



ASX RELEASE

7 April 2016

Execution of Conditional Sale Agreement and Proposed disposal of Main Undertaking

Highlights:

- Taruga and AIM-listed explorer, Kodal Minerals Plc, have entered into a conditional Share Sale Agreement regarding the disposal of its entire interest in International Goldfields (Bermuda) Limited to Kodal
- Consideration of up to 1,025,000,000 fully paid ordinary shares in Kodal (“**Consideration Shares**”)
- Consideration shares valued at A\$770,538, to be distributed to eligible Taruga shareholders
- IGS holds the companies gold interests in southern Mali, as well as its JV with Resolute Mining, and its Farm-in Agreement with Newcrest Mining
- Proposed Placement and Rights Issue to raise A\$1.2m

Taruga Gold Limited (ASX:TAR) (“**Taruga**” or the “**Company**”) is pleased to advise it has entered into a conditional Share Sale Agreement (“**SSA**”) to sell 100% of its interest in International Goldfields (Bermuda) Limited (“**IG Bermuda**”) to AIM-listed Kodal Minerals Plc (“**Kodal**”) to be settled by the issuance of up to 1,025,000,000 Kodal shares (“**Consideration Shares**”)(the “**Transaction**”).

Kodal is a mining and exploration company currently operating in Norway. It holds extraction licences over the Kodal phosphate and iron deposit in southern Norway and is exploring the Grimeli Project in western Norway.

Key Terms of the Transaction

- Kodal to acquire 100% interest in IG Bermuda, for scrip consideration of A\$770,538
- Subject to shareholder approval, Taruga to undertake an in-specie distribution of the Consideration Shares to eligible shareholders
- Managing Director of Taruga, Bernard Aylward, to become CEO of Kodal

Commenting on the Transaction with Kodal Minerals, Managing Director Bernard Aylward stated:

“The Board of Taruga has been continuously reviewing various options to unlock value for our shareholders. While there has been renewed interest in junior exploration companies on the ASX, we feel that AIM will provide the necessary capital required to fully realise the potential of Taruga’s projects in Cote d’Ivoire and Mali.



Chairman Frank Terranova added:

“Whilst many junior exploration companies have chosen to accept a virtual form of hibernation over the past two years, Taruga has continued to pursue all potential avenues to preserve and create value for shareholders. The team has worked tirelessly in the efforts and this transaction is testament to this”.

Because of this belief, Taruga proposes to distribute the Consideration Shares to eligible Taruga shareholders. This ensures that our shareholders will remain exposed to any exploration success, and importantly, to the two key agreements executed with Newcrest Mining and Resolute Mining.”

Kodal has received irrevocable undertakings from investors pursuant to a placing to subscribe for new ordinary shares in Kodal to raise £680,000, with funds raised to be used to advance exploration on IGS’s projects.

Conditions Precedent to Completion

Taruga is required to obtain shareholder approval under ASX Listing Rule 11.2 for the sale of IG Bermuda, and Kodal obtaining approval for the admission of the Consideration Shares to trading on AIM.

The Company expects to be in a position to dispatch of the Notice of Meeting document in the coming days.

Statements of Voting Intention

Several major shareholders have advised the Company that they intend to vote in favour of the Transaction at a shareholders’ meeting to approve the disposal.

Proposed Capital Raising & Future Activities

Post completion of the Transaction the Company intends to raise A\$1.2 million by way of a Placement to sophisticated investors, and a 1 for 3 Rights Issue to existing shareholders.



