

ARUMA RESOURCES LIMITED

ACN 141 335 364

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**For the Annual General Meeting to be held
on 28 October 2014 at 11:00am (Western Standard Time) at
18 Stirling Highway, Nedlands, Western Australia**

This is an important document. Please read it carefully.

***If you are unable to attend the Meeting, please complete the form of proxy enclosed
and return it in accordance with the instructions set out on that form.***

TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of Aruma Resources Limited will be held at:

The Boardroom	Commencing
Ground Floor	at 11:00am (Western Standard Time)
18 Stirling Highway	on Tuesday
Nedlands WA 6009	28 October 2014.

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 11:00am (Western Standard Time).

Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- Hand to the Company's office at Suite 33, 18 Stirling Highway, Nedlands, Western Australia, 6009;
- Facsimile to fax number +61 (8) 6389 0112;
- Post to Locked Bag 2000, Nedlands, Western Australia, 6909; or
- Email to pmacleod@gapcs.com.au,

so that it is received not later than 11:00 am (WST) on Sunday, 26 October 2014.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

ARUMA RESOURCES LIMITED

ACN 141 335 364

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Aruma Resources Limited will be held at The Boardroom, Ground Floor, 18 Stirling Highway, Nedlands, Western Australia on Tuesday, 28 October 2014 at 11:00am (Western Standard Time) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

GENERAL BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company, the Directors' Report and the Independent Audit Report for the year ended 30 June 2014.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following in accordance with section 250R(2) of the Corporations Act:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Annual Report for the year ended 30 June 2014."

Voting Exclusion: A vote in respect of Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons (the "voter"):

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a closely related party of such a member.

However, the voter may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (d) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the entity.

Resolution 2 - Re-election of Director – Paul Boyatzis

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Paul Boyatzis, who retires by rotation in accordance with rule 7.3(a) of the Constitution of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."

Resolution 3 – Ratification of Placement of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 20,000,000 Shares in the capital of the Company at 2.8 cents each on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Ratification of Issue of Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,500,000 Options on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5 – Approval of Employee Incentive Scheme

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.2 Exception 9(b) and for all other purposes, approval is given for the Company to grant Options (and issue any Shares upon exercise of those Options) under the employee incentive scheme titled "Aruma Resources Limited Employee and Officers Share Option Plan" for a period of 3 years commencing on the date of this Meeting and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the key management personnel; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

Resolution 6 – Approval to Grant Options to Peter Schwann

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant to Peter Schwann or his nominee up to 2,000,000 Options to acquire Shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Peter Schwann and his nominee and any person who may obtain a benefit if this Resolution is passed other than in their capacity as a Shareholder and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Resolution 7 – Approval to Grant Options to Paul Boyatzis

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant to Paul Boyatzis or his nominee up to 1,000,000 Options to acquire Shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Paul Boyatzis and his nominee and any person who may obtain a benefit if this Resolution is passed other than in their capacity as a Shareholder and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Resolution 8 – Approval to Grant Options to Ki Keong Chong

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant to Ki Keong Chong or his nominee up to 500,000 Options to acquire Shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ki Keong Chong and his nominee and any person who may obtain a benefit if this Resolution is passed other than in their capacity as a Shareholder and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

SPECIAL BUSINESS

Resolution 9 – Approval of Additional Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

By order of the Board



Phillip MacLeod
Company Secretary
Dated: 19 September 2014

ARUMA RESOURCES LIMITED
ACN 141 335 364

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. Financial Statements and Reports

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. Shareholders may view the Company annual financial report on its website at www.arumaresources.com.

Shareholders will be offered the following opportunities:

- (a) Discuss the Annual Financial Report for the financial period ended 30 June 2014.
- (b) Ask questions and make comment on the management of the Company.
- (c) Ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the presentation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

2. Information Relating to Resolution 1 – Adoption of Remuneration Report

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2014.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

Under the Corporations Act, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election. The Company encourages all Shareholders to cast their votes on Resolution 1 (Remuneration Report).

Previous Voting Results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

Proxy Restrictions

Pursuant to the Corporations Act, if you appoint a member of the key management personnel (other than the Chair) or any closely related party as your proxy to vote on this Resolution 1, **you must direct the proxy how they are to vote**. Where you do not direct such a person on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to Resolution 1.

