ARUMA RESOURCES LIMITED

(ABN 77 141 335 364)

Annual Report
30 June 2021

Contents

Corporate information

Directors

Paul Boyatzis (Chairman)

Peter Schwann (Managing director)

Mark Elliott

Company secretary

Phillip MacLeod

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Securities exchange listing

ASX Limited

ASX Code: AAJ

Letter from the Board to Shareholders

Dear Shareholder

Your company, Aruma Resources Ltd ("Aruma" or "The Company"), is an active gold focused and lithium exploration company with a portfolio of strategically located projects in the Pilbara and Goldfields regions of Western Australia. The Company also holds a gold exploration project in the Lachlan Fold Belt, in New South Wales.

Over the past twelve months, despite the challenges brought on by the Covid 19 pandemic, the Company has focused on advancing its field work programs and exploration planning across its project portfolio,

This included targeted drilling and the strategic addition of new exploration licence applications. Two capital raisings were completed which raised a total of $3,052,000 (before issue costs) to support our exploration programs. We also received a $162,038 R&D tax offset (before costs). A further estimated R&D tax offset of approximately $330,000 is expected for 2021-22.

The Mt Deans Lithium Project has become a focus for Aruma against the background of a positive lithium environment. A new study has been carried out and drilling at the Project is planned before the end of calendar year, 2021. The Company is targeting large high-grade spodumene zones under multiple outcropping pegmatites, with tantalum and tin credits defined by shallow historic drilling.

Aruma holds two strategically located gold projects in the Pilbara; the Melrose Project, adjacent and encircling the 1M oz. Paulsens Gold Project, and the Saltwater Project, situated in a known historic gold area. A maiden 4,018m RC drilling program was completed at Saltwater during the year, and PoW for drilling at Melrose has been approved, and the Company anticipates drilling in the second quarter of the current year.

The Salmon Gums Gold Project comprises two Exploration Licences over an area of 222km^2, south of the mining town of Norseman, in WA It is interpreted to share the same stratigraphy and similar structures to Pantoro's (ASX: PNR) rapidly developing high-grade zones at Scotia to the north.

The exploration licences covering the Capital Gold Project, in the Lachlan Fold Belt of NSW were granted in early 2021. A reconnaissance field visit was conducted in May, focusing on the Bywong area which has delivered historic gold production. The Company plans to divest the Capital Project, as current Covid-enforced travel restrictions preclude activity in NSW.

Aruma's project package has attracted the attention of a large group of investors, and they have given the company the financial ability to carry out aggressive exploration and expand the exploration team.

Consistent with the Company's focus on its current portfolio of projects, the Slate Dam and Clinker Hill Projects were sold for an all-cash consideration of $500,000.

The coming year will see aggressive exploration on the Company's projects, with the focus on initial evaluation of the strong lithium and gold trends on the four WA projects.

Finally, on behalf of the board I would like to thank all staff, contractors, and consultants for their valuable contribution during the year and thank old and new shareholders for their continued support during the past twelve months. I recommend all shareholders read this report to gain a further understanding of the Company's plans and projects.

Paul Boyatzis

Chairman

Review of operations

Exploration

Highlights

- **Aruma continued to advance exploration planning and field work programs across its strategically located project portfolio**
- **Saltwater Gold Project, Pilbara region of Western Australia**
  - **Maiden 4,518m RC drilling completed**
  - **Results indicated potential for the Project to host a new gold camp**
- **Melrose Gold Project, Pilbara region of Western Australia**
  - **Exploration Licences granted and Project area expanded**
  - **PoW for first phase of drilling approved, Heritage agreements completed**
- **Salmon Gums Gold Project (formerly Scotia South), Goldfields region of Western Australia**
  - **Exploration Licences granted and PoW for first phase of drilling approved**
  - **Historic drilling results on geochemical anomalies reported;**
    7m at 2.7g/t Au in T26R002
    3m at 1.55g/t Au in T26R058
    1m at 5.6g/t Au in T26R054
- **Mt Deans Lithium-Tantalum Project, Goldfields region of Western Australia**
  - **Located in WA's 'lithium corridor' in Eastern Goldfields Terrane of the Yilgarn Craton**
  - **PoW for first phase of drilling submitted – project considered highly prospective for lithium minerals, tantalum and rare earth elements**
- **Corporate**
  - **$2.7m Placement completed**
  - **Sale of Slate Dam-Trojan Project to Black Cat Syndicate for all-cash consideration of $500,000 completed**

Aruma Resources Limited (ASX: AAJ) (Aruma or the Company) is pleased to provide the following report on its activities for the year ending 30 June 2021.

During the year, the Company continued to advance exploration planning and field work programs across its strategically located portfolio of active exploration projects, including; the Saltwater Gold Project and Melrose Gold Project in the Pilbara region of Western Australia, the Salmon Gums Gold Project (formerly Scotia South) and the Mt Deans Lithium-Tantalum Project, both in the Eastern Goldfields of WA.

Aruma's gold projects are all located in active gold mineralised belts proximal to significant gold discoveries, and exhibit characteristics of the Company's sediment-hosted gold exploration model. Aruma is of the view that its gold projects demonstrate the potential to host new, large high-grade gold discoveries.

The company also holds the 100%-owned Capital Gold Project, which covers an area of 372km^2 within the Lachlan Fold Belt in New South Wales, in close proximity to Sky Metals' (ASX: SKY) Hume gold discovery.

As part of the consolidation of its project portfolio, Aruma also completed the successful sale of its Slate Dam Gold Project (including the Trojan resource) and Clinker Hill Gold Project to Black Cat Syndicate (ASX: BC8) for an all-cash consideration of $500,000.

Review of operations

See Figure 1 for Aruma's project location map and Table 1 for details of the Company's Licence holdings.

Projects' Overview

Figure 1: Aruma's Australian Gold Projects

Review of operations

TenementID	State	Project	Status	Holders	Received	Commenced	Expiry	km^2	Total km^2
E 47/4362	WA	Melrose	Live	AEPL	21/04/2020	27/05/2021	26/05/2026	22	
E 47/4414	WA	Melrose	Live	AEPL	22/07/2020	27/05/2021	26/05/2026	14	
E 08/3183	WA	Melrose	Live	AEPL	20/04/2020	28/05/2021	27/05/2026	39	
E 08/3184	WA	Melrose	Live	AEPL	20/04/2020	28/05/2021	27/05/2026	28	
E 08/3188	WA	Melrose	Live	AEPL	20/04/2020	28/05/2021	27/05/2026	59	
E 08/3210	WA	Melrose	Live	AEPL	27/05/2020	28/05/2021	27/05/2026	11	
E 08/3219	WA	Melrose	Live	AEPL	4/06/2020	28/05/2021	27/05/2026	59	
E 08/3244	WA	Melrose	Live	AEPL	10/08/2020	28/05/2021	27/05/2026	96	
E 08/3280	WA	Melrose	Pending	AEPL	20/10/2020			3	
E 08/3334	WA	Melrose	Pending	AEPL	19/02/2021			14	
E 08/3351	WA	Melrose	Pending	AEPL	15/04/2021			6	
E 47/4529	WA	Melrose	Pending	AEPL	30/03/2021			20	
P 08/802	WA	Melrose	Pending	AEPL	16/04/2021			1	
P 47/1985	WA	Melrose	Pending	AEPL	28/05/2021			1	372
E 52/3816	WA	Saltwater	Live	AEPL	15/04/2020	1/07/2020	30/06/2025	17	
E 52/3818	WA	Saltwater	Live	AEPL	17/04/2020	1/07/2020	30/06/2025	156	
E 52/3825	WA	Saltwater	Live	AEPL	5/05/2020	6/07/2020	5/07/2025	111	
E 52/3830	WA	Saltwater	Live	AEPL	12/05/2020	15/07/2020	14/07/2025	51	
E 52/3846	WA	Saltwater	Live	AEPL	1/07/2020	1/09/2020	31/08/2025	88	
E 52/3852	WA	Saltwater	Live	AEPL	7/08/2020	8/10/2020	7/10/2025	54	
E 52/3854	WA	Saltwater	Live	AEPL	7/08/2020	8/10/2020	7/10/2025	107	
E 52/3857	WA	Saltwater	Live	AEPL	14/08/2020	14/10/2020	13/10/2025	51	
E 52/3966	WA	Saltwater	Live	AEPL	11/06/2021	20/08/2021	19/08/2026	108	744
E 63/2037	WA	Salmon Gums	Live	AEPL	21/05/2020	20/04/2021	19/04/2026	202	
E 63/2122	WA	Salmon Gums	Live	AEPL	18/06/2021	20/08/2021	19/08/2026	20	222
P 63/2063	WA	Mt Deans Li	Live	AEPL	23/06/2016	5/09/2019	4/09/2023	1	1
EL9022	NSW	Capital	Live	AMPL	22-Apr-20	13-Jan-21	13-Jan-22	46	
EL9023	NSW	Capital	Live	AMPL	22-Apr-20	13-Jan-21	13-Jan-22	150	
EL9027	NSW	Capital	Live	AEPL	08-Jun-20	12-Jan-21	12-Jan-24	162	358
	AEPL	Aruma Exploration Pty Ltd			AMPL	Augustus Mining Pty Ltd			1698

Table 1: Aruma's lease details as at the date of this report.

Review of operations

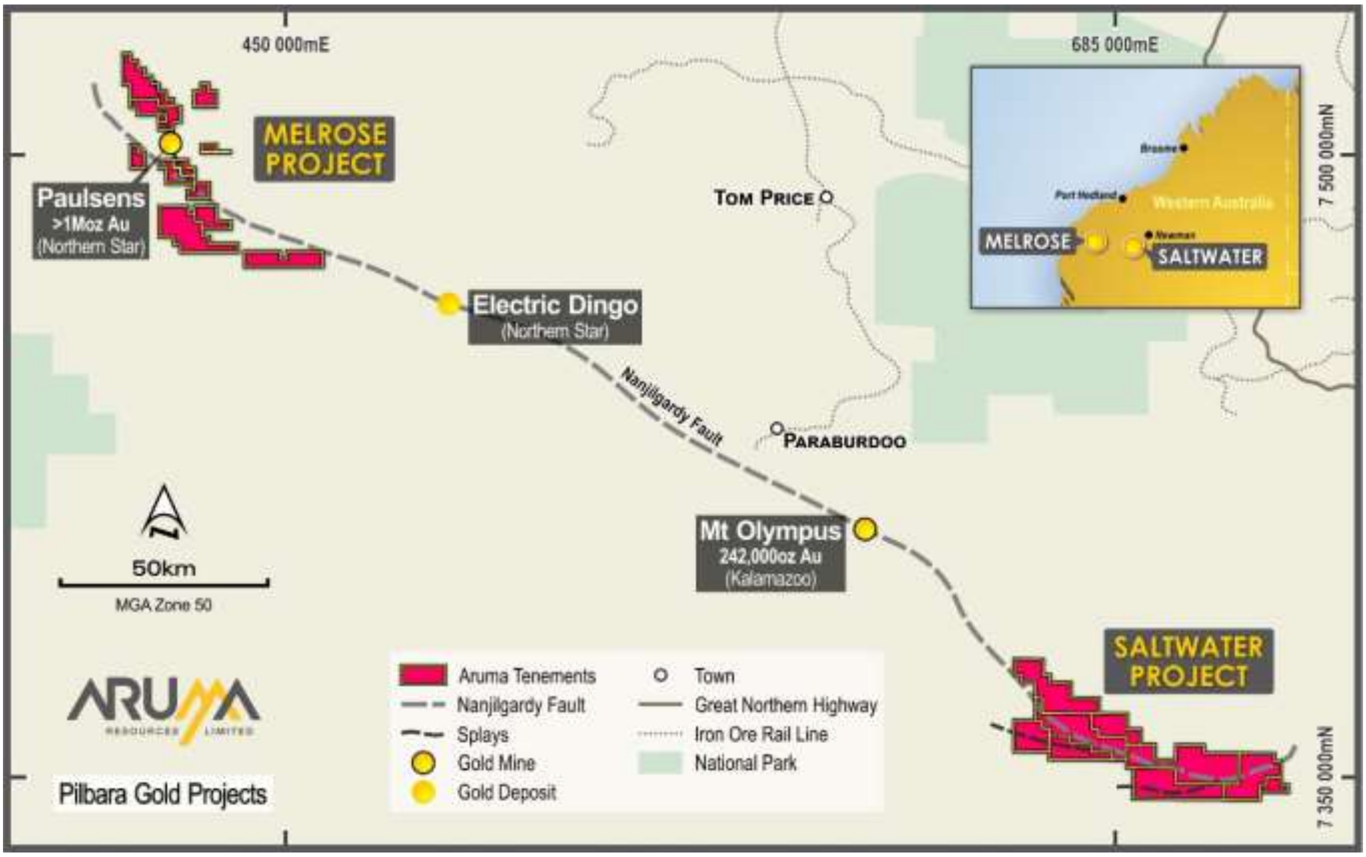

Figure 2: Aruma's Pilbara Gold Projects

Saltwater Gold Project, Pilbara, Western Australia

The Saltwater Gold Project consists of nine granted Exploration Licences (EL52/3816, EL52/3818, EL52/3825, EL52/3830, EL52/3846, EL52/3852, EL52/3854, EL52/3857 and EL52/3966) for a total area of 744km^2. The Project is located approximately 100kms south-west of the regional mining centre of Newman.

