

ASX RELEASE

24 May 2017

ACQUISITION OF COPPER-COBALT PROJECT IN THE DEMOCRATIC REPUBLIC OF CONGO

- **Taruga to acquire, subject to due diligence, up to a 75% interest in PEPM 4019 in the Kolwezi Mining District in the south-east of the Democratic Republic of Congo (Project).**
- **The Project covers 7.5 square kilometres and preliminary work has identified coincident Copper-Cobalt geochemical anomalies from a systematic soil sampling programme on the Project.**
- **Consideration payable of 12 million shares and US\$30,000 and the appointment of Medidoc and its consultants (Vendor) as the strategic consultant for the Company for 12 months for the review, assessment and acquisition of further copper-cobalt projects in the DRC.**

Taruga Gold Limited (TAR, Taruga or the Company) is pleased to announce the acquisition, subject to completion of due diligence, of up to a 75% interest in the Project. The Project is considered prospective for copper and cobalt.

PEPM 4019 Technical Summary

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

Locally, the project consists predominantly of carbonaceous shales and siltstones from the Kundulungu Group which have been transgressed by west-east trending Roan breccias. The project is divided by a north-west trending river system which potentially follows an underlying fault zone.

Work to date has been limited to systematic soil sampling on a 50m x 50m grid by the current licence holder, La Société Geoscience Congo Services (GCS) where a number of highly significant copper (up to 4,970ppm Cu) and cobalt (up to 1,985ppm Co) anomalies were defined as shown in Figures 2 and 3. A total of 2,319 samples

were collected in 1m deep pits and screened through a -80 mesh sieve. Samples were then analysed using a Niton XRF analyser. QAQC was limited to repeat and blank samples. No certified reference materials (CRM's) were analysed.

