



ARUMA RESOURCES LIMITED

ABN 77 141 335 364

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2018

ARUMA RESOURCES LIMITED

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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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Cottesloe WA 6011
Australia

Principal place of business

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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
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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 2018. 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

Directors were in office for the entire period unless otherwise stated.

REVIEW OF OPERATIONS

Exploration

Eastern Goldfields explorer, Aruma Resources Limited ("Aruma", "the Company") (ASX: AAJ) has several advanced gold projects in the Kalgoorlie region which cover over 780km² of which 760km² are wholly operated by Aruma.

Highlights

- Slate Dam Phase 3 drill program completed
- Kopai project leases granted
- Kopai project PoW approved
- Slate Dam Airborne Electro-Magnetic (AEM) survey completed
- Beowulf Airborne Electro-Magnetic (AEM) survey completed
- Beowulf soil sampling started
- Data base construction completed

REVIEW OF OPERATIONS (CONTINUED)

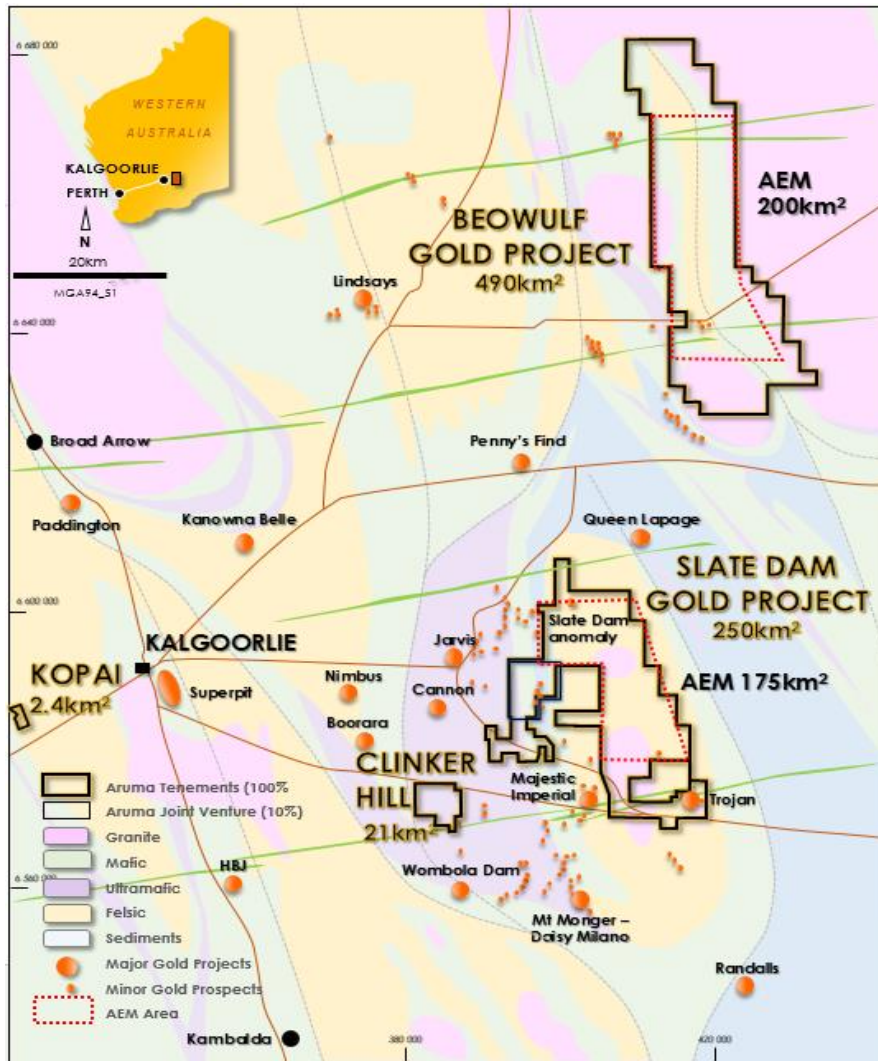


Figure 1: Aruma's gold projects of the Kalgoorlie district showing AEM survey areas

Kalgoorlie Projects

The Company continued to advance its 100% owned Kalgoorlie gold projects (figure 1) during the half-year by completing or receiving the following:

- the Phase 3 RC drilling at Slate Dam project;
- the Airborne Electro Magnetic (AEM) program totaling 380km² over the Slate Dam and Beowulf project areas in December;
- a Section 18 Ministerial approval granted over the Slate Dam leases affected by a registered aboriginal heritage site; and
- an approval of a Program of Work (PoW) at the Kopai project.