The Project area is interpreted to cover a strike extent of more than 65km of the highly significant Nanjilgardy fault, the same regional structure reported as hosting the primary source of gold mineralisation at Northern Star Resources' (ASX: NST) Paulsens Gold Mine and the Mt Olympus Gold Mine in the region.

Aruma completed a first phase of drilling in February, which comprised 40 reverse circulation (RC) holes for a total of 4,518m.

The Company's initial exploration focus at Saltwater has been the Saltwater Ring Structure, a large 60km^2 magnetic ring structure that sits within E52/3818. This area was the target of the Company's maiden drilling program at Saltwater, which resulted in the discovery of a potential new gold camp (ASX announcement, 17 February 2021).

Review of operations

Drilling Results

The first phase of drilling at Saltwater focused on outcropping areas on the western end of the Saltwater Ring structure, and consisted of four short, close-spaced lines of drilling, which targeted old workings at the historic Saltwater mining area within the prospective Mt McGrath Formation, which hosts Kalamazoo Resources' (ASX: KZR) Mt Olympus Gold Mine.

The program also comprised wider-spaced (regional) longer lines, approximately 3kms to the east, which targeted the ring structure/splay under cover. Nine holes totalling 900m, in two lines of drilling, were completed in this area (Figure 3).

Intersections grading up to 1.26g/t gold were received from drilling at the historic Saltwater mining area. The wider-spaced extension holes identified a significant supergene blanket more than 200 metres wide.

The results were seen as highly encouraging and extended over a strike length of 4kms and indicated the potential discovery of a new gold camp at Saltwater.

Significant drill intersections, above >0.3g/t, are shown in Table 2.

Hole No	Easting	Northing	RL	Azimuth	Dip	From	To	Interval	Au ppm 25g FA	Area
SRC18	669598	7352010	492	180	-60	0	1	1	1.262	Saltwater
SRC12	669403	7351948	495	180	-60	102	103	1	0.836	Saltwater
SRC18	669598	7352010	492	180	-60	9	10	1	0.746	Saltwater
SRC23	669808	7352343	483	180	-60	113	114	1	0.562	Saltwater
SRC03	669206	7352020	484	180	-60	35	36	1	0.497	Saltwater
SRC32	672497	7350549	517	180	-60	44	48	4	0.473	East Lines
SRC11	669409	7351997	485	180	-60	76	77	1	0.46	Saltwater
SRC17	669607	7352065	492	180	-60	90	91	1	0.432	Saltwater
SRC33	672500	7350453	516	180	-60	24	28	4	0.375	East Lines
SRC17	669607	7352065	492	180	-60	100	101	1	0.318	Saltwater

Table 2: Significant intersections >0.3g/t from the assays to date

Review of operations

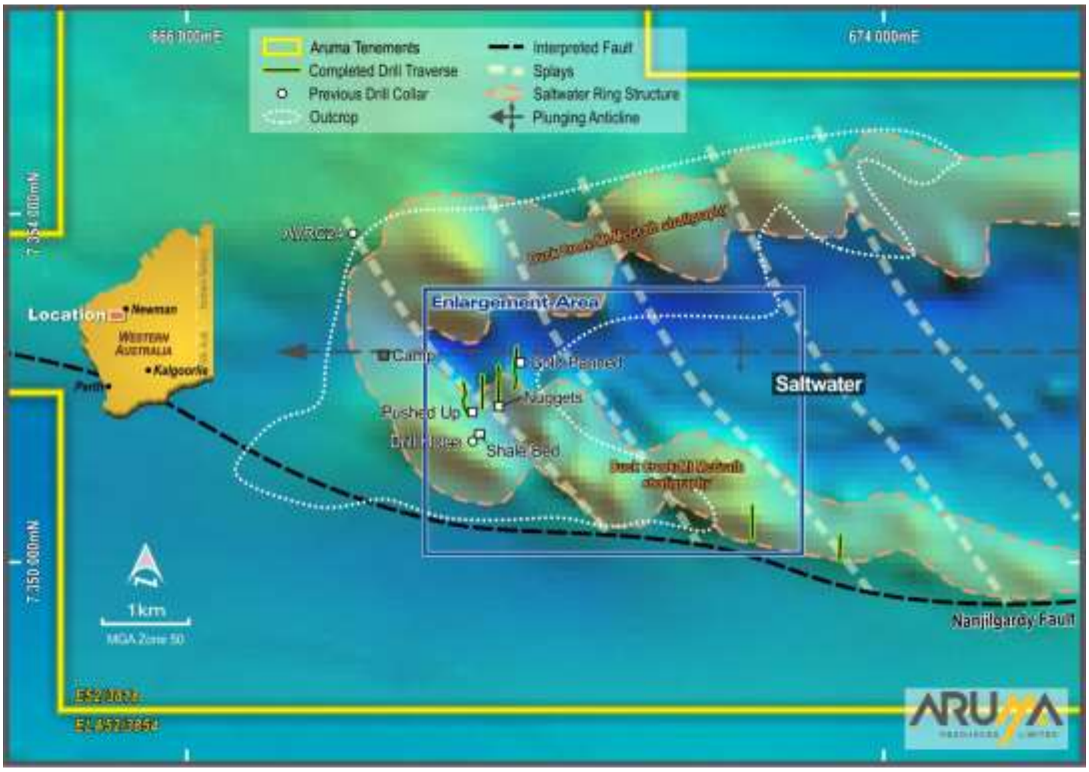

Figure 3 Drill targets from maiden drill program at the Saltwater project on TMI magnetics, showing the target Duck Creek-Mt McGrath stratigraphy as the shaded anticline.

Figure 3 shows the rationale behind the Saltwater drilling, with the western drill lines located over the historic gold area, and the eastern lines positioned over the splay and Nanjilgardy Fault, under cover. The western splay coincides with AVRC24 anomaly, alteration, and historic nuggets. The eastern splay targeted areas of deep weathering and paleochannels.

The supergene blanket seen in the eastern lines in Figure 3 is located almost 4km from the Saltwater cluster and highlights the potential for a significant system - with the intersection of 4m at 0.47g/t reported in hole SRC 32. See Figure 4 and Figure 5.

Review of operations

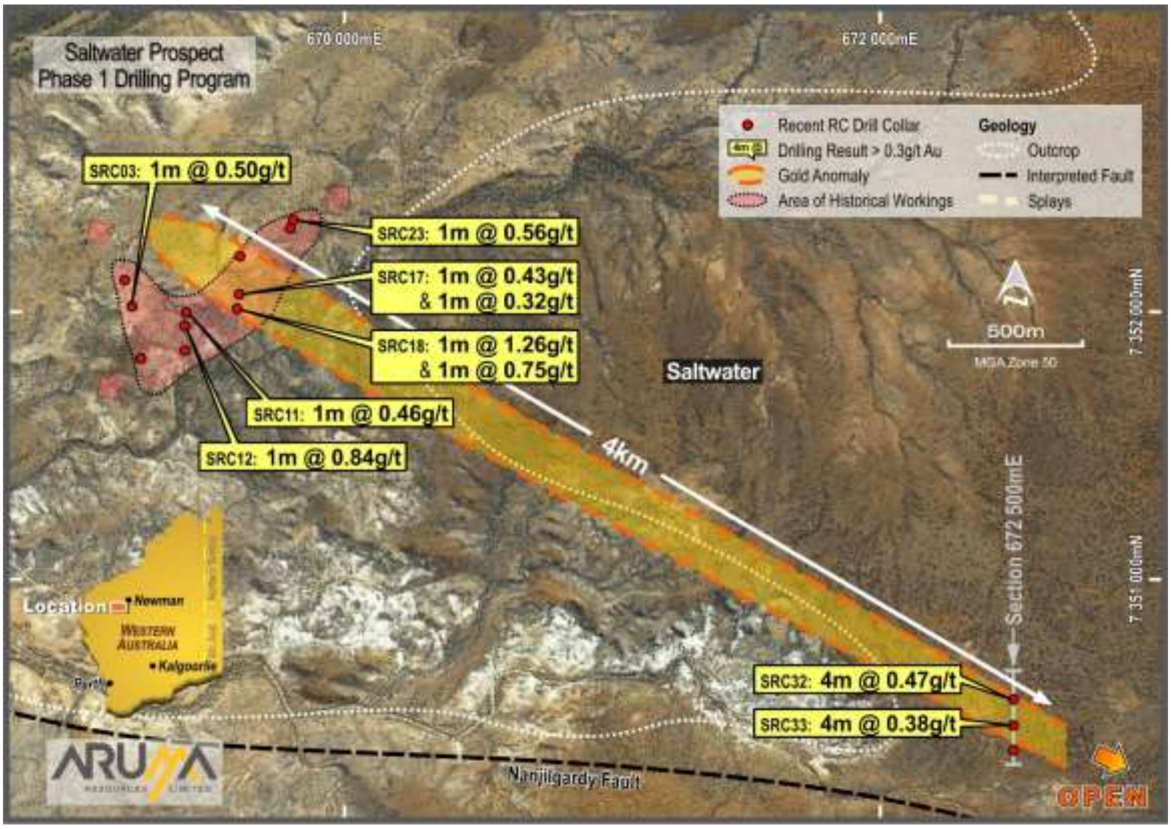

Figure 4: Showing anomalous drill results >0.1g/t - showing cluster on the historic area (red outline) and the projected extension to the East Line (green outline)

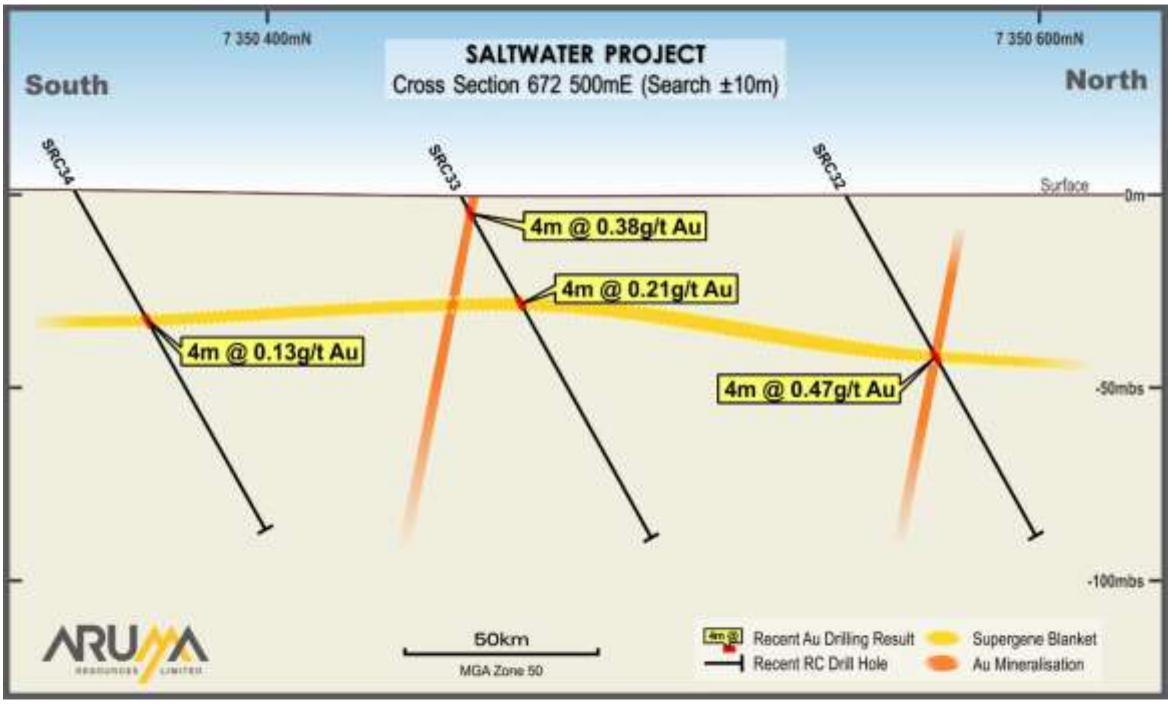

Figure 5: Drilling results at the East Lines area showing the supergene blanket

Review of operations

Aruma expanded the Saltwater Project area during the year via the strategic addition of Exploration Licence EL52/3966. It covers an area of 98km^2, over a highly prospective dome structure, called the Spinifex Dome.

Spinifex Dome is a high-potential new electro-magnetic (EM) domal structure in the northern extent of the Project. It is of similar size to the Saltwater Ring Structure in the eastern portion of the Project, which was the subject of the maiden drilling project at Saltwater (Figure 6). Spinifex Dome will be a target for future drilling by Aruma.

