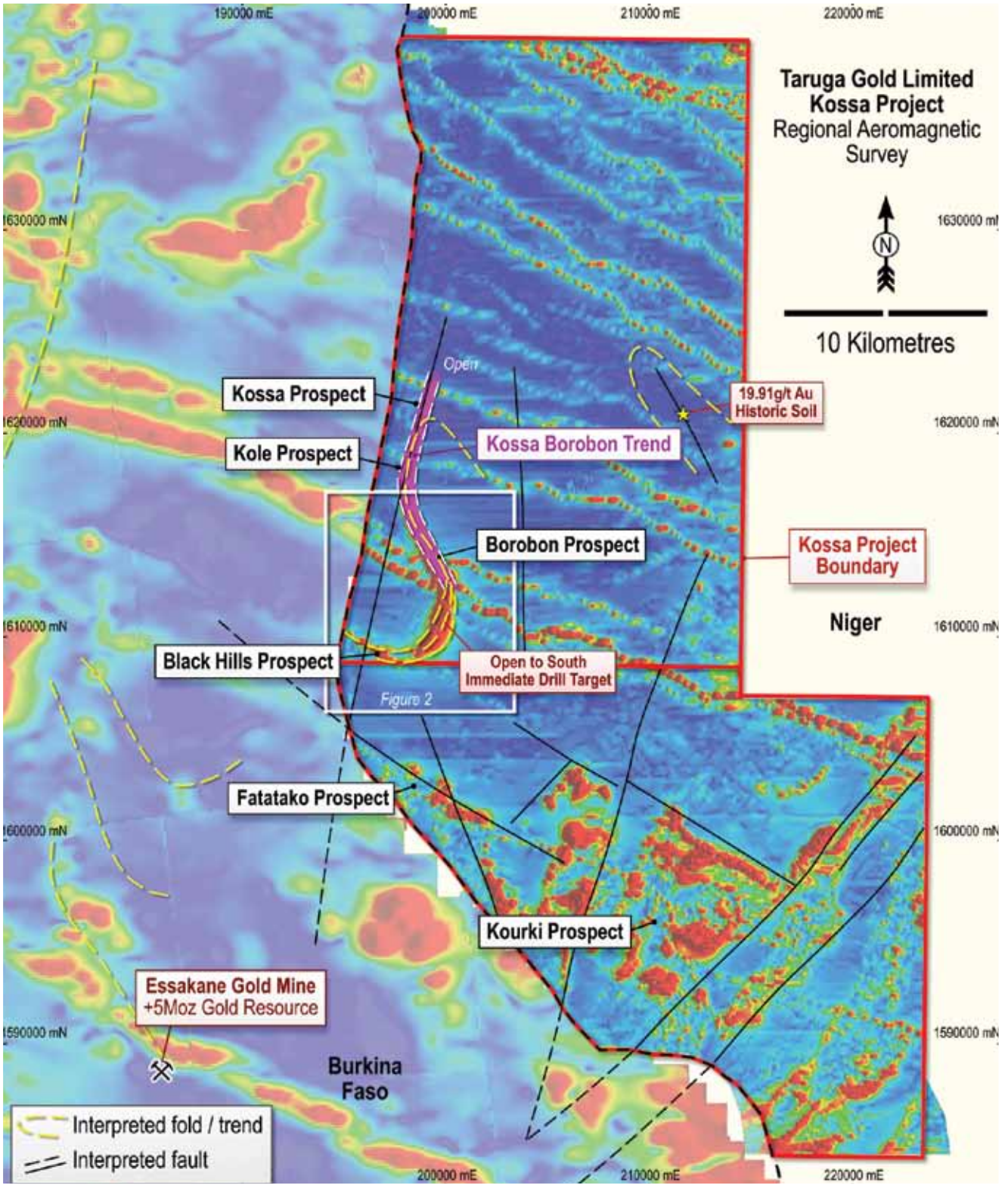
The placement is priced at 1.6 cents a share and is subject to shareholder approval at a General Meeting of the Company to be held on the 1st October 2013.

Release from escrow

On 9 December 2012, 7,300,000 fully paid ordinary shares and 1,000,000 options expiring 31 January 2016 and exercisable at 20 cents were released from escrow.

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 the Executive Chairman and Managing Director of Taruga Gold Limited and is a full-time employee of the company. 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 2004 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.