If you appoint the Chair as your proxy, and you do not direct the Chair on how to vote on this Resolution 1, then by signing and returning the proxy form you are giving express authorisation for the Chair to vote all undirected proxies **FOR Resolution 1** even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Information Relating to Resolution 2 – Re-election of Director – Paul Boyatzis

Pursuant to rule 7.3(a) of the Company's Constitution, Mr Boyatzis, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company. Mr Boyatzis has been a Director since 6 January 2010 and was last re-elected on 28 November 2012.

Mr Boyatzis is the non-executive Chairman of the Company. Details of the qualifications and experience of Mr Boyatzis are set out in the 2014 Annual Report of the Company.

4. Information Relating to Resolution 3 – Ratification of Placement of Shares

4.1 Background

On 10 April 2014, the Company announced that it had agreed to issue 20 million Shares at 2.8 cents each to raise \$560,000 (the Placement). The funds were raised to fund targeted exploration programs on the Company's Glandore gold project and Bulloo Downs copper project; general working capital; and costs associated with the issue. The Placement was made to sophisticated investors under the Company's placement capacity pursuant to Listing Rules 7.1 and 7.1A. The issue of the Shares occurred on 14 April 2014.

Of the 20,000,000 Shares issued in the Placement, 16,800,000 Shares were placed pursuant to the Company's 15% placing capacity under Listing Rule 7.1 and 3,200,000 Shares were placed pursuant to the Company's additional 10% placing capacity under Listing Rule 7.1A that was approved by Shareholders at the annual general meeting held on 15 November 2013.

Resolution 3 seeks the ratification of the issue of 20,000,000 Shares issued at a price of 2.8 cents per Share to raise \$560,000 issued under the Company's placement capacity pursuant to Listing Rules 7.1 and 7.1A.

4.2 ASX Listing Rules

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A further provides that a company may seek approval at its annual general meeting to issue up to a further 10% of the number of fully paid ordinary securities on issue at the commencement of the 12 month period commencing on the annual general meeting date. The Company received approval under Listing Rule 7.1A at its annual general meeting held on 15 November 2013.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

Issues of securities made under Listing Rule 7.1A can also, after they have been made, be ratified under Listing Rule 7.4. This has the effect of refreshing the Company's ability to issue shares within the additional 10% limit, and restoring the Company's ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 or a further 10% under Listing Rule 7.1A until the Company's next annual general meeting without the requirement to obtain prior Shareholder approval.

Listing Rule 7.5 provides that for Shareholders to approve an issue subsequently, the notice of meeting must include particular information. This information is as follows:

- (a) The number of securities issued was 20,000,000 Shares. 16,800,000 Shares were issued pursuant to Listing Rule 7.1 and 3,200,000 Shares under Listing Rule 7.1A;
- (b) The Shares were issued at a price of 2.8 cents per Share;
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares;
- (d) The Shares were issued to sophisticated, professional and other investors who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act. The allottees are not related parties of the Company; and
- (e) The funds raised from this issue were used to fund exploration on the Company's Glandore gold project and Bulloo Downs copper project; general working capital; and costs associated with the issue.

5. Information Relating to Resolution 4 – Ratification of Issue of Options

5.1 Background

The Company agreed to issue 2,500,000 Options to two parties that assisted in identifying and securing the Bulloo Downs copper project joint venture areas. The Options are exercisable at 5 cents and expire on 28 February 2017. The Options were issued on 8 August 2014.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 4.2 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 ASX Listing Rules

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the approval under Resolution 4:

- (a) 2,500,000 Options were issued;
- (b) the Options were issued for nil cash consideration as they were issued in consideration for the assistance provided in identifying and securing the Bulloo Downs copper project joint venture areas;
- (c) the Options were issued on the terms and conditions set out in Schedule 1. Shares issued on exercise of the Options will be issued on the same terms and conditions as the Company's existing Shares on issue;
- (d) 500,000 Options were issued to BM & SK Maguire and 2,000,000 Options to CL Ridley. Neither of the parties are related parties of the Company; and
- (e) No funds were raised from this issue.