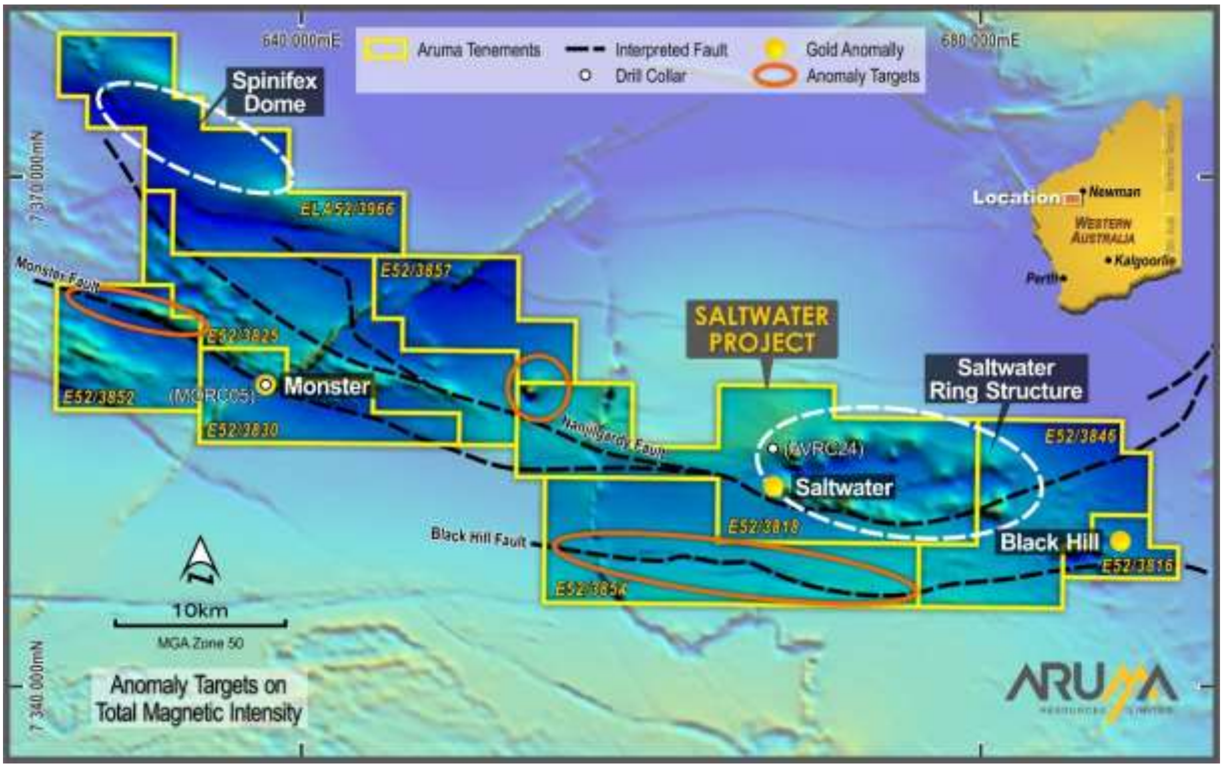

Figure 6: Aruma's Saltwater Project area on TMI magnetics showing faults and anomalies - drill target area outlined in red.

Melrose Gold Project, Pilbara, Western Australia

The Melrose Gold Project is also located in the Pilbara region, strategically situated adjacent to, and surrounding, Northern Star Resources' (ASX: NST) Paulsens Gold Mine (Figure7). Significant progress was made at the Project during the year.

The Project comprises 14 Exploration Licences (ELs), over a total area of 381km^2. During the year eight key ELs were granted; E08/3183, E08/3184, E08/3188, E08/3210 E08/3219, E08/3244, E47/4362 and E47/4414 following presentations by managing director Peter Schwann to the traditional owners (ASX announcement, 8 June 2021). A Heritage Agreement was entered into, covering all the entire Project area, opening the way for the grant of the remaining six licence areas.

Subsequently, in July, a PoW for a maiden drilling program at the priority Gossan Hill target was granted (ASX announcement, 1 July 2021). Drilling is planned for the second half of the 2021 calendar year.

Review of operations

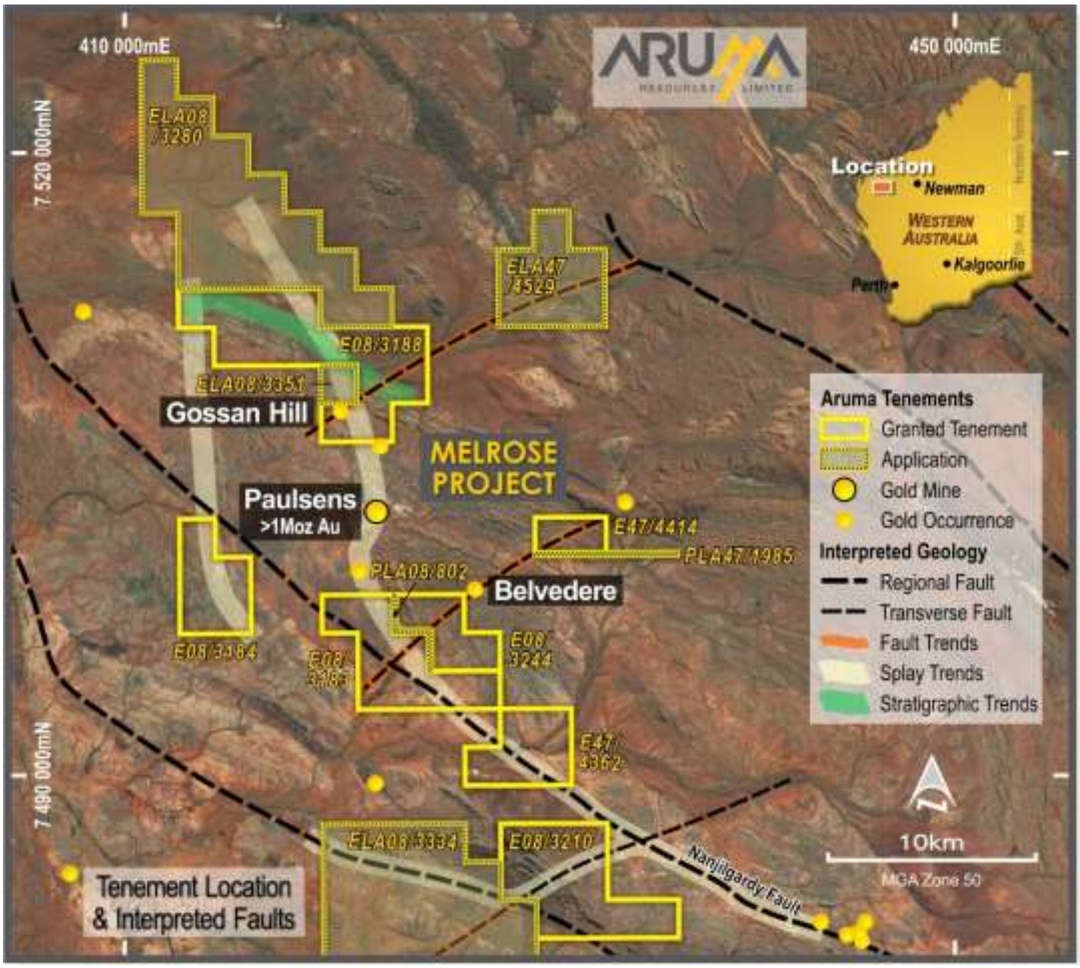

Figure 7: The Melrose Project area with granted licences in yellow and licence applications shaded. E08/3210 was granted after winning a ballot for the lease.

The trend north of Paulsens, combined with the eastern extension of the Merlin stratigraphic trend, is interpreted to extend for more than 13km within the Melrose Project area, and hosts multiple priority targets (Figure 7).

Review of operations

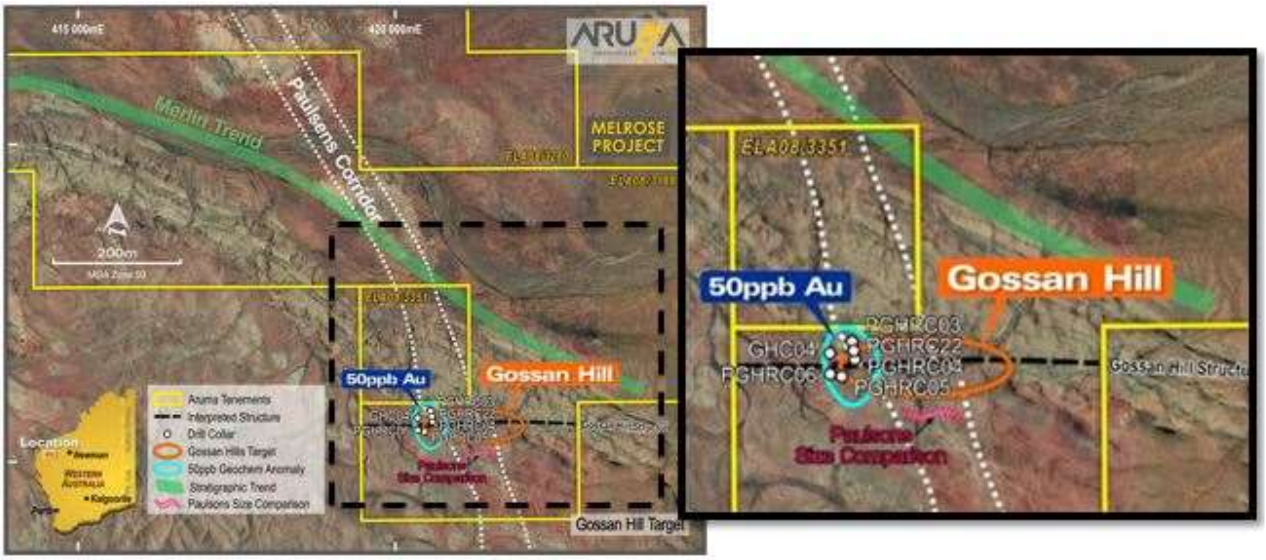

Figure 8: Left - The new ELA (E08/3351) at the Melrose Project showing the strategic location with respect to the Gossan Hill anomaly, and the Paulsens and the Merlin trends.

Right - Gossan hill blown up with the initial drill target in orange ellipse.

The first phase of drilling at Melrose is proposed to be a 3,000 metre Reverse Circulation (RC) program at the priority Gossan Hill target (Figure 8). Drilling is planned to consist of five lines of six holes.

Historic drilling demonstrated the untested potential of the Gossan Hill target, and results are shown in Figure 8 and listed below in Table 3. All the drill holes listed are from open file data and were previously reported in ASX announcement of 28 July 2020.

Drillhole Number	Easting GDA 94	Northing GDA 94	Depth from (m)	length of zone (m)	Avg. >0.1 Au g/t	>1g/t Au g/t	Depth from (m)	length of zone (m)
GHC0004*	420350	7507700	8	11	0.42	2.74	14	1
GHC0005*	420460	7507490	0	29	0.14			
GHC0006*	420354	7507513	63	18	0.26	1.44	63	1
PGHRC03#	420556.9	7507808	7	4	0.10			
PGHRC04#	420582	7507649	49	14	0.25			
PGHRC22#	420571.5	7507727	0	27	0.30			

* from Wamex report A71564

from Wamex report A96294

Table 3: - Thick and highly anomalous holes from historic drilling at the Gossan Hill target, at the Melrose Project, shown in Figure 8

The Melrose Project will be explored with the help of the traditional owners, the Puutu Kunti Kurrama People (PKKP), who will be involved in the sampling of new areas. The opportunity to work with all the stakeholders will be influential in the progress of the Project.

Review of operations

Salmon Gums Gold Project (formerly Scotia South), Norseman Belt, Goldfields, Western Australia

The Salmon Gums Gold Project (EL63/2037 and EL63/2122) covers an area of 222km² and is situated approximately 200kms south of the major regional centre of Kalgoorlie, and approximately 60kms south of the mining town of Norseman.

It is strategically located 30km directly along strike of Pantoro Limited's (ASX: PNR) rapidly increasing high grade Scotia Gold Project (Figure 9).

During the year, Aruma reported historic high-grade gold intersections from drilling at Salmon Gums and submitted a PoW for a maiden RC drilling program at the Project, which has been approved.

The highly encouraging historic results come from a review of historic data sets from previous drilling conducted by Pan Australian in the 1990s and helped Aruma define drill targets for its planned first phase of Drilling at Salmon Gums.

