



ARUMA RESOURCES LIMITED

ABN 77 141 335 364

INTERIM FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2017**

ARUMA RESOURCES LIMITED

<i>Contents</i>	<i>Page</i>
Corporate Information	2
Directors' Report	3
Auditor's Independence Declaration	10
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Condensed Consolidated Statement of Financial Position	12
Condensed Consolidated Statement of Cash Flows	13
Condensed Consolidated Statement of Changes in Equity	14
Notes to the Condensed Consolidated Financial Statements	15
Directors' Declaration	22
Independent Review Report to the members of Aruma Resources Limited	23

ARUMA RESOURCES LIMITED

CORPORATE INFORMATION

Directors

Paul Boyatzis (Non-Executive Chairman)
Peter Schwann (Managing Director)
Dr Mark Elliott (Non-Executive Director)

Company secretary

Phillip MacLeod

Registered office

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West Perth WA 6005
Australia

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Website: www.arumaresources.com.au

ABN: 77 141 335 364

ASX code

Ordinary shares - AAJ

Auditors

Greenwich & Co Audit Pty Ltd
Level 2
35 Outram Street
West Perth WA 6005
Australia

Solicitors

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe WA 6011
Australia

Share register

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
Australia

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

The directors of Aruma Resources Limited ("Aruma") submit herewith the financial report of Aruma Resources Limited and its subsidiary ("Consolidated entity" or "Group") for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the Company during or since the end of the half-year are:

Mr. P. Boyatzis	Non-Executive Chairman
Mr. P. Schwann	Managing Director
Dr Mark Elliott	Non-Executive Director (appointed 1 July 2017)
Mr. K. K. Chong	Non-Executive Director (resigned 1 July 2017)

Directors were in office for the entire period unless otherwise stated

REVIEW OF OPERATIONS

Exploration

Aruma Resources Limited is a West Australian focused gold exploration company, with advanced projects in the Kalgoorlie gold district. Aruma's leases, inclusive of applications, cover 750km² of which 30km² are under joint venture (Southern Gold Ltd) with the remainder wholly operated by Aruma.



Figure 1. Drilling at Slate Dam,

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

KALGOORLIE PROJECTS

The Company successfully achieved consent under Section 18 of the Aboriginal Heritage Act on its advanced Slate Dam project. This allowed activity to commence in November, with site preparation and RC drilling program started at Slate Dam after a minor stratigraphic program at Beowulf, Figures 1 and 2.

