

# Taruga Gold Limited

ACN 153 868 789

## Prospectus

For an offer to transfer up to 1,025,000,000 ordinary shares of £0.03125 each of Kodal Minerals Plc (**Kodal Shares**) to Shareholders of Taruga Gold Limited pursuant to a Capital Reduction by way of In Specie Distribution contained in the Capital Reduction Resolution in the Notice of Meeting dated 7 April 2016 and to facilitate secondary trading of those shares.

### IMPORTANT NOTICE

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Sections 710 and 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Company Directors consider an investment in the Kodal Shares that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution, to be speculative.

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## 1 IMPORTANT NOTES

### 1.1 General

This Prospectus is dated 7 April 2016 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus, or the merits of the investment to which this Prospectus relates.

No Kodal Shares may be offered for sale on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately. The Kodal Shares the subject of this Prospectus should be considered speculative.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Shareholders and professional advisers whom Shareholders may consult.

If you are uncertain about the terms and conditions of the Offer, you should seek the advice of an appropriately qualified financial adviser.

The Kodal Shares are listed on the AIM Market of the London Stock Exchange; ticker code LON:KOD.

Defined terms and abbreviations used in this Prospectus are defined in Section 7.

### 1.2 Short Form Prospectus

This Prospectus is a prospectus issued in accordance with sections 710 and 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 7 April 2016.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of Kodal Shares under this Prospectus and provides Shareholders and their professional advisers with information to assist them in making an informed assessment of:
  - (i) the rights and liabilities attaching to the Kodal Shares; and
  - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of Kodal Minerals,to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in the prospectus;
- (b) refers Shareholders and their professional advisers to this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;
- (c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Shareholders and their professional advisers or analysts.

### 1.3 Forward looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

Whilst the Company considers the expectations reflected in any forward looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined Section 5 of the Notice of Meeting, as well as other matters not yet known to the Company or not currently considered material to Kodal Minerals, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

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## 2 THE OFFER

### 2.1 Terms and Conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

Pursuant to the Capital Reduction Resolution, the Company is inviting Shareholders to vote on a reduction of capital by way of an In Specie Distribution of 1,025,000,000 Kodal Shares to Shareholders on a pro rata basis. This represents approximately 40.8 Kodal Shares for every Share held by Shareholders on the Record Date (rounded down to the nearest whole Kodal Share).

The In Specie Distribution will only proceed if the Capital Reduction Resolution is passed by Shareholders.

Based on ASIC Regulatory Guide 188, the invitation to vote on the Capital Reduction Resolution of the Notice of Meeting constitutes an offer to transfer the Kodal Shares for the purposes of Section 707(3) of the Corporations Act. Accordingly, the Company has prepared this Prospectus.

Distribution of Kodal Shares to any Shareholder with a registered address outside Australia (**Overseas Shareholder**) under the Capital Reduction Resolution will be subject to the legal and regulatory requirements in the relevant jurisdictions of those Shareholders.

If the Company is unable to resolve the legal implications of the Transaction with the current Overseas Shareholders, or if the Company acquires new Overseas Shareholders prior to the Record Date, the Kodal Shares to which the relevant Overseas Shareholders would otherwise be entitled will be sold by the Company on behalf of those Shareholders as soon as practicable after the Record Date. The Company will then account to the relevant Shareholders for the net proceeds of the sale after deducting the costs and expenses of the sale.

### 2.2 Effect of the Offer on the Company

The effect of the Offer on the Company will be:

- (a) the Company ceasing to hold up to 1,025,000,000 Kodal Shares (being the approximately number of Kodal Shares to be issued to it under the Sale Agreement); and
- (b) a deemed reduction in value of approximately \$0.030539 for each Taruga Share on issue (refer to Section 6.2(b) of the Notice of Meeting for further details); and
- (c) Eligible Shareholders that are registered on the Record Date will receive approximately 40.8 Kodal Shares for every Share held.

### 2.3 Effect of the Offer on Kodal Minerals

The effect of the Offer on Kodal Minerals will be that 1,025,000,000 Kodal Shares issued to the Company under the Sale Agreement, being approximately 27.15% of the entire enlarged issued capital of Kodal Minerals on Completion of the Transaction, will be either:

- (a) transferred to Shareholders that are registered on the Record Date of the Transaction with an address in Australia; or
- (b) sold by the Company with the net proceeds being paid to transferred to Shareholders that are registered on the Record Date of the Transaction with an address outside Australia,

with the remaining Kodal Shares being held by existing Kodal Minerals Shareholders.

