ARUMA RESOURCES LIMITED

(ABN 77 141 335 364)

Annual Report
30 June 2017

Contents

Corporate Information

Directors

Paul Boyatzis (Chairman)

Peter Schwann (Managing Director)

Mark Elliott (Non-Executive Director)

Company Secretary

Phillip MacLeod

Registered Office

108 Forrest Street

Cottesloe, Western Australia, 6011

Principal Place of Business

Level 1, 6 Thelma Street

West Perth, Western Australia, 6005

T: +61 8 6389 1799

F: +61 8 9226 3764

www.arumaresources.com

Share Registry

Advanced Share Registry Services

110 Stirling Highway

Nedlands, Western Australia, 6009

T: +61 8 9389 8033

Solicitors

Fairweather Corporate Lawyers

595 Stirling Highway

Cottesloe, Western Australia, 6011

Auditors

Nexia Perth Audit Services Pty Ltd

Level 3, 88 William Street

Perth, Western Australia, 6000

Securities Exchange Listing

ASX Limited

ASX Code: AAJ

Letter from the Chairman to Shareholders

Dear Shareholder

Your company, Aruma Resources Limited ("Aruma" or "the Company"), is an active Western Australian gold exploration company focused on the Kalgoorlie area in the very productive Eastern Goldfields of Western Australia.

In the last year Aruma, after extensive evaluation and exploration, withdrew from the Bulloo Copper areas to focus on its existing and recently secured gold projects. Concurrently Aruma attracted capital for an aggressive exploration and acquisition program in prospective areas close to Kalgoorlie and its Glandore joint venture project. With the capital raised, the R&D Tax Incentive programme and the Exploration Incentive Scheme (EIS) grant Aruma was able to explore and advance its new projects particularly at the exciting Slate Dam Gold Project. All expenditure was prudently managed utilising the EIS grant monies, from which Aruma received a refund of $33,624. The R&D tax incentive resulted in a refund of $281,116 after costs for eligible exploration expenditure incurred during 2016.

The first tranche expenditure of the Southern Gold Limited (ASX: SAU) joint venture was completed with over $300,000 expended on exploration in the year with the work done potentially leading to future mining of the northern Glandore leases. SAU has completed the initial drill out to confirm the mineralization and obtain metallurgical and geotechnical samples. They are currently continuing with their earn-in of tranche 2 with interesting results on other areas of the leases. This has allowed Aruma to focus its gold exploration on its 100% owned areas surrounding the project with the reported anomaly at Slate Dam becoming a priority target.

Projects

The coming year will see exploration on the Company's projects, with the focus being on RC drilling at both Slate Dam and potentially at Goddards (Glandore South) and Clinker Hill. The historical 7km^2 high tenor (>200ppb Au) gold anomaly at Slate Dam will be the primary focus for the coming year. This will happen after geochemical, magnetic and HyVista mapping is ratified by field mapping to ensure the targets are the most likely to reveal mineralization. This will commence after the heritage and native title requirements are finalized.

The Company will continue to seek and review other resource opportunities considered to have the potential to add shareholder value.

The Company would like to thank our director of over 6 years, KK Cheong, for his services after resigning at the end of the year and welcome Dr Mark Elliott onto the Board. Mark is a well credentialed geologist with significant experience in both exploration and management.

At this time the Directors would also like to thank all staff and contractors for their contribution to the continuing development of the Company.

I recommend reading this report to gain a further understanding of the Company's plans and projects, and thank you for your support.

Paul Boyatzis

Chairman

Company Review

HIGHLIGHTS

Slate Dam Gold Project

- Covers an area of 210km^2 granted leases through applications and acquisitions
- Significant Slate Dam anomaly identified after extensive geological review
- Programme of Works (PoW) submitted and approved
- Awaiting final heritage approval

Glandore Joint Venture

- Joint Venture with Southern Gold Limited (SAU) progressing on schedule
- Tranche 1 completed with over $300,000 expended earning SAU 50% interest in Glandore leases
- Tranche 2 underway and on track to reach target expenditure by end of year 2 (1st April 2018)

Bulloo Downs

- Total of 3 diamond holes drilled to test anomalies identified with HyVista and Emissivity
- No economic copper mineralisation intersected
- All leases either returned to respective holders or relinquished

Corporate

- $1,244,541 held in cash and term deposits as at 30th June 2017
- $281,116 received from the 2016 R&D tax incentive programme after costs
- Non-Executive Director KK Cheong resigned after 6 years of service
- Mark Elliott appointed as Non-Executive Director effective 1st July 2017
- Exploration Manager appointed

OVERVIEW

Aruma Resources Limited ("Aruma" or "the Company") is an ASX-listed gold focused Western Australian exploration company (ASX:AAJ) with advanced projects approximately 50km east of Kalgoorlie, Western Australia, Figure 1. The Company's Flagship Slate Dam Project is a world-class exploration target over the highly prospective Norseman-Wiluna greenstone belt.

Aruma was listed on the Australian Securities Exchange in 2010, with the focus of exploring and developing Australian resource projects.

The overarching goal of the Company is to increase shareholder value through the application of modern exploration and advancements of its resource projects through to development. The Company also actively reviews value accretive growth opportunities to augment the asset portfolio. Since listing the Company has held various tenement packages of various commodities which have been turned over as diligent exploration requires. The Company is predominantly focused on gold exploration within Australia, specifically within the Norseman-Wiluna Gold Province.

Aruma will continue to manage and rationalize its landholding in Western Australia. To support this strategy, Aruma may relinquish projects that have not given the expected response to exploration in the coming year.

Company Review

Figure 1. Aruma Resources Project Location.

Company Review

Slate Dam Project

The Slate Dam project incorporating Slate and Mulga dams, comprises four Exploration Licenses covering an area of 210km^2. The project currently has three identified prospects Slate Dam, Mulga Dam and Juglah, Figure 2. Slate Dam is currently the primary focus of on-going exploration.

The Slate Dam lease (E25/553) was granted in April 2017, and consists of 26 graticular blocks or 83km^2, over a large section of the Bulong sequence of the Kalgoorlie Terrane. The intention of the Company is to investigate the gold potential in sediments associated with granites that may host economic grades of gold mineralisation.

Since the discovery of Invincible by Gold Fields Ltd, Aruma has taken the gold mineralisation model and applied it to prospects of the Kalgoorlie Terrane, which has resulted in the pegging of highly prospective ground around the region. Slate Dam was one of these areas identified for its structural complexity and desirable geology.

The area has previously been explored by Croesus Mining NL, Delta Gold, Placer and Barrick Gold. The leases were relinquished due to the gold price (US$250/oz) at the time and low tenor anomalies were forgotten. In 2008 the lease was held by Rubicon Resources Limited and relinquished in late 2014 after surrounding joint ventures with various partners were not successful in proving up resources. Rubicon transferred their attention to other areas and were out of the area in late 2014.