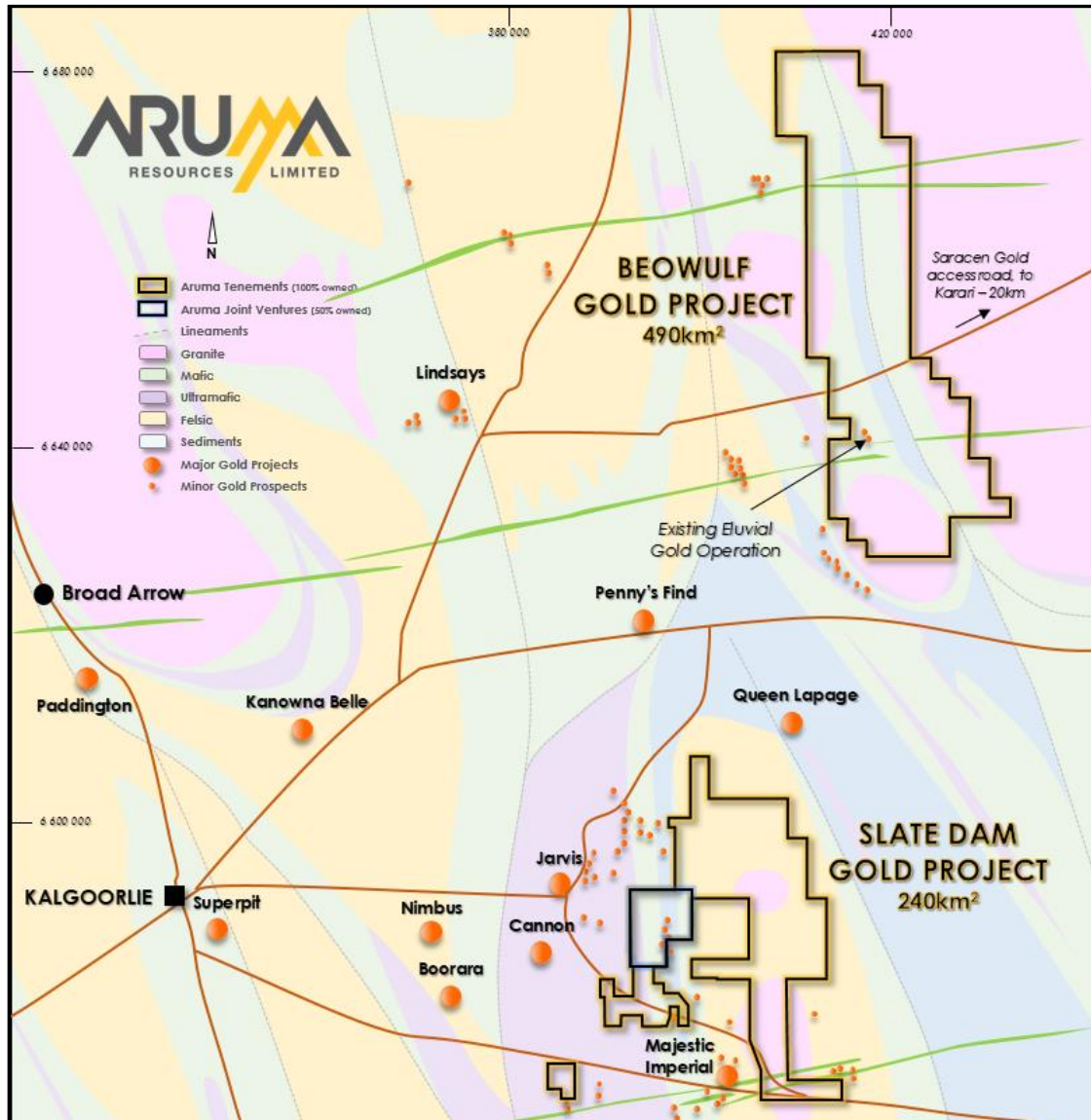


Figure 2 Aruma's Gold Projects of the Kalgoorlie District, with geological interpretation and existing gold mines of the region.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

SLATE DAM GOLD PROJECT

The granted Slate Dam Project includes exploration licenses E25/553, E25/534, E25/556 and E25/558 and covers 209km² of Black Flag Group felsic sediments strategically located only 40km east of Kalgoorlie. The leases were applied for when geological evaluation of the felsic units identified similarities to the style of gold modelled in sediments at Gold Fields Ltd.'s large scale Invincible gold projects near Kambalda.

The 7km² 200ppb gold anomaly on Slate Dam (Figure 3) is indicative of this type of orebody and amply demonstrates this area to be part of a large gold system. The highly anomalous Slate Dam Project (100% AAJ) was granted a Section 18 Ministerial Consent in late-November that allowed planned access clearing and drilling to commence.

