

ASX ANNOUNCEMENT

31 January 2014



TARUGA GOLD

QUARTERLY REPORT – DECEMBER 2013 TARUGA GOLD LIMITED

- **Mali project acquired from Newmont adding to strategic position.**
- **Substantial fieldwork confirms Nangalasso potential**

Perth-based explorer Taruga Gold Limited (ASX: TAR, “Taruga” or “the Company”) acquired a new project in Mali, West Africa during the December 2013 Quarter. The Company also commenced exploration at the Nangalasso project in Mali, with impressive first results received from trenching programs in January 2014.

Managing Director Bernard Aylward stated “despite challenging market conditions, TAR remains committed to a program of progressing its asset base in an efficient and timely manner”.

Highlights

- **Field exploration at highly prospective Nangalasso Project, Mali**
 - **Trench sample of 7m at 4.3g/t gold received** – gold mineralisation hosted in quartz veining and alteration located 200m north of anomalous drilling (1m at 7.8g/t gold in drill hole NAAC014*)
 - **Assays up to 2.9g/t gold from surface** – vertical sampling has highlighted gold mineralisation
 - **Mineralisation open along strike** – trench extends anomalous gold mineralisation to the north
 - **Aircore drilling to commence in March quarter** to test trench anomalous and priority targets at Nangalasso
- **Acquisition of highly prospective SLAM project in southern Mali from Newmont Ventures Ltd**
 - Extensive geochemical anomalies up to **6.4g/t gold** with numerous **+1g/t gold** samples defining high-priority anomalous zones
 - **SLAM project is more than 350km²** and consists of option agreements granting access over four granted concessions within 100km of Mali’s capital city Bamako
 - Project area located in **highly prospective margin of Siguiiri Basin** – host to major gold deposits such as Siguiiri (AngloGold Ashanti – 5.2Moz gold), Lefa (NordGold – 7.8Moz gold) and Tri-K (Avocet – 4Moz gold)
 - **Artisanal mining** has highlighted the area’s prospective geology and gold-mineralised structures

Corporate

- Shareholders pass all resolutions considered at 2013 Annual General Meeting
- Cash at end of December quarter - \$1M

Nangalasso Project, Mali

Taruga commenced field exploration at its Nangalasso Project in Mali, West Africa in November. The Company acquired Nangalasso as part of its major ground position in Cote d'Ivoire and Mali in July 2013.