The Kopai gold project is to be evaluated in the coming half-year with a short initial drilling program.

REVIEW OF OPERATIONS (CONTINUED)

Regional Exploration

Aruma's data base over all the Company's Kalgoorlie gold projects has combed all the historic and Aruma databases. This has allowed Aruma to progress the evaluation over the entirety of its leases with full 3D modelling to define trends and data gaps.

Aruma also completed an extensive airborne electromagnetic (AEM) survey over the majority of the Slate Dam and Beowulf project areas. The helicopter-borne survey used the NRG Xcite system to acquire high resolution data considered important for the high precision required to identify the target types in tight structures. Experienced geoscientists from Terra Resources will evaluate the completed AEM data with magnetics and radiometrics to define structures conducive to mineralisation.

Slate Dam Gold Project

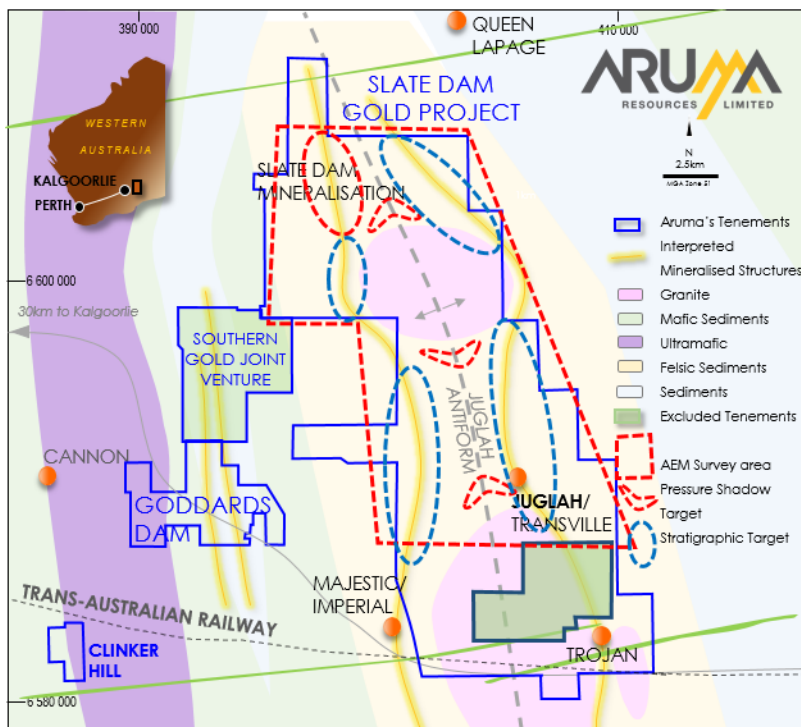


Figure 2: The Slate Dam gold project area with the target areas defined and AEM area outlined

The Slate Dam project comprises exploration licenses E25/526, E25/534, E25/553, E25/556, E25/558 and ELA25/571 together with mining lease M25/104 and prospecting licence P25/2333 covering some 250km² of Black Flag Group felsic sediments strategically located only 50km east of Kalgoorlie (figure 2).

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Slate Dam Gold Project

Drilling Programs

Assays have now been received for final nineteen holes for 2,088m (holes SDRC80 to 98) of the 3,748m Phase 3 program which was completed in August 2018.

The assays from the Phase 3 program have continued to deliver results consistent with the model in the Slate Dam anomaly area in the northern part of the project and have further strengthened the Company's geological model for the Slate Dam project to host significant sediment-hosted gold deposits. The best results are as follows;

- **6m @ 1.06g/t Au** from 91m in hole SDRC80
- **5m @ 1.25g/t Au** from 110m in hole SDRC91
- **5m @ 1.24g/t Au** from 88m in hole SDRC98; and
- **6m @ 2.43g/t Au** from 15m; within a broader zone of

Observations from Phase 3 drilling results

Drilling has intersected widespread gold mineralisation, with fifteen out of the nineteen holes drilled having intersected anomalous gold (>0.1g/t Au).

Aruma has completed 98 reverse circulation (RC) drill holes in three phases of drilling for 10,500m over the past nine months, and 63 out of the 98 holes have intersected anomalous gold mineralisation.