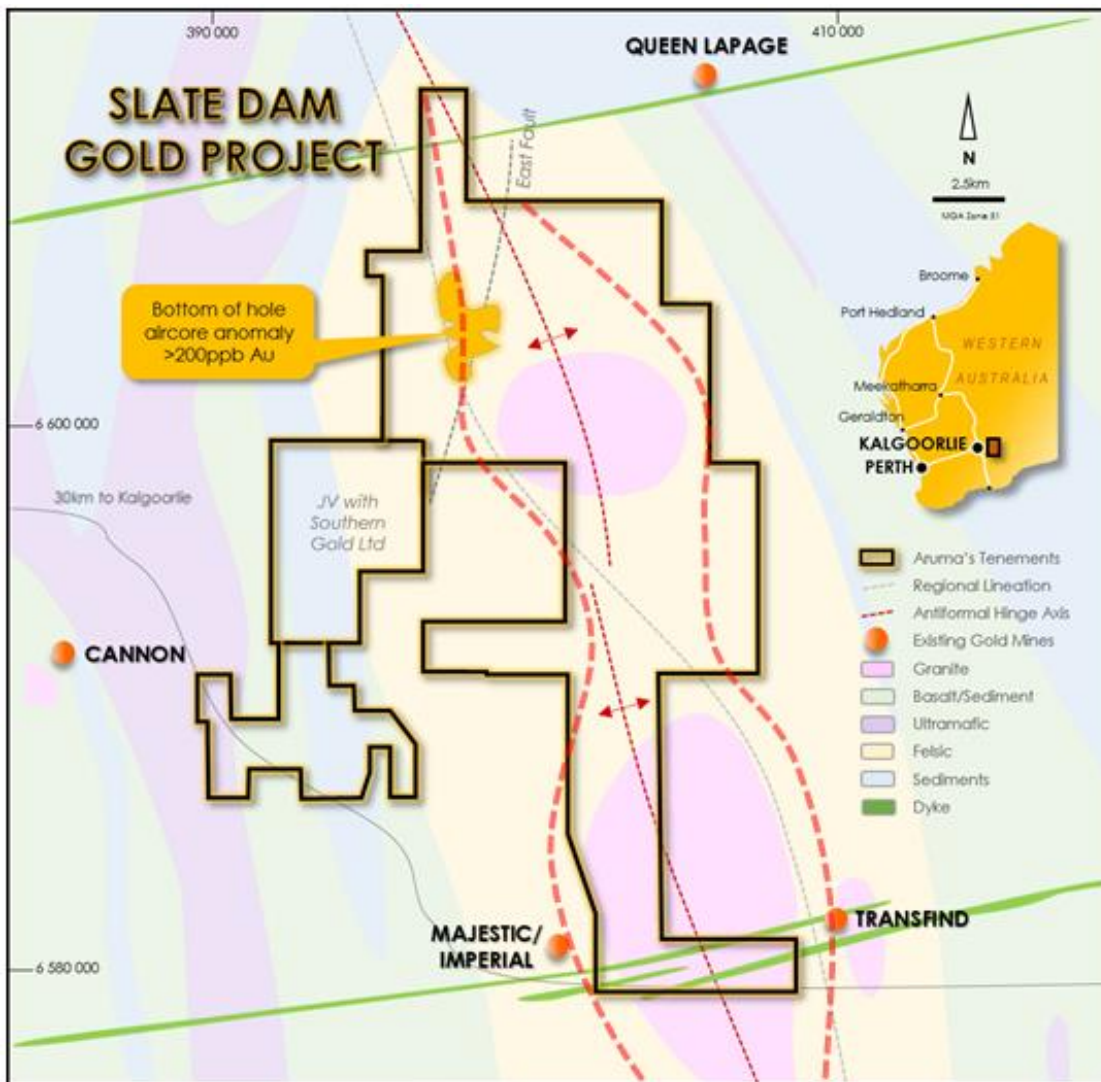


Figure 3. Slate Dam Gold Project covers a belt of prospective stratigraphy with the gold trends in red dashed line.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

SLATE DAM GOLD PROJECT (CONTINUED)

Conceptual targeting using the current and past mines, geological setting, magnetics and geochemistry identified trends around the granite domes as likely drilling targets (Figure 3).

The drilling program had completed 11 holes (of a planned 42) at the end of the quarter but no assays had been received due to a 3 to 4 week turnaround. The program was finished on the 18th January with all assays received by mid-February.

A 738 sample soil sampling program was undertaken at the north end of Slate Dam E25/553 as part of the Company's Mining Student Employment program.

BEOWULF GOLD PROJECT

The Beowulf Gold Project (490km²) comprises four granted leases, EL28/1900, 1901, 2086 and 2087, and five Exploration Licence applications EL31/1165, E28/2706, E28/2707, E28/2713 and E28/2714, located 70km north-east of Kalgoorlie.