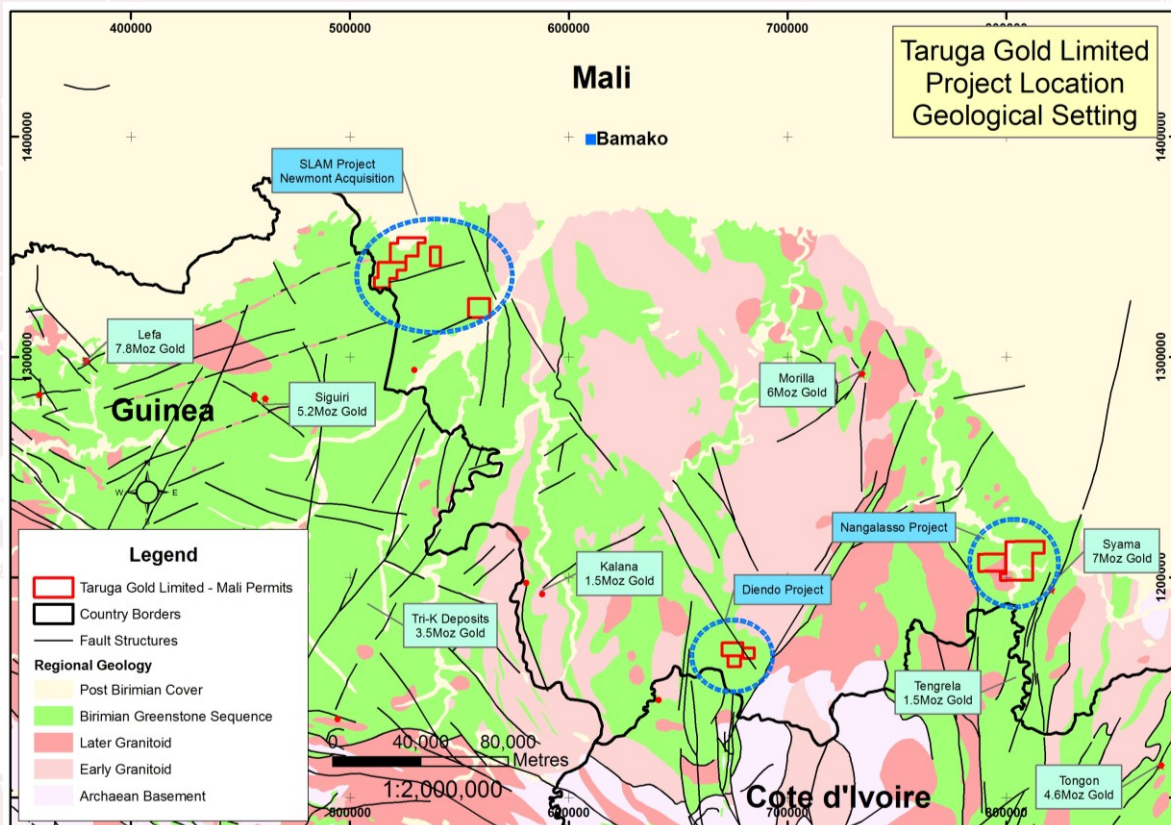


Figure 1: Mali Project locations – Birimian geological sequence highlighted, with location of Taruga projects and known gold mineralisation. Nangalasso Project located in southern Mali

The Nangalasso Project consists of two options over granted concessions (Nangalasso and Sotian concessions) extending over an area of 345km². The option agreements grant the Company exclusive access to the ground for exploration and also grant the right to purchase 100% of the concessions for an agreed amount (refer ASX announcement 5/8/2013).

Taruga commenced exploration on the Nangalasso project to follow-up the gold mineralised intersections returned from wide-spaced reconnaissance drilling and extensive surface geochemical anomalism. The program consisted of field reconnaissance, trenching, mapping and geochemical sampling of the project to prepare for a drilling campaign that is scheduled to commence in the March quarter 2014.

The trenching program was designed to provide improved geological understanding of the target areas. As reported on 14 January 2014, the initial trench, NNTR002, was completed 200m north of the gold mineralised drill intersection of **1m at 7.8g/t gold** in drill hole NAAC014* (Figure 1). Geological sampling of the trench returned significant

gold mineralisation up to **7m at 4.32g/t gold** hosted in quartz veining and altered sediments, as well as additional samples up to 2.79g/t gold (see Table 1, Figure 3 – ASX announcement 14/01/2014).