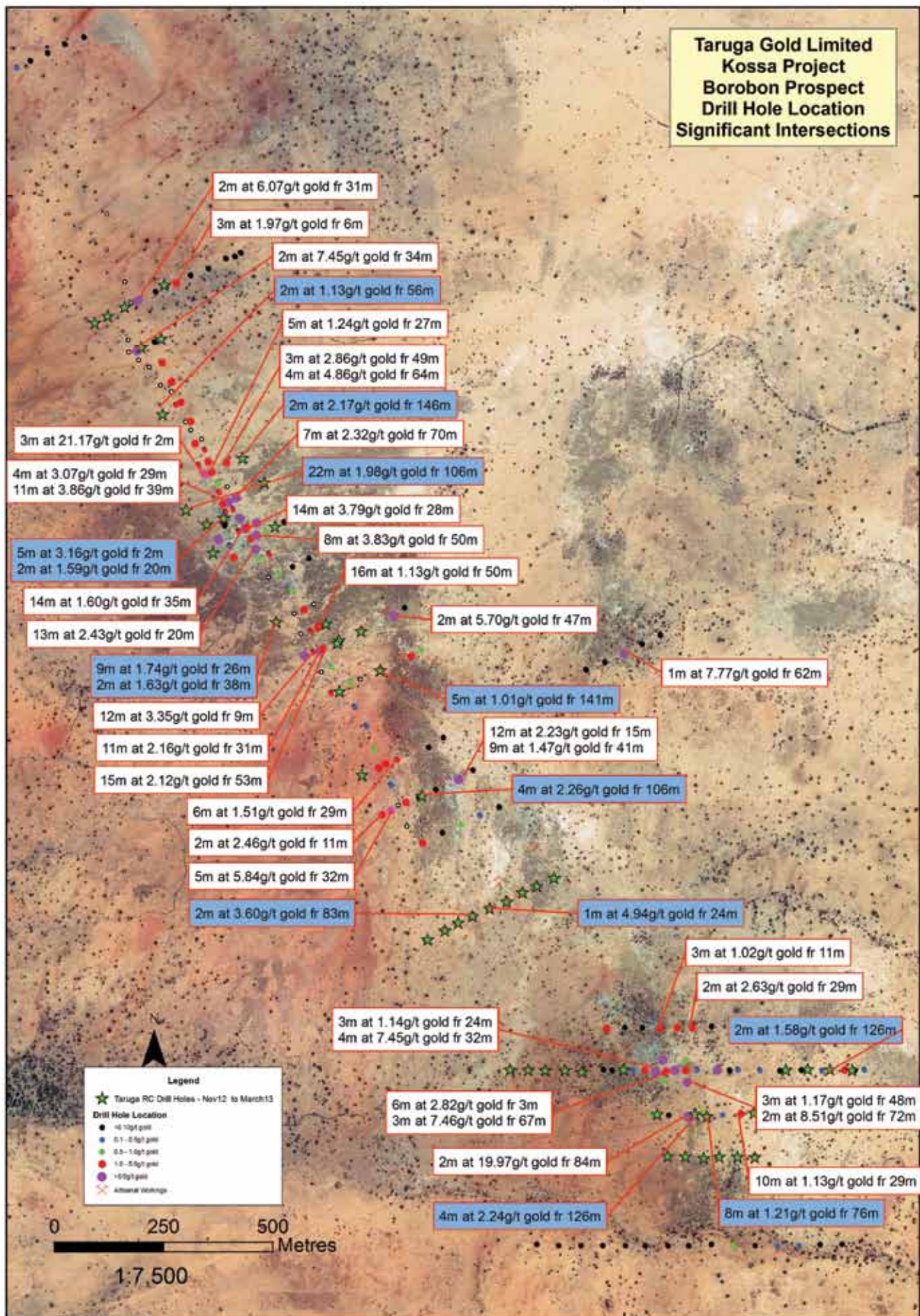


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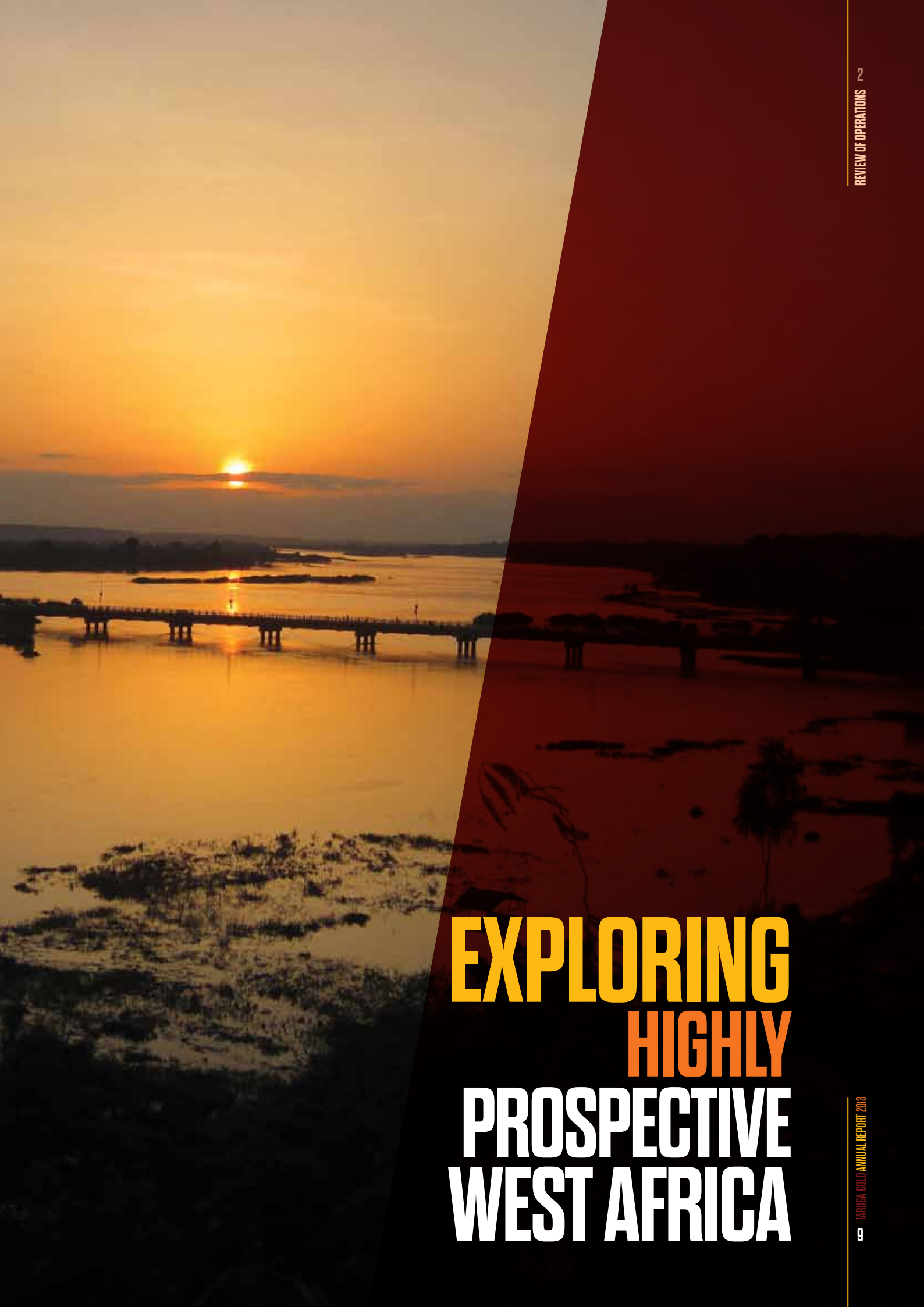
Taruga Gold Limited Kossa Project Borobon Prospect Drill Hole Location Significant Intersections

1615000

1615000



200000



EXPLORING HIGHLY PROSPECTIVE WEST AFRICA

SECTION

3

DIRECTORS'
REPORT



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 2013.

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	present
Bernard Aylward	Managing Director	21 October 2011	present
Peter Newcomb	Finance Director & Company Secretary	21 October 2011	present
Edmond Edwards	Non-executive Director	21 October 2011	3 September 2013

PARTICULARS OF DIRECTORS

FRANK TERRANOVA

Non-executive Chairman (ACA)

Qualifications and experience

Mr Terranova is a senior executive with extensive experience in corporate finance and company management across sectors including mining, agriculture and manufacturing. Mr Terranova is a Chartered Accountant and his most recent position has been as Managing Director and CEO of Polymetals Mining Limited ("Polymetals") (ASX:PLY) where he has been instrumental in the successful merger of Polymetals and Southern Cross Goldfields Limited (ASX:SXG) and remains on its board as a Non-executive Director.

In addition, Mr Terranova was formerly the Managing Director and CEO of Allied Gold Mining PLC, where he presided over its successful +\$500 million M & A transaction with St Barbara Mines (ASX:SBM). Mr Terranova had a major role in the strategic and operational development of Allied Gold.

Interest in Shares and Options

Fully Paid Shares Nil

Directorships held in listed entities

Company Name	Appointed
Southern Cross Goldfields Limited	25 February 2013

BERNARD AYLWARD

Managing 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 20,710,000

Options 5,000,000

Special Responsibilities

Mr Aylward is Executive Managing Director and is responsible for the day to day running of the Company.

Directorships held in listed entities

Company Name	Appointed
Glory Resources Limited	31 May 2011
International Goldfields Limited	30 June 2011

PETER NEWCOMB

Finance Director and Company Secretary FCA (ICAEW)

Qualifications and experience

Mr Newcomb is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants in Australia, with over 35 years professional and commercial experience.

He has worked in a number of industries and locations including London, Scotland, Singapore and Perth. The majority of his experience over the last 15 years has been in the Resources industry in Western Australia and overseas. Mr Newcomb is also Company Secretary of Scotgold Resources Limited, Gulf & Asian Mining Limited and Athena Resources Limited.

Interest in Shares and Options

Fully Paid Shares 140,000

Special Responsibilities

Mr Newcomb is Chief Financial Officer and Company Secretary of the Company.

Directorships held in listed entities

None

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 program with a focus on the advanced Kossa Project in Niger. The Company also intends to undertake exploration activities on the grassroots projects in Ghana and Côte d'Ivoire. The Company will also continue to review opportunities as they arise with a focus on advanced gold projects located within West Africa.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

Consolidated loss after income tax for the financial period is \$371,397 (2012 \$286,411)

FINANCIAL POSITION

At 30 June 2013 the Company has cash reserves of \$1,217,402 (2012 \$4,501,262)

DIVIDENDS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the 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

Subsequent to the end of the reporting period, in July 2013, Taruga entered an agreement with Pelamis Investments Limited ("Pelamis"), to acquire a series of West African gold projects consisting of six options to acquire gold projects in Mali (Nangalasso and Diendio projects) and six permit applications in Côte d'Ivoire.

Taruga will acquire all the shares in the ultimate holding company, International Goldfields (Bermuda) Limited, that is the owner of the projects via wholly-owned subsidiary companies registered in Mali and Côte d'Ivoire. As part of the agreement Taruga will reimburse A\$123,277 spent on recent exploration, option payments and government fees.