### 2.4 Action required by Shareholders

No action is required by Shareholders under this Prospectus.

Should Shareholder approval be obtained for the In Specie Distribution, the Kodal Shares will be transferred to Shareholders in accordance with the terms set out in the Notice of Meeting.

A prospectus is normally required to include an application form for shares. ASIC has granted relief from the requirement in ASIC Class Order [CO 07/10] so that the application form is not required to be included in this Prospectus. If the Capital Reduction Resolution is passed, the Company will sign the share transfer forms for the transfer of the Kodal Shares to Shareholders on behalf of Shareholders. Eligible Shareholders will be asked to make an election as to how they wish to hold their Kodal Shares. Kodal Shares to be held in CREST will be credited to the designated CREST account by Kodal Minerals' registrar. Consideration Shares to be held in certificated form will be entered onto the shareholder register by Kodal Minerals registrar on the same day, but the mailing of the certificate will result in a delay before Eligible Shareholders receive the certificate.

If you have any queries regarding this Prospectus, please contact the Company Secretary on (08) 9486 4036.

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## 3 INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

### 3.1 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with sections 710 and 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of

this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Shareholders require in relation to the Transaction and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarised below in Section 3.2 of this Prospectus and will primarily be of interest to Shareholders and their professional advisers.

A copy of the Notice of Meeting has been sent to Shareholders with this Prospectus. However, Shareholders and their professional advisers may also obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours or from [www.asx.com.au](http://www.asx.com.au).

### 3.2 Summary of material provisions of Notice of Meeting

The material provisions of the Notice of Meeting are summarised below. The Sections and Annexures referred to below are a reference to Sections and Annexures (respectively) in the Explanatory Memorandum to the Notice of Meeting:

(a) Section 2.1 - Background to the Transaction

This Section provides an overview of the Transaction including information on Taruga and its interest in IGS, which is to be acquired by Kodal Minerals from the Company under the Sale Agreement.

(b) Section 4 - Kodal Minerals

This Section provides information about Kodal Minerals, the company whose shares the Company is proposing to distribute.

(c) Section 6.1 - Summary of the Sale Agreement

This Section provides a summary of the material terms of the Sale Agreement.

(d) Section 6.6 - Future of the Company following completion of the Transaction

This Section clarifies the Company's anticipated future plans (assuming the Transaction is completed). The Company will retain its 100% interest in 5 granted concessions and 2 concession applications in West Africa and raise additional capital by undertaking a placement to raise \$950,000 (**Placement**) and a rights issue to raise up to \$250,000 (**Rights Issue**). Funds raised will be used to fund exploration and holding costs of its remaining West African tenements, for general working capital, and to seek new business opportunities.

(e) Section 6.7 - Future of the Company if the Transaction is not approved

This Section clarifies the Company's anticipated future plans (assuming the Transaction is not completed). The Company will retain its interest in IGS and seek to raise funds via the Placement and the Rights Issue. Funds raised will be used to continue exploration across its various concessions.

(f) Section 2.5 - Advantages and disadvantages of the Transaction

This Section outlines the principal advantages and disadvantages to Shareholders of the Transaction.

(g) Section 2.3 - Timetable

This Section sets out the indicative timetable for the In Specie Distribution.

(h) Section 2.6 - Company Directors' recommendation

This Section includes a recommendation from the Company Directors that Shareholders vote in favour of the Transaction including the Capital Reduction Resolution. This Section also sets out the reasons why the Company Directors unanimously recommend that Shareholders vote in favour of the Transaction.

(i) Annexure 6 - Kodal Shares

Kodal is listed on AIM. A summary of the rights and obligations attaching to Kodal Shares is set out Annexure 6.

(j) Section 8.4 - Requirements under section 256B and section 256C of the Corporations Act

This Section includes a statement that the Company Directors believe that the Capital Reduction is fair and reasonable to Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors.

(k) Section 6.2(a) - The effect of the proposed reduction of capital on the Company (**Distribution**)

This Section outlines the effect of the proposed Distribution on the Company.

(l) Section 6.2(b) - The effect of the proposed Distribution on Shareholders

This Section outlines the effect of the proposed equal capital reduction on Shareholders which is that Shareholders registered on the Record Date will receive a pro rata distribution in specie of Kodal Shares.

There will be no change to Shareholders' holding in Taruga as a result of the Distribution.

See section 6.8 of the Explanatory Memorandum for details of the tax implications for Shareholders as a result of the Distribution.



