

**9 March 2015**
**ASX CODE: TAR**
**Speculative Buy**

Capital Structure	
Sector	Materials
Share Price (A\$)	0.008
Fully Paid Ordinary Shares (m)	364.7
Options (ex 2c, exp 1/12/2016) (m)	52.3
Options (ex 20c, exp 31/1/2016) (m)	10
Options (ex 20c, exp 3/2/2016) (m)	5
Market Capitalisation (undil) (A\$m)	2.9
Share Price Year H-L (A\$)	0.025-0.004
Approx Cash (A\$m)	0.3
Directors	
Frank Terranova	Chairman
Bernard Aylward	Managing Director
Myles Campion	Non-Exec Dir.
Dan Smith	Non-Exec Dir, Joint Co Sec
Major Shareholders	
N&J Mitchell Holdings	17.3%
Mr Bernard Aylward	10.3%
Redstar Resources Limited	10.0%
Analyst	
Guy Le Page	+61 8 6380-9200



## UPDATE

### Taruga Gold Limited

*Exploration success in Mali...Resolute JV*

#### Resolute JV-Cote D'Ivoire

- **Taruga** announced (ASX Announcement, 26/2/2015) a farm—in agreement has been reached with **Resolute** who can earn a 75% interest via the expenditure of US\$3.0 million (minimum of US\$0.50m prior to withdrawal with no interest earned until US\$3.0m is spent) over 4 years on the Nielle, Tiebissou and M'Baihaikro concessions located in Cote D'Ivoire. Following the earn-in by **Resolute**, **Taruga** will be free carried until decision to mine at which point **Taruga** can contribute or dilute.

#### Nangalasso Drilling program delivers

- The 2<sup>nd</sup> Quarter 2015 drilling program at Nangalasso (Mali) delivered several promising intersections including 3 metres @ 7.1 g/t Au (within a broader envelope of 21 metres @ 1.25 g/t Au) from a 73 hole aircore program.
- The drill program targeted four prospects and confirms the 1.7 kilometre Au anomaly previously outlined by reconnaissance drilling, soil geochemistry and trenching. Mineralisation remains open along strike and at depth.
- Gold mineralisation was found to be associated with sulphides, quartz veining and alteration.
- The last batch of the results from this program are due shortly and a new program involving further Aircore drilling is likely to be implemented.

#### Kambali Prospect-SLAM Project

- At the Kambali Prospect (Mali), a recently completed 1,900m, 200m x 80m Aircore drilling program, designed to target areas of artisanal workings and geochemical anomalous, was successful in outlining a 150m x 700m gold zone with significant intersections including 3m @ 5.64 g/t Au and 6m @ 1.12 g/t Au.

#### Price Catalyst

- The **Resolute JV** will certainly accelerate the news flow for the Company from its Cote D'Ivoire projects. We remain positive that follow up Aircore programs at both Kambali and Nangalasso will continue to extend areas of known gold mineralisation.

#### Action and Recommendation

- **RM Research** is maintaining its speculative buy rating on **Taruga** the back of continued exploration success. The **Resolute JV** is also a validation of the Company's core competency, that is the identification of prospective acreage in West Africa.

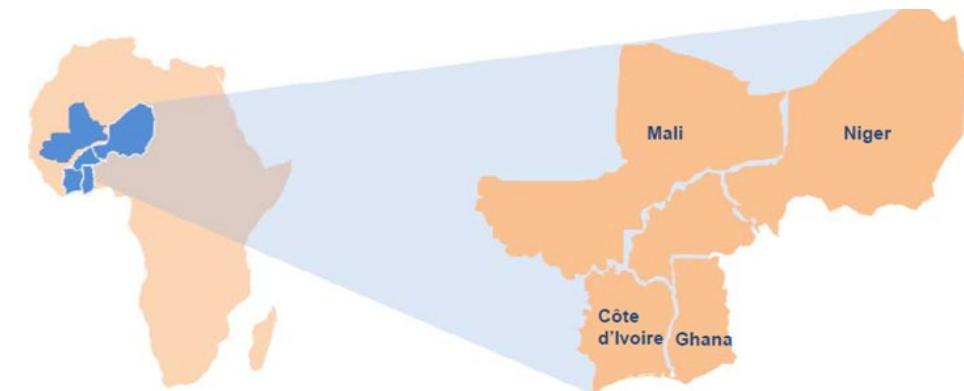
**Large ground holding in prospective parts of West Africa**

## COMPANY OVERVIEW

### Introduction

Taruga Gold Limited ("the Company", "TAR" or "Taruga") is an ASX listed junior gold explorer focusing on West Africa. The Company has number of exploration projects that cover almost 4,000km<sup>2</sup>. The projects are located in Niger, Mali and Côte d'Ivoire, focusing on prospective Birrimian greenstone geology.