The thick and multiple highly anomalous zones previously reported repeat the trend established in previous drilling. These will be interpreted in the new database. The data will include all data from Trojan and Juglah as well.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Slate Dam Gold Project (continued)

SLATE DAM >1g/t AU INTERSECTIONS										
Hole ID	Easting	Northing	RL	Dip	Azi	Hole Depth	From	To	Interval (m)	Average Au (g/t)
SDRC80	396297	6602451	340	-60	60	120	91	97	6	1.06
SDRC82	396338	6602490	340	-60	60	120	26	27	1	1.35
SDRC82	396338	6602490	340	-60	60	120	49	50	1	1.13
SDRC83	396554	6602726	340	-60	60	120	71	72	1	1.28
SDRC85	396610	6602705	340	-60	60	120	24	25	1	1.30
SDRC85	396610	6602705	340	-60	60	120	40	41	1	1.57
SDRC86	396586	6602692	340	-60	60	120	15	16	1	1.12
SDRC86	396586	6602692	340	-60	60	120	99	101	2	1.05
SDRC91	395871	6602739	340	-60	60	126	110	115	5	1.25
SDRC98	395875	6603074	340	-60	60	120	64	67	3	1.09
SDRC98	395875	6603074	340	-60	60	120	88	93	5	1.24
SDRC98	395875	6603074	340	-60	60	120	117	119	2	1.32

Table 1: Phase 3 significant results (Au > 1.0 g/t) with all measurements down hole.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Kopai Gold Project

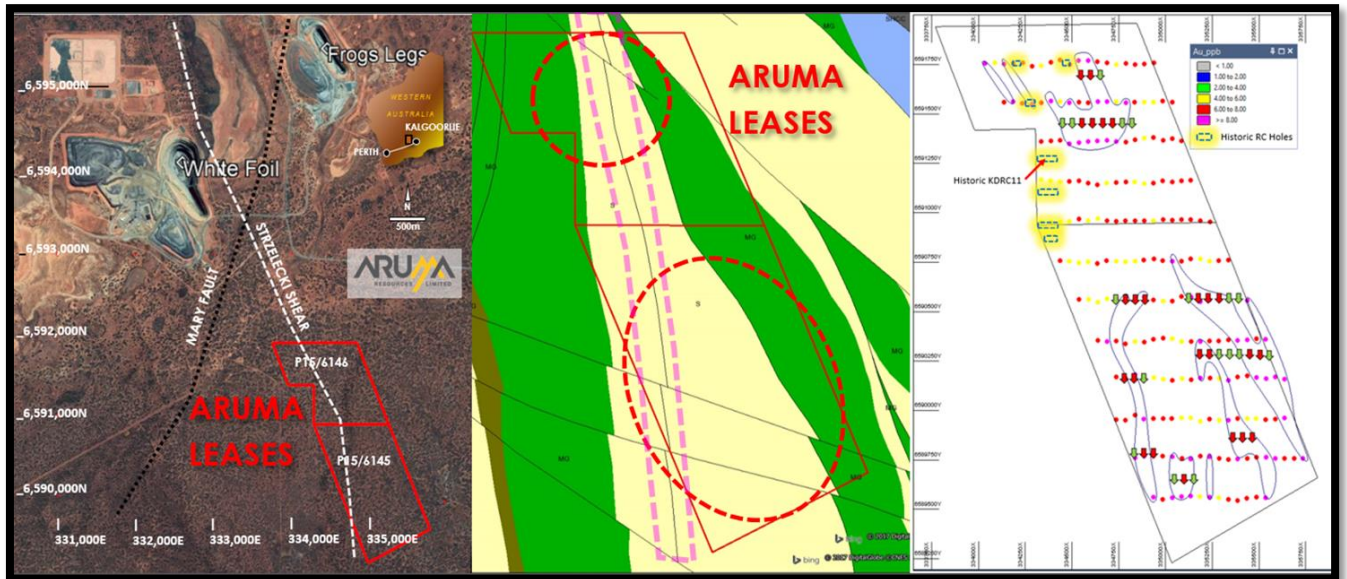


Figure 3: The Kopai leases with geology and gold geochemistry showing the Strzelecki shear and the proximity to the Frogs Leg and White Foil mines.