6. Resolution 5 – Approval of Employee Incentive Scheme

6.1 Background

In June 2011 the Board adopted the Aruma Resources Limited Employee and Officers Share Option Plan (**Option Plan**) to enable the Company to issue Options to eligible participants including employees and officers. The terms of the Option Plan were included in the notice of general meeting dated 25 October 2011 and approved by Shareholders in the meeting held 29 November 2011 for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) for a period of 3 years. .

The Option Plan is intended to provide an opportunity to eligible participants to participate in the Company's future growth and provide an incentive to contribute to that growth. The Option Plan is further designed to assist in retaining employees.

A copy of the Option Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting and can be sent to Shareholders upon request to the Company Secretary (Phillip Macleod). In addition, a copy of the Option Plan will be made available for inspection at the Meeting. A summary of the Option Plan is set out in Schedule 2.

Resolution 5 seeks Shareholders approval for the grant of Options (and any issue of Shares upon the exercise of those Options) under the Option Plan for a period of 3 years from the date of this Meeting in accordance with ASX Listing Rule 7.2 (Exception 9(b)). This has the effect of extending the approval of Shareholders obtained on 29 November 2011 and which ceases on 28 November 2014.

6.2 Regulatory Requirements

Shareholder approval is not required under the Corporations Act or the ASX Listing Rules for the establishment or operation of the Option Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the 15% limit imposed by ASX Listing Rule 7.1 on the number of securities that may be issued without shareholder approval.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) provides an exception to ASX Listing Rule 7.1 which provides that issues of securities under an employee incentive scheme that has been approved by shareholders are exempt for a period of 3 years from the date of shareholder approval of the issue of securities under the employee incentive scheme.

If Resolution 5 is passed, the Company will be able to issue Shares under the Option Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that 400,000 Options exercisable at 9.3 cents each have previously been issued under the Option Plan. All these Options expired unexercised on 14 August 2014. Currently there are no Options on issue under the Option Plan.

The objective of the Plan is to attract, motivate and retain key employees and officers and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

If an offer is made to a related party or person whose relation with the Company is, in ASX's opinion, such that approval should be obtained, to participate in the Option Plan then separate Shareholder approval will need to be obtained under either ASX Listing Rule 10.11 or ASX Listing Rule 10.14.

6.3 Recommendation

The Board recommends that Shareholders approve the Option Plan for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) for a period of 3 years. It will allow the Company to issue securities for the benefit of participants of the Option Plan whilst preserving the Company's 15% limit of issuing securities and provide flexibility in the manner in which the Option Plan is managed.

7. Information Relating to Resolutions 6, 7 and 8 – Approval to Grant Options to Related Parties

Resolutions 6, 7 and 8 seek shareholder approval so that the Company may grant Options under the Option Plan (see Resolution 5) to each of the Directors Messrs Schwann, Boyatzis and Chong.

7.1 Chapter 2E of the Corporations Act – Related Party Transactions

The proposed grant of Options to Messrs Schwann, Boyatzis and Chong as Directors in each case is a financial benefit to a related party requiring Shareholder approval under the Corporations Act in the absence of a specified exception applying.

The following information is provided to Shareholders in relation to Resolutions 6, 7 and 8.

(a) **The Related Party to whom the Proposed Resolutions would permit the Financial Benefit to be given**

The related parties are Peter Schwann (Resolution 6), Paul Boyatzis (Resolution 7) and Ki Keong Chong (Resolution 8) or their nominees.

(b) The Nature of the Financial Benefit

The proposed financial benefit to be given is the grant of up to:

- (i) 2,000,000 Options to Peter Schwann (or his nominee);
- (ii) 1,000,000 Options to Paul Boyatzis (or his nominee); and
- (iii) 500,000 Options to Ki Keong Chong (or his nominee).

The terms of the Options are set out in Schedule 3.

(c) Directors Recommendation and Basis of Financial Benefit

The Board currently consists of Peter Schwann, Paul Boyatzis and Ki Keong Chong.