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A Net Smelter Return (NSR) royalty of 2% is applicable on all concessions within this agreement payable by International Goldfields (Bermuda) Limited. In addition,

the Mali option agreements grant a NSR royalty varying between 2% and 3% (dependent on the concession) if the Company elects to complete the purchase.

At the same time as the Mali and Côte d'Ivoire project acquisition, Taruga announced plans to undertake a capital raising. It aimed to raise up to A\$1 million to fund continued exploration on Taruga's extensive West African portfolio. As part of the acquisition agreement, Pelamis will procure subscribers for A\$500,000 of the placement.

The placement is priced at 1.6 cents a share and is subject to shareholder approval at a General Meeting of the Company to be held on the 1st October 2013.

On 3 September Mr Frank Terranova was appointed Non-executive Chairman and Mr Bernard Aylward became Managing Director (formerly Executive Chairman and Managing Director). Non-executive Director Edmond Edwards resigned from the Board on the same day.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue its exploration activities with a view to the commencement of mining operations as soon as possible.

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 2013, and the number of meetings attended by each Director.

	Number eligible to attend	Number attended
Bernard Aylward	3	3
Peter Newcomb	3	3
Edmond Edwards	3	3

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 transferred from the financial report and have been audited. 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 size of the Company.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

PERFORMANCE-BASED REMUNERATION

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

DETAILS OF REMUNERATION FOR YEAR ENDED 30 JUNE 2013

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

Bernard Aylward (through Matlock Geological Services Pty Ltd) is on a contract dated 1 November 2011 which provides for a fixed fee, with a termination period of 3 months. Peter Newcomb (through Symbios Pty Ltd) is on a contract dated 1 November 2011 which provides for a fixed monthly fee and additional fees at a fixed day rate for work performed outside the scope of the terms of the agreement, with a termination period of 3 months. In both cases the remuneration is reviewed annually. At the date of this report the annual remuneration for Bernard Aylward is \$270,000 and for Peter Newcomb is \$96,000 plus a day rate of \$1,000 for additional work performed. In the event of a termination of contract giving less notice than provided for in these contracts, the remaining notice period will be paid in full.

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.

Edmond Edwards (through Tied Investments Pty Ltd) was on a contract dated 1 November 2011 which provided for a fixed fee of \$4,000 per month. Frank Terranova is on a contracted dated 3 September 2013 which provides for a fixed fee of \$4,000 per month.

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

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

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

Period ended 30 June 2012

Director	Associated Company	Fees	Consultancy	Total
Bernard Aylward	Matlock Geological Services Pty Ltd	-	180,000	180,000
Peter Newcomb	Symbios Pty Ltd	-	81,000	81,000
Edmond Edwards	Tied Nominees Pty Ltd	32,000	-	32,000
		32,000	261,000	293,000

Year ended 30 June 2013

Director	Associated Company	Fees	Consultancy	Total
Bernard Aylward	Matlock Geological Services Pty Ltd	-	270,000	270,000
Peter Newcomb	Symbios Pty Ltd	-	96,000	96,000
Edmond Edwards	Tied Nominees Pty Ltd	48,000	-	48,000
		48,000	366,000	414,000

The consolidated entity does not have any full time Executive officers, other than the Managing Director as detailed above. There were no performance related payments made during the year.

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.

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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been received for the year ended 17 June 2013 and forms part of the Directors' report.

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 21 and forms part of this directors' report for the year ended 30 June 2013.

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.



Bernard Aylward
Managing Director

Dated Perth 27 September 2013



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 Best Practice Recommendations with 2010 Amendments (2nd Edition) ("Recommendations" or "Guide") 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:

- 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

For ease of comparison to the Recommendations, this Section addresses each of the Corporate Governance Principles and, where the Company has not followed a Recommendation, has explained the reasons for not following the Recommendation. This disclosure is in accordance with ASX Listing Rule 4.10.3.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be reviewed and amended as required.

PRINCIPLE 1 – LAY SOLID FOUNDATION FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Companies should establish those functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board is accountable to Shareholders for the performance of the Company. The Board operates under the Board Charter that details the Board's functions, responsibilities and powers, as well as those delegated to management. Broadly the key responsibilities of the Board are:

1. reviewing, ratifying and monitoring the Company's compliance with its corporate policies and protocols consistent with the Recommendations;
2. reviewing, ratifying and monitoring the Company's operations in relation to, and in compliance with, relevant regulatory requirements;
3. considering the extent and types of risk that are acceptable for the Company to bear;
4. actively and regularly participating in and overseeing strategic planning and implementation of strategy based on the identification of opportunities and the full range of business risks;
5. reviewing, ratifying and monitoring management systems and processes for managing the business risks the Company is exposed to, or may become exposed to, including financial controls and systems, risk management and internal control, codes of conduct and legal compliance;

6. establish and review the roles and responsibilities of the Board and Management, evaluate the performance and remuneration of individual directors and the Board as a whole;
7. appointing, monitoring, managing the performance of, and if necessary, terminating the employment of, the managing director of the Company;
8. ratifying the appointment of senior management, including in relation to the terms of equity remuneration;
9. approving and monitoring the progress of major capital expenditure, capital management and all major corporate transactions, including the issue of any securities in the Company and ensuring appropriate resources are available to senior executives;
10. reporting to and communicating with shareholders; and
11. approving, monitoring and overseeing financial and other reporting.

All directors and key executives of the Company have entered into formal appointment agreements or executive service agreements outlining key terms and conditions of their appointment.

RECOMMENDATION 1.2: Companies should disclose the process for evaluating the performance of senior executives.

As at the date of this Report, the Company has employed only one senior executive, the Managing Director. The Board (in the absence of the Managing Director) will formerly assess the performance of the Managing Director at least once in each financial year. The other non-executive directors will meet with the Managing Director to provide the Managing Director with feedback on the Board's assessment.

Induction procedures to provide new senior executives with good information on the Company and industry are in place. The Board and Managing Director will monitor the performance of senior executives on a regular basis. The Managing Director will conduct an annual evaluation of each senior executive's performance, at which the senior executive's performance during the previous 12 months will be assessed against relevant performance indicators, and role expectations and goals will be set for the following year.

RECOMMENDATION 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

This Section provides the information required under Principle 1. The Company's Board Charter is available from the Corporate Governance Section of its website and the Company will include the disclosure required by Recommendation 1.3 in its future annual reports.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE**RECOMMENDATION 2.1:**

A majority of the board should be independent directors.

The structure of the Board does not comply with Recommendation 2.11 as the majority of directors are not independent. Currently out of the three directors, Mr Terranova is independent. Mr Aylward is not considered to be independent due to his executive role as the Managing Director. Mr Newcomb is not considered independent due to his role as Finance Director.

The Board believes that Board composition is acceptable and appropriate given the small size of the Board and the early stage of the Company's development. Details of each Board member's experience, expertise and qualifications are set out in Section 3.1 of the Prospectus. All the Directors have the expertise and skills to make quality and independent judgements in the best interests of the Company. Further, each Director is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, and non-executive directors are encouraged to meet without management on a regular basis in accordance with the procedures and subject to the conditions set out in the Board Charter.

Board structure and composition will be reviewed as and when the Company's scale, strategic directions and activities change. The Company will only recommend the appointment of additional Directors to your Board where it believes the expertise and value added outweighs the additional cost.

RECOMMENDATION 2.2:

The chair should be an independent director.

During the year, the structure of the Board did not comply with Recommendation 2.2.

The Board considers that this was appropriate given the size and composition of the Board, and given the Company's stage of development.

RECOMMENDATION 2.3:

The roles of chair and chief executive officer should not be exercised by the same individual.

The roles of Managing Director and Chairman were exercised by the same individual during the year under review. The Board has subsequently appointed an independent non-executive chairman.