Aruma will be using a hydrothermal sediment hosted sulphidic gold model to identify gold targets, which has been used with success in the last few years by several companies to find major new finds in the Wiluna-Norseman belt, especially at Invincible (Kambalda), Baloo and Monsoon on Lake Cowan.

Project evaluation has identified a bottom of hole geochemical gold anomaly of considerable size, over the Slate Dam Prospect stretching 7km^2 across sediments contacts within the pressure shadows of recently identified granite intrusives. All the geological needs for a gold system are in place, however were probably previously masked due to the presence of Lake Yindarlgooda over the top of the anomaly.

Aruma plans to explore the Slate Dam prospect through remote sensing and by drill testing the drill defined anomaly in 2017/2018.

Aruma aims to explore and extend the high (200ppb Au) tenor 7km^2 drill defined gold anomaly at Slate Dam, Figure 3. Evaluation of magnetics has identified a ring structure indicating a granite body, similar in structure to Majestic-Imperial, south of this anomaly. In house expertise and experience will allow focused and detailed exploration on this and the adjacent tenements in the area.

Company Review

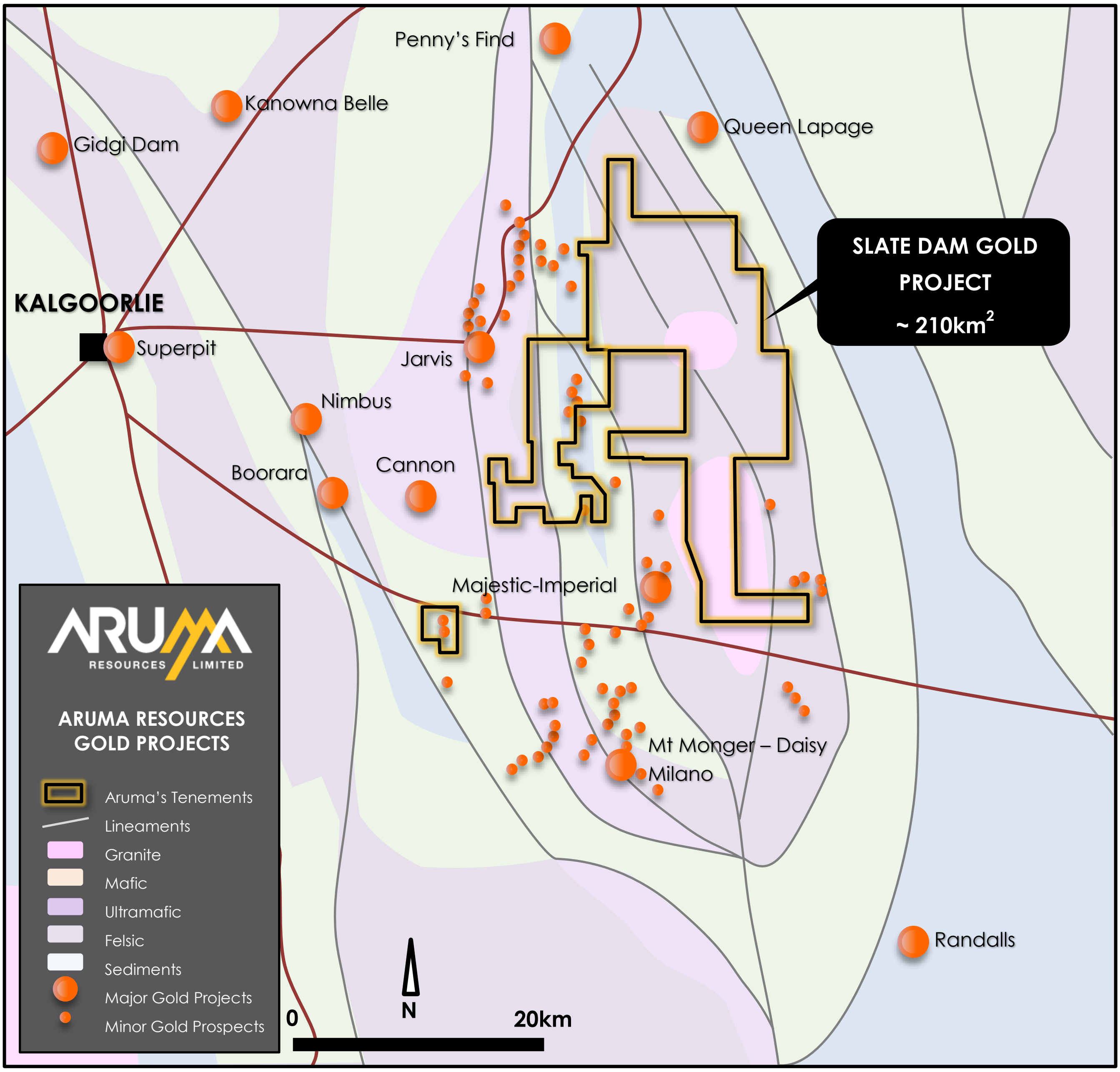

Figure 2. **Aruma Resources Projects, Kalgoorlie, Western Australia.**

Company Review

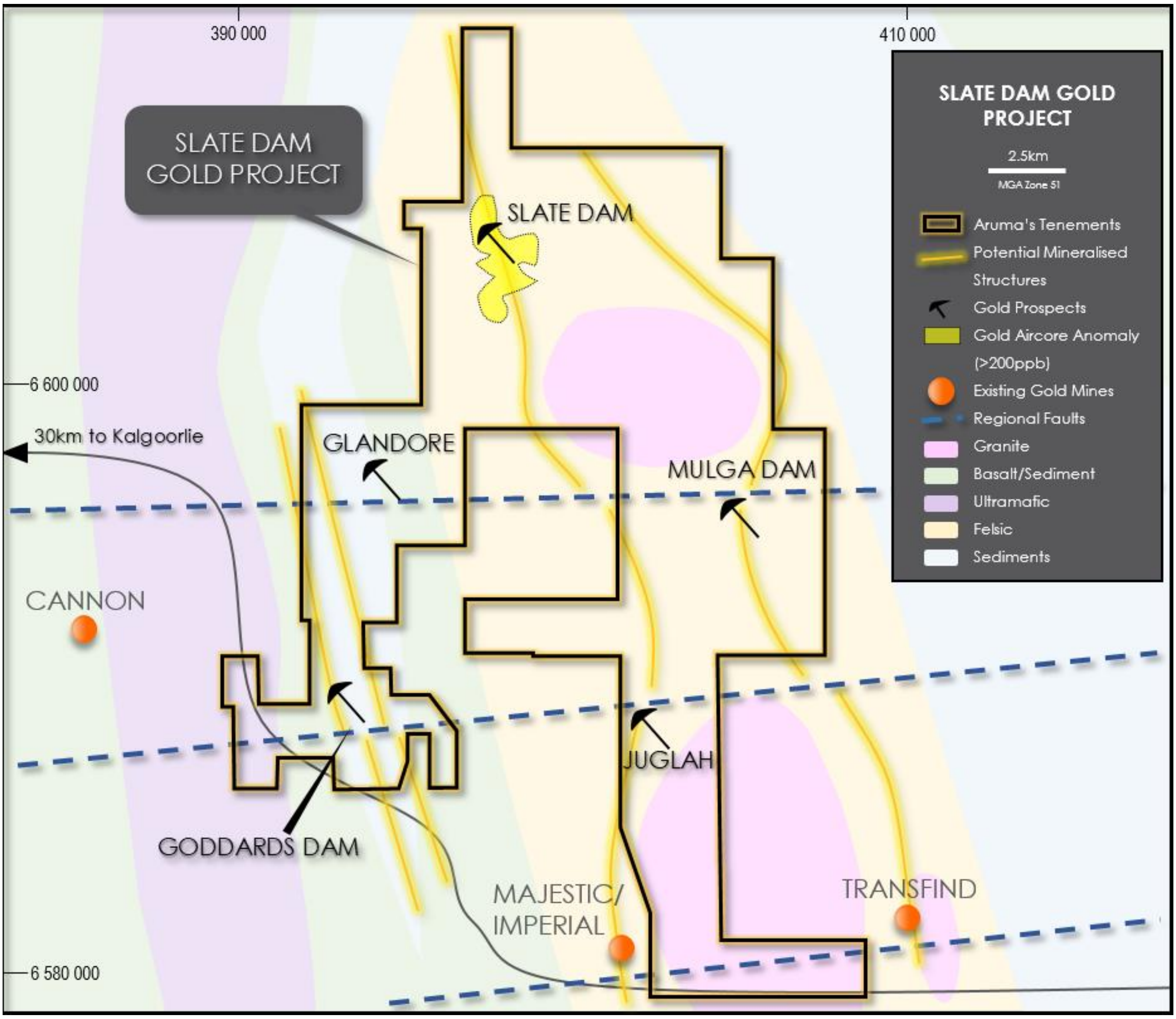

Figure 3. **Slate Dam Gold Project, with local geology and gold prospects.**

Company Review

Glandore Project JV

Glandore was acquired in 2010 and was the flagship gold project for Aruma.