By Resolutions 6, 7 and 8 the Company is proposing to grant Options to each of the Directors. In each case, the number of Options to be granted and the terms of the Options were negotiated by the Directors independent of the particular Director to be granted the Options.

The purpose of the Options is to provide each Director with added incentive to achieve the goals set by the Board and to add Shareholder value. The Options are issued as part of each Director's remuneration package and under the Option Plan.

The independent Directors in each case consider that the quantity of Options together with the terms of the Options in each case constitute an appropriate number to adequately incentivise the Directors in light of that Director's skill and experience and their current remuneration as detailed below.

The Company notes that the issue of the Options to Paul Boyatzis and Ki Keong Chong as non-executive Directors is not contrary to guidelines for non-executive remuneration in recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations as the Option terms do not include performance hurdles. The Board considers the grant of the Options to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

The independent Directors in each case recommend that Shareholders vote in favour of the Resolutions.

Mr Peter Schwann abstains from making a recommendation to Shareholders on Resolution 6 as he has a material personal interest in the outcome as the recipient of the Options.

Mr Paul Boyatzis abstains from making a recommendation to Shareholders on Resolution 7 as he has a material personal interest in the outcome as the recipient of the Options.

Mr Ki Keong Chong abstains from making a recommendation to Shareholders on Resolution 8 as he has a material personal interest in the outcome as the recipient of the Options.

(d) Dilution

The passing of Resolutions 6, 7 and 8 would have the effect of granting up to 3,500,000 Options.

If any of the Options are exercised into Shares, the effect would be to dilute the shareholding of existing Shareholders. If all the 3,500,000 Options were exercised into Shares, the effect would be to dilute the shareholding of the existing Shareholders by approximately 2.3% based on the total number of Shares on issue at the date of this Notice being 149,304,167.

The actual dilution will depend on the extent of further equity raised by the Company and whether any Options are exercised.

(e) Total Remuneration Package of Related Parties

The remuneration received by Peter Schwann is \$250,000 per annum as Managing Director and CEO and any statutory superannuation entitlement (currently 9.5% per annum).

The remuneration received by Paul Boyatzis (or his nominees) is \$72,000 per annum as a Non-Executive Chairman's fee.

The remuneration received by Ki Keong Chong is \$30,000 per annum as a Director's fee.

(f) **Existing Relevant Interests**

At the date of this Notice, Messrs Boyatzis, Schwann and Chong and their associates have the following relevant interest in securities of the Company.

Name	Shares	Options exercisable at 8.2 cents each expiring 17 March 2016
Peter Schwann	4,802,167	2,000,000
Paul Boyatzis	4,184,962	1,000,000
Ki Keong Chong	300,000	500,000

(g) **Trading History**

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Date	Closing Price
Highest Price	23 June and 11 July 2014	4.4 cents
Lowest Price	10 to 17 December 2013 and 7 January 2014	1.5 cents
Latest Price	18 September 2014	3.5 cents

(h) **Valuation of Options**

The Options will not be quoted on ASX.

The Company has valued the Options to be granted to the Directors or their nominees using the Black-Scholes method.

The following assumptions have been made regarding the inputs required for the option pricing module:

Input		Note
Number of options to related parties	3,500,000	
Underlying security spot price	3.5 cents	1
Exercise price	5.25 cents	2
Dividend rate	Nil	3
Volatility rate	82%	4
Risk free rate	2.86%	5
Expiry Date	18 September 2017	6

Note 1 The underlying security spot price used for the purposes of this valuation is based on the closing price of Shares on the valuation date of 18 September 2014 which was 3.5 cents.

Note 2 The exercise price is 150% of the volume weighted average closing price for the 5 trading days prior to date of this Meeting. This example uses 150% of closing price on the valuation date.

Note 3 As at the date of the valuation, the Company had not forecast any future dividend payments. For the purposes of the valuation it is therefore assumed that the Company's share price is "ex-dividend", If dividend payments were forecast, the value of the Options would be reduced.

- Note 4 A volatility rate of 82% has been adopted. This rate has been calculated by reference to the closing price volatility for the Shares of the Company for the previous two years.
- Note 5 The risk free rate is 2.86% based on the current Reserve Bank Treasury Bond rates.
- Note 6 The Options expire 3 years from the date of grant being the date of this Meeting. For the purposes of this valuation an Expiry Date of 18 September 2017 has been used.