The Kopai gold project (P15/6145 and P15/6146) is located 20km west of Kalgoorlie on situated on the Strzelecki Shear, the structure that hosts the gold rich Kundana project and directly along strike of Evolution Mining Limited's Mungari Operation (2.6Moz. Au resource).

The definition of the anomaly and structure fits very well with Aruma's sedimentary hosted gold model. The structural and geochemical targets are planned to be investigated by an RC drilling program in the March quarter following the approval of the PoW. The planned drill holes are shown by red (phase 1) and green (phase 2) in the right hand diagram in Figure 3.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Projects Summary

Gold Projects Status and Activity Table

EASTERN GOLDFIELDS	Kalgoorlie projects	<ul style="list-style-type: none">▪ Glandore gold project - JV continuing with Southern Gold Limited (SAU) to earn 90% in the third year which has been extended by 6 months.
		<ul style="list-style-type: none">▪ Kopai – Two PLs ready for RC drilling▪ Slate Dam - - 8 leases for 250km² with Phase 3 drilling and AEM completed and interpretation underway. Section 18 approved and drilling to be planned and started▪ Beowulf- 9 leases for 490km² with soil sampling and AEM completed and interpretation underway and drilling to be planned and started▪ Goddards Dam - Several leases expired in the quarter▪ Clinker Hill – Reduced to two leases

Proposed Exploration Activities for 2H 2019

Kopai:

- RC drilling over 3 main target areas

Slate Dam:

- AEM survey interpreted and targets prioritised
- Initial drilling of AEM targets
- Database at Maxwell GeoServices to be evaluated

Beowulf:

- AEM survey interpreted and targets prioritised
- Soil sampling completed over AEM areas

Clinker Hill:

- Soil sampling extended

Glandore:

- JV continues with SAU and stage three is underway to 90%

Mt Deans Lithium:

- Submission to Department of Biodiversity, Conservation and Attractions on Timber Reserve to allow granting of lease

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 AIG and Australasian Institute of Mining and Metallurgy. Mr Schwann is Managing Director and a full time employee of the Company. Mr Schwann has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Mr Schwann consents to the inclusion in the release of the matters based on his information in the form and context in which it appears. All exploration results reported have previously been released to ASX and are available to be viewed on the Company website www.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 presented have not been materially modified from the original announcements. The information in this report that relates to Mineral Resources at the Trojan Gold Project is based on information prepared by Metals X Limited as announced to the ASX on 18 August 2016 in its 2016 Annual Update of Mineral Resource and Ore Reserves.

Forward Looking Statement

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

Aruma Resources Limited is a proud supporter and member of the Association of Mining and Exploration Companies, 2018.



ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Corporate

The Group incurred an after-tax loss for the half-year ended 31 December 2018 of \$631,363 (2017: \$816,848). The Group held a cash balance at 31 December 2018 of \$667,186 (2017: \$1,224,307).

EVENTS SUBSEQUENT TO THE BALANCE DATE

Subsequent to the balance date the Company raised a total of \$540,900 through the placement of 90,150,000 shares at an issue price of 0.6 cents per share. Funds raised in the placement will be used for ongoing exploration and evaluation on the Company's current projects including an RC drilling programme on the Kopai gold project as well as costs of the issue and general working capital.

Also, subsequent to the balance date, the Company announced a Share purchase plan (SPP) in which existing eligible shareholders were offered the opportunity to participate on the same terms as the placement. The closing date for the SPP is 29 March 2019.

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.

AUDITOR'S INDEPENDENCE DECLARATION

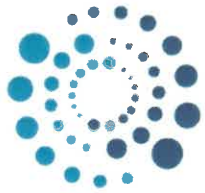
Section 307C of the Corporations Act 2001 requires our auditors, Greenwich & Co. Audit Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 12 and forms part of the directors' report for the half-year ended 31 December 2018.