Figure 9: The Scotia Project area with four mineralised stratigraphic zone

Review of operations

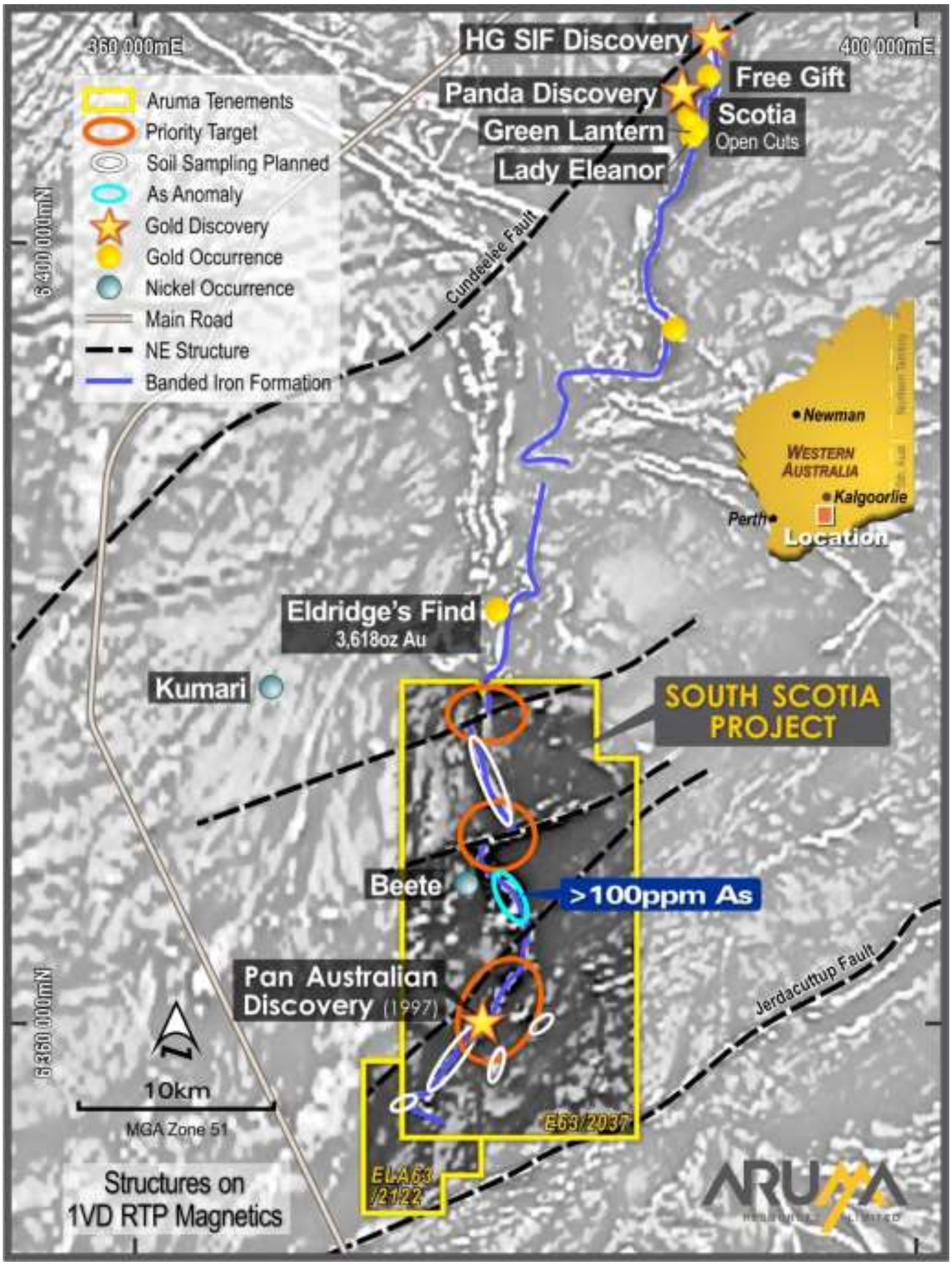

Figure 10: Salmon Gums Project on 1VD RTP magnetics showing gold occurrences with stratigraphy continuity and the suggested target areas as the ellipses.

Figure 11 shows the historic drilling results and highlights the targets for Aruma's first phase of drilling, targeting the known gold strata in anomalies in the southern portion of the Project.

A further data review of exploration at the Project area (by Pan Australian Exploration Pty Ltd in 1997) uncovered the Salmon Gums gold anomaly. This strong continuous anomaly has only been partially drill tested for gold and identified soil anomalies. Importantly, these are coincident with the target area for Aruma's planned first phase of drilling (Figure 10).

Review of operations

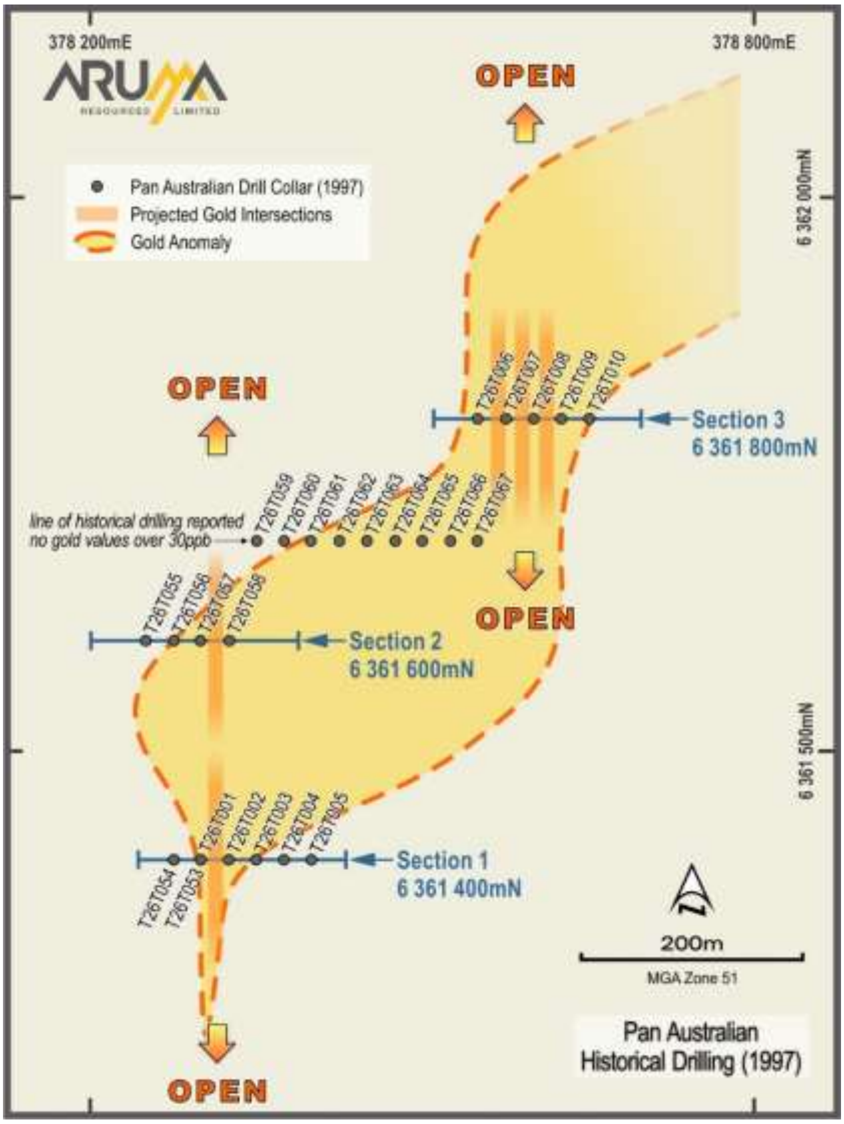

Figure 11: Salmon Gums Project gold anomaly on drill hole plan with section locations and Pan Australian (1997) intersection projections shaded.

Aruma plans to undertake a maiden 3,000m RC drill program at Salmon Gums, comprising five lines of drilling with six holes in each line. Ten land access agreements have been completed with local landholders at the Project area. These agreements cover a total of 68km^2 and include the main portion of the known gold-in-soils anomalies where historic drilling returned intersections of up to 7m at 2.74g/t Au in T26R002 (ASX announcement 6 July 2021).

Aruma plans to commence its maiden drilling program at Salmon Gums, in the final quarter of the 2021 calendar year, subject to the confirmation of drill rig availability.

Review of operations

Mt Deans Lithium Project, Norseman, Western Australia

The Mt Deans Project encompasses Prospecting Licence P63/2063 and covers an area of 1.44km^2 in the Mt Deans pegmatite field, which is part of the Eastern Goldfields Terrane of the Yilgarn Craton, in the south-east of WA. The Project is located approximately 170 kilometres south of the major regional centre of Kalgoorlie, and approximately 10 kilometres south of the mining town of Norseman (Figure 12).

Rock chip samples were reported from Mt Deans (ASX announcement, 24 March 2021) which returned high-grade lithium oxide (Li_2O) results with high tantalum (Ta) and other rare earth elements (REE) (Table 4).

The Company has completed a fauna survey of the Project area, and a PoW for drilling has been submitted. This drilling is planned for the final quarter of the 2021 calendar year.

Aruma plans to conduct an initial 12 RC hole drilling program at the Mt Deans Project. Drilling is planned to a maximum hole depth of 200 metres, with holes spaced approximately 120 metres apart, and is designed to intersect an interpreted cauldron or pegmatite chamber (Figure 13).

Figure 12: Mt Deans Lithium-Tantalite Project area, with pegmatites and projected cauldron

Review of operations

	Li$_2$0	Ta$_2$O$_5$	Zone 51H		Samples	
Sample	%	ppm	**Easting**	**Northing**	**Type**	**Li Mineral**
AR001	0.8	222.7	385,687	6,427,446	Rock	Zinnwaldite
AR002	1.3	185.1	385,663	6,427,307	Rock	Lepidolite
AR003	2.1	555.9	385,541	6,427,026	Rock	Lepidolite
AR004	1.3	136.5	385,480	6,426,823	Rock	Lepidolite
Average	1.4	275.0				
Comparison	1.4	130.0	**Kathleen Valley(LTR)**			
	1.3	120.0	**Pilgangoora(PLS)**			
	1.0	44.0	**Buldania(LTR)**			

Table 4: Rock Chip samples from Mt Deans

Aruma plans to investigate the potential for the Project to host direct shipping lithium ore, given its strategic location adjacent to the Coolgardie-Esperance Highway and rail infrastructure which provides direct access to the Port of Esperance rail hub. These are all significant potential transport and infrastructure advantages.

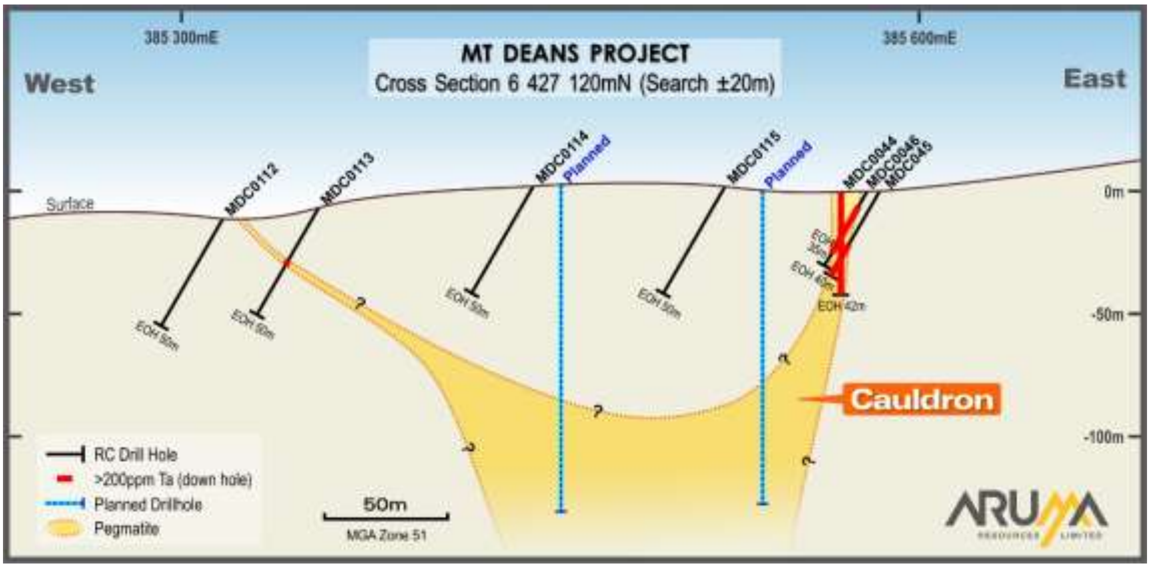

Figure 13: Mt Deans Lithium-Tantalite drill section with pegmatites and projected cauldron with the planned holes (*From Tantalum Australia Operations Pty Ltd Annual Report 2002 (A65809)*).

Capital Gold Project, New South Wales

The Capital Project comprises three Exploration Licences (EL9022, EL9023 and EL9027) totalling 372km^2 within the Lachlan Fold Belt in New South Wales, near Sky Metals (ASX: SKY) Hume Discovery and the historic Bylong gold mines.

All Exploration Licences at the Project have been granted and are valid for three years. Aruma carried out exploration reconnaissance at the Project in May, which involved assessing sites of historic gold production within the Project area and discussions with the community and landowners.