RECOMMENDATION 2.4:

The board should establish a nomination committee.

The Company does not comply with Recommendation 2.4. Given the current size and composition of the Board, and given the Company's stage of development, it has been decided that there are no efficiencies to be gained and it is not practicable to form a separate nomination committee.

The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to a nomination committee.

RECOMMENDATION 2.5:

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board will have access to and receive all the information necessary to discharge its responsibilities effectively as provided in the Board Charter.

The Chairman will conduct an informal evaluation of each Board member's performance at least once each financial year. The review process will include a combination of qualitative and quantitative assessments, the results of which shall be discussed with the individual Director and the Board. The Board (excluding the Chairman) will conduct the review of the Chairman.

Before each annual general meeting, the Board reviews the performance of each director retiring in accordance with the Company's constitution before determining its recommendation to Shareholders on the re-election of the director (in the absence of the director involved). Induction procedures are in place to provide new directors with information on the Company and industry, to allow them to participate fully and actively in Board decision-making at the earliest opportunity.

All directors will have access to the Company Secretary. The Company Secretary is accountable to the Board, through the Chair, on all governance matters. The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

RECOMMENDATION 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

This Section provides the information required under Principle 2. The Company's Board Charter is available from the Corporate Governance section of its website and the Company will include the disclosure required by Recommendation 2.6 in its future annual reports.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING.**RECOMMENDATION 3.1:**

Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Board has established a Corporate Code of Conduct that states the Company's core values, responsibilities to and expectations of shareholders, employees, customers, suppliers, creditors, consumers and the broader community. The key requirements of the Corporate Code of Conduct are:

1. the treatment of each other and outside parties with honesty, fairness and integrity, and without engaging in deceptive practices;
2. respect for the law and acting accordingly;
3. procedures of dealing with real and apparent conflicts of interest;
4. promotion of ethical behaviour and procedures of dealing with the reporting of unlawful or unethical behaviour;
5. protection of the Company's assets and confidential information;
6. employment practises to maintain a safe workplace; and
7. responsibility to the individual and to the community.

RECOMMENDATION 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

The Board has adopted a Diversity, Nomination and Remuneration Committee Charter which sets out the Company's diversity policy. It has been decided not to establish a separate diversity, nomination and remuneration committee due to the current size and composition of the board and the functions that would otherwise be undertaken by a separate diversity, nomination and remuneration committee would be carried out by the current Board. The objectives of Company's diversity policy are to:

1. attract, employ and retain a diverse pool of candidates for all positions, including the Board and senior management and to develop measurable objectives to monitor the Company's performance in this area;
2. to ensure that the Company's recruitment and employment procedures encourage, promote and develop diversity and comply with relevant legislative and regulatory requirements for the benefit of the Company and its employees;
3. to ensure that the Company's remuneration is appropriate and is not inequitable to any proportion of personnel who are employed by the Company;
4. to ensure that the Company's succession plan encourages, promotes and develops diversity within the Company and that there are appropriate personnel with the relevant skills, experience and capability to be able to manage the Company's business strategies and objectives, ongoing operations, future growth and development; and
5. to formulate and develop appropriate strategies and procedures to manage the Company's diversity including to prepare measurable objectives and develop and implement appropriate education, training and mentoring programs.

The Executive Managing Director will monitor and report to the Board on the progress of the development and implementation of the Company's diversity policy and associated programs as required and the Board will review the Company's diversity policy on an annual basis and assess how the Company is meeting its diversity objectives.

RECOMMENDATION 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Company will include the disclosure required by Recommendation 3.3 in its future Annual reports.

RECOMMENDATION 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

The Company will include the disclosure required by Recommendation 3.4 in its future Annual reports.

RECOMMENDATION 3.5:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

This Section provides the information required under Principle 3. The Company's Corporate Code of Conduct and Diversity, Nomination and Remuneration Committee Charter are available from the Corporate Governance Section of its website.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

RECOMMENDATION 4.1:

The board should establish an audit committee

RECOMMENDATION 4.2:

The audit committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair who is not chair of the board; and
- has at least 3 members.

The Company does not comply with Recommendations 4.1 and 4.2 in that there is no separate audit committee. Given the current size and composition of the Board, and given the Company's stage of development, it has been decided that there are no efficiencies to be gained and it is not practicable to form a separate audit committee. The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to an audit committee.

RECOMMENDATION 4.3:

The audit committee should have a formal committee charter.

The role of an audit committee is taken by the Board as a whole. The Board has adopted a formal Audit and Risk Committee Charter that sets out the roles and responsibilities of the Board with respect to audit and risk management, and contains information on the procedures for the selection and rotation of the external auditor. When considering financial matters, the Board functions in accordance with this policy.

RECOMMENDATION 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

This Section provides the information required under Principle 4. The Company's Audit and Risk Committee Charter is available from the Corporate Governance Section of its website. The Company will include the disclosure required by Recommendation 4.4 in its future Annual reports.

PRINCIPLE 5 — MAKE TIMELY AND BALANCED DISCLOSURE**RECOMMENDATION 5.1:**

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Board has established a Shareholder Communication Guidelines and Policy and a Disclosure Policy outlining procedures for compliance with ASX continuous disclosure requirements and the Corporations Act, and to ensure accountability at a senior executive level for that compliance.

RECOMMENDATION 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5.

This Section provides the information required under Principle 5. The Company's Shareholder Communication Guidelines and Policy, and Disclosure Policy are available from the Corporate Governance Section of its website. The Company will include the disclosure required by Recommendation 5.2 in its future Annual reports.

PRINCIPLE 6 — RESPECT THE RIGHTS OF SHAREHOLDERS**RECOMMENDATION 6.1:**

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Board has established a Shareholder Communication Guidelines and Policy and Disclosure Policy outlining the procedures for ensuring timely disclosures and the various ways the Company will communicate with shareholders and encourage shareholders to attend general meetings. All information disclosed to the ASX is to be posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation will be released to the ASX and posted on the Company's website. Procedures are in place to determine where price sensitive information has been inadvertently disclosed, and if so, this information is released to the ASX.

RECOMMENDATION 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

This Section provides the information required under Principle 6. The Company's Shareholder Communication Guidelines and Policy, and Disclosure Policy are available from the Corporate Governance Section of its website and the Company will include the disclosure required by Recommendation 6.2 in its future Annual reports.

PRINCIPLE 7 — RECOGNISE AND MANAGE RISK**RECOMMENDATION 7.1:**

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

RECOMMENDATION 7.2:

The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

The Board has adopted a formal Audit and Risk Committee Charter that sets out the roles and responsibilities of the Board with respect to risk management including identifying, managing and monitoring material business risks. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management is responsible for ensuring that appropriate processes and controls are in place to effectively manage risk, and reporting to the Board on whether risks are being managed effectively. The Board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately.

RECOMMENDATION 7.3:

The board should discuss whether it has received assurance from the Chief Executive Officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently in all material respects in relation to financial reporting risks.

The integrity of the Company's financial reporting relies upon a sound system of risk management and control. Accordingly, the persons performing the functions of Managing Director and Chief Financial Officer (or equivalent) will be asked to confirm that any declaration they provide in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently in all respects in relation to financial reporting risks.

RECOMMENDATION 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7.

This Section provides the information required under Principle 7. The Company's Audit and Risk Committee Charter is available from the Corporate Governance section of its website and the Company will include the disclosure required by Recommendation 7.4 in its future Annual reports.

PRINCIPLE 8 — REMUNERATE FAIRLY AND RESPONSIBLY

RECOMMENDATION 8.1:

The board should establish a remuneration committee.

RECOMMENDATION 8.2:

The remuneration committee should be structured so that it:

- consists of a majority of independent directors
- is chaired by an independent chair
- has at least three members.