The 100% Aruma owned leases cover a major belt (over 55km for 490km²) of Greenfields greenstone terrane that is now known to host significant gold deposits demonstrated by the 12 years of prospecting by the previous tenement holders.

The planned Stratigraphic drilling at Beowulf was curtailed due to access and weather problems, with only 282m (of 1000m) drilled in 9 short holes. The holes identified coarse grained sediments and granite with only trace gold. The prospective shale horizons were located with mapping and the balance of the drilling will be accessed and tested in the next program.

OTHER PROJECTS

The Sheela Project in the Ashburton area of the Pilbara was applied for, examined, sampled and relinquished in the Quarter. The sediments contained the stratigraphy required but were too young to contain hydrothermal gold deposits.

A 384 sample soil sampling program was undertaken on the eastern tenements at Clinker Hill as part of the Company's Mining Student Employment program.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

PROJECT SUMMARY

EASTERN GOLDFIELDS	Kalgoorlie Projects	<ul style="list-style-type: none"> ▪ Glandore Gold Project - JV Continuing with Southern Gold Limited (SAU) and has commenced earning to 90% in the third year
		<ul style="list-style-type: none"> ▪ Slate Dam - 240km² ELs over anomalous areas ▪ Beowulf - 9 leases for 490km²) on prime stratigraphy ▪ Goddards Dam - PoW is approved and cleared for RC drilling ▪ Clinker Hill - PoW approved for south east extensions ▪ Kopai – Two PLs (1 granted , 1 pending) along strike of Mungari

Table 1. Gold Project Status and Activity Table

Proposed Exploration Activities for H2 FY2018

- **Glandore** – JV continues and Stage three is underway to 90% SAU
- **Slate Dam:**
 - First Phase RC drilling and soil sampling to be completed
 - Assays received and interpreted for the second phase RC drilling
 - Section 18 application over whole tenement completed
- **Beowulf:**
 - RC drilling for stratigraphy completed
 - Assays received and processed
 - Soil sampling program started
- **Clinker Hill:**
 - Soil sampling program follow up
- **Kopai:**
 - Second lease granted
 - Soil sampling program completed and RAB drilling planned
- **Mt Deans Lithium:**
 - Lease awaiting grant

Aruma will also be appraising leases that become available in the Sediment Terranes in WA, especially where adjacent to current projects or with resources or intersections.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Competent Person's Statement

The information in this release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Peter Schwann who is a Fellow of the Australasian Institute of Mining and Metallurgy. 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.au. 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.

CORPORATE

The Group incurred an after tax loss for the half-year ended 31 December 2017 of \$816,848 (2016: \$144,478). The Group held a balance at 31 December 2017 of \$1,224,307 in cash and term deposit investments.

During the half-year the Company completed a placement of 70 million shares to sophisticated investors with the assistance of Armada Capital & Equities and State One Stockbroking. The placement took place at an issue price of 1.1 cents per share to raise \$770,000 before issue costs. Funds will be used for exploration evaluation on the advanced Slate Dam and Beowulf projects.

During the period the Company issued 12 million unlisted options to Directors, employees and consultants. The options, which vested immediately, have an exercise price of 1.9 cents and expire on 30 November 2020.

Subsequent to the balance date the Company announced a placement of 50 million shares at an issue price of 2.0 cents per share to raise up to \$1 million before issue costs with State One Equities as Lead Manager. The funds raised from the placement will be used for targeted exploration programs on the Slate Dam and Beowulf gold projects as well as general working capital.

EVENTS SUBSEQUENT TO THE BALANCE DATE

Subsequent to the balance date the Company entered into a controlled placement agreement (CPA) with Acuity Capital. The CPA provides Aruma with up to \$2 million of standby equity capital over the coming 24 month period. Under the terms of the CPA, the Company has issued 20 million shares at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval). The Company has not used the facility at the date of this report.