The Birrimian greenstone belts in West Africa host a number of world class gold deposits and the region is considered to be one of the world's best gold districts.



**FIGURE 1:** Taruga Operating Countries Locations.

(Source: Company Presentation, 29/9/2014)

The main projects are:

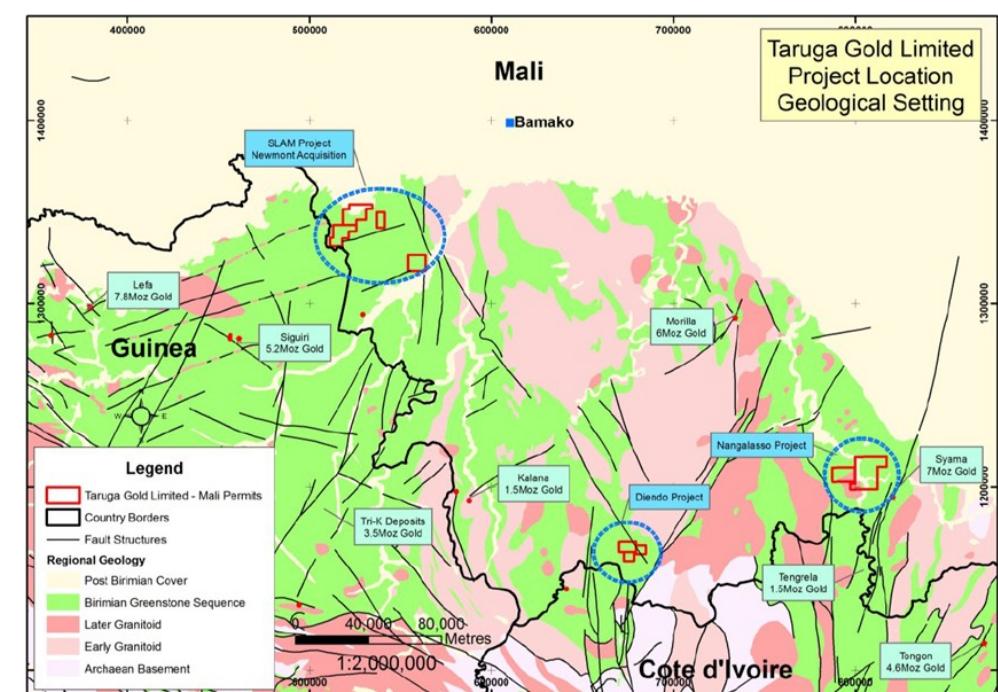
- **Southern Mali:** The Nangalasso, SLAM and Diendo Projects,
- **Northwest Niger:** The Kossa Project, covering 970km<sup>2</sup>, and
- **Côte d'Ivoire:** JV with Resolute Mining plus four 100% owned concessions.

## EXPLORATION OVERVIEW

### Mali Projects

**FIGURE 2:** Mali Projects, with geology and regional deposits of significance.

(Source: Taruga Gold Limited 31 December 2014 Quarterly Report – 30/01/2015).