The Company does not comply with Recommendation 8.1. Given the current size and composition of the Board, and given the Company's stage of development, it has been decided that there are no efficiencies to be gained and it is not practicable to form a separate remuneration committee. The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to a remuneration committee.

The Board has adopted a formal Diversity, Nomination and Remuneration Committee Charter. The current Board members will, considering matters within the ambit of the Diversity, Nomination and Remuneration Committee Charter, be guided by and, to the extent practicable, act in accordance with that Charter.

RECOMMENDATION 8.3:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives. Remuneration for non-executive directors is fixed. The total remuneration for all non-executive directors is not to exceed \$300,000 per annum unless approved by Shareholders at the Company's

Annual General Meeting.

Neither the non-executive directors nor the executives of the Company receive any retirement benefits, other than superannuation. The Executive Managing Director is employed pursuant to an executive service agreement.

RECOMMENDATION 8.4:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

This Section provides the information required under Principle 8.

SECURITIES TRADING POLICY

The Board has adopted a formal Securities Trading Policy that complies with ASX Listing Rule 12.12. Under the Securities Trading Policy, Directors and certain key management personnel are prevented from trading in the Company's shares during the period of 14 days prior to the announcement of quarterly, half year and full year reports, and the day after each announcement.

This is a restriction over and above the requirement to not trade in the Company's securities when in possession of inside information which applies to all Directors, executives and employees of the Company. The Board may, in exceptional circumstances only, approve any member of key management personnel (or his or her associated parties) trading in the Company's securities during a restricted period. An exemption will not however be granted by the Board if it considers there is information that is not generally available, but if it were, would be likely to "materially affect" the price of the Company's securities.





**FOCUS
ON
TARGETED
DRILLING FOR
MAXIMUM VALUE**

AUDITOR'S INDEPENDENCE DECLARATION

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SECTION



Accountants | Business and Financial Advisers

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 2013, 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.

This declaration is in respect of Taruga Gold Limited and the entities it controlled during the year.

A handwritten signature in blue ink, appearing to read 'Norman G. Neill'.

Perth, Western Australia
27 September 2013

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  HLB International, a worldwide organisation of accounting firms and business advisers.

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Note	CONSOLIDATED	
		Year to 30 June 2013 \$	Period to 30 June 2012 \$
Revenue	2	(119,715)	(108,769)
Depreciation	3	34,483	8,462
Consultants		137,538	169,189
Professional fees		35,413	53,427
Travel and accommodation		80,815	32,200
Office and communication costs		93,851	60,416
Other expenses		95,702	74,374
		<u>358,087</u>	<u>289,299</u>
Exchange (loss)/gain		(33,532)	43,044
Loss before income tax		<u>324,555</u>	<u>332,343</u>
Income tax benefit		-	-
Net loss for the period		<u>324,555</u>	<u>332,343</u>
Other comprehensive income			-
Exchange gain/(loss) on translation of foreign subsidiaries		46,842	(45,932)
Total comprehensive loss for the period		<u><u>371,397</u></u>	<u><u>286,411</u></u>
Basic loss per share (cents per share)	20	0.38	0.44

STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

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SECTION

		CONSOLIDATED	
	Note	30 June 2013	30 June 2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	1,217,402	4,501,262
Trade and other receivables	6	<u>13,590</u>	<u>69,575</u>
Total Current Assets		<u>1,230,992</u>	<u>4,570,837</u>
NON CURRENT ASSETS			
Plant and equipment	7	103,556	138,039
Mineral exploration and evaluation	8	<u>8,265,401</u>	<u>5,738,108</u>
Total Non Current Assets		<u>8,368,957</u>	<u>5,876,147</u>
TOTAL ASSETS		<u>9,599,949</u>	<u>10,446,984</u>
CURRENT LIABILITIES			
Trade and other payables	9	393,224	851,117
Other current liabilities	9	<u>-</u>	<u>17,745</u>
Total Current Liabilities		<u>393,224</u>	<u>868,862</u>
TOTAL LIABILITIES		<u>393,224</u>	<u>868,862</u>
NET ASSETS		<u>9,206,725</u>	<u>9,578,122</u>
EQUITY			
Issued capital	11	9,215,589	9,215,589
Reserves	12	648,034	694,876
Accumulated losses	12	<u>(656,898)</u>	<u>(332,343)</u>
TOTAL EQUITY		<u>9,206,725</u>	<u>9,578,122</u>

These financial statements should be read in conjunction with the accompanying notes.

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STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

CONSOLIDATED ENTITY	Issued Capital \$	Options Reserve \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Total Equity \$
Period to 30 June 2012					
Issue of shares	10,374,450	-	-	-	10,374,450
Share issue expenses	(1,158,861)	-	-	-	(1,158,861)
Issue of options	-	648,944	-	-	648,944
Loss for the period	-	-	(332,343)	-	(332,343)
Exchange loss on translation of foreign subsidiaries	-	-	-	45,932	45,932
As at 30 June 2012	<u>9,215,589</u>	<u>648,944</u>	<u>(332,343)</u>	<u>45,932</u>	<u>9,578,122</u>
Year to 30 June 2013					
As at 1 July 2013	9,215,589	648,944	(332,343)	45,932	9,578,122
Loss for the period	-	-	(324,555)	-	(324,555)
Exchange loss on translation of foreign subsidiaries	-	-	-	(46,842)	(46,842)
As at 30 June 2013	<u>9,215,589</u>	<u>648,944</u>	<u>(656,898)</u>	<u>(910)</u>	<u>9,206,725</u>

STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

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SECTION

	CONSOLIDATED	
	Year to 30 June 2013	Period to 30 June 2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	(322,722)	(388,921)
Interest income received	176,090	52,394
	<u> </u>	<u> </u>
Net cash used in operating activities	16 (146,632)	(336,527)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(3,137,684)	(860,184)
Payment for plant and equipment	-	(146,501)
	<u> </u>	<u> </u>
Net cash used in investing activities	(3,137,684)	(1,006,685)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	6,624,450
Share issue transaction costs	-	(776,618)
	<u> </u>	<u> </u>
Net cash provided by financing activities	-	5,847,832
Net increase/(decrease) in cash held	(3,284,316)	4,504,620
Cash and cash equivalents at the beginning of the period	4,501,262	-
Effect of exchange rate fluctuations on cash held	456	(3,358)
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the period	<u>1,217,402</u>	<u>4,501,262</u>

These financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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.

Comparative figures shown are for the period from incorporation on 21 October 2011 to 30 June 2012.

REPORTING BASIS AND CONVENTIONS

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations and further develop their mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding can be derived from either one or a combination of the following:

- The placement of securities under the ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets.

Accordingly, the Directors believe the Company will obtain sufficient funding to enable it and the consolidated entity to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. While the Directors are confident of the Group's ability to raise additional capital, should the Group be unable to do so, there exists a material uncertainty that the Group will continue to be a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business.

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 27 September 2013.

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 2013, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2013. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to consolidated entity accounting policies.

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.

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.

(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.

No impairment has been recognised in respect of costs carried forward as exploration assets. The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

(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 Gecko Gold Niger, Gecko Gold CI and MGS Ghana is Australian Dollars.

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.