Based on the above assumptions the Options proposed to be issued to Directors have been valued as follows:

Number and Value of Options	
	Options
Peter Schwann	2,000,000 Options – 1.6 cents per Option (total value - \$32,000)
Paul Boyatzis	1,000,000 Options – 1.6 cents per Option (total value - \$16,000)
Ki Keong Chong	500,000 Options – 1.6 cents per Option (total value - \$8,000)

(i) **Other Information**

The Directors do not consider that there are opportunity costs to the Company or benefits foregone by the Company in granting the Options.

For accounting purposes, the Options will be recognised as an expense.

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass Resolutions 6, 7 and 8.

7.2 ASX Listing Rule 10.11

Listing Rule 10.11 requires a company to obtain shareholder approval prior to the issue of securities to a related party. Peter Schwann, Paul Boyatzis and Ki Keong Chong are Directors and as such are related parties of the Company. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (and the issue of the Shares will not be included in the 15% placement capacity calculation). Listing Rule 10.13 provides that the notice of meeting to approve the issue of securities under Listing Rule 10.11 must include certain information. For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 6, 7 and 8:

- (a) The Options will be granted to Peter Schwann (Resolution 6), Paul Boyatzis (Resolution 7) and Ki Keong Chong (Resolution 8) or their nominees.
- (b) The maximum number of securities the Company will grant is:
 - 2,000,000 Options to Peter Schwann (or his nominees);
 - 1,000,00 Options to Paul Boyatzis (or his nominees); and
 - 500,000 Options to Ki Keong Chong (or his nominees).
- (c) The Options will be granted no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) Peter Schwann, Paul Boyatzis and Ki Keong Chong as Directors are related parties.
- (e) The Options are granted for nil consideration. The exercise price of the Options is 150% of the 5 day volume weighted average closing price of Shares prior to the date of the Meeting. The Options expire 27 October 2017 and have no vesting criteria. The full terms of the Options are set out in Schedule 3.
- (f) No funds will be raised by the grant of the Options.

8. Information Relating to Resolution 9 – Approval for Additional Placement Capacity

8.1 General

ASX Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

ASX Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting ("Additional Placement Capacity").

The Company seeks Shareholder approval under Resolution 9 to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in ASX Listing Rule 7.1A.2 (set out below).

8.2 Requirements of ASX Listing Rule 7.1A

(a) **Eligible entities**

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

(b) **Shareholder approval**

Shareholders must approve the Additional Placement Capacity by special resolution at the annual general meeting.

(c) **Equity Securities**

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has only one class of Equity Securities quoted on ASX being fully paid ordinary Shares. The Company also has unquoted Options on issue.

(d) **Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity**

If Resolution 9 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$(AxD)-E$$

A	The number of shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none">• plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;• plus the number of partly paid shares that became fully paid in the 12 months;• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under ASX Listing Rules 7.1 or 7.4;• less the number of fully paid shares cancelled in the 12 months.
D	10%
E	The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

(e) **Interaction between ASX Listing Rules 7.1 and 7.1A**

The Additional Placement Capacity under ASX Listing Rule 7.1A is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Company has 149,304,167 Shares on issue as at the date of this Notice. If Resolution 9 is passed, the Company will be permitted to issue, a maximum of (as at the date of this Notice):

- 22,395,625 Equity Securities under ASX Listing Rule 7.1; and
- 14,930,416 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under ASX Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out above).

The effect of Resolution 9 will be to allow the Company to issue securities under ASX Listing Rule 7.1A without using the Company's placement capacity under ASX Listing Rule 7.1.

8.3 Information for Shareholders as required by ASX Listing Rule 7.3A

(a) **Minimum price**

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 trading days of the date above, the date on which the Equity Securities are issued.