**Nangalasso covers 345km<sup>2</sup> and is located 30km from Resolute's Syama**

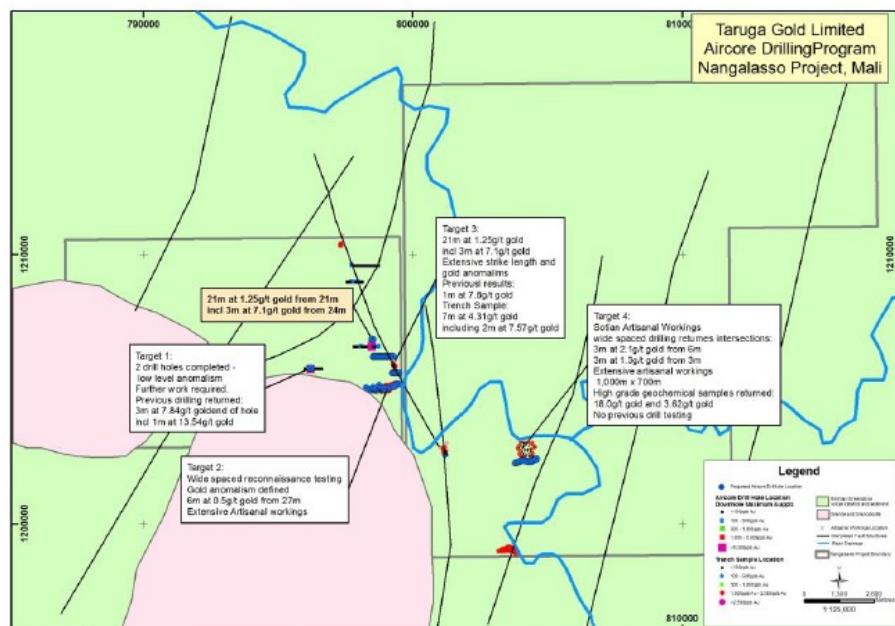
## Nangalasso

The Nangalasso Project covers 345km<sup>2</sup> and **Taruga** has option agreements over the two granted concessions (Nangalasso and Sotian). The option agreements give **Taruga** exclusive access to the ground for exploration purposes as well as grant the right to purchase 100% of the concessions for an agreed amount. The project was acquired in July 2013, and is located just 30km from the 7Moz Syama gold deposit, currently being mined by **Resolute Mining Ltd** ("Resolute"). Gold anomalous within the project is typically associated with major structures and the granite pressure margin.

Recent exploration reported by **Taruga** (ASX Announcement 29/1/2015) has confirmed a gold anomaly over 1.7 km (open along strike and at depth) based on a recently completed 74 Aircore program totalling over 3,500m. Over 25% of drill holes returned anomalous gold values including several encouraging RC intersections notably 3m @ 7.1 g/t gold (from a broader intersection of 21m @ 1.25 g/t Au).

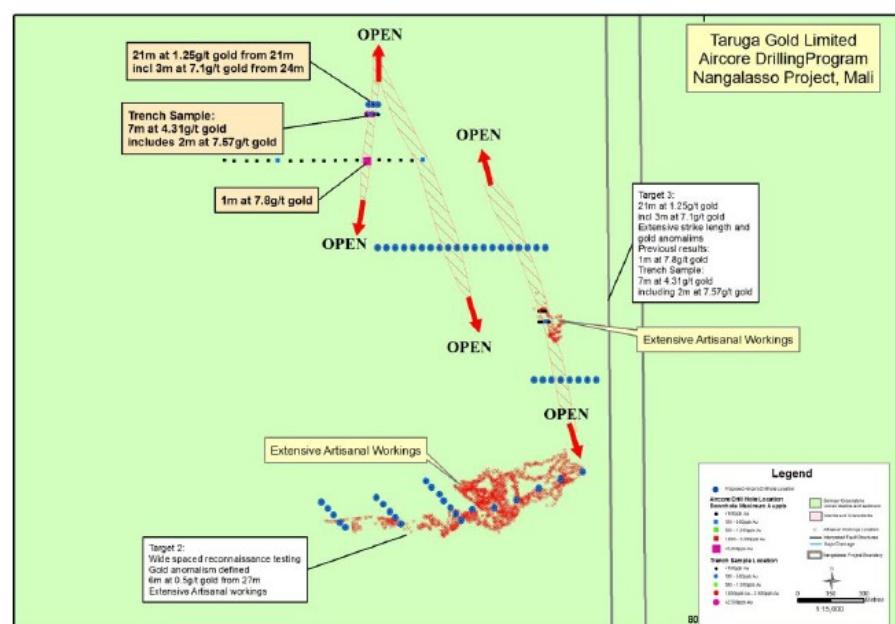
**FIGURE 3:** Nangalasso Aircore drilling completed December 2014 and key prospects.

(Source: Taruga Gold ASX Announcement, 29/1/2015)



**FIGURE 4:** Nangalasso Project-new gold anomalous zone extending for >1,700m, open along strike and at depth.

(Source: Taruga Gold ASX Announcement, 29/1/2015).



At the Sotian workings, the Company completed a single line of AC drilling over existing artisanal workings (covering 1,000m x 700m) and returned a number of high grade intersections including 3m @ 2.1g/t gold from 6m and 3m at 1.3g/t gold from 3m. Further drilling is planned to follow up these encouraging results.

#### ***Proposed Exploration***

More intensive Aircore drilling is planned to follow-up the high grade gold (up to 7 g/t Au) intersections from the previous regional drilling that remains open both along strike and at depth.

First pass reconnaissance is also planned to test the extensive artisanal workings and high grade surface geochemical samples. In addition, **Taruga** plans to drill the geological structures identified in the surface mapping and trenching that outlined the large scale structure associated with the gold anomalism. This includes continuing to target areas of artisanal workings.