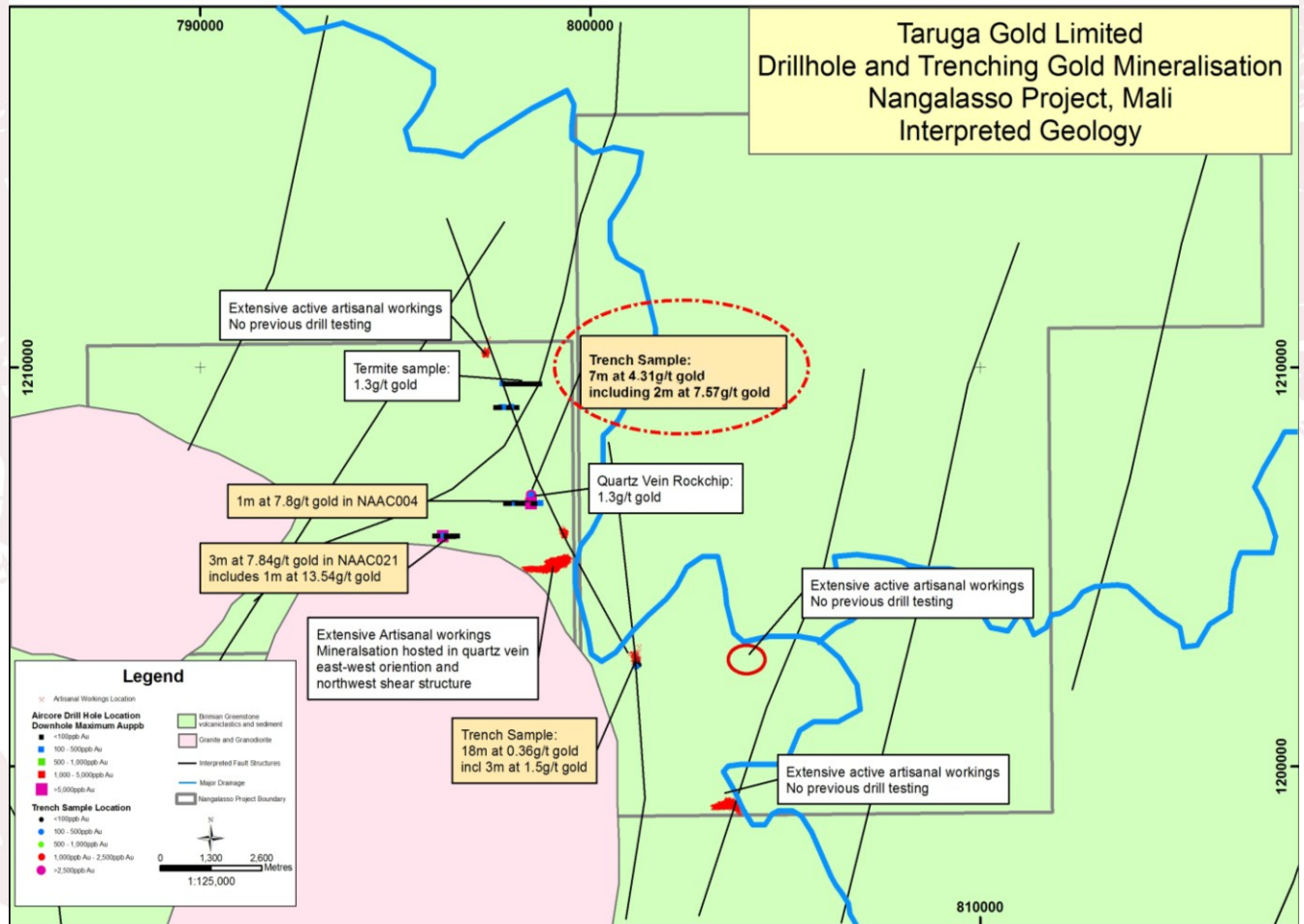


Figure 3: Nangalasso Project – Overview plan of geology and completed exploration. Note the location of trench samples and extensive artisanal workings associated with interpreted geological structures.

Geological mapping of this trench has highlighted a wide zone of conjugate quartz veining and strong alteration in sediments in close proximity to the granite contact. This site represents a highly prospective zone for mineralisation where the anastomosing structure plays from the granite intrusive creating a structural pressure shadow area in ductile sedimentary units.

Proposed exploration for Nangalasso

- Aircore drilling to follow up previous high-grade gold intersections and undertake a first pass test of the extensive artisanal workings.
- Trench sampling to delineate zones of quartz veining and alteration to target drill holes – IN PROGRESS
- Geochemical sampling of extensions to the gold mineralised trends and add definition to anomalous areas where sampling is on a wide reconnaissance spacing – IN PROGRESS
- Geological mapping and reconnaissance to target the structural controls and extensions of defined gold mineralised zones and advance prospects for future drill testing – IN PROGRESS

SLAM Project, Mali

Taruga announced the acquisition of the highly-prospective SLAM Project located in southern Mali during the quarter. Taruga has acquired 100% of the project from Newmont Ventures Limited (“Newmont”), which had completed initial geochemical sampling that defined highly anomalous zones for first-pass drill testing.

Project highlights –

- Extensive geochemical anomalies up to **6.4g/t gold** with numerous **+1g/t gold** samples defining high-priority anomalous zones
- **Artisanal mining** in the area highlights prospective geology and gold mineralised structures
- **SLAM project is more than 350km²** and consists of option agreements granting access over four granted concessions within 100kms of Bamako, the capital city of Mali
- Project area located in **highly prospective margin of Siguiri Basin** – the host to major gold deposits including Siguiri (AngloGoldAshanti – 5.2Moz gold), Lefa (NordGold – 7.8Moz gold) and Tri-K (Avocet – 4Moz gold).

The SLAM project consists of four granted concessions – Djelibani, Djelibani Sud (forming a contiguous landholding of 230km²), Balala and Kambali (Figure 3). The concessions are held as Option agreements with local landholders – the agreements grant Taruga exclusive access for all exploration activities upon payment of an annual option fee, and also grant the right for Taruga to purchase 100% of the concession for an agreed amount.

The project is about 100km southwest of Bamako, the capital city of Mali, and located within the Siguiri Basin – a geological terrain that hosts major gold deposits at Anglo Gold’s Siguiri (5.2Moz) and Nordgold’s Lefa (7.8Moz). The acquisition has increased Taruga’s southern Mali landholding to more than 830km².