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



P Schwann
Managing Director
Perth, 15th March 2019



Greenwich & Co

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www.greenwichco.com

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 2018, 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

15 March 2019

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

		CONSOLIDATED	
		Half-year ended 31 December 2018	Half-year ended 31 December 2017
	Note	\$	\$
Revenue & other income from continuing operations		505,642	240,067
Exploration expenditure expensed as incurred		(782,461)	(617,572)
Impairment of exploration assets	4	(11,380)	(93,393)
Depreciation		(9,724)	(12,262)
Non-executive directors' fees		(42,000)	(42,000)
Employee benefits		(78,758)	(50,016)
Legal and professional fees		(93,250)	(43,210)
Occupancy expenses		(10,831)	(13,800)
Share-based payments	2	-	(103,805)
Travel expenses		(18,825)	(10,193)
Other expenses		(89,776)	(70,664)
Loss from operating activities		(631,363)	(816,848)
Loss before income tax expense		(631,363)	(816,848)
Income tax benefit/(expense)		-	-
Loss after income tax for the period		(631,363)	(816,848)
Total comprehensive loss for the period		(631,363)	(816,848)
Loss per share			
Basic and diluted loss per share (cents per share)		(0.12) cents	(0.21) cents

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

		CONSOLIDATED	
	Note	31 December 2018	30 June 2018
		\$	\$
Current assets			
Cash and cash equivalents		667,186	713,140
Trade and other receivables		49,220	45,847
Other financial assets	3	-	409,580
Other current assets		21,226	10,968
Total current assets		737,632	1,179,535
Non-current assets			
Plant and equipment		31,660	39,926
Exploration & evaluation expenditure	4	450,000	461,380
Total non-current assets		481,660	501,306
Total assets		1,219,292	1,680,841
Current liabilities			
Trade and other payables		234,403	127,301
Provisions		25,842	21,058
Total current liabilities		260,245	148,359
Total liabilities		260,245	148,359
Net assets		959,047	1,532,482
Equity			
Issued capital	5	12,020,279	11,962,351
Reserves	6	133,712	133,712
Accumulated losses		(11,194,944)	(10,563,581)
Total equity		959,047	1,532,482

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 2018**

	CONSOLIDATED	
	Half-year ended 31 December 2018 \$	Half-year ended 31 December 2018 \$
Cash flows from operating activities		
Cash receipts from customers	503,810	6,973
Interest received	4,996	13,394
Interest paid	(5)	(571)
Payments for exploration and evaluation	(633,015)	(465,484)
Payments to suppliers and employees	(297,790)	(263,382)
Net cash used in operating activities	<u>(422,004)</u>	<u>(709,070)</u>
Cash flows from investing activities		
Payment for exploration and evaluation	(30,000)	(30,000)
Acquisition of plant and equipment	(1,458)	-
Transfer from other financial assets	409,580	492,942
Net cash provided by/(used in) investing activities	<u>378,122</u>	<u>462,942</u>
Cash flows from financing activities		
Proceeds from share issue	-	770,000
Capital raising costs	(2,072)	(51,164)
Net cash from financing activities	<u>(2,072)</u>	<u>718,836</u>
Net increase in cash and cash equivalents	<u>(45,954)</u>	<u>472,708</u>
Cash and cash equivalents at the beginning of the period	713,140	83,713
Cash and cash equivalents at the end of the period	<u><u>667,186</u></u>	<u><u>556,421</u></u>

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 2018**

Consolidated	Issued capital	Share based payment reserve	Accumulated losses	Total
	\$	\$	\$	\$
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
Balance at 1 July 2018	11,962,351	133,712	(10,563,581)	1,532,482
Loss for the period	-	-	(631,363)	(631,363)
Total comprehensive loss for the period	-	-	(631,363)	(631,363)
Issue of shares, net of transaction costs	57,928	-	-	57,928
Balance at 31 December 2018	12,020,279	133,712	(11,194,944)	959,047

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 2018

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 2018.

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

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 \$477,387 (30 June 2018: \$1,031,176).

Subsequent to the balance date the Company raised \$540,900 before issue costs through a share placement (refer Events subsequent to the balance date). In addition, a share purchase plan is currently being offered to existing shareholders on the same terms as the share placement.

In order to continue the Group's exploration program the Group will require further funding. Should the Group be unable to raise sufficient funds, the Group's 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.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15

This Standard amends AASB 15 *Revenue from Contracts* to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and measurement of Share-based Payment Transactions

This Standard amends **AASB 2 Share-based payment** to address:

- a) the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- b) the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- c) the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

AASB 9 Financial Instruments

AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test.

AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:

- a) financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- b) allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.
- c) financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:

- a) Identify the contract with a customer;
- b) Identify the separate performance obligations in the contract;
- c) Determine the transaction price;
- d) Allocate the transaction price to the separate performance obligations under the contract; and
- e) Recognise revenue when (or as) the entity satisfies a performance obligation.
- f) The application of the above standards and interpretations do not have a material impact to the Group's accounting policies in the current period or comparative years.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The following Standards and Interpretations have been issued by the AASB but are not yet effective for the financial year ending 31 December 2018

AASB 16 *Leases*

AASB 16 replaces AASB 17 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and represents them in the statement of cash flows applying them in AASB 107 *Statement of Cash Flows*. AASB 16 substantially carries forward the lessor accounting requirements in AASB 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Early application is permitted provided the entity also applies AASB 15 *Revenue from Contracts with Customers* at or before the same date. The Group is currently assessing the impact of this standard.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 Group'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 2018.

(a) Research & development tax concession

The Company lodged a claim for a refund under the R&D tax concession scheme for 2018 and received \$503,810 during the period ended 31 December 2018.

(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.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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

During the half-year the Company issued 6,000,000 shares as part consideration for drilling costs and 2,000,000 shares in settlement of an establishment fee for a controlled placement agreement facility. The total fair value of \$80,000 was determined by the share price on the issue date.

There were no share options expired unexercised during the period.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

3. OTHER FINANCIAL ASSETS

	6 months to 31 December 2018	12 months to 30 June 2018
	\$	\$
Term deposit investments		
Balance at beginning of period	409,580	1,160,828
Transfer (to)/from cash and cash equivalents	(409,580)	(751,248)
Balance at end of period	-	409,580

4. EXPLORATION & EVALUATION EXPENDITURE

	6 months to 31 December 2018	12 months to 30 June 2018
	\$	\$
Balance at beginning of period	461,380	229,773
Acquisitions of tenements	-	325,000
Impairment of exploration assets	(11,380)	(93,393)
Balance at end of period	450,000	461,380

5. ISSUED CAPITAL

	31 December 2018	30 June 2018
	\$	\$
<i>Issued and paid up capital</i>		
Fully paid ordinary shares	12,020,279	11,962,351
	6 months to 31 December 2018	12 months to 30 June 2018
	Number	Number
<i>Movements in fully paid shares on issue</i>		
At beginning of period	514,820,317	361,820,317
Shares issued for controlled placement facility	2,000,000	20,000,000
Shares issued to acquire tenement	-	13,000,000
Shares issued for exploration payment	6,000,000	-
Shares issued for cash	-	120,000,000
Balance at end of period	522,820,317	514,820,317
<i>Movements in options on issue</i>		
At beginning of period	12,000,000	4,625,000
Issued during the period	-	16,000,000
Expired during the period	-	(8,625,000)
Balance at end of period	12,000,000	12,000,000

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

6. RESERVES

	6 months to 31 December 2018	12 months to 30 June 2018
	\$	\$
<i>Share-based payment reserve</i>		
Balance at beginning of period	133,712	83,601
Share-based payments – directors and staff	-	103,805
Share-based payments – share issue costs	-	64,508
Transfer to accumulated losses on expiry of options	-	(118,202)
Balance at end of period	133,712	133,712

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 2018.

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 2017: 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 2018

10. EVENTS SUBSEQUENT TO THE BALANCE DATE

Subsequent to the balance date the Company raised a total of \$540,900 through the placement of 90,150,000 shares at an issue price of 0.6 cents per share. Funds raised in the placement will be used for ongoing exploration and evaluation on the Company's current projects including an RC drilling programme on the Kopai gold project as well as costs of the issue and general working capital.

Also, subsequent to the balance date, the Company announced a Share purchase plan (SPP) in which existing eligible shareholders were offered the opportunity to participate on the same terms as the placement. The closing date for the SPP is 29 March 2019.

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

Transactions with directors and director-related entities continue to be in place. For details on these arrangements, please refer to the 30 June 2018 annual report.

The Company paid an entity related to Managing Director, Peter Schwann the sum of \$1,260 (2017: \$5,123) 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 2018.

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:

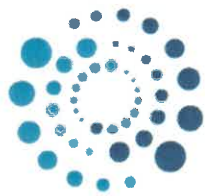
1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2018 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 2018 to 31 December 2018.
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, 15th March 2019



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 2018, 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 gives a true and fair view and 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 2018 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 2018 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*.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 1 to the financial statements which outlines that the ability of the Company to continue as a going concern is dependent on the Company securing additional funding through either the issue of further shares and/or options.

As a result there is material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens.

Nicholas Hollens

Managing Director

15 March 2019

Perth