Review of operations

Divestment of Slate Dam/Trojan Gold Project

Aruma also completed the sale of the non-core Slate Dam/Trojan Gold Project (and the Clinker Hills Gold Project) in the Goldfields region of WA during the year, to Black Cat Syndicate (ASX: BC8) for an all-cash consideration of $500,000 (ASX announcements, 7 October 2020 and 11 November 2020).

Resources

At 30 June 2020, the Trojan Gold Project (ML25/104) had a Combined Mineral Resource of 117,040 ounces of gold at 1.66 grams per tonne (refer Aruma Annual Report 2020). As at 30 June 2021 the Company does not have a Mineral Resource following the sale of the project in November 2020.

Projects Summary

Region	Location	Project	Status
WA EASTERN	Norseman	**Mt Deans Lithium**	Granted
GOLDFIELDS	Projects	**Salmon Gums Gold**	Granted leases and PoW
WA	Nanjilgardy	**Melrose Gold**	91% Granted leases and PoW
PILBARA	Nanjilgardy	**Saltwater Gold**	Granted leases and PoW Drilling confirms potential new gold camp
NSW LACHLAN FOLD BELT	St George Fault	**Capital Gold**	Granted

Table 5: Gold Project Status and Activity Table

Competent Person's Statement

The information in this release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Peter Schwann who is a Fellow of the AIG. Mr Schwann is Managing Director and a full-time employee of the Company. Mr Schwann has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Mr Schwann consents to the inclusion in the release of the matters based on his information in the form and context in which it appears. All exploration results reported have previously been released to ASX and are available to be viewed on the Company website www.arumaresurces.com.au . The Company confirms it is not aware of any new information that materially affects the information included in the original announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements

Review of operations

Forward Looking Statement

Certain statements contained in this document constitute forward looking statements. Such forward-looking statements are based on a number of estimates and assumptions made by the Company and its consultants in light of experience, current conditions and expectations of future developments which the Company believes are appropriate in the current circumstances. These estimates and assumptions while considered reasonable by the Company are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, achievements and performance of the Company to be materially different from the future results and achievements expressed or implied by such forward-looking statements. Forward looking statements include, but are not limited to, statements preceded by words such as "planned", "expected", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "could", "nominal", "conceptual" and similar expressions. There can be no assurance that Aruma plans to develop exploration projects that will proceed with the current expectations. There can be no assurance that Aruma will be able to conform the presence of Mineral Resources or Ore Reserves, that any mineralisation will prove to be economic and will be successfully developed on any of Aruma's mineral properties. Investors are cautioned that forward looking information is no guarantee of future performance and accordingly, investors are cautioned not to place undue reliance on these forward-looking statements.

Corporate

The Group incurred an after-tax loss for the year of $1,596,439 (2020: $281,384). The Group had a cash balance at 30 June 2021 of $2,692,048 (2020: $1,057,493).

Aruma received an R&D tax incentive offset of $162,038 (2020: $444,818) before costs during the year.

During the year the Company completed tranche 2 of a capital raising which had commenced in June 2020, through the issue of 5,866,667 shares at an issue price of 6 cents per share raising a total $352,000 before issue costs. The shares were issued on 29 July 2020 and the funds raised were for ongoing exploration of Aruma's existing gold projects including the newly secured Pilbara tenements, evaluation of the Capital Gold project, costs of raising capital and general working capital. The Company also issued 4,444,444 unlisted options attaching to the 2 tranche placement (1 option for every 3 shares). The options are exercisable at 15 cents expiring 31 July 2022.

During the year the Company also completed the placement of 45 million shares at an issue price of 6 cents per share to raise $2.7 million before issue costs. The shares are accompanied by a one for three attaching options. The 15 million attaching options have an exercise price of 15 cents and an expiry date of 31 July 2022. The funds raised were for the accelerated exploration of the Company's strategically located portfolio of Australian gold projects, including its flagship Pilbara projects – the granted Saltwater gold project and the Melrose project, the costs of issue and ongoing working capital.

At a general meeting held on 23 July 2020 shareholders approved the issue of 333,333 shares to vendors to acquire the share capital of Augustus Mining Pty Ltd which owns the Capital gold project in the Goulburn region in New South Wales.

Aruma completed a consolidation of the issued share capital of the Company, on the basis of 1 new security for every 15 securities currently on issue. This was designed to give the Company a more appropriate capital structure going forward. The consolidation of share capital was approved at a Shareholder Meeting on January 13, 2021.

Directors' report

Your directors present their report together with the financial statements of the Group consisting of Aruma Resources Limited ("the Company") and the entities it controlled (together the "Group") for the financial year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. INFORMATION ABOUT THE OFFICERS OF THE COMPANY

The names and particulars of the officers of the Company during or since the end of the year are:

Mr. Paul Boyatzis

B Bus, ASA, MSDIA, MAICD – Chairman

Appointed 5th January 2010

Mr Boyatzis has over 30 years' experience in the commercial, investment and equity markets, and has assisted many emerging growth companies within the resources and financial services sectors. He has served as Chairman and Director of a number of public and private companies.

During the past three years Mr Boyatzis has served as a Director of Transaction Solutions International Limited (February 2010 – June 2017), VRX Silica Limited (September 2010 – present) and Nexus Minerals Limited (October 2006 – present).

Mr Peter Schwann

Ass.App. Geology, FAIG, MSEG – Managing Director

Appointed 11th February 2010

Mr Schwann is a highly experienced internationally recognised geologist and mining executive with broad experience across multiple commodities with extensive geological capability as well as significant operational management.

During the past three years Mr Schwann has served as a Director of Westgold Resources Limited (February 2017 - present).

Dr. Mark Elliott

Dip App Geol, PhD FAICD, FAusIMM (CPGeo), FAIG – Director

Appointed 1st July 2017

Dr Elliott is a chartered practising geologist with over 40 years of expertise in multiple mineral commodities and energy sectors. Dr Elliott has a proven track record in corporate management and growing successful businesses in the resource sector.

During the last 3 years Dr Elliott has been a non-executive director of Nexus Minerals Limited (6 October 2006 – present); Astron Corporation Limited (18 January 2021 – present); Mako Gold Limited (14 March 2017 – 2 October 2020); and Chairman of AuKing Mining Limited (5 June 2021 – present).

Directors' report

Mr. Phillip MacLeod

B Bus, ASA, FGIA, MAICD – Company secretary

Appointed 5th January 2010

Mr MacLeod has over 30 years' commercial experience and has held the position of company secretary with listed public companies since 1995. Mr MacLeod has provided corporate, management and accounting advice to public and private companies involved in the resource, technology, property and healthcare industries.

2. FINANCIAL AND OPERATING REVIEW

The Group made an after-tax loss for the year of $1,596,349 (2020: $281,384). The Group had cash and term deposit balances at 30 June of $2,692,048 (2020: $1,057,493).

During the year the Company completed tranche 2 of a capital raising which had commenced in June 2020, through the issue of 5,866,667 shares at an issue price of 6 cents per share raising a total $352,000 before issue costs. The shares were issued on 29 July 2020 and the funds raised were for ongoing exploration of Aruma's existing gold projects including the newly secured Pilbara tenements, evaluation of the Capital Gold project, costs of raising capital and general working capital. The Company also issued 4,444,444 unlisted options attaching to the 2 tranche placement (1 option for every 3 shares). The options are exercisable at 15 cents expiring 31 July 2022.

During the year the Company also completed the placement of 45 million shares at an issue price of 6 cents per share to raise $2.7 million before issue costs. The shares are accompanied by a one for three attaching options. The 15 million attaching options have an exercise price of 15 cents and an expiry date of 31 July 2022. The funds raised were for the accelerated exploration of the Company's strategically located portfolio of Australian gold projects, including its flagship Pilbara projects – the granted Saltwater gold project and the Melrose project, the costs of issue and ongoing working capital.

At a general meeting held on 23 July 2020 shareholders approved the issue of 333,333 shares to vendors to acquire the share capital of Augustus Mining Pty Ltd which owns the Capital gold project in the Goulburn region in New South Wales.

At a general meeting held on 29 September 2020 shareholders approved a resolution to issue 200,000 shares and attaching options to related parties of a director of the Company in the last Placement on the same terms as all other parties. At the same meeting shareholders approved the issue of 2,066,667 options to Directors and consultants. The options have an exercise price of 17.55 cents and an expiry date of 30 September 2023.

On 7 October 2020 wholly owned subsidiary Aruma Exploration Pty Ltd entered into an agreement for the sale of the Slate Dam project for a cash consideration of $500,000.

The Company held its annual general meeting on 27 November 2020 at The Celtic Club, 48 Ord Street, West Perth, Western Australia, and all resolutions were passed by poll.

At a general meeting held on 13 January 2021 shareholders approved the consolidation of capital on a 15 for 1 basis effective 14 January 2021.

Directors' report

During the year the Company received $162,038 before costs under the 2020 Research and Development tax incentive programme for exploration activity carried out.

A review of operations is on pages 5 to 21.

3. DIRECTOR'S MEETINGS

The number of directors' meetings held, and the number of meetings attended by each of the directors of the Company during their term in office during the period is as follows.

Director	Meetings Held	Meetings Attended
Paul Boyatzis	4	4
Peter Schwann	4	4
Mark Elliott	4	4

The Company does not have any committees. Matters usually considered by an audit, remuneration or nomination committee were dealt with by the directors during regular Board meetings

4. REMUNERATION REPORT *(AUDITED)*

4.1 Principles of compensation

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company and other executives. Key management personnel comprise the directors of the Company and other executives.

Remuneration levels for key management personnel and other staff of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives and take account of factors such as length of service, particular experience, and expertise. The non-executive director receives a fixed fee of $36,000 per annum. The Chairman receives a fixed fee of $72,000 per annum plus superannuation or GST as applicable. Currently key management personnel remuneration is not dependent on the satisfaction of any performance condition.

The Company does not have a policy for key management personnel on hedging their equity positions against future losses.

Directors' report

4. REMUNERATION REPORT *(AUDITED)*

4.2 Remuneration of directors and senior management (audited)

Key management personnel remuneration for the years ended 30 June 2021 and 30 June 2020.

	Year	Short-term Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Total $	Post-employment Superannuation Benefits $	Other long term $	Termination Benefit $	Share-based Payments Options $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration
Non-Executive Directors												
Mr P Boyatzis	2021	71,000	-	-	71,000	-	-	-	86,697	157,697	-	54.98%
	2020	28,750	-	-	28,750	-	-	-	-	28,750	-	-
Dr Mark Elliott	2021	35,500	-	-	35,500	-	-	-	43,349	78,849	-	54.98%
	2020	14,375	-	-	14,375	-	-	-	-	14,375	-	-
Executive Director												
Mr P Schwann	2021	245,833	-	-	245,833	23,354	-	-	121,376	390,563	-	31.08%
	2020	95,833	-	-	95,833	9,104	-	-	-	104,937	-	-
Total	**2021**	**352,333**	**-**	**-**	**352,333**	**23,354**	**-**	**-**	**251,422**	**627,109**	**-**	**40.09%**
	2020	138,958	-	-	138,958	9,104	-	-	-	148,062	-	-

Directors' report

4. REMUNERATION REPORT *(AUDITED)*

4.3 Share-based payments granted as compensation for the current year

During the year there were 1,933,335 (2020: nil) options over unissued shares granted to key management personnel (KMP) as part of their remuneration.

The options have an exercise price of 17.55 cents and an expiry date of 30 September 2023. The expense recognised during the year was $251,422 (2020: nil).

No options granted to KMP were exercised during the year. 466,667 options that were previously granted to KMP lapsed unexercised during the year. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Director	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $
P Boyatzis	86,697	-	17,429
P Schwann	121,376	-	34,859
Dr. M Elliott	43,349	-	8,715

The inputs to the valuation of options granted during the year were:

Dividend yield	0%
Expected volatility	178%
Risk-free interest rate	0.17%
Expected life of option	3 years
Exercise price	17.55 cents
Grant date share price	15 cents

The valuation of options granted was determined using the Black-Scholes model. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

4.4 Service agreement

Managing Director, Mr Schwann's remuneration commencing 1 August 2020 consists of $250,000 per annum base salary plus statutory superannuation and provision of a laptop computer and mobile phone.

Mr Schwann is engaged with a one-month notice period for cessation to be given in writing by either party.

The Company has no other service agreements with any other key management personnel.

END OF REMUNERATION REPORT *(AUDITED)*

Directors' report

5. SHARE OPTIONS

Unissued shares under option

There are 21,511,109 options (2020 533,333) over unissued shares in Aruma.

Share options lapsed

533,333 options lapsed unexercised the year (2020: 266,667).

Share options issued

There were 1,933,335 options over unissued shares in Aruma issued during the year as share-based compensation to directors (2020: none).

Shares issued on exercise of options

There were no ordinary shares issued as a result of the exercise of options during the year.