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

NOTE 2 – REVENUE

	2013 \$	2012 \$
Interest received	119,715	108,769
Total revenue	<u>119,715</u>	<u>108,769</u>

NOTE 3 – LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSES

	2013 \$	2012 \$
Expenses		
Depreciation of non-current assets		
Plant and Equipment	4,524	1,361
Office furniture and equipment	5,298	1,329
Motor vehicles	24,661	5,772
Total depreciation of non-current assets	<u>34,483</u>	<u>8,462</u>

NOTE 4 – INCOME TAX2013
\$2012
\$

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

Loss from ordinary activities	324,555	332,343
Prima facie income tax benefit at 30%	97,366	99,702
Tax effect of permanent differences		
Share Issue Costs amortised	69,532	69,532
Other non-deductible expenses	(1,072)	(614)
Income tax benefit adjusted for permanent differences	165,826	168,620
Deferred tax asset not brought to account	(165,826)	(168,620)
	-	-

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

Revenue Losses after permanent differences	334,446	168,620
Capital Raising Costs yet to be claimed	208,594	278,126
	543,040	446,746

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2013 as the Directors do not believe it is appropriate to regard the realisation of the asset as probable. This asset will only be obtained if:

- The Company and its controlled entity derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realised;
- The Company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and
- No changes in tax legislation adversely affect the Company and its controlled entity in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

Franking Credits

No franking credits are available at balance date for the subsequent financial year.

NOTE 5 – CASH AND CASH EQUIVALENTS2013
\$2012
\$

Cash at bank and on hand	1,217,402	4,501,262
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NOTE 6 – TRADE AND OTHER RECEIVABLES2013
\$2013
\$**Current**

Interest income accrued	-	56,375
GST receivable	9,679	13,200
Other receivables	3,911	-
	13,590	69,575

NOTE 7 – PLANT AND EQUIPMENT

	Motor Vehicles \$	Plant & Equipment \$	Fixtures & Fittings \$	Total \$
June 30 2012				
Cost				
Balance Brought Forward	-	-	-	-
Additions	104,494	19,470	22,537	146,501
Disposals	-	-	-	-
Balance Carried Forward	<u>104,494</u>	<u>19,470</u>	<u>22,537</u>	<u>146,501</u>
Accumulated Depreciation				
Balance Brought Forward	-	-	-	-
Charge	5,772	1,361	1,329	8,462
Disposals	-	-	-	-
Balance Carried Forward	<u>5,772</u>	<u>1,361</u>	<u>1,329</u>	<u>8,462</u>
Net Book Value June 30 2012	<u>98,722</u>	<u>18,109</u>	<u>21,208</u>	<u>138,039</u>
June 30 2013				
Cost				
Balance Brought Forward	104,494	19,470	22,537	146,501
Additions	-	-	-	-
Disposals	-	-	-	-
Balance Carried Forward	<u>104,494</u>	<u>19,470</u>	<u>22,537</u>	<u>146,501</u>
Accumulated Depreciation				
Balance Brought Forward	5,772	1,361	1,329	8,462
Charge	24,661	4,524	5,298	34,483
Disposals	-	-	-	-
Balance Carried Forward	<u>30,433</u>	<u>5,885</u>	<u>6,627</u>	<u>42,945</u>
Net Book Value June 30 2013	<u>74,061</u>	<u>13,585</u>	<u>15,910</u>	<u>103,556</u>

NOTE 8 – MINERAL EXPLORATION AND EVALUATION

	2013 \$	2012 \$
Opening balance	5,738,108	-
Acquisition costs	-	4,016,701
Expenditure during the year	2,527,293	1,721,407
Closing balance	<u>8,265,401</u>	<u>5,738,108</u>

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

NOTE 9 – TRADE AND OTHER PAYABLES

	2013 \$	2012 \$
Trade creditors	393,224	847,196
Other payables	-	3,921
Other accruals	-	17,745
	<u>393,224</u>	<u>868,862</u>

NOTE 10 – INTEREST BEARING LIABILITIES

Financing Agreements

No overdraft facilities have been formalised at 30 June 2013 (2012: Nil) and neither the Company nor its controlled entity have lines of credit at 30 June 2013 (2012: Nil).

NOTE 11 – ISSUED CAPITAL

	2013 \$	2012 \$
(a) Issued capital		
85,616,000 shares fully paid	9,215,589	9,215,589
(b) Movements in ordinary share capital of the Company were as follows:	Number	\$
Issued on Registration issued on 21 October 2011	12,500,000	1,250
Seed Capital issued 6 December 2011	5,000,000	500,000
Vendor capital issued 6 December 2011	37,500,000	3,750,000
IPO subscriptions issued 7 February 2012	30,616,000	6,123,200
Transaction costs	-	(1,158,861)
Closing balance at 30 June 2012	85,616,000	9,215,589
Opening balance at 30 June 2012	85,616,000	9,215,589
Closing balance at 30 June 2013	85,616,000	9,215,589
(c) Movements in options were as follows:	Number	\$
Vendor options issued 6 December 2011, as part consideration	10,000,000	266,701
Broker options issued 7 February 2012	5,000,000	382,243
Closing balance at 30 June 2012	15,000,000	648,944
Opening balance at 30 June 2012	15,000,000	648,944
Closing balance at 30 June 2013	15,000,000	648,944

Options are exercisable at \$0.20 on or before 31 January 2016.

(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.

NOTE 12 – RESERVES AND ACCUMULATED LOSSES

	2013 \$	2012 \$
Options Reserve	648,944	648,944
Foreign Currency Translation Reserve	(910)	45,932
	648,034	694,876
Accumulated Losses		
Balance at beginning of the year	332,343	-
Net loss from ordinary activities	324,555	332,343
Balance at end of the year	656,898	332,343
Options Reserve		
Balance at beginning of the year	648,944	-
Reserve arising on issue of options	-	648,944
Balance at end of the year	648,944	648,944
Foreign Currency Translation Reserve		
Balance at beginning of the year	(45,932)	-
Reserve arising on translation of foreign subsidiaries	46,842	(45,932)
Balance at end of the year	910	(45,932)

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 EXPENDITURE2013
\$2012
\$

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay in the year ending 30 June 2013 amounts of \$700,000 in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the financial report and are payable as follows :

Not later than one year	700,000	700,000
Later than 1 year but not later than 2 years	700,000	700,000
Later than 2 years but not later than 5 years	700,000	700,000
	<u>2,100,000</u>	<u>2,100,000</u>

NOTE 14 — INVESTMENT IN CONTROLLED ENTITIES

	Registered Number	Country of Incorporation	Interest Held	Value of investment \$
Parent				
Taruga Gold Limited	153 868 789	Australia		
Subsidiaries				
Gecko Gold Niger SARL	RCCM-NI-NIA-2010-B-2625	Niger	100%	1,316,675
MGS Ghana Limited	CA-80, 601	Ghana	100%	1,383,351
Gecko Gold CI SARL	RCCM-CI-ABJ-2010-B-1899	Côte d'Ivoire	100%	1,350,367

The value of investment in Gecko Gold CI SARL has risen from \$1,316,675 at 30 June 2012 due to an increase in issued capital required by changes to the law in Côte d'Ivoire. No other changes occurred from 30 June 2012.

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.

NOTE 16 — NOTES TO THE STATEMENT OF CASH FLOWS2013
\$2012
\$

Reconciliation of loss after income tax to net operating cash flows

Loss from ordinary activities	324,555	332,343
Depreciation	(34,483)	(8,462)
	<u>290,072</u>	<u>323,881</u>
Movement in assets and liabilities		
Receivables	(48,550)	52,301
Other current assets	(3,521)	13,200
Payables	(91,369)	(52,855)
Net cash used in operating activities	<u>146,632</u>	<u>336,527</u>
Non cash financing activities		
Shares issued for acquisition of subsidiaries	-	4,016,701

NOTE 17 — KEY MANAGEMENT PERSONNEL

(a) Directors

The names and positions of Directors in office at any time during the financial year are:

		In office from	In office to
Frank Terranova	Non-executive Chairman	3 September 2013	present
Bernard Aylward	Managing Director	21 October 2011	present
Peter Newcomb	Finance Director & Company Secretary	21 October 2011	present
Edmond Edwards	Non-executive Director	21 October 2011	3 September 2013

NOTE 17 – KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Remuneration Policies

Remuneration policies are disclosed in the Remuneration Report which is contained in the Directors' Report.