Newmont completed extensive regional surface geochemistry by on the project. The surface geochemistry has highlighted numerous high-priority anomalous zones within

the Djelibani and Djelibani Sud concessions, with surface anomalism returning up to **6.4g/t gold**. Newmont also compiled a significant baseline dataset that includes detailed aeromagnetics, satellite imagery and geological interpretation. As part of the acquisition, Taruga will receive the full geological package, including all available GIS information, geophysical data and images, geochemical data and geological information.

Acquisition terms include:

- Taruga to assume responsibility for Option Agreements
- Newmont has first right of refusal on sale or transfer to third party
- Newmont has claw-back agreement upon completion of 7,500m of RC and diamond drilling and 7,500m of aircore drilling. Clawback to maximum 51% by completing three times level of Taruga expenditure
- 1% Net Smelter Royalty on any discovery exceeding 1Moz gold in Measured and Indicated Pit Constrained JORC compliant resource

Taruga has commenced field reconnaissance and mapping. Taruga intends to undertake reconnaissance drilling to test the surface anomalous zones following a program of check sampling and infill definition. The key anomalies identified for initial exploration are located within the Djelibani and Djelibani Sud concessions (Figure 3).

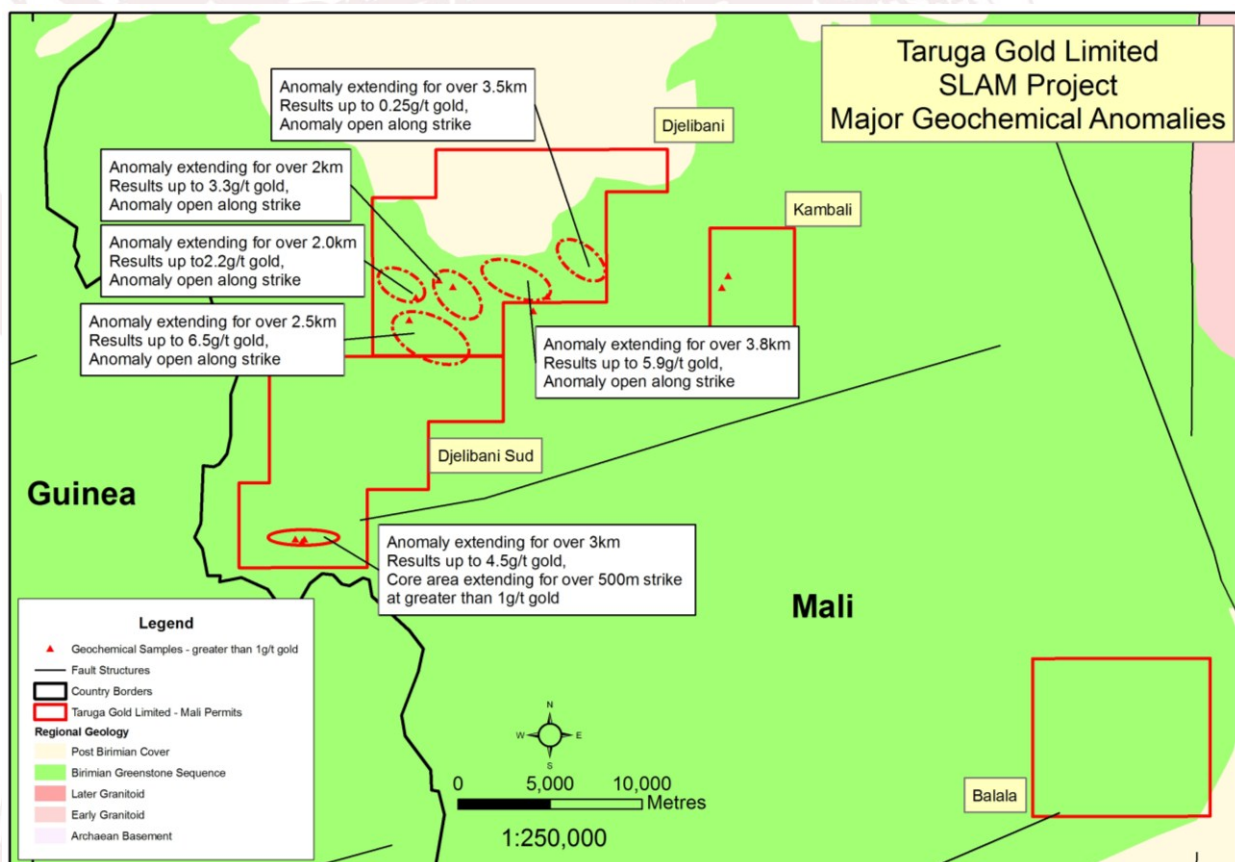


Figure 3: Taruga Gold – SLAM Project concessions and location of major geochemical anomalies. Note highlight of numerous +1g/t gold geochemical anomalies

Corporate

2013 Annual General Meeting

Taruga held its 2013 Annual General Meeting in Perth on 28 November 2013.