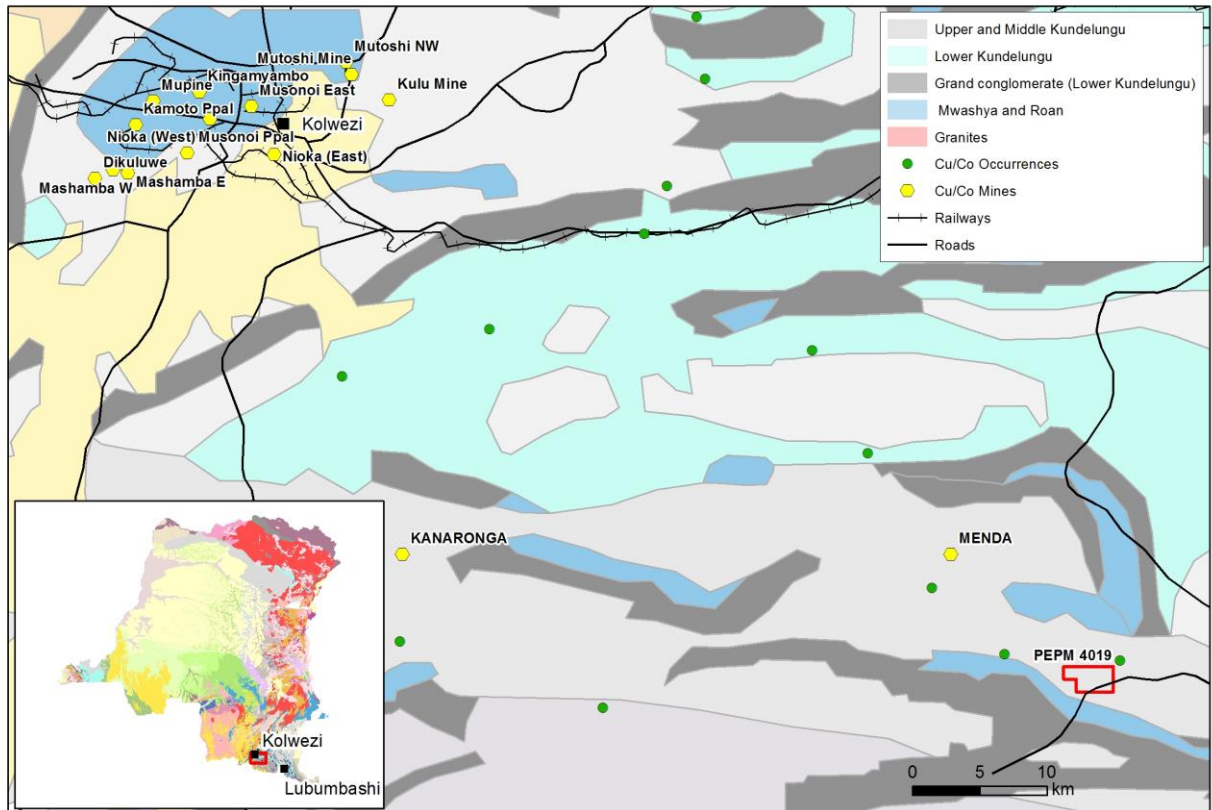


Figure 1: Location of PEPM4019 on the regional geology showing current Cu-Co mining operations in the Kolwezi mining district.

As part of the ongoing due diligence, the Company will conduct a short soil sampling programme on selected grid lines used previously to verify the strong copper and cobalt anomalism identified by GCS. All samples will be sent to a reputable laboratory in Johannesburg for multiple element analysis as a further check against Niton XRF results reported by GCS.

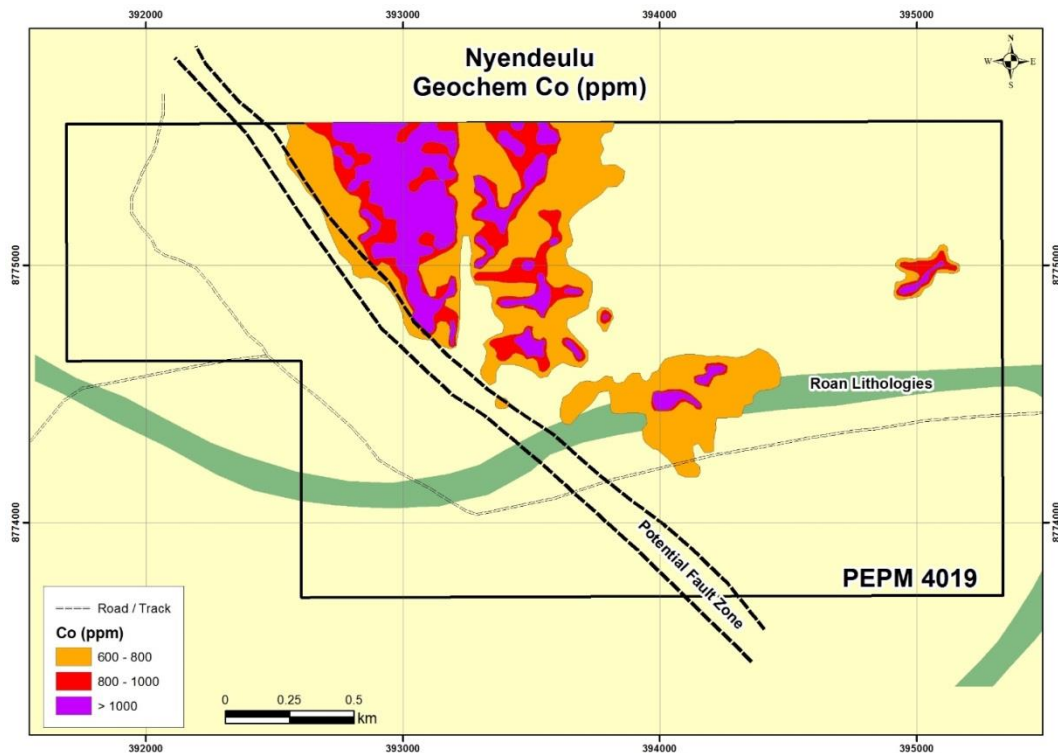


Figure 2: Cobalt in soil anomaly on the regional geology comprised mostly of Kundulungu sediments which have been cross-cut by Roan breccias.