Aside from the drilling, ongoing geological mapping and geochemical sampling is aimed at identifying other targets for drill testing.

#### ***More intensive aircore drilling is planned at Nangalasso...***

#### ***SLAM Project, Mali***

The SLAM Project, situated in southern Mali, covers over 350km<sup>2</sup> and consists of option agreements with local landowners providing access over four granted concessions, Djelibani, Djelibani Sud, Balala and Kambali.

The agreements give **Taruga** exclusive exploration access with payment of an annual fee. In addition, **Taruga** has the right to purchase 100% of the concession for an agreed amount.

Geologically, the project is located in the highly prospective margin of the Siguiri Basin which hosts a number of major gold deposits including the 5.2Moz Siguiri (**AngloGold Ashanti**), the 7.8Moz Lefa (**NordGold**) and 4Moz Tri-K (**Avocet**).

Recent field investigations by the Company identified an apparent strike length of over 800m with a width of over 250m, punctuated by numerous vertical shafts to a depth of approximately 15 metres. Gold mineralisation was identified in surficial laterite and underlying saprolite with rock chip sampling returning up to 7.4 g/t Au.

#### ***Kabali Prospect***

A recently completed 200m x 80m reconnaissance Aircore drill program at the Kabali Prospect has intersected significant gold mineralisation over a zone measuring 150m in width and approximately 700m in length.

A total of 1,926m were drilled to an average depth of 30m targeting an extensive area of artisanal workings. Mineralisation was found to be associated with metasediments, granitic units and metavolcanics. In addition numerous zones of quartz-sulphide veins were also intersected in the course of drilling.

#### ***The 5.2Moz Siguiri Project is hosted in the same geological setting***

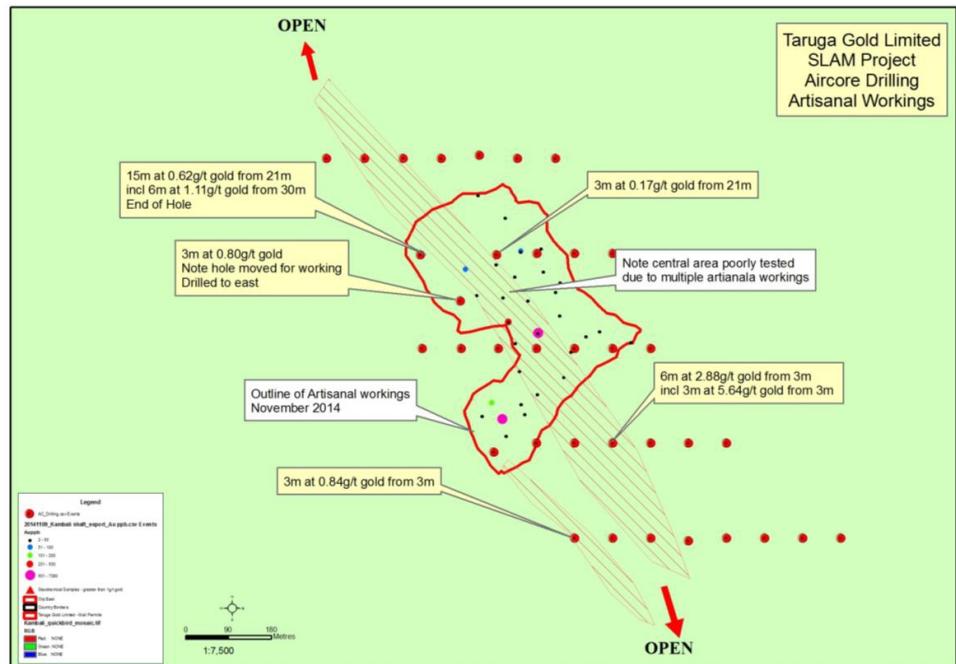
**Recent drilling returned up to 3 m @ 5.64 g/t Au**

Significant intersections from this December 2014 campaign (ASX Announcement 9/2/2015) include:

- 3m @ 5.64g/t gold from 3m within a zone of 6m at 2.88g/t gold from 3m
- 6m @ 1.12g/t gold from 30m to end of hole within a broad zone of 15m @ 0.62g/t from 21m downhole.

**FIGURE 5:** SLAM Project—Kambali prospect location of aircore drill holes, artisanal workings and anomalous zone.

(Source: Taruga Gold ASX Announcement, 9/02/2015).



### **Proposed Exploration**

Further infill Aircore drilling, particularly around some of the higher grade drill intersections (Figure 5) is planned before a more extensive RC drill program.