(b) **Risk of economic and voting dilution**

If Resolution 9 is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under ASX Listing Rule 7.1 that are approved by Shareholders in the future;
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		1.75 cents	3.5 cents	7 cents
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
Current Variable A 149,304,167 Shares	10% Voting Dilution	14,930,416 Shares	14,930,416 Shares	14,930,416 Shares
	Funds raised	\$261,282	\$522,565	\$1,045,129
50% increase in current Variable A 223,956,251 Shares	10% Voting Dilution	22,395,625 Shares	22,395,625 Shares	22,395,625 Shares
	Funds raised	\$391,923	\$783,847	\$1,567,694
100% increase in current Variable A 298,608,334 Shares	10% Voting Dilution	29,860,833 Shares	29,860,833 Shares	29,860,833 Shares
	Funds raised	\$522,565	\$1,045,129	\$2,090,258

This table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- No Options are exercised into Shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is 3.5 cents, being the closing price of the Shares on ASX on 18 September 2014.

The Company's ability to issue securities under ASX Listing Rule 7.1A is in addition to its ability to issue securities under ASX Listing Rule 7.1.

(c) **Placement Period**

Shareholder approval of the Additional Placement Capacity under ASX Listing Rule 7.1A is valid from 27 October 2014 (the date of this Meeting) and expires on the earlier of:

- 26 October 2015, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of the main undertaking) (the "**Placement Period**").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that shareholders' approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

(d) **Purposes for which the new Equity Securities may be issued**

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated with such acquisitions), continued expenditure on the Company's current assets and operations including the Glandore, Jundee South and Bulloo Downs projects and for general working capital; or
- non-cash consideration for acquisition of new resources, assets, investments (including expenses associated with such acquisitions) or for the payment of goods or services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(e) **Allocation policy**

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company;
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments then it is likely that the allottees will be the vendors of the new assets.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A on the issue of any new securities.

(f) **Details of Equity Securities issued in the 12 months preceding the date of Meeting**

On 15 November 2013, the Company received Shareholder approval for the Additional Placement Capacity at its 2013 annual general meeting. Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders:

- The total number of Equity Securities issued in the 12 months before this Meeting (that is, since 28 October 2014) is 22,500,000 (being 20,000,000 Shares and 2,500,000 Options). The total number of Equity Securities on issue at 28 October 2013 was 129,304,167 Shares and 400,000 Options. The total number of Equity Securities issued in the 12 months since 28 October 2013 is 17.3% of the total number of Equity Securities on issue at 28 October 2013.
- The details for each separate issue of Equity Securities issued during the 12 months preceding the date of the Meeting are:

Date of issue:	14 April 2014
Number of Equity Securities:	20,000,000
Summary of terms:	Fully paid ordinary shares
Basis on which allottees were determined:	The Shares were issued to sophisticated and professional investors under Section 708 of the Corporations Act. The allottees were not related parties of the Company.
Price:	2.8 cents per Share
Discount to market price:	The Shares were issued at a 0.1 cents discount to the market price of 2.9 cents.

Total cash consideration received:	\$560,000
Amount of cash consideration spent:	\$5,000 for the costs associated with the capital raising.
Intended use for remaining amount of cash:	Fund exploration on the Company's existing projects in Western Australia and general working capital.

Date of issue:	8 August 2014
Number of Equity Securities:	2,500,000
Summary of terms:	Unlisted Options exercisable at 5 cents each expiring 28 February 2017. The Options vested immediately from date of issue.
Basis on which allottees were determined:	500,000 Options were issued to BM & SK Maguire and 2,000,000 Options to CL Ridley.
Price:	The Options issued for no consideration for assistance provided in identifying and securing the Bulloo Downs joint venture project area.
Discount to market price:	Not applicable.
Current value of the non-cash consideration:	The Company has valued the Options as at 18 September 2014 at 1.23 cents per Option using the Black-Scholes method. Therefore, the current value of the 2,500,000 Options is \$30,750.

(g) **Voting exclusion**

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

9. Enquires

Shareholders may contact Phil MacLeod on (+ 61 8) 6389 1799 if they have any queries in respect of the matters set out in these documents.