- (m) Section 6.3 - The effect of the Distribution on control of Taruga and Kodal  
This Section outlines the effect of the proposed equal reduction of capital on control of Taruga and Kodal.  
At the date of this Prospectus, neither Taruga nor Kodal Minerals has any voting interest in the other company.
- (n) Section 6.5 - The effect of the proposed equal reduction of capital on Option holders  
This Section outlines the effect of the proposed capital reduction on Option holders which is that in accordance with Listing Rule 7.22.3, the number of Options on issue following the Transaction will remain the same, but the exercise price of each Option will be reduced by the same amount as the amount returned in relation to each Share. This Section also includes a statement that in order to receive Kodal Shares pursuant to the Transaction, Option holders must exercise their Options and be registered on the Company's share register on the Record Date.
- (o) Section 4.10- Capital structure of Kodal Minerals  
This Section provides the capital structure of Kodal Minerals upon completion of the Transaction and the In Specie Distribution.
- (p) Section 6.11 - Foreign Shareholders  
This Section sets out the rights and restrictions of Foreign Shareholders in relation to the Transaction and associated In Specie Distribution.
- (q) Section 4.6 - Board of Kodal Minerals  
This Section provides information about the Kodal Minerals' Directors.  
This Section also sets out the remuneration received by the Kodal Minerals Directors during the last two financial years.
- (r) Section 6.10 - Taruga Directors' Interests  
This Section details the number of securities in the Company which the Company Directors have an interest in prior to the Transaction and the number of Kodal Shares they are likely to receive if the Transaction is completed.
- (s) Section 6.10 - Directors' Remuneration  
This Section sets out a table showing the remuneration provided to the Company Directors during the last two financial years prior to the date of the Notice of Meeting.

(t) Section 5 - Risk factors

This Section lists a number of specific and general risks that may have a material effect on the financial position and performance of Taruga Shares and Kodal Shares if the Transaction is completed.

(u) Section 6.8 - Taxation

This Section outlines the potential Australian tax consequences relating to the Transaction to Shareholders.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences for Shareholders.

(v) Annexures 4 and 5 - Financial Information

These Annexures include a pro-forma balance sheet of the Company's balance sheet as at 31 December 2015 as a result of the Transaction, which includes the In Specie Distribution, and Kodal Minerals' unaudited consolidated balance sheet as at 30 September 2015 post Transaction (assuming the Transaction is completed).

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## 4 ADDITIONAL INFORMATION

### 4.1 Interests of Company Directors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:

- (a) no Director holds, or during the last two years before lodgement of this Prospectus with the ASIC, held, an interest in:
- (i) the formation or promotion of the Company;
  - (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
  - (iii) the Offer; and
- (b) except as set out in this Prospectus or the Notice of Meeting, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director either to induce him to become, or to qualify, as a Director or otherwise for services rendered by them in connection with the formation or promotion of the Company or the Offer.

### 4.2 Interests of Advisors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of the Company or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the

preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of the Company or the Offer.

Kings Park Corporate Lawyers (KPCL) has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay KPCL approximately \$30,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, KPCL has received approximately \$27,000 excluding GST in fees from the Company.

#### **4.3 Litigation**

To the knowledge of the Company Directors, as at the date of this Prospectus, the Company is not involved in any legal proceedings, and the Company Directors are not aware of any legal proceedings pending or threatened against the Company.

#### **4.4 Dividend policy**

The Company does not expect the Company to declare any dividends in the near future as its focus will primarily be on using cash reserves for exploration expenditure on its existing assets, and projects acquired through the Transaction.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Company Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Company Directors. No assurances can be given by the Company Directors in relation to the payment of dividends by the Company or that franking credits may attach to any dividends.

#### **4.5 Forecast financial information**

Given the nature of Kodal's business and the fact that it is the early stages of exploration, there are significant uncertainties associated with forecasting future exploration results, revenues and expenses. In light of uncertainty as to timing and outcome of Kodal's growth strategies and the general nature of the industry in which the company will operate, as well as uncertain macro market and economic

conditions in its markets, Kodal's performance in any future period cannot be reliably estimated. On this basis and after considering Regulatory Guide 170, the Company Directors believe that reliable financial forecasts cannot be prepared for Kodal, and accordingly have not included financial forecasts in this Prospectus.

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## 5 CONSENTS

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

KPCL has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in relation to the Offer in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context in which it is incorporated, and to all references to the Notice of Meeting in this Prospectus in the form and context in which they appear.

Kodal Minerals has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named, in the form and context in which it is named, in this Prospectus and the Notice of Meeting and to the inclusion of the statements attributable to it, in the form and context in which they appear, in this Prospectus and the Notice of Meeting which is incorporated by reference.