### **Diendo Project**

Diendo is an early stage project that consists of four exploration licences that cover 206km<sup>2</sup> situated approximately 30km south of the 0.59Moz gold Tiekomala resource, owned by TSX-V listed **Legend Gold Corporation**. Work has primarily involved surface geochemical sampling and 819 auger holes that have identified a number of gold anomalies. These anomalies appear to be coincident with a 15km structural corridor interpreted by Taruga.

**Kossa interpreted to be the same geology as the nearby 5Moz Essakane deposit**

**Encouraging early stage drill results**

**FIGURE 6:** Kossa Prospect Geochemical Anomalies and Exploration highlights.

(Source: Company Presentation, 29/1/2015).

## Niger Projects

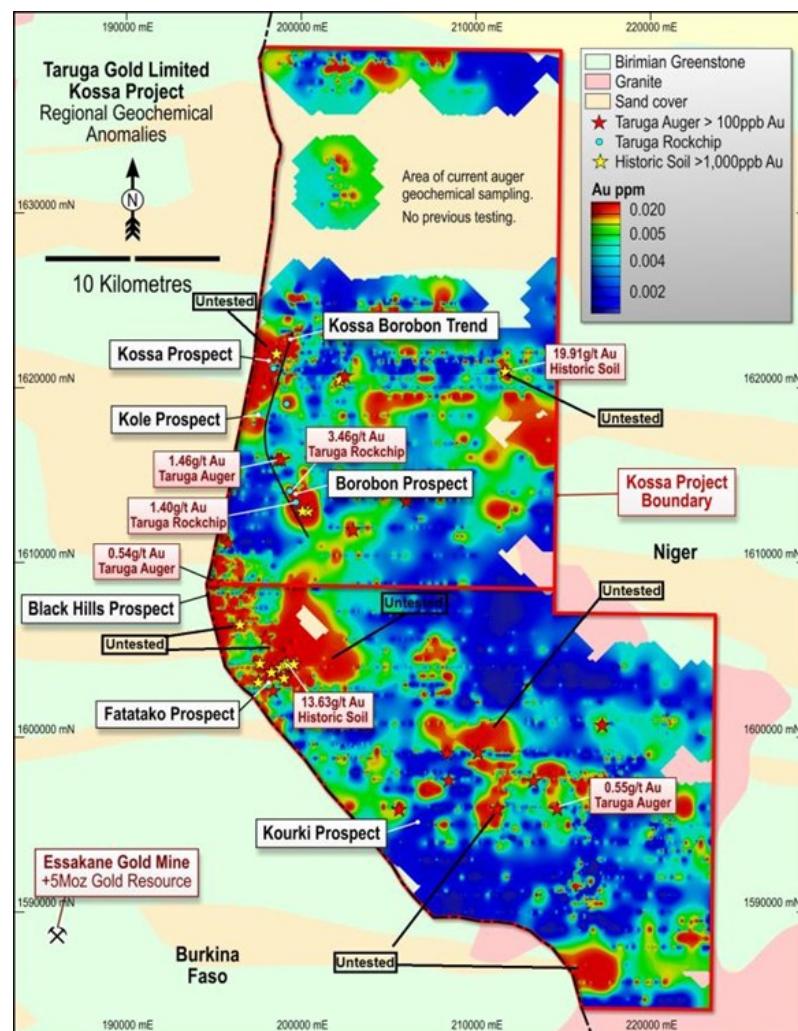
### Kossa Project

The Kossa Project is located in northwest Niger, adjacent to the Burkina Faso border, and covers 970km<sup>2</sup>. The project consists of two granted licences that are located on the prospective Goroul Belt (Birimian sequence). The project is situated approximately 15km east of IAMGOLD's 5Moz Essakane Gold Mine. The Company is currently finalising renewal of licenses with government and expect to be back exploring late in 2015. There is likely to be some reductions in the license area in the near term as part of the tenement management process.

### Large gold anomalies

Historical work by TSX listed **Orezone Gold Corporation** defined a number of high priority prospects that underlay surface geochemical anomalies. Work completed by both **Orezone** and **Taruga** identified encouraging gold grades including:

- Surface geochemical anomalies up to 19.91g/t gold,
- Auger geochemical anomalies of up to 1.46g/t gold.
- At the Borobon prospect, drilling intersected:
  - i. 22m @ 2.0g/t gold from 108m (TKRC108).
  - ii. 12m @ 3.35g/t gold from 9m (TKRC005).
  - iii. 12m @ 2.23g/t gold from 15m & 9m @ 1.47g/t gold from 41m (TKRC010).