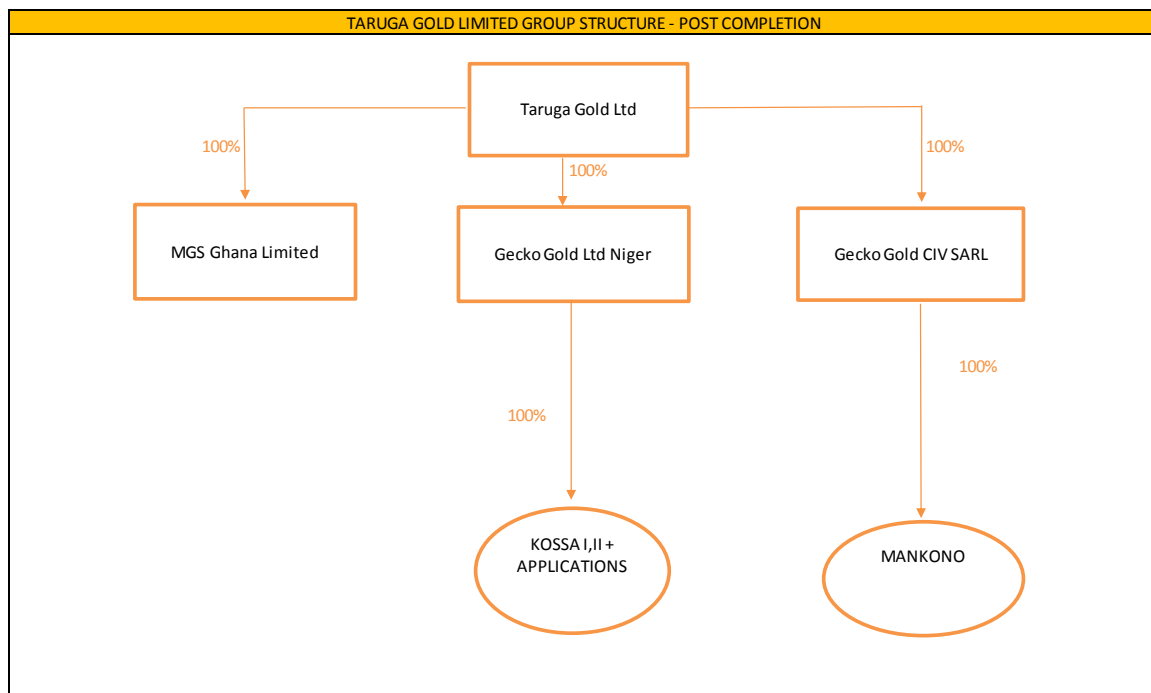
Indicative Capital Structure post Completion of Transaction and Capital Raisings

	Number of Shares
Current Issued Capital	25,070,347
Rights Issue (1:3)	8,333,334
Placement	31,666,667
Conversion of Fees	6,502,680
Total	71,573,028

The proceeds of the capital raising activities will ensure that Taruga can continue to advance its remaining portfolio of gold exploration projects. Importantly, following the maiden resource declared at the Kossa Project in Niger, Taruga plans to undertake further geological evaluation of Kossa to determine follow up work programs.

Further information on the Rights Issue will be set out in a prospectus for the Rights Issue, which will be lodged with ASIC on or about 27 May 2016, and mailed to eligible shareholders shortly after the rights issue record date. Persons should consider the prospectus before deciding whether to acquire securities and will need to complete a personalised entitlement and acceptance form that will accompany the prospectus.

In addition to the Transaction, Placement and Rights Issue, the Company will also seek shareholder approval to convert fees owed by the Company to its directors and corporate advisors of approximately \$195,000 to shares at a deemed issue price of \$0.03 per share.



Indicative timetable

The Distribution and Rights Issue are expected to occur in accordance with the following timetable approved by the ASX.

Event	Date
Last day for Shareholders to return Proxy Forms	11 May 2016
Meeting of Shareholders to approve the Transaction and Placement	13 May 2016
Completion of the Transaction and Consideration Shares issued to Taruga and admitted to trading on AIM	16 May 2016
Last day for trading of Shares on a “cum” return of capital basis (Shares acquired after this date will not be entitled to participate in the Distribution)	
Start of trading of Shares on an “ex” return of capital basis	17 May 2016
Record Date to determine entitlement under the Distribution (Record Date)	18 May 2016
Issue Date (being the effective date of the Distribution and transfer of Distribution Shares to Eligible Shareholders)	25 May 2016
Record Date for Rights Issue	2 June 2016



Event	Date
Completion of Placement	3 June 2016
Rights Issue opens	3 June 2016
Rights Issue closes	15 June 2016
Rights Issue Shares issued	22 June 2016

The above dates are indicative only and may change, subject to the Corporations Act and Listing Rules.

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

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About Taruga Gold

Taruga is a West African focused gold explorer that has compiled a diverse portfolio of exploration projects within the Birimian geology of West Africa. This region is at present one of the world's great gold districts and has had a significant rate of discovery and development of new gold mines over past decades.

Taruga has ~4,000km² of highly prospective tenements in Cote d'Ivoire, Southern Mali and Niger, all within similar geological settings as world-class goldmines. The Company's Kossa Project in Niger is 15km from the 5moz Essakane goldmine; in Mali, the Nangalasso project is 30km west of the 7moz Syama project.