(c) 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.

The Directors are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business.

The total remuneration paid to directors is summarised below:

Period ended 30 June 2012		\$	\$	\$
Director	Associated Company	Fees	Consultancy	Total
Bernard Aylward	Matlock Geological Services Pty Ltd	-	180,000	180,000
Peter Newcomb	Symbios Pty Ltd	-	81,000	81,000
Edmond Edwards	Tied Nominees Pty Ltd	32,000	-	32,000
		<u>32,000</u>	<u>261,000</u>	<u>293,000</u>

Year ended 30 June 2013

Director	Associated Company	Fees	Consultancy	Total
Bernard Aylward	Matlock Geological Services Pty Ltd	-	270,000	270,000
Peter Newcomb	Symbios Pty Ltd	-	96,000	96,000
Edmond Edwards	Tied Nominees Pty Ltd	48,000	-	48,000
		<u>48,000</u>	<u>366,000</u>	<u>414,000</u>

(d) Shareholding

	Share Sale Agreement	Purchases	Balance 30 June 2012
Bernard Aylward	12,500,000	7,550,000	20,050,000
Peter Newcomb	-	140,000	140,000
Edmond Edwards	-	170,000	170,000
	<u>12,500,000</u>	<u>7,860,000</u>	<u>20,360,000</u>

	Balance 30 June 2012	Purchases	Balance 30 June 2013
Bernard Aylward	20,050,000	660,000	20,710,000
Peter Newcomb	140,000	-	140,000
Edmond Edwards	170,000	-	170,000
	<u>20,360,000</u>	<u>660,000</u>	<u>21,020,000</u>

(e) Aggregate amounts payable to Directors and their personally related entities.

	Consolidated Entity 2013 \$	Consolidated Entity 2012 \$
Accounts payable	<u>82,700</u>	<u>46,351</u>

(f) Optionholding

	Share Sale Agreement	Issues	Balance 30 June 2012
Bernard Aylward	5,000,000	-	5,000,000
Peter Newcomb	-	-	-
Edmond Edwards	-	-	-
	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>

	Balance 30 June 2012	Issues	Balance 30 June 2013
Bernard Aylward	5,000,000	-	5,000,000
Peter Newcomb	-	-	-
Edmond Edwards	-	-	-
	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>

NOTE 18 — RELATED PARTY INFORMATION

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.

During the period Athena Resources Limited an entity associated with Edmond Edwards charged the Company \$36,000 for office support.

NOTE 19 — REMUNERATION OF AUDITORS

	2013 \$	2012 \$
Auditing and reviewing of the financial statements of Taruga Gold Limited and of its controlled entities.	21,900	6,000
Investigating accountant's report for the initial public offering	-	7,000
	<u>21,900</u>	<u>13,000</u>

NOTE 20 — LOSS PER SHARE

	2013 \$	2012 \$
The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:		
Earnings	<u>324,555</u>	<u>332,343</u>
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	<u>85,616,000</u>	<u>64,698,435</u>

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

NOTE 21 — FINANCIAL INSTRUMENTS**(a) 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:

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2013	2012	2013	2012
Financial Assets				
Cash at Bank	5.83%	5.50%	1,157,822	4,439,270
Total Financial Assets			<u>1,157,822</u>	<u>4,439,270</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.

NOTE 21 – FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June 2013 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:

	2013 \$	2012 \$
Change in Loss		
• Increase in interest by 2%	(41,071)	(40,996)
• Decrease in interest by 2%	41,071	40,996
Change in Equity		
• Increase in interest by 2%	41,071	40,996
• Decrease in interest by 2%	(41,071)	(40,996)

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	Liabilities		Assets	
	2013 \$	2012 \$	2013 \$	2012 \$
US Dollars	245,490	9,300	628,423	6,849
Euros	-	-	228,711	-
West Africa CFA	-	50,598	-	125,595
Ghanaian Cedi	-	6,189	12,690	4,665

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 22 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Subsequent to the end of the reporting period, in July 2013, Taruga entered an agreement with Pelamis Investments Limited ("Pelamis"), to acquire a series of West African gold projects consisting of six options to acquire gold projects in Mali (Nangalasso and Diendio projects) and six permit applications in Côte d'Ivoire.

Taruga will acquire all the shares in the ultimate holding company, International Goldfields (Bermuda) Limited, that is the owner of the projects via wholly-owned subsidiary companies registered in Mali and Côte d'Ivoire. As part of the agreement Taruga will reimburse A\$123,277 spent on recent exploration, option payments and government fees.

The consideration for the acquisition is 12,500,000 fully-paid ordinary shares in Taruga, with a deemed price of 1.6 cents per share representing a value of A\$200,000 for the highly prospective landholding. The acquisition of the ground will be completed by the issuing of shares under the Company's 15% capacity.

NOTE 22 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR (CONTINUED)

A Net Smelter Return (NSR) royalty of 2% is applicable on all concessions within this agreement payable by International Goldfields (Bermuda) Limited. In addition, the Mali option agreements grant a NSR royalty varying between 2% and 3% (dependent on the concession) if the Company elects to complete the purchase.

At the same time as the Mali and Côte d'Ivoire project acquisition, Taruga announced plans to undertake a capital raising. It aimed to raise up to A\$1 million to fund continued exploration on Taruga's extensive West African portfolio. As part of the acquisition agreement, Pelamis will procure subscribers for A\$500,000 of the placement.

The placement is priced at 1.6 cents a share and is subject to shareholder approval at a General Meeting of the Company to be held on the 1st October 2013.

On 3 September Mr Frank Terranova was appointed non-executive Chairman and Mr Bernard Aylward became Managing Director (formerly Executive Chairman and Managing Director). Non-executive Director Edmond Edwards resigned from the Board on the same day.

NOTE 23 - PARENT ENTITY DISCLOSURES

	2013 \$	2012 \$
Financial Position		
CURRENT ASSETS		
Cash and cash equivalents	1,157,822	4,439,270
Trade and other receivables	10,733	69,575
Total Current Assets	<u>1,168,555</u>	<u>4,508,845</u>
NON CURRENT ASSETS		
Investment in subsidiaries	4,050,393	4,016,701
Loans to subsidiaries less impairment	4,164,833	1,120,499
Total Non Current assets	8,215,226	5,137,200
TOTAL ASSETS	<u>9,383,781</u>	<u>9,646,045</u>
CURRENT LIABILITIES		
Trade and other payables	177,056	67,923
Total Current Liabilities	<u>177,056</u>	<u>67,923</u>
TOTAL LIABILITIES	177,056	67,923
NET ASSETS	<u>9,206,725</u>	<u>9,578,122</u>
EQUITY		
Issued capital	9,215,589	9,215,589
Reserves	648,944	648,944
Accumulated losses	(657,808)	(286,411)
TOTAL EQUITY	<u>9,206,725</u>	<u>9,578,122</u>
Financial Performance		
Loss for the year	238,037	208,415
Impairment of loans to subsidiaries	133,360	77,996
Total comprehensive loss	<u>371,397</u>	<u>286,411</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.