Subsequent to the balance date the Company received an R&D tax refund of \$224,562 (2016: \$323,586) before costs under the 2017 Research & Development Tax Incentive Program.

Subsequent to the balance date the Company completed a placement of 50 million shares at an issue price of 2 cents per share to raise \$1 million before issue costs with State One Equities as Lead Manager. The funds raised from the placement will be used for targeted exploration programs on the Slate Dam and Beowulf gold projects as well as general working capital.

Other than the above, no matter or circumstance has arisen subsequent to the balance date, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Greenwich & Co. Audit Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 10 and forms part of the directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'P Schwann', with a horizontal line extending to the right.

P Schwann

Managing Director

Perth, 13th March 2018



Auditor's Independence Declaration

To those charged with the governance of Aruma Resources Limited

As auditor for the review of Aruma Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

13th March 2018

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

		CONSOLIDATED	
		Half-year ended 31 December 2017	Half-year ended 31 December 2016
Note		\$	\$
	Revenue & other income from continuing operations	240,067	361,032
	Exploration expenditure expensed as incurred	(617,572)	(294,415)
4	Impairment of exploration assets	(93,393)	-
	Depreciation	(12,262)	(5,928)
	Non-executive directors' fees	(42,000)	(30,600)
	Employee benefits	(50,016)	(31,344)
	Legal and professional fees	(43,210)	(62,714)
	Occupancy expenses	(13,800)	(8,060)
2	Share-based payment	(103,805)	-
	Travel expenses	(10,193)	(3,542)
	Other expenses	(70,664)	(68,907)
	Loss from operating activities	(816,848)	(144,478)
	Loss before income tax expense	(816,848)	(144,478)
	Income tax benefit/(expense)	-	-
	Net loss for the period attributable to the owners of Aruma Resources Limited	(816,848)	(144,478)
	Total comprehensive loss for the period attributable to the owners Aruma Resources Limited.	(816,848)	(144,478)
	Loss per share		
	Basic and diluted loss per share (cents per share)	(0.21) cents	(0.05) cents

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

		CONSOLIDATED	
		31 December 2017	30 June 2017
Note		\$	\$
Current assets			
	Cash and cash equivalents	556,421	83,713
	Trade and other receivables	270,637	37,895
	Other financial assets	667,886	1,160,828
3	Other current assets	23,601	5,579
Total current assets		1,518,545	1,288,015
Non-current assets			
	Plant and equipment	50,524	62,786
	Exploration & evaluation expenditure	256,380	229,773
4			
Total non-current assets		306,904	292,559
Total assets		1,825,449	1,580,574
Current liabilities			
	Trade and other payables	307,354	121,712
	Provisions	25,572	32,132
Total current liabilities		332,926	153,844
Total liabilities		332,926	153,844
Net assets		1,492,523	1,426,730
Equity			
	Issued capital	10,917,928	10,139,092
	Reserves	103,805	83,601
	Accumulated losses	(9,529,210)	(8,795,063)
5			
6			
Total equity		1,492,523	1,426,730

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	CONSOLIDATED	
	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Cash flows from operating activities		
Cash receipts from customers	6,973	26,899
Interest received	13,394	11,388
Interest paid	(571)	-
Payments for exploration and evaluation	(465,484)	(314,201)
Payments to suppliers and employees	(263,382)	(196,117)
Net cash used in operating activities	(709,070)	(472,031)
Cash flows from investing activities		
Payment for exploration and evaluation	(30,000)	-
Acquisition of plant and equipment	-	(1,135)
Transfer from other financial assets	492,942	(265,067)
Net cash provided by/(used in) investing activities	462,942	(266,202)
Cash flows from financing activities		
Proceeds from share issue	770,000	962,913
Capital raising costs	(51,164)	(97,189)
Net cash from financing activities	718,836	865,724
Net increase in cash and cash equivalents	472,708	127,491
Cash and cash equivalents at the beginning of the period	83,713	499,702
Cash and cash equivalents at the end of the period	556,421	627,193