Voting and Proxies

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. The chair of the Meeting will vote undirected proxies on, and in favour of, all of the proposed Resolutions (including Resolution 1 (Adoption of Remuneration Report)). In relation to Resolution 1, the proxy form expressly authorises the chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel. Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year 30 June 2013. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

4. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 26 October 2014 at 5:00pm (Western Standard Time).
5. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

GLOSSARY

In the Notice and this Explanatory Statement the following expressions have the following meanings:

"**Additional Placement Capacity**" means the capacity to issue Equity Securities by way of placement approved by Shareholders under Listing Rule 7.1A.

"**Annual General Meeting and Meeting**" means the meeting convened by this Notice.

"**ASX**" means the ASX Limited (ABN 98 008 624 691).

"**ASX Listing Rules**" or "**Listing Rules**" means the Listing Rules of the ASX.

"**Board**" means the Board of Directors of the Company.

"**Chairman**" means the chairman of the Company.

"**Company**" or "**Aruma Resources**" means Aruma Resources Ltd (ACN 141 335 364).

"**Constitution**" means the constitution of the Company.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Directors**" mean the directors of the Company from time to time.

"**Equity Securities**" has the same meaning as in the Listing Rules.

"**Explanatory Statement**" means this Explanatory Statement.

"**Meeting**" means the meeting convened by this Notice.

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

"**Option**" means an option to acquire a Share.

"**Option Plan**" means the Employee and Officers Share Option Plan with the terms and conditions summarised in Schedule 2.

"**Optionholder**" means a holder of an Option.

"**Placement Period**" means the period during which Shareholder approval under Listing Rule 7.1A is valid.

"**Resolution**" means a resolution referred to in the Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholder**" means a registered holder of shares in the Company.

"**WST**" or "**Western Standard Time**" means Western Standard Time, Perth, Western Australia.

"**\$**" means Australian dollars unless otherwise stated.

SCHEDULE 1

Terms and Conditions of Unlisted Options (Resolution 4)

1. Each Option entitles the holder to one Share.
2. The Options are exercisable at any time prior to 5.00 pm Western Standard Time on 28 February 2017 ("**Expiry Date**"). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The exercise price of the Options is 5 cents each.
4. The Options will not be listed on ASX and may only be transferred with the consent of the Board of the Company.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date ("**Exercise Date**").
6. Within 15 Business Days after the later of the following:
 - (i) the Exercise Date; and
 - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,but in any case no later than 20 Business Days after the Exercise Date, the Company will:
 - (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
 - (iv) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
7. Shares issued on the exercise of the options rank equally with the then issued Shares.
8. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Optionholders the opportunity (where Options have vested, if applicable) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
9. If there is a bonus issue ("**Bonus Issue**") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
10. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

SCHEDULE 2

Terms and Conditions of Option Plan (Resolution 5)

Following is a summary of the terms and conditions of the Option Plan:

- 1. Purpose** The purpose of the Option Plan is to offer Options to assist with reward, retention, motivation and recruitment of eligible participants.
- 2. Eligible Participants** Eligible participants are a full or part-time employee, consultant or an officer of the Company or a subsidiary ("**Eligible Participants**").
- 3. Offers** Subject to any necessary Shareholder approval, the Board may offer Options to Eligible Participants for nil consideration.
- 4. Exercise Price** The exercise price of Options will be determined by the Board in its discretion provided that the exercise price will not be less than 80% of the average closing sale price of Shares on ASX over the 5 trading days immediately preceding the date of the offer.
- 5. Expiry Date** The expiry date of Options will be determined by the Board but will be no later than 5 years from the date of issue of an Option.
- 6. Vesting and Lapse**

An Option may only be exercised after that Option has vested and before its expiry date. The Board may determine the vesting period, conditions and restrictions (if any). On the grant of an Option the Board may in its absolute discretion impose other conditions on the exercise of an Option.

An Option will lapse upon the first to occur of its expiry date; the holder acting fraudulently or dishonestly in relation to the Company; 60 days following the participant ceasing to be an officer, employed or engaged by the Company; or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.

