TERMS OF BLACKWOOD OPTIONS

5,000,000 Blackwood Options have been issued (2,500,000 to Francis Harper and 2,500,000 to Stuart Richardson, each nominees of Blackwood Capital Limited, the Lead Manager under Taruga Gold Limited's prospectus dated 12 December 2011 (as amended by its supplementary prospectus dated 20 December 2011)) on the following terms and conditions:

1. Each Blackwood Option will entitle the holder to subscribe for one share in Taruga Gold Limited ("**Taruga"**) at an exercise price of $0.20 each.

2. The Blackwood Options are exercisable at any time on or before the date which is the fourth anniversary of the admission of Taruga to the official list of the Australian Securities Exchange ("**ASX"**) wholly or in part by delivering a duly completed form of notice of exercise to Taruga, accompanied by payment of the exercise moneys.

3. All shares in Taruga allotted on exercise of the Blackwood Options will rank equally in all respects with the Taruga's then existing Shares.

4. The Blackwood Options are only transferable with the consent of the board of directors of Taruga.

5. Application will be made to ASX for official quotation by ASX of all shares in Taruga allotted pursuant to the exercise of Blackwood Options not later than 10 business days after the date of allotment.

6. Holders of Blackwood Options may only participate in new issues of securities by Taruga to holders of shares in Taruga if a Blackwood Option has been exercised and Taruga shares allotted in respect of the Blackwood Option before the record date for determining entitlements to the issue. Taruga must give at least 6 business days notice to holders of any Blackwood Options before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.

7. There will be no change to the exercise price of a Blackwood Option or the number of Taruga shares over which a Blackwood Option is exercisable in the event of Taruga making a pro rata issue of shares or other securities to the holders of Taruga shares (other than for a bonus issue).

8. If there is a bonus issue ("**Bonus Issue"**) to the holders of Taruga Shares, the number of shares over which a Blackwood Option is exercisable will be increased by the number of Taruga shares which the holder would have received if the Blackwood Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by Taruga out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Taruga shares of that class at the date of issue of the Bonus Shares.

9. If, prior to the expiry of any Blackwood Options, there is a reorganisation of the issued capital of Taruga, the Blackwood Options shall be reorganised in the manner set out in the ASX Listing Rules, or if the ASX Listing Rules do not apply, as determined by the board of directors of Taruga.