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

Consolidated	Issued capital	Share based payment reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2016	9,195,118	127,684	(8,235,109)	1,087,693
Loss for the period	-	-	(144,478)	(144,478)
Total comprehensive loss for the period	-	-	(144,478)	(144,478)
Issue of shares for cash	962,913	-	-	962,913
Share issue expense	(97,189)	-	-	(97,189)
Balance at 31 December 2016	10,060,842	127,684	(8,379,587)	1,808,939
Balance at 1 July 2017	10,139,092	83,601	(8,795,963)	1,426,730
Loss for the period	-	-	(816,848)	(816,848)
Total comprehensive loss for the period	-	-	(816,848)	(816,848)
Transfer on expiry of options	-	(83,601)	83,601	-
Issue of options	-	103,805	-	103,805
Issue of shares, net of transaction costs	718,836	-	-	718,836
Share based payment	60,000	-	-	60,000
Balance at 31 December 2017	10,917,928	103,805	(9,529,210)	1,492,523

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The condensed consolidated interim financial report does not include full disclosure of the type normally included in an annual financial report, and accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of *the Corporations Act 2001* and the ASX listing rules.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The Company, Aruma Resources Limited and its subsidiary, Aruma Exploration Pty Ltd, are domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the financial year ended 30 June 2017.

For the purpose of preparing the report the half-year has been treated as a discrete reporting period.

Amendments to AASBs and new Interpretations which are mandatorily effective for the current reporting period

There were no new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) applicable to the Consolidated entity for the current half-year.

Significant Accounting Judgements and Key Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this half-year report the significant judgements made by management in applying the Consolidated entity's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2017.

(a) Research & development tax concession

The Company lodged a claim for a refund under the R&D tax concession scheme for 2017 and received \$224,562 subsequent to the period ended 31 December 2017.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Share-based payment transactions

(i) *Equity settled transactions:*

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

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

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

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

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

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

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

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

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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.

(d) 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.

2. SHARE-BASED PAYMENTS EXPENSE

The following share-based payment arrangements were entered into during the half-year:

	Number	Grant date	Expiry date	Exercise price \$	Fair value at Grant date \$
Aruma Resources Limited					
Option series No.5	7,000,000	30 Nov 2017	30 Nov 2020	0.019	60,553
Option series No.6	5,000,000	30 Nov 2017	30 Nov 2020	0.019	43,252

The following share options expired unexercised during the period.

	Number	Grant date	Expiry date	Exercise price \$	Fair value at Grant date \$
Aruma Resources Limited					
Option series No.4	4,625,000	28 Oct 2014	27 Oct 2017	0.042	83,601

The fair value of the equity-settled share options is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

ARUMA RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

2. SHARE-BASED PAYMENTS EXPENSE (CONTINUED)

	<u>Series 5 & 6</u>
Dividend yield (%)	nil
Expected volatility (%)	138
Risk-free interest rate (%)	1.89
Expected life of option (years)	3.0
Exercise price (cents)	1.9
Grant date share price (cents)	1.2

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

During the half-year Aruma issued 5 million shares to the vendors in part consideration for the acquisition of 4 granted exploration leases within the Beowulf project area. The fair value of the shares at issue date was \$60,000.

3. OTHER FINANCIAL ASSETS

	6 months to 31 December 2017	12 months to 30 June 2017
	<u>\$</u>	<u>\$</u>
Term deposit investments		
Balance at beginning of period	1,160,828	503,802
Transfer (to)/from cash and cash equivalents	(492,942)	657,026
Balance at end of period	<u>667,886</u>	<u>1,160,828</u>

ARUMA RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

4. EXPLORATION & EVALUATION EXPENDITURE

	6 months to 31 December 2017	12 months to 30 June 2017
	\$	\$
Balance at beginning of period	229,773	129,773
Acquisitions of tenements	120,000	100,000
Impairment of exploration assets	(93,393)	-
Balance at end of period	<u>256,380</u>	<u>229,773</u>

During the half-year Aruma acquired 4 granted exploration licences within the Beowulf project area. The consideration for the purchases comprised 5 million shares with a fair value of \$60,000 at issue date (Refer Note 2: Share-based payments), \$30,000 cash paid on acquisition and \$30,000 cash payable 1 July 2018.