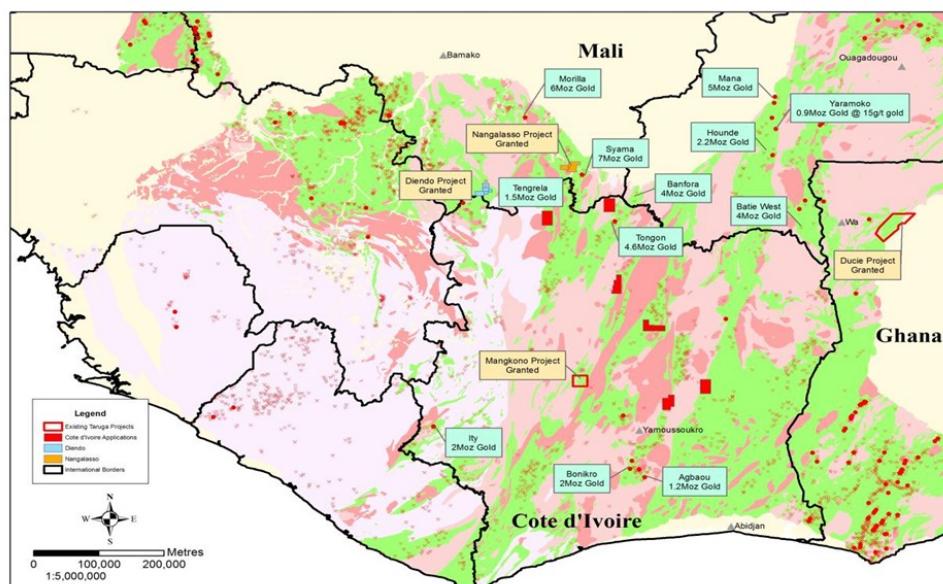


Subject to funding availability, the company is planning to re-commence exploration at Kossa and Fatatako including reverse circulation (RC) and diamond drilling in sufficient density to potentially enable the estimation of a maiden JORC compliant resource.

The Company also plans to undertake mapping and sampling of outcrops and artisanal working, auger geochemistry, regional aircore drilling and detailed aeromagnetics to generate additional targets.

In addition to the structural related gold anomalies, the project also contains a number of porphyry related targets towards the south, identified from aeromagnetics and mapping.

### Côte d'Ivoire Projects



**FIGURE 7:** Côte d'Ivoire and Mali Project locations with geology.

(Source: Taruga Gold website, March 2015).

**The Côte D'Ivoire tenements cover approximately 2,400 square kilometres**

**Over 30% of soil samples returned gold values >10ppb Au**

In Côte D'Ivoire, **Taruga** has three granted concessions subject to a US\$3.0m farm in with **Resolute** together with four 100% owned mining concessions (three granted and one application). These licences cover approximately 2,400km<sup>2</sup> all of which cover prospective Birrimian greenstone belt in various parts of Côte D'Ivoire.

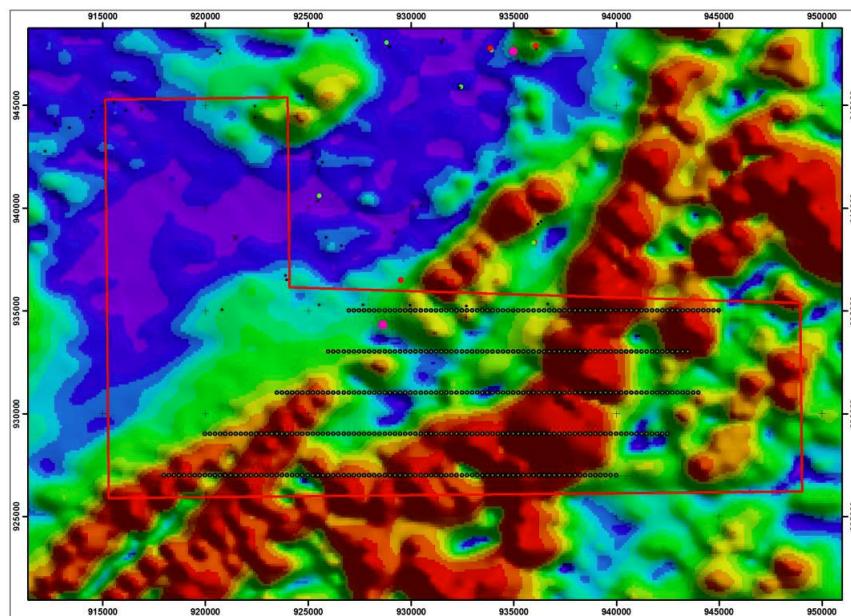
The concessions include;

**Mangkono project:** Covering 400km<sup>2</sup> and prospective for gold given the geology (Birimian sequences), structures, and presence of artisanal workings. The +2Moz Bonikro gold mine (**Newcrest**), is located 70km to the south of Mangkono.