6. PRINCIPAL ACTIVITY

The principal activity of the Group during the year was mineral exploration in Australia.

7. REVIEW OF OPERATIONS

The Group made a loss after tax for the year of $1,596,439 (2020: $281,384). The Group had cash and cash equivalent balances at 30 June 2021 of $2,692,048, an increase of $1,634,555 on the prior year.

Information on the operations of the Group and its business strategies are set out on pages 3 to 20 of the annual financial report.

Directors' report

8. DIVIDENDS

No dividends were paid or declared by the Company during the year or since the end of the year.

9. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date the Company completed a share placement to raise $1,560,000 through the issue of 20,000,000 fully paid ordinary shares at an issue price of 7.8 cents per share.

The proceeds from the placement will be used to help fund planned drilling and exploration at the Mt Deans Lithium Project, drilling and exploration at Salmon Gums and Melrose gold projects plus working capital and costs of the issue.

Rawson Lewis Pty Ltd acted as Lead Managers to the placement.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had no financial impact for the Group to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above no matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

10. LIKELY DEVELOPMENTS

The Group will continue planning and executing mineral exploration work on its existing projects as well as any new projects or investments, which come under review during the financial year.

11. DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options of the Company as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares	Options over ordinary shares
Mr. P Boyatzis	1,281,455	666,667
Mr. P Schwann	2,515,625	933,334
Dr. M Elliott	111,112	333,334

12. ENVIRONMENTAL REGULATIONS

During its normal exploration and evaluation activities the Group adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements up to the date of this report. The Board believes that the

Directors' report

Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Group.

13. INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has entered into Director and Officer Protection Deeds (Deed) with each Director and the Company Secretary (officers). Under the Deed, the Company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed.

Also pursuant to the Deed, the Company must insure the officers against liability and provide access to all board papers relevant to defending any claim brought against the officers in their capacity as officers of the Company.

The Company has paid insurance premiums during the year in respect of liability for any past, present or future directors, secretary, officers and employees of the Company or related body corporate. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance or indemnification for the Auditor of the Company.

13. NON-AUDIT SERVICES

Details of the amounts paid to the auditor of the Group, Elderton Audit Pty Ltd and its related practices for audit and non-audit services provided are set out below:

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Audit and review of financial reports	21,200	20,700
	21,200	20,700

There were no non-audit services provided during the year by the auditor.

Directors' report

14. AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is set out on page 31.

15. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of directors there were no significant changes in the state of affairs of the Group that occurred during the year.

This report is made with a resolution of the directors.

Peter Schwann
Managing Director
Perth, Western Australia
Dated 28th September 2021

ELDERTON
AUDIT PTY LTD

Auditor's Independence Declaration

To those charged with governance of Aruma Resources Limited;

As auditor for the audit of Aruma Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

Perth
28 September 2021

Consolidated statement of comprehensive income

For the year ended 30 June 2021

	Note	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Revenue	3	401,740	125,000
Other income		238,299	489,856
Exploration and evaluation expenditure expensed as incurred		(886,996)	(353,001)
Depreciation	4	(6,683)	(6,942)
Directors' remuneration	27	(375,687)	(148,062)
Employee benefits		(164,332)	(7,858)
Impairment of exploration assets	15	-	(120,000)
Legal and professional fees		(189,542)	(125,225)
Occupancy expenses		(31,592)	(21,600)
Share-based payment expense		(268,762)	
Other expenses		(314,196)	(113,980)
Loss from operating activities		(1,597,751)	(281,812)
Financial income		1,312	430
Financial expense		-	(2)
Net financing income	5	1,312	428
Loss before income tax expense		(1,596,439)	(281,384)
Income tax expense	8	-	-
Other comprehensive income			
Items that may not be classified to profit and loss			
Net change in the fair value of financial assets		54,525	(1,400)
Other comprehensive income for the year, net of tax		54,525	(1,400)
Total comprehensive loss for the year		(1,541,914)	(282,784)
Loss per share			
Basic and diluted loss per share (cents per share)	7	(1.67) cents	(0.62) cents

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

For the year ended 30 June 2021

	Note	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
ASSETS			
Current assets			
Cash and cash equivalents	10	2,692,048	1,057,493
Trade and other receivables	11	18,978	61,723
Other financial assets	12	100,000	73,600
Other current assets	13	35,028	6,986
Total current assets		2,846,054	1,199,802
Non-current assets			
Plant and equipment	14	28,082	16,551
Capitalised exploration expenditure	15	20,000	305,000
Total non-current assets		48,082	321,551
Total assets		2,894,136	1,521,353
LIABILITIES			
Current liabilities			
Trade and other payables	16	94,348	97,076
Deposits	17	-	13,200
Provisions	18	59,911	25,930
Total current liabilities		154,259	136,206
Non-current liabilities			
Provisions	19	34,102	289,590
Total non-current liabilities		34,102	289,590
Total liabilities		188,361	425,796
Net assets		2,705,775	1,095,557
Equity			
Issued capital	20	16,320,895	13,437,525
Reserves	21	321,887	67,804
Accumulated losses	22	(13,937,007)	(12,409,772)
Total equity		2,705,775	1,095,557

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2021

	Note	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Cash flows from operating activities			
Receipts from exploration activities		-	32,796
Receipts from government grants		179,769	457,059
Interest received		1,312	430
Interest paid		-	(2)
Exploration expenditure		(873,934)	(362,487)
Payments to suppliers and employees		(1,099,895)	(391,446)
Net cash used in operating activities	29(b)	(1,792,748)	(263,650)
Cash flows from investing activities			
Proceeds from sale of financial assets		86,414	-
Proceeds from sale of exploration interests		500,000	-
Payments for purchase of plant and equipment		(9,281)	-
Net cash provided by investing activities		577,133	-
Cash flows from financing activities			
Proceeds from issue of securities		3,052,000	708,000
Proceeds pending issue of securities		(13,200)	13,200
Cost of capital raising		(188,630)	(64,359)
Net cash provided by financing activities		2,850,170	656,841
Net increase in cash and cash equivalents		1,634,555	393,191
Cash and cash equivalents at beginning of the year		1,057,493	664,302
Cash and cash equivalents at end of the year	29(a)	2,692,048	1,057,493

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

For the Year Ended 30 June 2021

	Issued capital $	Accumulated losses $$	Share-based payment reserve $	Fair value reserve $	Total equity $
Balance at 1 July 2019	12,793,884	(12,192,896)	133,712	-	734,700
Loss for the year	-	(281,384)	-	-	(281,712)
Net change in value of financial assets	-	-	-	(1,400)	(1,400)
Total comprehensive loss for the year	-	(281,384)	-	(1,400)	(282,784)
Lapse of options	-	64,508	(64,508)	-	-
Shares issued for cash	708,000	-	-	-	708,000
Share issue costs	(64,359)	-	-	-	(64,359)
Balance at 30 June 2020	**13,437,525**	**(12,409,772)**	**69,204**	**(1,400)**	**1,095,557**
Balance at 1 July 2020	13,437,525	(12,409,772)	69,204	(1,400)	1,095,557
Loss for the year	-	(1,596,439)	-	-	(1,596,439)
Net change in value of financial assets	-	-	-	54,525	54,525
Total comprehensive loss for the year	-	(1,596,439)	-	54,525	(1,541,914)
Lapse of options	-	69,204	(69,204)	-	-
Share-based payments	-	-	268,762	-	268,762
Shares issued for cash	3,052,000	-	-	-	3,052,000
Shares issued to acquire subsidiary	20,000	-	-	-	20,000
Share issue costs	(188,630)	-	-	-	(188,630)
Balance at 30 June 2021	**16,320,895**	**(13,937,007)**	**268,762**	**53,125**	**2,705,775**

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

Aruma Resources Limited (the "Company") is a company domiciled in Australia. The financial report of the Company and its subsidiary (the "Group") is for the year ended 30th June 2021.

a. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group.

The consolidated financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the directors on 28h September 2021.

b. Basis of preparation

The financial report has been prepared based on historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, the Group's functional currency, unless otherwise noted.

c. Going concern

The financial report is prepared the basis that the entity is a going concern, which contemplates the continuity of normal business activity.

The Directors consider the going concern basis of accounting to be appropriate based on forecast cash flows and capital raised after the reporting date.

d. Adoption of new and revised standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Standards and interpretations in issue not yet adopted

The Group has reviewed the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2021. As a result of this review the Group has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group; therefore, no change is necessary to Group accounting policies.

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

e. Basis of consolidation

The consolidated financial statements comprise the consolidated financial statements of Aruma Resources Limited ("Company" or "Parent") and its subsidiary as at 30 June each year (the "Group"). Control is achieved where the Company has exposure to variable returns from its involvement with the entity and the power to affect those returns.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

f. Revenue recognition

Interest revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Research & Development

Research and development ("R&D") tax incentive claims are recognised when the Company is notified that its R&D claim has been accepted.

Grant funding

Cash Boost, Jobkeeper and Exploration Incentive Scheme grants are recognised where there is reasonable assurance that the entity will comply with the conditions attached to the grants and that the grants will be received.

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

g. Plant & equipment

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of profit or loss and other comprehensive income on a diminishing value basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

(i) Computer software	2.5 years
(ii) Computer hardware	4 years
(iii) Office equipment	5-7 years
(iv) Field equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

h. Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

i. Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Notes to the consolidated financial statements

For the year ended 30 June 2021

SIGNIFICANT ACCOUNTING POLICIES

j. Impairment

Non-financial assets

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k. Issued capital

Ordinary shares

Ordinary shares are classified as issued capital. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

l. Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

m. Income tax

Income tax on the consolidated statement of profit or loss and other comprehensive income for the periods presented comprises current payable and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting, nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

n. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered by a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

o. Goods and services and tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the taxation authority is included as part of the receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investment or financing activities which is payable to or recoverable from, the taxation authority is classified within operating cash flows.

p. Exploration and evaluation

Exploration and evaluation costs, excluding the costs of acquiring licences, are expensed as incurred. Acquisition costs will be assessed on a case by case basis and, if appropriate, they will be capitalised. These acquisition costs are carried forward only if the rights to tenure of the area of interest are current and either:

- They are expected to be recouped through successful development and exploitation of the area of interest; or
- The activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Accumulated acquisition costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

q. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all potentially dilutive ordinary shares, which comprise convertible notes and share options granted to employees.

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

r. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Aruma.

s. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

— amortised cost;

— fair value through other comprehensive income; or

— fair value through profit or loss

On the basis of the two primary criteria:

— the contractual cash flow characteristics of the financial asset; and

— the business model for managing the financial assets

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

— the financial asset is managed solely to collect contractual cash flows; and

— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

s. Financial instruments (continued)

— the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at:

— amortised cost; or

— fair value through profit or loss

A financial liability is measured at fair value through profit and loss if the financial liability is:

— a contingent consideration of an acquirer in a business combination to which AASB 3 applies

— held for trading; or

— initially designated as at fair value through profit or loss

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

— incurred for the purpose of repurchasing or repaying in the near term;

— part of a portfolio where there is an actual pattern of short-term profit taking; or

— a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of a financial asset:

— the right to receive cash flows from the asset has been expired or been transferred;

— all risk and rewards of ownership of the asset have been substantially transferred; and

— the entity no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

For trade receivables, material expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

Impairment of financial assets

takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

For intercompany loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary does not have sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, an expected credit loss is calculated. This is calculated based on the expected cash flows arising from the subsidiary and weighted for probability likelihood variations in cash flows.

s. Share-based payment transactions

(i) Equity settled transactions:

The Group provides benefits to directors and executives of the Group and to sponsoring brokers in the form of share-based payments, whereby directors, executives and brokers render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than market conditions, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit and loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(i) Equity settled transactions:

The Group provides benefits to directors and executives of the Group and to sponsoring brokers in the form of share-based payments, whereby directors, executives and brokers render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than market conditions, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit and loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

s. Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Notes to the consolidated financial statements

For the year ended 30 June 2021

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

In the application of the Group's accounting policies which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transaction:

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model, using the assumptions detailed in note 23.

Mine closure and rehabilitation obligations

Provision is made for the anticipated costs of future closure and rehabilitation of mining areas. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine closure and rehabilitation obligations.

Exploration and evaluation costs carried forward

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. In conducting the review, the directors have elected for the acquisition of licence costs to be capitalised. All other exploration and evaluation costs are expensed during the period in which they are incurred.

Recovery of deferred tax assets

Significant management judgement has been effected to determine that no deferred tax assets be recognised.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. The consideration extends to the nature of the activities and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either nay significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Notes to the consolidated financial statements

For the year ended 30 June 2021

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interest issued by the Group in exchange for control of the Acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 12 and AASB 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payments of the Group entered into to replace share-based payments of the acquiree are measured in accordance with AASB 2 at the acquisition date (see below): and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of a non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Notes to the consolidated financial statements

For the year ended 30 June 2021

3. REVENUE

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Revenue		
Sale of interest in exploration leases	401,470	125,000
	401,470	125,000
Other income		
R & D tax incentive	162,038	444,818
Sale of financial assets	58,289	-
Government cashflow boost	17,731	12,241
Refunds	241	32,797
Total	238,299	489,856

Sale of exploration leases comprised consideration of $500,000 in cash less a carrying value of $305,000 and adding back a provision for rehabilitation levy of $256,740 transferred to the purchaser for a gain on sale of $451,740.