Aruma entered into a Joint Venture Agreement with Southern Gold Limited (ASX:SAU)(ASX Announcement, 6th April 2016) which allows SAU to earn up to 90% interest through exploration expenditure of $1.2 million over the next 3 years.

The Agreement covers 28.7km^2 of continuous tenements located adjacent to Southern Golds existing Bulong Gold Project and their nearby Cannon Gold Mine.

Tranche 1 minimum spend of $300,000 on exploration in the first year has been completed and Southern Gold has now earned 50% of the project. Tranche 2 has commenced and is expected to reach the target expenditure by the end of year 2.

Company Review

Goddards Dam

The Goddards Dam Prospect consists of 14 Prospecting licences for 21.7km², over the Bulong sequence of the Kalgoorlie Terrane. The intention of the Company is to investigate the gold potential for economic grade mineralisation at the mafic/ultramafic contact of this sequence.

Existing exploration over the area consists of 1 small auger program, and 3 small aircore programs. Results are promising with bottom of hole gold anomalism present over all areas, Figure 4.

Aruma plans to continue exploration over Goddards Dam through drill testing in 2018.

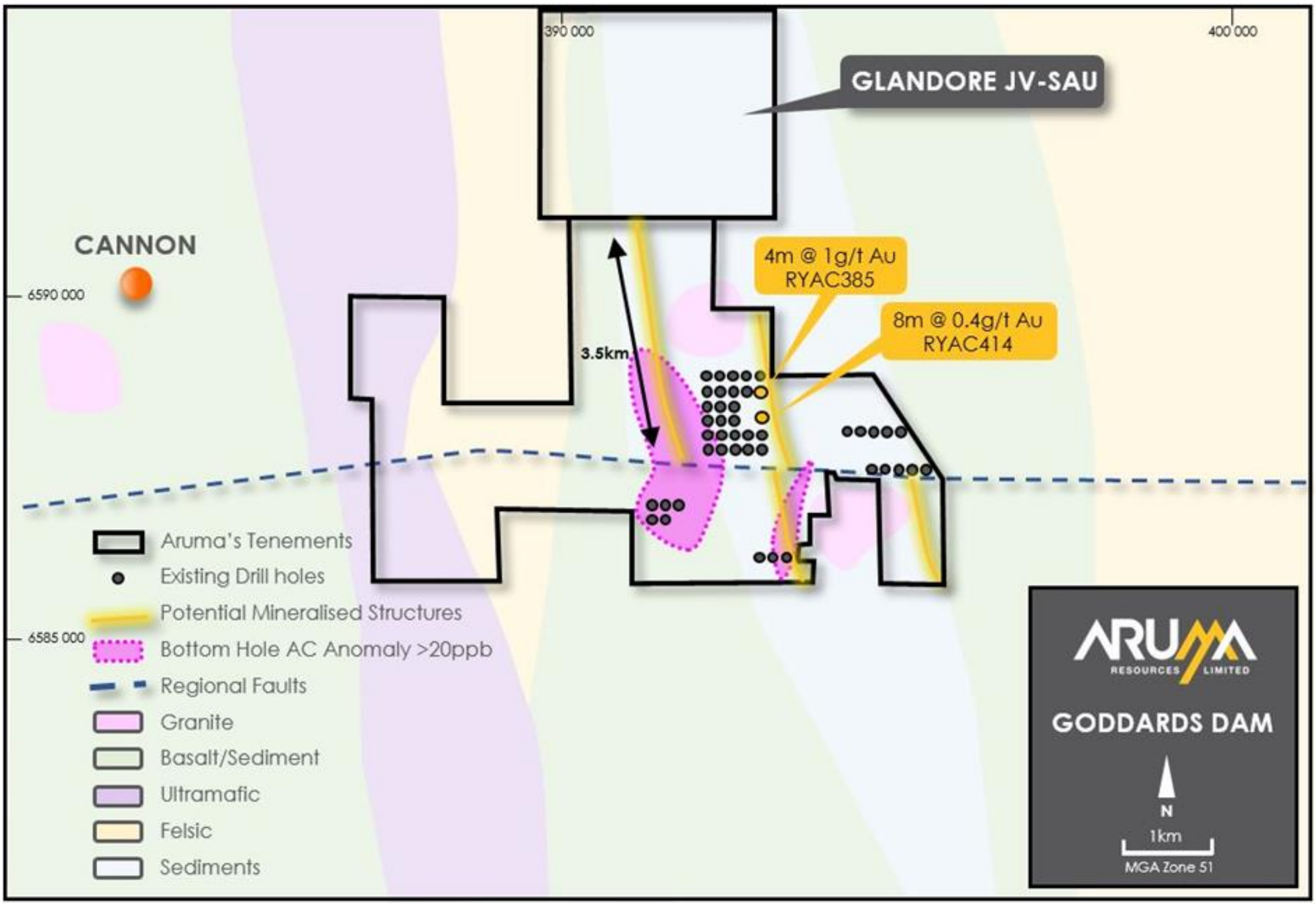

Figure 4. **Goddard's Dam prospect, with local geology and historical drill intercepts.**

Company Review

Bulloo Downs Copper Project

A third and final 500m diamond hole BDD03 was drilled using the EIS grant which failed to intersect the required alteration and mineralization. The project was dropped in late 2016 and the leases returned to the original leaseholders in good standing.