During the half-year Aruma's interest in the Glandore North project reduced from 100% to 25% as part of the earn-in agreement with Southern Gold Limited. Therefore, an impairment expense of \$93,393 has been recognised (2016: nil).

5. ISSUED CAPITAL

	31 December 2017	30 June 2017
	\$	\$
<i>Issued and paid up capital</i>		
Fully paid ordinary shares	<u>10,917,928</u>	<u>10,139,092</u>
	6 months to 31 December 2017	12 months to 30 June 2017
	Number	Number
<i>Movements in fully paid shares on issue</i>		
At beginning of period	361,820,317	231,456,254
Shares issued for exploration payment	5,000,000	10,000,000
Shares issued for cash	70,000,000	120,364,063
Balance at end of period	<u>436,820,317</u>	<u>361,820,317</u>
<i>Movements in options on issue</i>		
At beginning of period	4,625,000	7,125,000
Issued during the period	12,000,000	-
Expired during the period	(4,625,000)	(2,500,000)
Balance at end of period	<u>12,000,000</u>	<u>4,625,000</u>

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

6. RESERVES

	6 months to 31 December 2017	12 months to 30 June 2017
	\$	\$
<i>Share-based payment reserve</i>		
Balance at beginning of period	83,601	127,684
Issue of options	103,085	-
Transfer to accumulated losses on expiry of options	(83,601)	(44,083)
Balance at end of period	103,085	83,601

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.

7. COMMITMENTS

The Group has no other commitments other than those disclosed at 30 June 2017.

8. CONTINGENT ASSETS & LIABILITIES

In the opinion of the directors there were no contingent assets or liabilities at the date of this report (31 December 2016 : nil).

9. SEGMENT INFORMATION

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.

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.

The revenues and results of this segment are those of the Group as a whole and are set out in the statement of profit or loss and other 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.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

10. EVENTS SUBSEQUENT TO THE BALANCE DATE

Subsequent to the balance date the Company entered into a controlled placement agreement (CPA) with Acuity Capital. The CPA provides Aruma with up to \$2 million of standby equity capital over the coming 24 month period. Under the terms of the CPA, the Company has issued 20 million shares at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval). The Company has not used the facility at the date of this report.

Subsequent to the balance date the Company received an R&D tax refund of \$224,562 (2016: \$323,586) before costs under the 2017 Research & Development Tax Incentive Program.

Subsequent to the balance date the Company completed a placement of 50 million shares at an issue price of 2 cents per share to raise \$1 million before issue costs with State One Equities as Lead Manager. The funds raised from the placement will be used for targeted exploration programs on the Slate Dam and Beowulf gold projects as well as general working capital.

No other matter or circumstance has arisen subsequent to the balance date, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

11. RELATED PARTIES

Other than the options issued to Directors Peter Schwann, Paul Boyatzis and Mark Elliott in option series number 5 as disclosed at note 2, transactions with directors and director-related entities continue to be in place. For details on these arrangements, please refer to the 30 June 2017 annual report.

The Company paid an entity related to Managing Director, Peter Schwann the sum of \$5,123 (2016: \$11,061) inclusive of GST for vehicle and caravan hire on commercial terms. No other related party transactions were entered into during the half year ended 31 December 2017

Key management personnel continue to receive compensation in the form of short term employee benefits, post-employment benefits and share based payments

ARUMA RESOURCES LIMITED

DIRECTORS' DECLARATION

In the opinion of the Directors of the Company:

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2017 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the period from 1 July 2017 to 31 December 2017.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



P. Schwann
Managing Director
Perth, 13th March 2018



Independent Auditor's Review Report

To the members of Aruma Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Aruma Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and comprehensive income, statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aruma Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Aruma Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Aruma Resources Limited financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Greenwich & Co Audit Pty Ltd
Nicholas Hollens

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Managing Director

13 March 2018

Perth