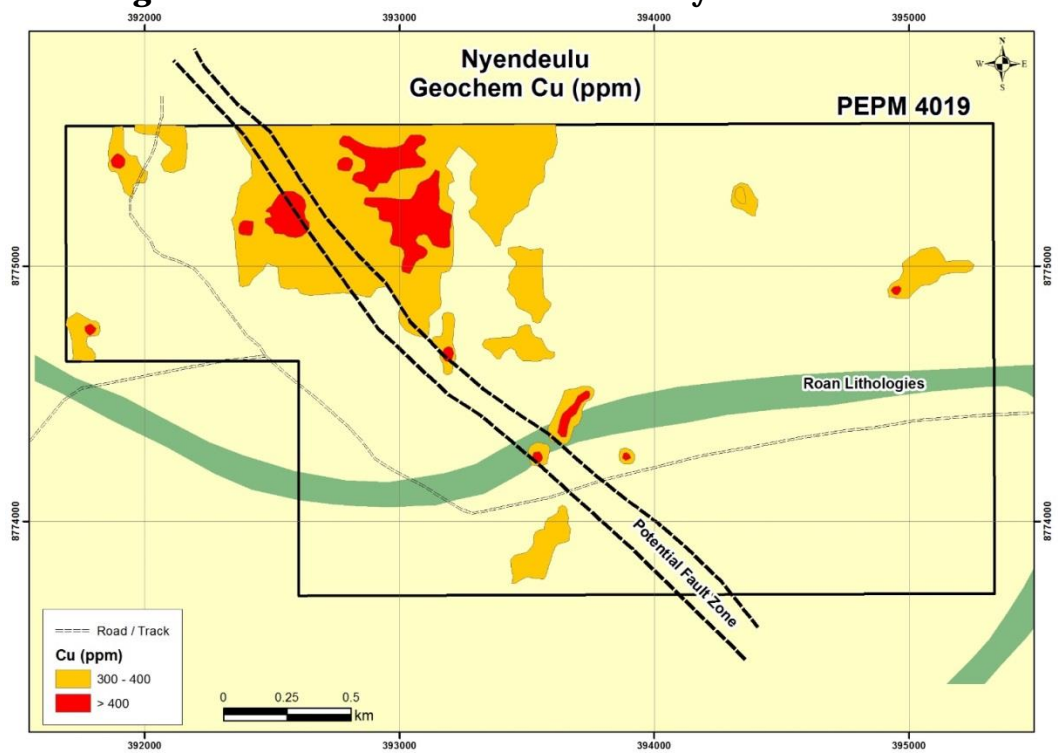


Figure 3: Copper in soil anomaly on the regional geology comprised mostly of Kundulungu sediments which have been cross-cut by Roan breccias.

Acquisition Agreement

The principal terms of the agreement for TAR to acquire up to a 75% interest in the Project from Medidoc FZE (**Medidoc**) are as follows:

1. TAR to issue to Medidoc or its nominees 12,000,000 fully paid ordinary shares in the Company and pay Medidoc US\$30,000 in cash as a reimbursement for direct expenses.
2. Medidoc, Klaus Eckhof and Mark Gasson to act as TAR's strategic consultant to identify Copper and Cobalt opportunities in the DRC for a period of 12 months.
3. Medidoc, under the Acquisition Agreement, assigns all of its rights and interests in the memorandum of understanding with GCS who owns the legal and beneficial interest in 100% of the Project.
4. The Company has received warranties that are generally expected in a transaction of this nature.
5. Agreement is subject to TAR completing a due diligence review to its satisfaction within 60 days, or such period as extended by the parties.

Medidoc is not a related party of TAR.

Competent person's statement

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



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JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<p>Sampling completed is geochemical sampling</p> <p>Samples were collected from a 1m pit, screened through a -80mesh sieve and analysed by a Niton XRF analyser.</p> <p>A total of 2,319 samples were analysed, with duplicate and blank samples for QAQC</p> <p>Sample locations were located using a GPS, and sampling has been completed on a 50m x 50m grid covering the majority of the permit area except for river areas.</p>
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	No drilling completed
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results asses Measures taken to maximise sample recovery and ensure representative nature of the samples. 	No drilling completed



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<p>Samples are geochemical samples. Information pertaining to the geology, sample grain size, degree of weathering and local topographical conditions were recorded.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<p>No sub-sampling.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks,</i> 	<p>Samples were collected from pits excavated by hand to 1m depth</p> <p>Samples were screened through a -80 mesh sieve and analysed by a Niton XRF analyser.</p> <p>QAQC samples consist of duplicate samples and blanks samples.</p> <p>Analysis of the duplicate samples indicates good correlation and is acceptable for this stage and style of exploration</p>