**Dabakala project:** A total of 414 soil samples and 12 rock chip samples were collected on a 2,000m x 250m grid over late CY 2014. Over 37% of samples returned >10ppb Au with an 8,000m x 3,000m gold anomaly broadly coincident with favourable lithologies and structures. Parallel zones extending for over 8,000m X 500m - 1,500m wide were also identified. Follow-up and infill geochemical sampling is planned.

**FIGURE 8:** Dabakala Project, regional sampling overlying aero-magnetics.

(Source: Taruga Gold, Quarterly Activities Report, December 2014).

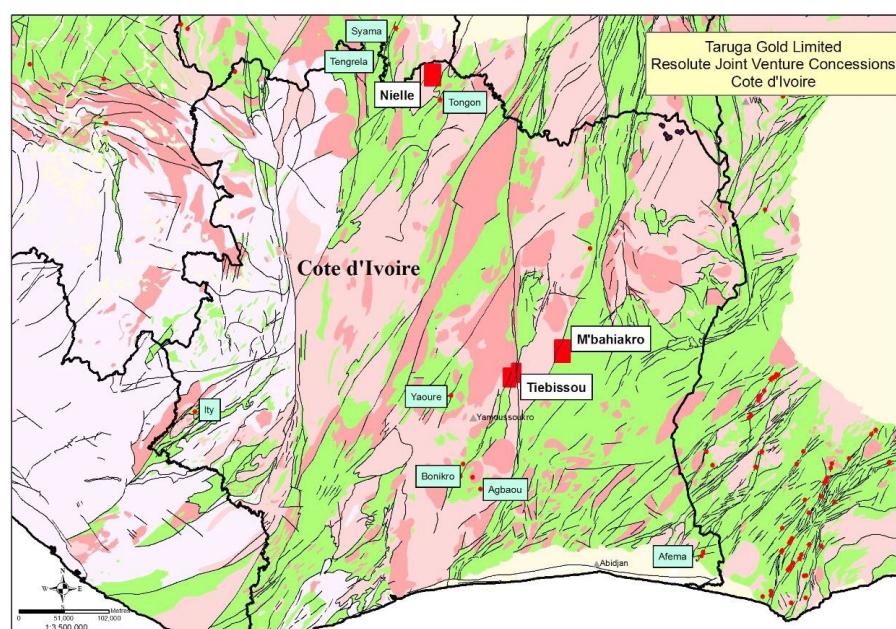


**Korhogo Concession:** The tenement covers approximately 360km<sup>2</sup> and is situated in north-central Côte d'Ivoire. Reconnaissance sampling has been testing a “pressure shadow” situated on the margin of a granite/sheared mafic contact, a potential focus for mineralising solutions. Field reconnaissance of the Korhogo area has identified priority areas for geochemical sampling including active areas of artisanal mining.

**Resolute Joint Venture:** Taruga announced (ASX Announcement, 26/2/2015) a farm-in agreement has been reached with **Resolute** who will earn a 75% interest via the expenditure of US\$3.0 million (minimum of US\$500,000 prior to withdrawal with no interest earned until US\$3.0m is spent) over 4 years on the **Nielle**, **Tiebissou** and **M'Baihaikro** concessions held by the company's 100% owned subsidiary Corvette CIV SARL (Figure 8). Following the earn-in by **Resolute**, **Taruga** will be free carried until decision to mine at which point **Taruga** can contribute or dilute.

**FIGURE 9:** Taruga and Resolute JV concessions in Côte d'Ivoire.

(Source: Taruga Gold, ASX Announcement, 26/2/2015).



## CORPORATE

### Capital Raising

As at 13 December 2014, **Taruga** had \$374,000 in cash and no debt. The most recent corporate activity was a placement to sophisticated and institutional investors to raise \$925,000 at an issue price of \$0.005 together with free attaching options (on a 1 for 4 basis) exercisable at \$0.02 on or before 1 December 2016 (**Placement**). The Company also completed a Share Purchase Plan (**SPP**) during the September quarter to raise a further \$67,000 (before costs) at an issue price of \$0.0053 per Share.

### Board Appointments

During the September Quarter, the Company also announced the appointments of Mr Myles Campion and Mr Daniel Smith as Non-executive Directors of the Company. See biographies below.