Mr Galen White has given and has not, before lodgement of this Prospectus with ASIC, withdrawn his consent to be named, in the form and context in which he is named, in this Prospectus and the Notice of Meeting and to the inclusion of the statements attributable to him, in the form and context in which they appear, in this Prospectus and the Notice of Meeting which is incorporated by reference.

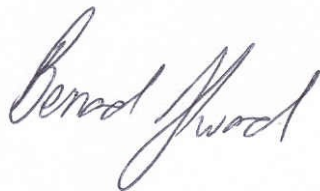
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## 6 DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Company Directors.

In accordance with Section 720 of the Corporations Act, each Company Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Further, in accordance with Section 720 of the Corporations Act, each director of Kodal Minerals has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.



Bernard Aylward  
Director

For and on behalf of Taruga Gold Limited

7 April 2016

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## 7 DEFINITIONS

Capitalised terms in this Prospectus have the meaning given in the Notice of Meeting.

<b>AIM</b>	the market of that name operated by the London Stock Exchange
<b>Annexure</b>	means an annexure of the Notice of Meeting.
<b>ASIC</b>	means Australian Securities and Investments Commission. ASX means Australian Stock Exchange Limited (ACN 008 624 691). ASX Listing Rules means the official Listing Rules of the ASX.
<b>Board</b>	means the board of Company Directors unless the context indicates otherwise.
<b>Capital Reduction</b>	means the equal reduction of capital of the Company proposed to be satisfied by the In Specie Distribution and transfer to Eligible Shareholders (in proportion to their holdings of Shares) of Kodal Shares held by the Company.
<b>Capital Reduction Resolution</b>	means Resolution 2 of the Notice of Meeting to be put to Shareholders at the General Meeting to approve the Capital Reduction.
<b>Company Directors</b>	means the directors of the Company as at the date of this Prospectus.
<b>Company or Taruga</b>	means Taruga Gold Limited (ACN 153 868 789).
<b>Constitution</b>	means the Company's constitution as at the date of this Prospectus.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Distribution</b>	has the meaning given in section 2.1 of the Notice of Meeting.
<b>Eligible Shareholder</b>	means a holder of Shares as at the Record Date with a registered address in Australia.
<b>Explanatory Memorandum</b>	means the explanatory statement accompanying and forming part of the Notice of Meeting.

<b>General Meeting or Meeting</b>	means the meeting convened by the Notice of Meeting.
<b>IGS</b>	means International Goldfields (Bermuda) Limited, a wholly-owned subsidiary of the Company that holds the Company's main assets.
<b>In Specie Distribution</b>	means, as part of the Transaction, the Capital Reduction by way of in specie distribution of Kodal Shares to Shareholders for which approval is being sought pursuant to the Capital Reduction Resolution of the Notice of Meeting.
<b>Kodal or Kodal Minerals</b>	means Kodal Minerals Plc (Company Registration No. 07220790), a company incorporated in UK whose shares are admitted to trading on AIM.
<b>Kodal Minerals Constitution</b>	means Kodal Minerals' constitution at the date of this Prospectus.
<b>Kodal Minerals Director</b>	means a current director of Kodal Minerals.
<b>Kodal Minerals Share</b>	means a fully paid ordinary share of £0.0003125 each in the capital of Kodal Minerals.
<b>Kodal Minerals Shareholder</b>	means a holder of a Kodal Minerals Share.
<b>Notice of Meeting</b>	means the Notice of General Meeting of the Company dated 7 April 2016 in which the Capital Reduction Resolution is to be considered.
<b>Offer</b>	means the offer of Kodal Shares pursuant to the Notice of Meeting.
<b>Option</b>	means an option to be issued a Share.
<b>Placement</b>	has the meaning given in Section 3.2(d).
<b>Prospectus</b>	means this short form prospectus prepared in accordance with Section 712 of the Corporations Act and dated 7 April 2016.
<b>Record Date</b>	means date for determining Eligible Shareholders in respect of the Offer as specified in the timetable set

	out in Section 2.3 of the Notice of Meeting (unless extended).
<b>Rights Issue</b>	has the meaning given in Section 3.2(d).
<b>Sale Agreement</b>	means the sale agreement dated 7 April 2016 between the Company and Kodal Minerals.
<b>Section</b>	means a section of this Prospectus, the Notice of Meeting or the Corporations Act, as the context requires.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of Shares.
<b>Transaction</b>	means the Transaction of IGS as contemplated by the Capital Reduction Resolution and summarised in Section 2.1 of the Explanatory Memorandum.
<b>WST</b>	means Western Standard Time, Perth, Western Australia.