DIRECTORS'
DECLARATION

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

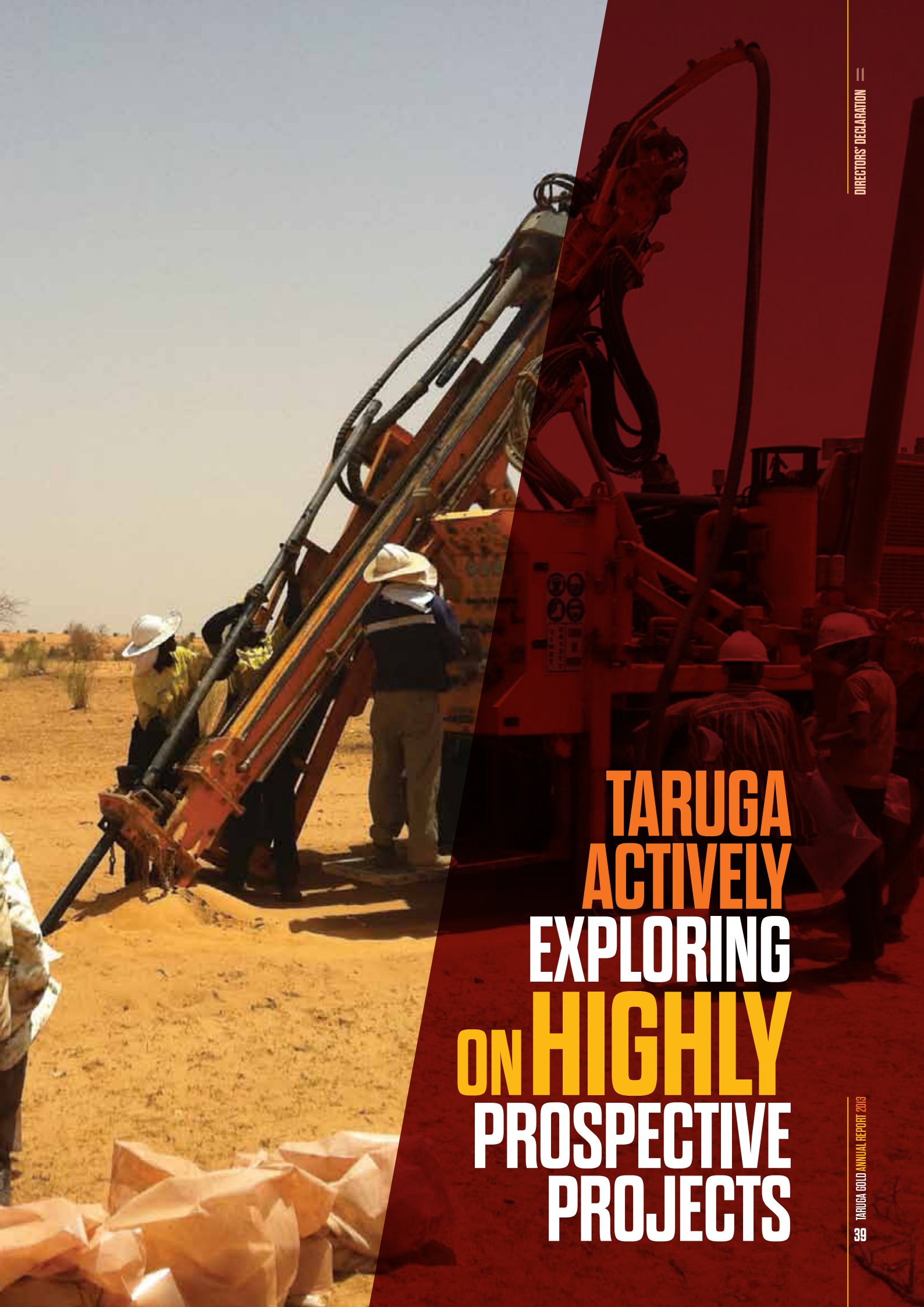
- 1) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 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 2013.

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.



Bernard Aylward
Managing Director
Dated Perth 27 September 2013





**TARUGA
ACTIVELY
EXPLORING
ON HIGHLY
PROSPECTIVE
PROJECTS**

INDEPENDENT AUDITOR'S REVIEW REPORT

For the year ended 30 June 2013



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Taruga Gold Limited

Report on the Financial Report

We have audited the accompanying financial report of Taruga Gold Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2013, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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Email: hlb@hlbwa.com.au. Website: <http://www.hlb.com.au>
Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a worldwide organisation of accounting firms and business advisers.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Taruga Gold Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(e) in the financial report, which indicates that the company will need to seek additional funding in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing these financial statements. Should these equity raisings or other sources of funding be unable to be completed, there is a material uncertainty that may cast significant doubt as to whether the company will be able to realise its assets and extinguish its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. 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.

Auditor's opinion

In our opinion the remuneration report of Taruga Gold Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
27 September 2013



N G Neill
Partner

SHAREHOLDER
DETAILSFor the year
ended
30 June 2013

ANALYSIS OF SHAREHOLDING AS AT 25 SEPTEMBER 2013

	Shares	Shareholders
1 - 1,000	38	4
1,001 - 5,000	19,625	5
5,001 - 10,000	1,446,790	146
10,001 - 100,000	9,144,457	187
100,001 - or more	87,505,090	81
Total on Issue	<u>98,116,000</u>	<u>423</u>

VOTING RIGHTS

Article 16 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have :

- a) for every fully paid share held by him one vote
- b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares

SUBSTANTIAL SHAREHOLDERS

The following substantial shareholders have notified the Company in accordance with Corporations Act 2001.

	Shares	%
Bernard Aylward	20,710,000	21.11
Redstar Resources Limited	20,000,000	20.38

DIRECTORS' SHAREHOLDING

The interest of each director in the share capital of the Company is detailed at Note 17.

TOP TWENTY SHAREHOLDERS

Name	Shares	%	Rank
Redstar Resources Limited	20,000,000	20.38%	1
Matlock Geological Services Pty Ltd	12,510,000	12.75%	2
Mr Bernard Aylward <The Galbraith Family A/C>	7,510,000	7.65%	3
JP Morgan Nominees Australia Limited <Cash Income A/C>	3,808,333	3.88%	4
6466 Investments Pty Ltd	3,733,334	3.81%	5
Ascent Capital Holdings Pty Ltd	3,733,333	3.81%	6
Berringer Limited	3,125,000	3.19%	7
JP Morgan Nominees Australia Limited	2,450,000	2.50%	8
Mr Alexandre Atcho Ake	1,250,000	1.27%	9
Barrijag Pty Ltd <The Hadley Super Fund A/C>	1,250,000	1.27%	10
Ms Fiona Lee Dixon Fowler	1,250,000	1.27%	11
Mr Michael John Fowler + Ms Fiona Lee Dixon Fowler <MJ & FLD Fowler Family A/C>	1,250,000	1.27%	12
Ms Vanessa Shaw King	1,250,000	1.27%	13
Woolsthorpe Investments Limited	1,250,000	1.27%	14
Mr Dennis Allen Thomas	1,022,990	1.04%	15
Mr Reuben Amoako-Atta	1,000,000	1.02%	16
Zarzal Pty Ltd <D T & W M Johns Family A/C>	872,500	0.89%	17
Mr David Michael Harper	700,000	0.71%	18
Mr Bernard Michael Aylward <The Galbraith Family A/C>	680,000	0.69%	19
Willstreet Pty Ltd	640,000	0.65%	20
	69,285,490	70.59%	

UNLISTED OPTIONHOLDERS

Matlock Geological Services Pty Ltd	5,000,000	33.33%	1
Blackwood Capital	5,000,000	33.33%	1
Redstar Resources Limited	4,000,000	26.67%	3
Berringer Limited	375,000	2.50%	4
Berringer Limited	250,000	1.67%	5
Mr Alexandre Ake Atcho	250,000	1.67%	5
Mr Ousman Sidien	125,000	0.83%	7
	15,000,000	100.00%	

INTEREST IN
EXPLORATION LEASES

As at
30 June 2013

Country	Project name	Area	
Niger	Kossa	970km ²	Granted licence
Ghana	Ducie	1,126km ²	Granted licenses
Côte d'Ivoire	Tortiya	870km ²	Application for exploration licences
Core d'Ivoire	Mangkono	1,000km ²	Application for exploration licences





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