Corporate

Increased activity of the Company has required an increase in personnel. Ms. Kathryn Cutler has been appointed as Exploration Manager to drive the exploration effort of the Company's projects in the coming year.

The appointment of an Exploration Manager allows the Company to continue to develop and advance current exploration projects. Ms. Kathryn Cutler is a geologist with significant experience in the Eastern Goldfields working in near-mine exploration at Jundee and the Matilda-Wiluna gold mine.

The Company appointed Dr. Mark Elliott as a non-executive director on the resignation of Mr K K Cheong effective 1st July 2017. The efforts of Mr Cheong over the last 6 years are greatly appreciated.

The Company has cash and term deposit balances of $1,244,541 at 30th June 2017 having received an R&D tax offset of $281,116 after costs during the year.

Competent Person's Statement

The information in this release that relates to Exploration Results is based on information compiled by Peter Schwann who is a Fellow of the Australian Institute of Geoscientists, Australasian Institute of Mining and Metallurgy, and the a member of SEG. Mr Schwann is a full time employee of the Company. Mr Schwann has sufficient relevant experience to qualify as a Competent Person as defined in the JORC Code (2012) and consents to the inclusion of this 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.arumaresources.com. The Company confirms it is not aware of any new information that materially affects the information included in the original announcement. The Company confirms that the form and context in which the Competent Person's findings are present have not been materially modified from the original announcements.

Directors' Report

Your directors present their report together with the financial statements of the Group consisting of Aruma Resources Limited ("the Company") and the entity it controlled (together the "Group") for the financial year ended 30 June 2017. 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 – Non-Executive 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), Ventnor Resources Limited (September 2010 – present) and Nexus Minerals Limited (October 2006 – present).

Mr Peter Schwann

Ass.App.Geology, FAusIMM (CP) – 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 – Non-Executive Director

Appointed 1st July 2017

Dr Elliott is a chartered practising geologist with 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 three years Dr Elliott has been a director of Nexus Minerals Limited (October 2006 – present) and HRL Holdings Limited (September 2007 – present).

Directors' Report

Mr. Ki Keong Chong

LLB (Hons) – Non-Executive Director

Appointed 1 February 2011 – Resigned 1st July 2017

Mr Chong is the Managing Partner of the law firm, KK Chong & Company. He is highly regarded in the legal aspects of corporate finance and banking, conveyancing, employee stock option schemes, public listing, due diligence exercise, joint ventures, schemes of arrangement and compromise and exchange control regulations.

During the past three years Mr Chong has not served as a director of any other listed company.

Mr. Phillip MacLeod

B Bus, ASA, FGIA, MAICD – Company Secretary

Appointed 5th January 2010

Mr MacLeod has over 25 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 a loss for the year of $604,937 (2016: $387,385). The Group had cash and term deposit balances at 30th June of $1,244,541 (2016: $1,003,504).

During the year the Company raised $400,000 before issue costs through the placement of 50,000,000 shares to professional and sophisticated investors with DJ Carmichael acting as Lead Manager to the Placement.

The Company raised a further $562,913 before issue costs through a non-renounceable rights offer. DJ Carmichael acted as underwriter to the offer.

The Company also issued 10,000,000 shares during the year as part consideration for the purchase of 2 tenements within the Slate Dam project.

During the year the Company also received $281,116 after costs under the 2016 Research and Development Tax Incentive programme for exploration activity carried out on the Glandore Project.

All of the funds are to be used for future development of the Group's exploration projects and other working capital.

A review of operations is on page 5.

Directors' Report

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
Ki Keong Chong	4	3

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 $30,000 per annum effective from 1 July 2017 (previously $18,000 per annum). The Chairman receives a fixed fee of $54,000 per annum effective from 1 July 2017 (previously $43,200 per annum) plus statutory 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 2017 and 30 June 2016.

	Year	Short-term				Post-employment			Share-based Payments			
		Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Total $	Superannuation Benefits $	Other long term $	Termination Benefit $	Options & Rights $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration
Non-Executive Directors												
Mr P Boyatzis	2017	46,800	-	-	46,800	-	-	-	-	46,800	-	-
	2016	48,000	-	-	48,000	-	-	-	-	48,000	-	-
Mr K K Chong	2017	18,000	-	-	18,000	-	-	-	-	18,000	-	-
	2016	20,000	-	-	20,000	-	-	-	-	20,000	-	-
Executive Directors												
Mr P Schwann	2017	150,000	-	-	150,000	14,250	-	-	-	164,250	-	-
	2016	175,000	-	-	175,000	16,625	-	-	-	191,625	-	-
Total	**2017**	**214,800**	-	**-**	**214,800**	**14,250**	-	-	**-**	**229,050**	**-**	**-**
	2016	**243,000**	-	**-**	**243,000**	**16,625**	-	-	**-**	**259,625**	**-**	**-**

Directors' Report

4. REMUNERATION REPORT *(AUDITED)*

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

During the year nil (2016: nil) options over unissued shares were granted to directors or key management personnel as part of their remuneration.

4.4 Service agreement

Managing Director, Mr Schwann's remuneration commencing 1 July 2017 consists of $200,000 per annum base salary (previously $150,000) 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 directors or key management personnel.

During and since the financial year, there were no share options that were granted to key management personnel of the Company and the entities it controlled as part of their remuneration.

No options granted to directors or executives were exercised during the year. No options previously granted to directors or executives lapsed during the year.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

END OF REMUNERATION REPORT *(AUDITED)*

5. SHARE OPTIONS

Unissued shares under option

There are 4,625,000 options (2016: 7,125,000) over unissued shares in Aruma.

Share options lapsed

2,500,000 options lapsed unexercised the year (2016: 6,375,000).

Share options issued

There were no options over unissued shares in Aruma issued during the year as share-based compensation to directors (2016: nil options).

Shares issued on exercise of options

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

Directors' Report

6. PRINCIPAL ACTIVITY

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

7. DIVIDENDS

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

8. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date, on 1st July 2017, the Company appointed Dr Mark Elliott as a non-executive director. Dr Elliott is a chartered professional geologist with over 40 years' experience in the resources industry with extensive experience in managing resource companies in a wide range of commodities. On the same date Mr Ki Keong Chong resigned as a director of the Company.