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Criteria	JORC Code explanation	Commentary
	<i>duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	Due Diligence geochemical sampling will be undertaken with samples sent to a commercial laboratory for preparation and analysis. A series of QAQC samples will also be included in the Due Diligence process.
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<p>The data is geochemical sampling. No verification has been undertaken at this stage.</p> <p>The data is maintained in an electronic format containing assay and logging information.</p> <p>No adjustment to the assay data has occurred</p>
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	Geochemical sample points were located by GPS.
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	Geochemical sampling has been completed on a nominal 50m x 50m grid. Samples were collected at all sites where access permitted. No samples were collected in areas of active river drainage.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	Samples were collected in a regular grid covering the entire permit and did not attempt orientation relative to geology.
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<p>The data reviewed has been collected by the current permit holder, La Societe Geoscience Congo Services (GCS).</p> <p>Samples were collected by employees of GCS</p>



Criteria	JORC Code explanation	Commentary
		Samples were analysed on site by Niton XRF by employees of GCS
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	No audits completed

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<p>This announcement relates to an agreement to acquire a 75% interest in PEPM4019, located in the Democratic of Congo (DRC). The permit covers an area of 7.5km²</p> <p>PEPM 4019 (Permis d'Exploitation de Petite Mine) is 100% owned by La Societe Geoscience Congo Services (GCS), a company registered and operating in the DRC.</p> <p>The validity of the title has been reviewed on Government databases, however will be legally reviewed as part of the Due Diligence process.</p> <p>The licence is currently in good standing, with a renewal due in October 2017. There is no known impediment for the renewal process.</p> <p>The agreement is subject to a period of Due Diligence. The agreement is between Taruga Gold Limited and Medidoc FZE (Medidoc).</p> <p>Subject to the agreement, Medidoc will assign all of its rights in the Memorandum of Understanding between Medidoc and GCS that detail the terms to acquire a 75% interest in the permit PEPM4019.</p>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<p>All exploration completed on the permit has been undertaken by employees of GCS.</p> <p>Exploration consists of geochemical sampling.</p> <p>No other exploration is known to have been completed within the permit area.</p>



Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<p>PEPM4019 is located within the Central African Copper Belt. The Copper Belt extends over an area of 700km x 400km, from southeastern DRC into Zambia.</p> <p>Mineralisation style is sediment hosted Copper-Cobalt mineralisation.</p> <p>Previous geological exploration within the Copper belt targeted the lower sedimentary sequences (known as the “Mines Group”), however recent work has highlighted mineralisation in the overlying Mwashya and Nguba groups. Significant discoveries include the Kamoia deposit (Ivanhoe Mines) where mineralisation is hosted in the “Grand Conglomerate Formation” at the base of Nguba group (also referred to as the Lower Kundulungu).</p> <p>Locally the geology within the permit area consists of carbonaceous shales and siltstones of the Kundulungu group, with areas of west-east trending Roan breccias. A fault zone is interpreted in a north-west orientation.</p>
Drill hole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	No drilling completed
Data aggregation	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> 	No data aggregation



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<i>methods</i>	<ul style="list-style-type: none"> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	Samples are geochemical samples. No assumption is made as to the surface geochemical anomalies and underlying geology or potential mineralisation
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	ASX announcement contains relevant diagrams to indicate location and exploration information
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	This ASX announcement provides a summary of all known exploration activity completed within the permit area. No information has been excluded
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	No other relevant data
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions,</i> 	This announcement relates to the potential acquisition of a Copper-Cobalt project. The historic exploration consists of geochemical sampling covering the entire permit, and has defined anomalous zones.



Criteria	JORC Code explanation	Commentary
	<p><i>including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>The immediate future work is a process of Due Diligence geochemical sampling with samples dispatched to a commercial laboratory for analysis and verification of the surface anomalies.</p> <p>Following completion of Due Diligence, a further program of exploration may consist of surface trenching to expose the geology of the anomalous zones, a programme of drilling to target the geochemical anomalies and geophysical techniques will be investigated to determine potential geophysical surveys for the permit.</p>