## RISK ANALYSIS

**Exploration Risk:** Mineral exploration is inherently high risk and there is the potential that **TAR**'s exploration programs may fail to define the proposed mineralisation style and/or any potentially economic mineralisation.

**Financial Position:** At the time of this report, we estimate **Taruga** has approximately A\$200,000 in cash. If the company is unable to raise additional funds, exploration could be scaled back.

**Peer Performance:** We note that gold exploration assets in West Africa have been discounted by investors in recent times due to a preference for yield stocks, a desire for lower risk jurisdictions, and the fall in the gold price. Consequently, **Taruga**, like other West African peers, appears somewhat out-of-favour at the moment.

**Commodity Risks:** Whilst **Taruga** is not financially exposed to movements in the gold price as it does not have any production at this stage, movements in the gold price are likely to impact sentiment towards the Company and its projects.

**Market Risks:** Further declines in equity markets may continue to put pressure on junior resource companies as investors switch out of risk into safe haven investments.

**Sovereign Risk:** Whilst **Taruga** is operating in a number of different West African jurisdictions, most of which have a mining culture, West African exploration carries a typical suite of risks. typically relating to social, political and economic issues, security of tenure and corruption.

## CONCLUSION

**RM Research** has been impressed with the Company's ability to press on with relatively low cost Aircore drill programs that have been very effective in following up soil geochemical anomalies and testing areas of artisanal mining. The **Resolute JV**, under very favourable terms to **Taruga**, will significantly increase the exploration activity and provide much needed news flow. The Birrimian greenstone belts are dotted with world class mines and the recent exploration by the Company has highlighted the prospectivity of their ground holdings. We look forward to results from follow up Aircore drilling at Nangalasso and Kambali over the coming quarter. **RM Research** is maintaining our **Speculative Buy** rating. The slight improvement in the share price over recent weeks may be a sign that sentiment towards West African gold explorers is starting to improve.

**Taruga is well positioned on any rebound in sentiment towards junior gold explorers**

## DIRECTORS AND MANAGEMENT

### **Bernard Aylward**, BSc (Hons), MAusIMM

Managing Director

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.

### **Frank Terranova**

Non-Executive Chairman

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 Ltd** (ASX: **SBM**). Mr. Terranova had a major role in the strategic and operational development of Allied Gold.

### **Myles Campion**, BSc (Hons), M.Sc. ARCS

Non-Executive Director

Mr Campion is a geologist with a BSc.(Hons.) from University of Wales College Cardiff and a MSc.(MinEx) from the Royal School of Mines in London and is an Associate of the Royal School of Mines. Mr Campion has also completed a Graduate Diploma of Business (Finance). Mr Campion has over 24 years' experience in the natural resources sector, including Resource analyst, Fund Manager, equities research and project and debt financing. Mr Campion has over 10 years as a field geologist that includes success at the Emily Ann Nickel Sulphide Mine.

### **Dan Smith**, CSA (Cert)

Non-Executive Director & Joint Company Secretary

Mr Smith is a member of the Governance Institute of Australia with a strong background in finance. Mr Smith's previous career was in the securities industry but more recently in a corporate finance role inclusive of negotiations, technical due diligence and business development. Mr Smith has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings. Mr Smith is currently a director of ASX listed **Fraser Range Metals Group Limited** and **Minerals Corporation Limited** and is also a director of Minerva Corporate, a private corporate consulting firm.

## Registered Offices

**Perth**

Level 1, 143 Hay St  
Subiaco WA 6008

PO Box 154  
West Perth WA 6872

**Email / Website**

[info@rmresearch.com.au](mailto:info@rmresearch.com.au)  
[www.rmresearch.com.au](http://www.rmresearch.com.au)

**Phone:** +61 8 6380 9200

**Fax:** +61 8 6380 9299

## RM Research Recommendation Categories

Care has been taken to define the level of risk to return associated with a particular company. Our recommendation ranking system is as follows:

<b>Buy</b>	Companies with 'Buy' recommendations have been cash flow positive for some time and have a moderate to low risk profile. We expect these to outperform the broader market.
<b>Speculative Buy</b>	We forecast strong earnings growth or value creation that may achieve a return well above that of the broader market. These companies also carry a higher than normal level of risk.
<b>Hold</b>	A sound well managed company that may achieve market performance or less, perhaps due to an overvalued share price, broader sector issues, or internal challenges.
<b>Sell</b>	Risk is high and upside low or very difficult to determine. We expect a strong underperformance relative to the market and see better opportunities elsewhere.

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