Other than the above there have been no material events to note.

9. 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.

10. 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	17,528,211	1,000,000
Mr. P Schwann	12,879,065	2,000,000
Mr. M Elliott*	-	-

*appointed 1st July 2017

11. ENVIRONMENTAL REGULATIONS

In the course of 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 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.

Directors' Report

12. 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, Nexia Perth Audit Services Pty Ltd, and its related practices for audit and non-audit services provided are set out below:

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Audit and review of financial reports	26,628	28,400
Taxation services	4,800	4,800
	31,428	33,200

The Board has considered the non-audit services provided during the year by the auditor and has resolved that it is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001. The non-audit services provided did not undermine the general principles relating to auditor independence as set out in APES110 (Code of ethics for professional accountants), as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

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 21.

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

Dated 27th September 2017

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Aruma Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017 there have been:

(i) no contraventions of the auditor's independence requirements as set out in 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.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper

PTC Klopper
Director

Perth
27 September 2017

Nexia Perth
Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2017

	Note	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Revenue	3	359,739	864,745
Exploration and evaluation expenditure expensed as incurred		(494,415)	(612,591)
Depreciation	4	(13,359)	(11,869)
Directors' remuneration	24	(229,050)	(259,625)
Employee benefits		(4,810)	(3,475)
Impairment of exploration assets		-	(70,960)
Legal and professional fees		(146,664)	(205,449)
Occupancy expenses		(17,490)	(22,603)
Other expenses		(83,322)	(81,491)
Loss from operating activities	4	(629,371)	(403,318)
Financial income		24,434	15,935
Financial expense		-	(2)
Net financing income	5	24,434	15,933
Loss before income tax		(604,937)	(387,385)
Income tax expense	8	-	-
Total comprehensive loss		(604,937)	(387,385)
Loss Per Share			
Basic and diluted loss per share (cents per share)	7	(0.19) cents	(0.20 cents)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

For the Year Ended 30 June 2017

	Note	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	83,713	499,702
Trade and other receivables	11	37,895	4,920
Other financial assets	12	1,160,828	503,802
Other current assets	13	5,579	3,793
Total current assets		1,288,015	1,012,217
Non-current assets			
Plant and equipment	14	62,786	38,565
Capitalised exploration expenditure	15	229,773	129,773
Total non-current assets		292,559	168,338
Total assets		1,580,574	1,180,555
LIABILITIES			
Current liabilities			
Trade and other payables	16	121,712	47,174
Provisions	17	32,132	45,688
Total current liabilities		153,844	92,862
Total liabilities		153,844	92,862
Net assets		1,426,730	1,087,693
Equity			
Issued capital	18	10,139,092	9,195,118
Reserves	19	83,601	127,684
Accumulated losses	20	(8,795,963)	(8,235,109)
Total equity		1,426,730	1,087,693

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash flows

For the Year Ended 30 June 2017

	Note	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Cash flows from operating activities			
Receipts from exploration activities		359,739	864,745
Interest received		21,756	17,108
Interest paid		-	(2)
Exploration expenditure		(549,115)	(628,240)
Payments to suppliers and employees		(397,737)	(594,041)
Net cash used in operating activities	26(b)	(565,357)	(340,430)
Cash flows from investing activities			
Transfers to term deposit investment		(657,026)	(503,802)
Payment for exploration interests		(20,000)	-
Payments for purchase of plant and equipment		(37,580)	(2,680)
Net cash used in investing activities		(714,606)	(506,482)
Cash flows from financing activities			
Proceeds from issue of securities		962,913	462,912
Cost of capital raising		(98,939)	(32,755)
Net cash provided by financing activities		863,974	430,157
Net increase/(decrease) in cash and cash equivalents		(415,989)	(416,755)
Cash and cash equivalents at beginning of the year		499,702	916,457
Cash and cash equivalents at end of the year	26(a)	83,713	499,702

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

	Issued Capital $	Accumulated Losses $	Share-based payment reserve $	Total equity $
Balance at 1 July 2015	8,729,961	(7,932,007)	211,967	1,009,921
Loss for the year	-	(387,385)	-	(387,385)
Total comprehensive loss for the year	-	(387,385)	-	(387,385)
Expiry of options	-	84,283	(84,283)	-
Shares issued for cash	462,912	-	-	462,912
Share issue costs	(32,755)	-	-	(32,755)
Share-issue in settlement of Westralian Diamond Drillers	35,000	-	-	35,000
Balance at 30 June 2016	9,195,118	(8,235,109)	127,684	1,087,693
Balance at 1 July 2016	9,195,118	(8,235,109)	127,684	1,087,693
Loss for the year	-	(604,937)	-	(604,937)
Total comprehensive loss for the year	**-**	**(604,937)**	**-**	**(604,937)**
Expiry of options	-	44,083	(44,083)	-
Shares issued for cash	962,913	-	-	962,913
Share issue costs	(98,939)	-	-	(98,939)
Shares-issued for tenement acquisitions	80,000	-	-	80,000
Balance at 30 June 2017	**10,139,092**	**(8,795,963)**	**83,601**	**1,426,730**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

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 2017.

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 27th September 2017.

b. Basis of preparation

The financial report has been prepared on the basis of 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. Financial position

The financial report is prepared on a going concern basis.

At the balance date, the Group had an excess of current assets over current liabilities of $1,134,171 (2016: $919,355).

Subsequent to the balance date the Company is in the process of lodging a 2017 R&D tax incentive application which, if successful, will provide further funding for the next 12 months.

In order to continue the Group's planned exploration program the Group will require further funding. Should the Group be unable to raise sufficient funds, the planned exploration program may have to be amended or deferred.

The Directors consider the going concern basis of accounting to be appropriate based on forecast cash flows and have confidence in the Group's ability to raise additional funds if required.

.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

d. Adoption of new and revised standards

Amendments to AASB 101 *Disclosure Initiative*

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 its operations and effective for the current year. In the current year, the Group has applied a number of amendments to AASBs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016

The Group has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an AASB if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in AASB is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other AASBs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

Amendments to AASB 116 and AASB 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The Group has applied these amendments for the first time in the current year. The amendments to AASB 116 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to AASB 138 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a. when the intangible asset is expressed as a measure of revenue; or

b. when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

d. Adoption of new and revised standards (continued)

As the Group already uses diminishing value method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Group's consolidated financial statements.

Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 9	Financial Instruments[2] Refer to Note 9 for the Group's financial instruments at reporting date: the Group's financial instruments primarily comprise cash and cash equivalents, term deposit investments and trade payables. Management are of the view that the Standard will not have a significant impact on these types of financial instruments.
AASB 15	Revenue from Contracts with Customers (and the related Clarifications)[2] At the date of this report, the Group did not yet earn revenue from contracts with customers. Therefore, this Standard will not have any impact until such time that the Group commences earning revenue from contracts with customers.
AASB 16	Leases[3] Based on current operating leases for the year ended 30 June 2017, the application of this Standard is not expected to be significant.
Amendments to AASB 2*	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to AASB 10 and AASB 128*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to AASB 107*	Disclosure Initiative[1]
Amendments to AASB 112*	Recognition of Deferred Tax Assets for Unrealised Losses[1]

[1] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[4] Effective for annual periods beginning on or after a date to be determined.