If, in the opinion of the Board, a change of control event (scheme of arrangement, takeover bid or a person with a sufficient relevant interest to replace the Board) has or is likely to occur, then the Board may declare an Option to be free of any conditions of exercise. Similarly, Options will be free of any conditions of exercise where a notice of meeting is issued to enter into a scheme of arrangement resulting in a person obtaining a relevant interest in not less than 90% of the Shares.
- 7. Shares issued on exercise of Options** Each Option entitles the holder to one fully paid ordinary share on exercise of the Option.
- 8. Transferability and quotation** Options may not be transferred other than to a nominee of the holder or with the prior consent of the Board. Quotation of the Options on the ASX will not be sought. However, the Company will apply for official quotation of Shares issued on exercise of Options.
- 9. Limitation on number of Options** Shares to be received on the exercise of all Options under the Option Plan when aggregated with the number of Shares issued during the previous 5 years under any employee share plan of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit.
- 10. Administration of the Plan** The Option Plan will be administered under the directions of the Board and the Board may make regulations and establish procedures for the administration and management of the Option Plan as it considers appropriate.
- 11. Operation** The operation of the Plan is subject to the ASX Listing Rules and the Corporations Act.

SCHEDULE 3

Terms and Conditions of Options to Related Parties (Resolutions 6 to 8)

1. Each Option entitles the holder to one Share.
2. The Options are exercisable at any time prior to 5.00 pm Western Standard Time on 27 October 2017 ("**Expiry Date**"). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The exercise price of the Options is 150% of the 5 day volume weighted average closing price of Shares prior to the date of the Meeting.
4. The Options will not be listed on ASX and may only be transferred with the consent of the Board of the Company.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date ("**Exercise Date**").
6. Within 15 Business Days after the later of the following:
 - (v) the Exercise Date; and
 - (vi) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,but in any case no later than 20 Business Days after the Exercise Date, the Company will:
 - (vii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
 - (viii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
7. Shares issued on the exercise of the options rank equally with the then issued Shares.
8. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Optionholders the opportunity (where Options have vested, if applicable) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
9. If there is a bonus issue ("**Bonus Issue**") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
10. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

ARUMA RESOURCES LIMITED
ACN 141 335 364
PROXY FORM

APPOINTMENT OF PROXY
Aruma Resources Limited

I/We
being a Shareholder of Aruma Resources Limited entitled to attend and vote at the Annual General Meeting,
hereby

Appoint

Name of Proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at The Boardroom, 18 Stirling Highway, Nedlands, Western Australia on 28 October 2014 at 11:00am (WST) and at any adjournment thereof.

Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Paul Boyatzis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Grant of Options to Peter Schwann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Grant of Options to Paul Boyatzis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Grant of Options to Ki Keong Chong	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Important note for Resolutions 1, 5, 6, 7 and 8: If you appoint a member of the Company's key management personnel (other than the chair of the Meeting) or a closely related party of a member of the Company's key management personnel as your proxy, and you do not direct your proxy how to vote in respect of Resolutions 1, 5, 6, 7 and 8 your proxy will NOT cast your vote on the resolution and your votes will not be counted.

If you appoint the chair of the Meeting as your proxy (or the chair of the Meeting becomes your proxy by default) and you do not direct your proxy how to vote in respect of Resolutions 1, 5, 6, 7 and 8, your vote will be cast in favour of those Resolutions and you hereby expressly authorise the chair of the Meeting to exercise your proxy even though Resolutions 1, 5, 6, 7 and 8 are connected directly or indirectly with the remuneration of the members of the Company's key management personnel.

The Chair intends to vote any such undirected proxies in favour of all Resolutions.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Please return this Proxy Form to the Company Secretary, Aruma Resources Limited, Locked Bag 2000, Nedlands, WA, 6909 or by fax to (08) 6389 0112 or by email to pmacleod@gapcs.com.au by 11:00am (WST) on 26 October 2014.

Signed this day of 2014.

Signature of Member(s):

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Instructions for Completing Appointment of Proxy Form

1. In accordance with section 249L of the Corporations Act, a shareholder of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with sections 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of sections 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. In accordance with section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments:

Registered Office: Suite 33, 18 Stirling Highway Nedlands, Western Australia, 6009

Fax Number: +61 (8) 6389 0112

Email: pmacleod@gapcs.com.au

Postal Address: Locked Bag 2000, Nedlands, Western Australia, 6909

by no later than 48 hours prior to the time of commencement of the Meeting.