Shareholders considered the following options:

1. Adoption of Remuneration Report
2. Re-election of Director – Mr Peter Newcomb
3. Re-election of Director – Mr Frank Terranova
4. Approval of 10% Placement Facility
5. Issue of Incentive Options to Director – Mr Frank Terranova
6. Issue of Incentive Options to Director – Mr Peter Newcomb

All motions were passed.

At the end of the December 2013 quarter, Taruga had cash at hand of \$1.0M

For further information see the Company's website www.tarugagold.com.au or contact:

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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 and fairly represents the available data. Mr Aylward is the 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Aylward consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

About Taruga Gold

Taruga Gold Limited listed on the ASX on 7 February 2012 with a portfolio of exciting exploration projects in West Africa containing more than 3,960km² of Birimian greenstone geology located in Niger, Ghana and Côte d'Ivoire. The West African region is one of the world's best gold districts and has had significant rates of discovery and development of new gold mines over recent decades.

Taruga's projects have been carefully selected by the Company and focus on the highly prospective Birimian sequence in Niger, Mali and Cote d'Ivoire.

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 lies approximately 15km east of the Essakane Gold Mine, located in Burkina Faso. The Essakane Gold Mine is operated by IAMGold of Canada and produces approximately 350,000oz gold per annum.

The Mangkono concession in Côte d'Ivoire covers 400km² of Birimian greenstone. It is located in central Côte d'Ivoire, approximately 410km by road from Abidjan, the major city of Côte d'Ivoire and consists of one granted concession, with good access to the project area and a network of tracks and paths throughout the concession. The Tortiya project and six licences in Côte d'Ivoire remain under application.

The Nangalasso Project is located in southern Mali, 30km from the 7Moz Syama gold mine, and is in a similar geological setting to Randgold's Morila and Perseus' Tengrela gold deposits. The project consists of two options over granted concessions (Nangalasso and Sotian concessions) extending over an area of 345km².

The SLAM Project project is more than 350km² and consists of option agreements granting access over four granted concessions within 100km of Mali's capital city Bamako. The project area located in highly prospective margin of Siguiiri Basin - host to major gold deposits such as Siguiiri (AngloGold Ashanti - 5.2Moz gold), Lefa (NordGold - 7.8Moz gold) and Tri-K (Avocet - 4Moz gold).

Table 1: Taruga Gold Limited - Granted Tenements held directly by Taruga Gold or subsidiary company

| Tenements | Acquired during Quarter | Disposed of during Quarter | Held at End of Quarter | Country |
|-----------|-------------------------|----------------------------|------------------------|---------------|
| Kossa 1 | | | 100% | Niger |
| Kossa 2 | | | 100% | Niger |
| Mankono | | | 100% | Cote d'Ivoire |

Table 2: Taruga Gold Limited - Tenements held via option agreement by Taruga Gold or subsidiary company

| Tenements | Acquired Option Agreement | Disposed of Option Agreement | Held at End of Quarter | Country |
|----------------|---------------------------|------------------------------|------------------------|---------|
| Djelibani | 100% | | 100% | Mali |
| Djelibani Sud | 100% | | 100% | Mali |
| Kambali | 100% | | 100% | Mali |
| Balala | 100% | | 100% | Mali |
| Nangalasso | | | 100% | Mali |
| Sotian | | | 100% | Mali |
| Diendo Sud | | | 100% | Mali |
| Diendia | | | 100% | Mali |
| Manankoro Nord | | | 100% | Mali |
| Diossyau Sud | | | 100% | Mali |
| Ducie RL | | 100% | 0% | Ghana |
| Katua PL | | 100% | 0% | Ghana |
| Yala PL | | 100% | 0% | Ghana |
| Kundunga PL | | 100% | 0% | Ghana |
| Sombisi PL | | 100% | 0% | Ghana |