* The directors have yet to assess the potential impact of the standards not yet adopted.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

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 so as 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.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Aruma.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the Consolidated Financial Statement

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

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"). 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.

j. 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

k. 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.

l. 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

m. 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.

n. 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

o. 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.

p. 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.

q. 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.

r. Financial assets

All financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

r. Financial assets (continued)

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL") 'held to maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

(ii) *Financial assets at FVTPL*

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both which, is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and AASB 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as FVTPL.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

r. Financial assets (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 9.

(iii) AFS financial assets

Listed shares held by the Group that are traded in an active market are classified as AFS and are stated at fair value. Fair value is determined in the manner described in note 9. Gains and losses arising from changes in fair value are recognised in other comprehensive income and are accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

(iv) *Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost, using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(v) *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statement of profit or loss and other comprehensive income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

r. Financial assets (continued)

With the exception of AFS equity instruments, if, in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

s. Share-based payment transactions (continued)

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.

t. 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.

u. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs.

Finance lease assets are depreciated on a diminishing value basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

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.

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.

3. REVENUE

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Revenue		
R & D tax incentive	323,586	623,032
Sale of interest in tenements	-	100,000
Drilling grant	33,624	90,060
Other sales	-	30,000
Refunds	2,529	21,653
Total	359,739	864,745

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

4. LOSS BEFORE INCOME TAX

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Loss before income tax		
Loss before income tax expense has been arrived at after charging the following item:		
Depreciation	13,359	11,869

5. FINANCING INCOME

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Financing Income		
Interest income	24,434	15,935
Interest expense	-	(2)
Total	24,434	15,933

6. AUDITOR'S REMUNERATION

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
During the year the following fees were paid or payable for services provided by auditors of the Group, their related practices and non-related audit firms		
Audit and review services:		
- Auditors of the Group	26,628	28,400
Other Professional services:		
- Auditors of the Group	4,800	4,800

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

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 2017	CONSOLIDATED 2016
Loss per share		
Loss per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date	0.19 cents	0.20 cents
a) Weighted average number of shares used in calculation of basic loss per share		
Shares on issue at beginning of year	231,456,254 shares	149,304,167 shares
Effect of 50,000,000 shares issued on 4 October 2016	36,986,301	-
Effect of 70,364,063 shares issued on 14 November 2016	44,146,220	-
Effect of 10,000,000 shares issued on 15 May 2017	1,287,671	-
Effect of 5,000,000 shares issued on 10 November 2015	-	3,196,721
Effect of 77,152,087 shares issued on 15 December 2015	-	41,948,812
Weighted average number of ordinary shares at 30 June	313,876,447 shares	194,449,700 shares
b) Loss used in calculating basic loss per share	$604,937	$387,385

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

8. INCOME TAXES

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
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:		
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		
Profit/(loss) before income tax expense from operations	(604,937)	(387,385)
Income tax expense/(benefit) calculated at 27.50% (2016: 28.50%)	(166,358)	(110,405)
Impact from reduction in tax rate	54,317	83,334
Over/(under) provision of tax in prior periods	260,997	382,024
Non-assessable income	(88,986)	(177,564)
Temporary differences not recognised	(26,167)	(56,969)
Non-deductible expenses	397	470
Share issue costs recognized directly in equity	(27,408)	-
Tax losses not recognized/(utilised)	(6,792)	(120,890)
Income tax expense/(benefit)	-	-

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

8. INCOME TAXES

The tax rate used in the above reconciliation is the corporate tax rate of 27.50% (2016: 28.5%) payable by Australian corporate entities on taxable profits under Australian tax law.

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
d. The following deferred tax assets and (liabilities) have not been brought to account as assets:		
Tax losses - revenue	1,538,988	1,545,780
Temporary differences	(24,097)	2,270
	1,514,891	1,548,050
e. Deferred tax assets not recognised in respect of the following items:		
Trade and other receivables	(3,496)	(1,270)
Trade and other payables	14,163	20,627
Exploration costs	(63,188)	(36,985)
Section 40-880 expenses	28,424	19,898
Tax losses carried forward	1,538,988	1,545,780
Income tax expense/(benefit) not recognised	1,514,891	1,548,050
f. Carry forward tax losses:		
Unused tax losses, for which no deferred tax asset has been recognised (as recovery is currently not probable)	5,596,321	5,423,790
Unused capital losses, for which no deferred tax asset has been recognised (as recovery is currently not probable)	-	-
At 27.50% (2016: 28.5%)	1,538,988	1,545,780

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 27.50% (2016: 28.50%) 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 2017

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.

Held-to-maturity investments

The Group only invests with counterparties that have an acceptable credit rating. Held-to-maturity investments are held with ANZ Bank which is an Australian bank with an AA credit rating (Standard & Poor's).

Presently, the Group undertakes exploration and evaluation activities solely in Australia. At the balance date there were no significant concentrations of credit risk.

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:

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

9. FINANCIAL INSTRUMENTS

		CARRYING AMOUNT	
		CONSOLIDATED	CONSOLIDATED
		2017	2016
	NOTE	$	$
Cash and bank balances	10	83,713	499,702
Trade and other receivables	11	7,298	4,618
Held-to-maturity investments	12	1,160,828	503,802

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.

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 2017				
Trade and other payables	121,712	(121,712)	(121,712)	-
	121,712	(121,712)	(121,712)	-
30 June 2016				
Trade and other payables	47,174	(47,174)	(47,174)	-
	47,174	(47,174)	(47,174)	-

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

9. FINANCIAL INSTRUMENTS

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.

Profile

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

	CONSOLIDATED		CONSOLIDATED	
	2017 Carrying amount $	Interest rate %	2016 Carrying amount $	Interest rate %
Fixed rate instruments				
Cash and bank balances	-	-	253,850	3.00
Held-to-maturity investments	1,160,828	2.13	503,802	3.00
Variable rate instruments				
Cash and bank balances	83,713	0.04	245,852	0.15

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

9. FINANCIAL INSTRUMENTS

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 2017				
Variable rate instruments	837	(837)	837	(837)
30 June 2016				
Variable rate instruments	2,459	(2,459)	2,459	(2,459)

Fair value of financial instruments

The Group currently has no financial instruments that are shown at fair value.

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 2017 $	CONSOLIDATED 2016 $
Cash and cash equivalents		
Cash at hand	1	1
Cash at bank	83,712	245,851
Short term deposits	-	253,850
	83,713	499,702
Weighted average interest rate	0.04%	1.60%

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Current		
GST receivables	30,597	302
Other receivables	7,298	4,618
	37,895	4,920

Trade and other receivables are non-interest bearing.