A further $50,000 recorded as income in the prior year was subsequently reversed as the acquirer withdrew from the agreement leaving Aruma to retain its interest in the tenement.

4. LOSS BEFORE INCOME TAX

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Loss before income tax		
Loss before income tax expense has been arrived at after charging the following item:		
Depreciation	6,683	6,942

Notes to the consolidated financial statements

For the year ended 30 June 2021

5. FINANCING INCOME

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Financing Income		
Interest income	1,312	430
Interest expense	-	(2)
Total	1,312	428

6. AUDITOR'S REMUNERATION

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
During the year the following fees were paid or payable for services provided by auditors of the Group, Elderton Audit Pty Ltd, their related practices and non-related audit firms		
Audit and review services:		
- Auditors of the Group	21,200	20,700
Other Professional services:		
- Tax services	-	-

7. LOSS PER SHARE

As the Group incurred a loss for the year the options on issue have an anti-dilutive effect therefore the diluted loss per share is fixed at the value of the basic loss per share.

	CONSOLIDATED 2021	CONSOLIDATED 2020
Loss per share		
Basic loss per share	1.67 cents	0.62 cents
a) Weighted average number of shares used in calculation of basic loss per share	95,761,475	45,752,880
b) Loss used in calculating basic loss per share	$1,596,439	$281,384

Notes to the consolidated financial statements

For the year ended 30 June 2021

8. INCOME TAX EXPENSE

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
a. Recognised in the statement of profit or loss and other comprehensive income		
The major components of the tax expense/(income) are:		
Current tax expense	-	-
Deferred tax income relating to the origination and reversal of temporary timing differences	-	-
Total tax income attributable to continuing operations	-	-
b. Amounts charged or credited directly to equity		
Deferred income tax related to items (credited) directly to equity	-	-
Income tax expense/(benefit) reported in equity	-	-

The prima facie income tax expense/(benefit) on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
c. Numerical reconciliation between aggregate income tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate		
Loss before income tax expense from operations	(1,596,439)	(281,384)
Income tax expense calculated at 26.00% (2020: 27.50%)	(415,074)	(77,381)
Impact from reduction in tax rate	111,662	-
Over provision of tax in prior year	142,056	345,066
Non-assessable income	(42,130)	(122,325)
Temporary differences not recognised	(73,769)	(43,353)
Non-deductible expenses	51,364	3,114
Share issue costs recognised directly in equity	(49,044)	(17,698)
Tax losses not recognised/(utilised)	274,935	(87,423)
Income tax expense/(benefit)	-	-

Notes to the consolidated financial statements

For the year ended 30 June 2021

8. INCOME TAX EXPENSE

The tax rate used in the following reconciliation is the corporate tax rate of 27.50% (2019: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law.

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
d. The following deferred tax assets and (liabilities) have not been brought to account as assets:		
Tax losses - revenue	2,273,027	2,047,135
Temporary differences	63,006	(22,725)
	2,336,033	2,024,410
e. Deferred tax assets not recognised in respect of the following items:		
Trade and other receivables	(1,307)	(1,921)
Trade and other payables	4,597	13,464
Exploration costs	(5,200)	(83,875)
Section 40-880 expenses	64,916	49,607
Tax losses carried forward	2,273,027	2,047,135
Income tax expense/(benefit) not recognised	2,336,033	2,024,410
f. Carry forward tax losses:		
Unused tax losses, for which no deferred tax asset has been recognised (as recovery is currently not probable)	8,742,410	7,444,128
At 26.00% (2020: 27.5%)	2,273,027	2,047,135

The deferred tax assets have not been brought into account at balance date as the realisation of these is not probable. This benefit (which has been calculated as 26.00% (2020: 27.50%) of losses and deductions available) will only be obtained if:

i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

ii) the Company continues to comply with the conditions for deductibility imposed by the tax legislation; and

iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the losses.

Notes to the consolidated financial statements

For the year ended 30 June 2021

9. FINANCIAL INSTRUMENTS

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash at bank.

Cash

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. Cash and cash equivalents are held with ANZ Bank which is an Australian bank with an AA credit rating (Standard & Poor's).

Trade and other receivables

As the Group operates in the mining exploration sector it does not have trade receivables and is therefore not exposed to credit risk in relation to trade receivables. Other receivables relate to interest accrued on cash held with banks and GST credits receivable from the Australian Taxation Office.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Notes to the consolidated financial statements

For the year ended 30 June 2021

9. FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		CARRYING AMOUNT	
	NOTE	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Cash and bank balances	10	2,692,048	1,057,493
Trade and other receivables	11	-	55,000
Other financial assets	12	100,000	73,600

Impairment losses

None of the Group's trade and other receivables is past due.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes to the consolidated financial statements

For the year ended 30 June 2021

9. FINANCIAL INSTRUMENTS (CONTINUED)

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Consolidated	Carrying amount ($)	Contractual cash flows ($)	6 months or less ($)	6 months or more ($)
30 June 2021				
Trade and other payables	81,064	(81,064)	(81,064)	-
	81,064	(81,064)	(81,064)	-
30 June 2020				
Trade and other payables	97,076	(97,076)	(97,076)	-
	97,076	(97,076)	(97,076)	-

Typically, the Group ensures it has sufficient cash on demand to meet expected operational expenses for a minimum period of 90 days.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is not exposed to any currency risk. All investments and purchases are denominated in Australian dollars.

Interest rate risk

The Group is exposed to interest rate risk due to variable interest being earned on its assets held in cash and cash equivalents.

The Group has no borrowings.

Notes to the consolidated financial statements

For the year ended 30 June 2021

9. FINANCIAL INSTRUMENTS (CONTINUED)

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	CONSOLIDATED		CONSOLIDATED	
	2021 Carrying amount $	Interest rate %	2020 Carrying amount $	Interest rate %
Variable rate instruments				
Cash and bank balances	2,692,048	0.05	1,057,493	0.05

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Equity		Profit and Loss	
	100bp increase	**100bp** decrease	**100bp** increase	**100bp** decrease
30 June 2021				
Variable rate instruments	26,920	(26,920)	26,920	(26,920)
30 June 2020				
Variable rate instruments	10,575	(10,575)	10,575	(10,575)

Fair value of financial instruments

The Group is disclosing the fair value of financial assets and financial liabilities by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Notes to the consolidated financial statements

For the year ended 30 June 2021

9. FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2021 and 30 June 2020.

Consolidated 30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets	100,000	-	-	100,000

Consolidated 30 June 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets	73,600	-	-	73,600

The fair value of financial instruments traded in active markets (such as equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the close price at reporting date. These instruments are included in level 1.

The Group currently has listed securities that are traded in an active market.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

10. CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Cash and cash equivalents		
Cash at hand	1	1
Cash at bank	2,692,047	1,057,492
	2,692,048	1,057,493
Weighted average interest rate	0.05%	0.05%

Notes to the consolidated financial statements

For the year ended 30 June 2021

11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Current		
GST receivables	18,978	6,723
Other receivables	-	55,000
	18,978	61,723

Trade and other receivables are non-interest bearing.

12. OTHER FINANCIAL ASSETS

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Current		
Fair value at beginning of year	73,600	-
Listed shares received as consideration for sale of interest in exploration lease	-	75,000
Sale of listed shares	(28,125)	-
Revaluation of listed shares taken to reserve	54,525	(1,400)
Fair value at end of year	100,000	73,600

13. OTHER CURRENT ASSETS

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Other current assets		
Prepayments	5,028	6,986
Deposits	30,000	-
Prepayments	35,028	6,986

Notes to the consolidated financial statements

For the year ended 30 June 2021

14. **PLANT & EQUIPMENT**

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Office equipment at cost	21,158	12,225
Accumulated depreciation	(10,591)	(9,712)
Office equipment	10,567	2,513
Field equipment at cost	45,184	43,572
Accumulated depreciation	(43,425)	(43,207)
Field equipment	1,759	365
Computer equipment at cost	71,827	64,158
Accumulated depreciation	(56,071)	(50,485)
Computer equipment	15,756	13,673
Total carrying value	28,082	16,551

Movement in the carrying amounts for each class of plant and equipment.

Consolidated: 30 June 2021	Office equipment $	Computer equipment $	Field equipment $	Total $
At 1 July 2020 net of accumulated depreciation	2,513	13,673	365	16,551
Additions	8,933	7,669	1,612	18,214
Depreciation charge for the year	(879)	(5,586)	(218)	(6,683)
At 30 June 2021 net of accumulated depreciation	10,567	15,756	1,759	28,082

Consolidated: 30 June 2020	Office equipment $	Computer equipment $	Field equipment $	Total $
At 1 July 2019 net of accumulated depreciation	3,027	19,975	491	23,493
Additions	-	-	-	-
Depreciation charge for the year	(514)	(6,302)	(126)	(6,942)
At 30 June 2020 net of accumulated depreciation	2,513	13,673	365	16,551

Notes to the consolidated financial statements

For the year ended 30 June 2021

15. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Balance at beginning of the year	305,000	425,000
Acquired during the year - issue of shares	20,000	-
Sale of tenements (note 3)	(305,000)	-
Impairment of tenements	-	(120,000)
Balance at end of the year	20,000	305,000

The ultimate recoupment of acquisition costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. At balance date the exploration projects have not reached a stage where this determination can be made.

16. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Trade creditors and accruals	94,348	97,076
Balance at end of the year	94,348	97,076

All trade creditors and accruals are non-interest bearing.

17. DEPOSITS

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Deposit pending issue of shares	-	13,200

Notes to the consolidated financial statements

For the year ended 30 June 2021

18. PROVISIONS - CURRENT

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Employee leave entitlements	59,911	25,930

19. PROVISIONS – NON CURRENT

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Employee leave entitlements	34,102	32,850
Mining rehabilitation fund	-	256,740
	34,102	289,590

Mining rehabilitation fund

A provision which was made in the prior year in respect of the environmental rehabilitation on tenements based on the disturbance criteria determined by the Department of Mines and Petroleum was reversed during the year on the sale of the tenements concerned.

Notes to the consolidated financial statements

For the year ended 30 June 2021

20. SHARE CAPITAL

Ordinary shares	COMPANY 2021 $	COMPANY 2020 $
Ordinary shares 105,960,927 (2020: 54,760,927) fully paid ordinary shares	16,320,895	13,437,525

Movement during the year	2021 Number	2021 $	2020 Number	2020 $
Balance at beginning of year	54,760,927	13,437,525	43,827,594	12,793,884
Shares issued to acquire subsidiary	333,333	20,000	-	-
Shares issued for cash	50,866,667	3,052,000	10,933,333	708,000
Transaction costs arising on share issues		(188,630)		(64,359)
Balance at end of year	105,960,927	16,320,895	54,760,927	13,437,525

Options

The movement of the unlisted options on issue during the financial year is set out below:

Exercise price (cents)	Expiry date	Balance at beginning of year	Issued	Exercised	Lapsed	Balance at end of year
28.50	30/11/20	533,333	-	-	(533,333)	
15.00	31/7/22	-	19,444,442			19,444,442
17.55	30/9/23	-	2,066,667			2,066,667
		533,333	21,511,109	-	(533,333)	21,511,109

Notes to the consolidated financial statements

For the year ended 30 June 2021

21. **RESERVES**

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Fair value reserve	53,125	(1,400)
Share-based payment reserve	268,762	69,204
Movement during the year		
Fair value reserve		
Balance at beginning of year	(1,400)	-
Movement in fair value of available-for-sale financial assets	54,525	(1,400)-
Balance at end of year	53,125	(1,400)
Share-based payment reserve		
Balance at beginning of year	69,204	133,712
Issue of options during the year	268,762	-
Lapse of options during the year	(69,204)	(64,508)
Balance at end of year	268,762	69,204

Fair value reserve

This reserve used to record equity instruments which are measured at fair value with changes in fair value recognised in other comprehensive income (OCI). The gains and losses on equity instruments are recognised in OCI are not recycled on disposal of the asset and there is no separate impairment accounting. If the fair value of the equity instrument declines, this decrease is recorded through OCI.

Share-based payment reserve

The share-based payment reserve is used to record the value of equity benefits provided as consideration for goods and services received.

Notes to the consolidated financial statements

For the year ended 30 June 2021

22. ACCUMULATED LOSSES

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Movement during the year		
Balance at beginning of year	(12,409,772)	(12,192,896)
Lapse of options during the year	69,204	64.508
Loss for the year	(1,596,439)	(281,384)
Balance at end of year	(13,937,007)	(12,409,772)

23. COMMITMENTS

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Exploration expenditure commitments		
No later than 1 year	311,760	265,600
Later than 1 year but not later than 5 years	1,247,040	1,062,400
	1,558,800	1,328,000

There are no operating lease commitments at the date of this report.

24. CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities at the date of this report.

Notes to the consolidated financial statements

For the year ended 30 June 2021

25. ACQUISITION OF SUBSIDIARY

On 23 July 2020 at a general meeting of the Company shareholders approved the acquisition of 100% of the share capital of Augustus Mining Pty Ltd ("Augustus") for a consideration comprising 333,333 (post consolidation) ordinary shares of the Company.

The amounts recognised in respect of the identifiable assets acquired are set out below:

	$
Exploration licences EL9022/9023/9027	20,000
Total consideration	20,000
Satisfied by:	
Fair value reserve	
Equity instruments (333,333 shares of the Company)	20,000
Total consideration transferred	20,000

The fair value of the 333,333 ordinary shares issued as part of the consideration paid for Augustus was determined on the basis of the closing price of the shares on the date of approval by shareholders, being 23 July 2020.

There was no cash outflow arising on acquisition.

Notes to the consolidated financial statements

For the year ended 30 June 2021

26. SHARE-BASED PAYMENTS

During the year 2,066,667 options were granted as share-based compensation to directors and staff by Aruma (2020: none).

533,333 options lapsed unexercised during the year (2020: 266,667).

The following share-based payment arrangements were in place during the year:

Aruma Resources Limited	Number	Grant date	Expiry date	Exercise price cents	Fair value at grant date $
Option series no.5	533,333	30 Nov' 2017	30 Nov' 2020	28.50	69,204
Option series no.6	2,066,667	29 Sept' 2020	30 Sept' 2023	17.55	268,762

During the year the Company issued 19,444,442 free attaching options in conjunction with a share placement. The unlisted options are exercisable at 15 cents and have an expiry date of 31 July 2022.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in, share options on issue:

	2021		2020	
	Number	Weighted average exercise price cents	Number	Weighted average exercise price cents
Outstanding at the beginning of the year	533,333	28.50	800,000	39.00
Issued during the year	2,066,667	17.55	-	-
Issued during the year	19,444,442	15.00	-	-
Lapsed during the year	533,333	28.50	(266,667)	60.00
Outstanding at the end of the year	21,511,109	0.152	533,333	28.50
Exercisable at the end of the year	21,511,109	0.152	533,333	28.50

The outstanding balance as of 30 June 2021 is represented by 19,444,442 options over ordinary shares with an exercise price of 15 cents and an expiry date of 31 July 2022 and 2,066,667 options over ordinary shares with an exercise price of 17.55 cents and an expiry date of 30 September 2023.

Notes to the consolidated financial statements

For the year ended 30 June 2021

27. KEY MANAGEMENT PERSONNEL

The following were key management personnel of the Group at any time during the year and unless otherwise indicated were key management personnel for the entire period:

Executive director

Mr. P Schwann, Managing Director

Non-executive directors

Mr. P Boyatzis, Chairman

Dr. M Elliott

Key management personnel compensation

The key management personnel compensation for the year is as follows:

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Short-term employee benefits	352,333	138,958
Post-employment benefits	23,354	9,104
Share-based payments	251,422	-
Total	627,109	148,062

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and executives. Remuneration packages comprise fixed remuneration.

Information regarding individual directors and executive's compensation disclosures as required by *Corporations Regulations* 2M.3.03 and 2M.6.04 is provided in the remuneration report section of the Directors' Report.

Notes to the consolidated financial statements

For the year ended 30 June 2021

28. RELATED PARTIES

	OWNERSHIP INTERESTS	
	2021	2020
Controlled entities		
Augustus Mining Pty Ltd	100%	-
Aruma Exploration Pty Ltd	100%	100%

Key management personnel

Disclosures relating to key management personnel are set out in note 26.

During the year Managing Director Peter Schwann, provided a motor vehicle and a caravan for hire to the Company charging a total of $12,304 plus GST (2020: $3,408 plus GST) plus service and maintenance costs of $4,737 plus GST (2020: $235 plus GST). There is $nil outstanding (2020: $1,718) included under trade payables at 30 June 2021.

During the year the Company paid $42,925 plus GST (2020: $29,350 plus GST) to VRX Silica Limited (VRX) for month to month rental of office premises a car bay, storage and the provision of geological staff. Chairman Paul Boyatzis is a director of VRX. There is an amount of $8,142 inc GST (2020: $16,142) included under trade payables at 30 June 2021.

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Notes to the consolidated financial statements

For the year ended 30 June 2021

29. NOTES TO STATEMENT OF CASH FLOWS

	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
a. Reconciliation of cash and cash equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at hand	1	1
Cash at bank	2,692,047	1,057,492
	2,692,048	1,057,493
b. Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Loss for the year	(1,596,439)	(281,384)
Adjustments for:		
Depreciation	6,683	6,942
Share-based payment	268,762	
Impairment of assets	-	120,000
Gain on sale of investing asset	(145,000)	
Change in assets/liabilities:		
(Increase)/decrease in trade and other receivables	(7,255)	(29,120)
(Increase)/decrease in other current assets	(82,567)	(77,899)
Increase/(decrease) in trade and other payables	(15,425)	1,462
Increase/(decrease) in provisions	(221,507)	(3,651)
Net cash used in operating activities	(1,792,748)	(263,650)

30. SEGMENT INFORMATION

AASB 8: *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Group's operations and allocation of working capital.

Notes to the consolidated financial statements

For the year ended 30 June 2021

30. SEGMENT INFORMATION

Due to the size and nature of the Group, the Board as a whole has been determined as the chief operating decision maker.

The Group operates in one business segment and one geographical segment, namely mineral exploration industry in Australia only. AASB 8: *Operating Segments* states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely mineral exploration industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. The Group has therefore decided to aggregate all their segments into one reportable operating segment.

The revenues and results of this segment are those of the Group as a whole and are set out in the statement of comprehensive income. The segment assets and liabilities of this segment are those of the Group and are set out in the statement of financial position.

31. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date the Company completed a share placement to raise $1,560,000 through the issue of 20,000,000 fully paid ordinary shares at an issue price of 7.8 cents per share.

The proceeds from the placement will be used to help fund planned drilling and exploration at the Mt Deans Lithium Project, drilling and exploration at Salmon Gums and Melrose gold projects plus working capital and costs of the issue.

Rawson Lewis Pty Ltd acted as Lead Managers to the placement

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had no financial impact for the Group to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above no matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

32. DIVIDENDS

No dividends were paid or declared by the Company during the year or since the end of the year.

Notes to the consolidated financial statements

For the year ended 30 June 2021

33. PARENT ENTITY INFORMATION

In the year ended 30 June 2021 the Parent company of the Group was Aruma Resources Limited.

	COMPANY 2021 $	COMPANY 2020 $
Financial performance of Parent entity for the year		
Loss for the year	(1,596,439)	(281,384)
Other comprehensive income/(expense)	54,525	(1,400)
Total comprehensive expense for the year	(1,541,914)	(282,784)
Financial position of Parent entity at year end		
Current assets	2,846,054	1,199,802
Non-current assets	48,082	
Total assets	2,894,139	1,521,353
Current liabilities	154,261	136,206
Non-current liabilities	34,102	289,590
Total liabilities	188,363	425,796
Total equity of the Parent entity comprising:		
Share capital	16,320,895	13,437,525
Reserves	321,787	67,804
Accumulated losses	(13,936,906)	(12,409,772)
Total equity	2,705,776	1,095,557

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the Board of Directors.

On behalf of the directors

Peter Schwann

Managing Director

Perth, Western Australia

Dated this 28th day of September 2021

ELDERTON
AUDIT PTY LTD

Independent Audit Report to the members of Aruma Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aruma Resources Limited ('the Company') and its controlled entities (collectively referred as 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be a key audit matter to be communicated in our report.

Directors remuneration $375,687 and employee benefits $164,332
Refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income and Note 27

Key Audit Matter	How our audit addressed the matter
Directors remuneration and employee benefit expenses, collectively are a substantial figure in the financial statements of the Group, representing a significant portion of shareholder equity spent during the financial year. We considered that the validity and accuracy of the recorded expenditures to be a key audit matter. We obtained confirmations for KMP for the remuneration made during the year.	Our audit work included, but was not restricted to, the following: • We examined the Group's approval processes in relation to making payments to its employees. • We reviewed service agreements with the key management personnel's of the Group to verify the KMP remuneration. • We reviewed Board minutes of meetings and Annual General Meeting held during the financial year.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in page 24-26 of the directors' report for the year ended 30 June 2021. The directors of the Aruma Resources Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Aruma Resources Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

Perth
28 September 2021

Shareholder information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 21 September 2021.

Distribution of equity security holders

	Quoted ordinary shares		Unquoted options Exercisable at $0.1755 expiring 30 September 2023		Unquoted options Exercisable at $0.15 expiring 31 July 2022	
Category	**Number of holders**	**Number of Shares**	**Number of holders**	**Number of options**	**Number of holders**	**Number of options**
1 - 1,000	153	71,407	-	-	-	-
1,001 - 5,000	204	590,161	-	-	-	-
5,001 - 10,000	242	1,889,630	-	-	-	-
10,000 - 100,000	567	19,527,394	-	-	20	1,177,788
100,000 and over	163	103,882,911	4	2,066,669	42	18,266,684
Total	**1,329**	**125,961,503**	**4**	**2,066,669**	**62**	**19,444,472**

368 shareholders hold less than a marketable parcel of ordinary shares.

Substantial Shareholders

Substantial holder notices have been received from the following:

Substantial holder	Number of shares
Copulos Group	23,215,308

Restricted securities

The Company has 125,961,503 shares and 21,511,141 options on issue. No shares are subject to escrow.

Voting rights

Ordinary shares

One vote for each ordinary fully paid share.

Options

There are no voting rights attached to options.

On-market buy-back

There is no current on-market buy-back.

Unquoted securities

The names of security holders with more than 20% of an unlisted class of security are listed below:

Shareholder information

Options exercisable at $0.15 expiring 31 July 2022	Number of options held	Percentage
Plasia Pty Ltd	933,334	45.2
Lesuer Pty Ltd	666,667	32.3
Total	**1,600,001**	**77.5**

Twenty Largest Shareholders

Fully paid ordinary shares Name	Number of ordinary shares held	Percentage
Eyeon No 2 Pty Ltd	8,244,103	6.5
Retzos Executive Pty Ltd	6,666,667	5.3
Ms Chunyan Niu	6,385,472	5.1
Spacetime Pty Ltd	4,260,948	3.4
Eyeon Investments Pty Ltd	4,200,000	3.3
Citywest Corp Pty Ltd	4,176,923	3.3
Plasia Pty Ltd	2,500,000	2.0
Copulos Superannuation Pty Ltd	2,333,334	1.9
Mr Richard Elkington & Mrs Christine Elkington	2,000,000	1.6
Mr Jason Kadir & Mrs Kate Kadir	1,813,334	1.4
Blue Spec Drilling Pty Ltd	1,733,334	1.4
Westpark Corporation Pty Ltd	1,666,667	1.3
Shayden Nominees Pty Ltd	1,666,667	1.3
Ayers Capital Pty Ltd	1,515,268	1.2
Citicorp Nominees Pty Limited	1,510,173	1.2
BNP Paribas Nom Pty Ltd	1,500,000	1.2
HSBC Custody Nominees (Australia) Limited	1,422,896	1.1
Chrikim Pty Ltd	1,381,033	1.1
Acuity Capital Investment Management Pty Ltd	1,333,334	1.1
Fletcher Trading Pty Ltd	1,250,000	1.0
Total	**57,560,153**	**45.7**

Tenement listing as at 28 September 2021

Tenements	Location	Interest
	Salmon Gums (Gold)	
EL63/2037 ELA63/2122	**Norseman Belt, Goldfields, Western Australia**	**100%**
	Mt Deans (Lithium)	
P63/2063	**Lithium corridor, Goldfields, Western Australia**	**100%**
	Saltwater (Gold)	
E25/3816 E52/3818 E52/3825 E52/3830 E52/3837 E52/3852 E52/3854 E52/3857 ELA52/3966(application)	**Pilbara Region Western Australia**	**100%**
	Melrose (Gold)	
EL08/3183 EL08/3184 EL08/3188 EL08/3210 EL08/3219 EL08/3244 EL08/3334 ELA47/4362 (application) ELA47/4414 (application) ELA47/4529 (application) ELA08/3280 (application) ELA08/3351 (application) PLA08/802 (application) PLA47/1985 (application)	**Pilbara Region Western Australia**	**100%**
	Capital (Gold)	
EL9022 (ELA5955) EL9023 (ELA5956) EL9027 (ELA5987)	**Lachlan Fold Belt, New South Wales**	**100%**

Corporate governance statement
The Company's 2021 Corporate Governance Compliance Statement has been released as a separate document and is located on our website at https://www.arumaresources.com/governance/.