12. OTHER FINANCIAL ASSETS

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Current		
Held-to-maturity investments	1,160,828	503,802

Held-to-maturity investments comprise 6 month term deposits at various maturity dates attracting a weighted average interest rate of 2.13%.

13. OTHER CURRENT ASSETS

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Other current assets		
Prepayments	5,579	3,793

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

14. PLANT & EQUIPMENT

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Office equipment at cost	12,225	11,093
Accumulated depreciation	(7,807)	(6,894)
Office equipment	**4,418**	**4,199**
Field equipment at cost	43,209	43,209
Accumulated depreciation	(26,975)	(18,721)
Field equipment	**16,234**	**24,488**
Computer equipment at cost	63,066	26,618
Accumulated depreciation	(20,932)	(16,740)
Computer equipment	**42,134**	**9,878**
Total carrying value	**62,786**	**38,565**

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

Consolidated: 30 June 2017	Office equipment $	Computer equipment $	Field equipment $	Total $
At 1 July 2016 net of accumulated depreciation	4,199	9,878	24,488	38,565
Additions	1,132	36,448	-	37,580
Depreciation charge for the year	(913)	(4,192)	(8,254)	(13,359)
At 30 June 2017 net of accumulated depreciation	**4,418**	**42,134**	**16,234**	**62,786**

Consolidated: 30 June 2016	Office equipment $	Computer equipment $	Field equipment $	Total $
At 1 July 2015 net of accumulated depreciation	5,062	10,090	32,602	47,754
Additions	-	2,443	237	2,680
Depreciation charge for the year	(863)	(2,655)	(8,351)	(11,869)
At 30 June 2016 net of accumulated depreciation	**4,199**	**9,878**	**24,488**	**38,565**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

15. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Balance at beginning of the year	129,773	200,733
Acquisition of tenements*	100,000	-
Impairment of tenements	-	(70,960)
Balance at end of the year	229,773	129,773

*The acquisition was funded through the issue of shares (refer note 23) and a $20,000 cash payment.

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 2017 $	CONSOLIDATED 2016 $
Trade creditors and accruals	121,712	47,174

All trade creditors and accruals are non-interest bearing.

17. PROVISIONS

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Employee leave entitlements	32,132	45,688

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

18. **SHARE CAPITAL**

Ordinary shares	COMPANY 2017 $	COMPANY 2016 $
Ordinary shares 361,820,317 (2016: 231,456,254) fully paid ordinary shares	10,139,092	9,195,118

Movement during the year	2017 Number	2017 $	2016 Number	2016 $
Balance at beginning of year	231,456,254	9,195,118	149,304,167	8,729,961
Shares issued in lieu of drilling costs	-	-	5,000,000	35,000
Shares issued to acquire tenements	10,000,000	80,000	-	-
Shares issued for cash	120,364,063	962,913	77,152,087	462,912
Transaction costs arising on share issues	-	(98,939)	-	(32,755)
Balance at end of year	361,820,317	10,139,092	231,456,254	9,195,118

Options

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

Exercise price $	Expiry date	Balance at beginning of year	Issued	Exercised	Lapsed	Balance at end of year
0.050	28/2/17	2,500,000	-	-	(2,500,000)	-
0.042	27/10/17	4,625,000	-	-	-	4,625,000
		7,125,000	-	-	(2,500,000)	4,625,000

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

19. RESERVES

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Share-based payment reserve	83,601	127,684
Movement during the year		
Balance at beginning of year	127,684	211,967
Transfer to accumulated losses on lapsing of options	(44,083)	(84,283)
Balance at end of year	83,601	127,684

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.

20. ACCUMULATED LOSSES

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Movement during the year		
Balance at beginning of year	(8,235,109)	(7,932,007)
Transfer from reserve on lapsing of options	44,083	84,283
Loss for the year	(604,937)	(387,385)
Balance at end of year	(8,795,963)	(8,235,109)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

21. COMMITMENTS

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Exploration expenditure commitments		
No later than 1 year	446,500	886,140
Later than 1 year but not later than 5 years	1,786,000	3,544,560
	2,232,500	4,430,700

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

22. CONTINGENT LIABILITIES

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

23. SHARE BASED PAYMENTS

During the year no options were granted as share-based compensation by Aruma (2016: nil).

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

Aruma Resources Limited	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
Option series No.3*	2,500,000	11 Aug 2014	28 Feb 2017	0.050	44,083
Option series No.4	4,625,000	28 Oct 2014	27 Oct 2017	0.042	83,601

* Option series No.3 lapsed during the year.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

23. SHARE BASED PAYMENTS

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

	2017		2016	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding at the beginning of the year	7,125,000	0.045	13,500,000	0.061
Lapsed during the year	(2,500,000)	0.050	(6,375,000)	0.080
Outstanding at the end of the year	4,625,000	0.042	7,125,000	0.045
Exercisable at the end of the year	4,625,000	0.042	7,125,000	0.045

The outstanding balance as at 30 June 2017 is represented by 4,625,000 options over ordinary shares with an exercise price of $0.042, exercisable up to 27 October 2017.

During the year Aruma issued 10 million shares at an issue price of 0.80 cents per share to acquire 2 tenements forming part of the Slate Dam project(refer notes 15 and 18).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

24. 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

Mr. K K Chong (resigned 1st July 2017)

Key management personnel compensation

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

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Short-term employee benefits	214,800	243,000
Post-employment benefits	14,250	16,625
Total	229,050	259,625

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 2017

25. RELATED PARTIES

	OWNERSHIP INTERESTS	
	2017	2016
Controlled entities		
Aruma Exploration Pty Ltd	100%	100%

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

During the year Schwann Consulting Pty Ltd, an entity related to Managing Director Peter Schwann, provided a motor vehicle, a caravan and equipment for hire to the Company charging a total of $13,134 plus GST (2016: $8,493 plus GST) plus service and maintenance costs of $7,420 plus GST (2016: $2,021 plus GST). There is no amount outstanding (2016: $nil) included under trade payables at 30 June 2017.

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 2017

26. NOTES TO STATEMENT OF CASH FLOWS

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
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	83,712	245,851
Short term deposits	-	253,850
	83,713	499,702
b. Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Loss for the year	(604,937)	(387,385)
Adjustments for:		
Depreciation	13,359	11,869
Shares issued in lieu of drilling costs	-	35,000
Impairment of assets	-	70,960
Change in assets/liabilities:		
(Increase)/decrease in trade and other receivables	(32,975)	8,010
(Increase)/decrease in other current assets	(1,786)	10,634
Increase/(decrease) in trade and other payables	74,538	(66,603)
Increase/(decrease) in provisions	(13,556)	(22,915)
Net cash used in operating activities	(565,357)	(340,430)

27. 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 2017

27. 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.

28. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date, on 1st July 2017, the Company appointed Dr Mark Elliott as a non-executive director. Dr Elliott is a chartered professional geologist with over 40 years' experience in the resources industry with extensive experience in managing resource companies in a wide range of commodities. On the same date Mr Ki Keong Chong resigned as a director of the Company.

Other than the above there have been no material events to note.

29. 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 2017

30. PARENT ENTITY INFORMATION

In the year ended 30 June 2017 the Parent company of the Group was Aruma Resources Limited.

	COMPANY 2017 $	COMPANY 2016 $
Financial performance of Parent entity for the year		
Loss for the year	(604,937)	(387,385)
Other comprehensive income	-	-
Total comprehensive expense for the year	(604,937)	(387,385)
Financial position of Parent entity at year end		
Current assets	1,288,015	1,012,056
Total assets	1,580,574	1,180,555
Current liabilities	153,844	92,862
Total liabilities	153,844	92,862
Total equity of the Parent entity comprising:		
Share capital	10,139,092	9,195,118
Share-based payment reserve	83,601	127,684
Accumulated losses	(8,795,963)	(8,235,109)
Total equity	1,426,730	1,087,693

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 2017 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

Dated this 27th day of September 2017

Independent Auditor's 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 subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of 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 2017 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 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

Nexia Perth Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

Key audit matter	How our audit addressed the key audit matter
Funding and Liquidity ***Refer to Note 1(c) (Financial position)*** Aruma Resources Limited and its subsidiary are West Australian (WA) gold and base metal exploration companies focused on the Eastern Goldfields and Ashburton regions of WA. The exploration activities of the Group have not yet advanced to a stage where it is able to generate revenue, accordingly the Group is reliant on funding from external sources such as capital raisings, to support its operations. The adequacy of funding and liquidity as well as the relevant impact on the going concern assessment is a key audit matter due to the inherent uncertainties associated with the future development of the Group's projects and the level of funding required to support that development.	We evaluated the Group's funding and liquidity position at 30 June 2017 and its ability to repay its debts as and when they fall due for a minimum of 12 months from the date of signing the financial report. In doing so, we: • obtained management's cash flow forecast for the 15 months from the commencement of the 2018 financial year; • assessed the reliability and completeness of management's assumptions by comparing the forecast cash flows to those of current and previous years and as well as our understanding of future events and conditions; and • considered events subsequent to year end to determine whether any additional facts or information have become available since the date on which management made its assessment.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, 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, 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.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the consolidated 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 consolidated financial report, the directors are responsible for assessing the ability of the Group 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 has no realistic alternative but to do so.

Auditor's responsibility 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 the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_Responsibilities /ar2.pdf. This description forms part of our auditor's report.

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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 17 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Aruma Resources Limited for the year ended 30 June 2017, complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company 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 conducted in accordance with Australian Auditing Standards.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper

PTC Klopper
Director

Perth
27 September 2017

ASX Additional 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 22 September 2017.

Distribution of equity security holders

	Quoted ordinary shares		Unquoted options Exercisable at $0.042 expiring 27 October 2017	
Category	**Number of holders**	**Number of Shares**	**Number of holders**	**Number of options**
1 - 1,000	20	2,639	-	-
1,001 - 5,000	7	30,759	-	-
5,001 - 10,000	76	757,887	-	-
10,000 - 100,000	192	10,843,998	-	-
100,000 and over	309	350,185,034	6	4,625,000
Total	**604**	**361,820,317**	**6**	**4,625,000**

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

Substantial Shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number
Jane Elizabeth Boyatzis	17,582,211

Restricted securities

The Company has 361,820,317 shares and 4,625,000 options on issue. The Company has 10,000,000 shares on issue subject to voluntary escrow until 14 November 2017.

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.

ASX Additional Information

Twenty Largest Shareholders

Fully paid ordinary shares Name	Number of ordinary shares held	Percentage
Lesuer Pty Ltd	15,306,407	4.23
Plasia Pty Ltd	12,644,690	3.50
Pillage Investments Pty Ltd	10,000,000	2.76
Resource Holdings Pty Ltd	10,000,000	2.76
P McSweeney	10,000,000	2.76
Nexus Minerals Limited	9,375,000	2.60
National Nominees Limited	9,075,000	2.51
M A Levitzke	8,000,000	2.21
Speedy Floor Sanding Pty Ltd	7,700,000	2.13
Apollo Corporation (WA) Pty Ltd	7,400,000	2.05
Bedel & Sowa Corp Pty Ltd	7,000,000	1.94
Hipete Pty Ltd	5,855,260	1.62
HSBC Custody Nominees (Australia) Limited	5,659,478	1.56
Ladyman Super Pty Ltd	5,565,555	1.54
Netshare Nominees Pty Ltd	5,100,000	1.41
Dhu Holdings Pty Ltd	5,004,098	1.38
Westralian Diamond Drillers Pty Ltd	5,000,000	1.38
S S K Niak	4,570,000	1.26
V Maio	4,230,000	1.17
Lemuel Investments Limited	4,166,667	1.15
Total	**151,652,155**	**41.92**

Unquoted securities

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

Options exercisable at $0.042 expiring 27 October 2017 Name	Number of options held	Percentage
P Schwann	2,000,000	43.2
P Boyatzis	1,000,000	21.6
Total	**3,000,000**	**64.8**

Tenement Listing

Tenements	Location	Interest
Glandore (Gold) – Southern Gold Ltd Joint Venture		
M25/327		
M25/329		
M25/330		
P25/2073		
P25/2074		
P25/2075		
P25/2076	**Eastern Goldfields Region Western Australia**	**50%**
P25/2103		
P25/2117		
P25/2118		
P25/2119		
P25/2215		
P25/2216		
P25/2154		
Clinker Hill (Gold)		
P25/2201		
P25/2319	**Eastern Goldfields Region Western Australia**	**100%**
P25/2320		
Goddards Dam (Gold)		
P25/2089		
P25/2090		
P25/2091		
P25/2092		
P25/2093		
P25/2094		
P25/2153		**100%**
P25/2202	**Eastern Goldfields Region Western Australia**	
P25/2203		
P25/2204		
P25/2388		
P25/2400		
P25/2401		
P25/2402		

Tenement Listing

Tenements	Location	Interest
	Slate Dam (Gold)	
E25/553	**Eastern Goldfields Region Western Australia**	**100%**
E25/556		
E25/534		**100%**
E25/558		**Transfer from Resource Holdings Pty Ltd**

Note: There are tenements within application - P25/2389, P63/2063, P15/6145, P15/6146, P25/2426, P25/2427, P25/2428, E25/568, E28/2706, E28/2707, E28/2713 and E28/2714.

Corporate Governance Statement

The Company's 2017 Corporate Governance Compliance Statement has been released as a separate document and is located on our website at http://www.arumaresources.com/corporate/corporate-governance/.