



ARUMA RESOURCES LIMITED

ABN 77 141 335 364

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2019

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

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ASX code

Ordinary shares - AAJ

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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 2019. 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

- Drill targets at Slate Dam and Beowulf gold projects generated by AEM survey and soil geochemistry
- Site preparation completed for RC drilling programs
- Prospecting at Clinker Hill gold project identifies new target
- Mt Deans Lithium tenement granted and costs of \$30,746 plus GST reimbursed and the equivalent of \$75,000 in shares to be issued by Lithium Australia NL to Aruma
- 21 hole - 2,090m Reverse Circulation (RC) drilling program completed at the Slate Dam, Beowulf and Clinker Hill Gold Projects
- All results returned and the program delivered multiple intersections of low-grade gold anomalism
- 2019 R&D tax rebate of \$444,818 (before costs) received
- \$260,000 capital raising (before costs) completed – cash balance at 31 December 2019 of \$869,021

Aruma continued to focus on its portfolio of 100% owned gold projects in the Kalgoorlie region during the half-year, and targeted regional drilling was undertaken at the Slate Dam, Beowulf and Clinker Hill gold projects.

REVIEW OF OPERATIONS (CONTINUED)



Figure 1: Regional Geological plan of Aruma leases - AEM survey areas in red,

REGIONAL DRILLING PROGRAM COMPLETED

During the period Aruma completed a 21-hole Reverse Circulation (RC) program (with drilling depths to around 100 metres) for a total of 2,090 metres at its 100%-owned Slate Dam, Beowulf and Clinker Hill gold projects.

This drilling was designed to test gold targets identified by the Company's airborne electromagnetic (AEM) survey, and soil sampling program completed earlier in 2019.

The drilling program consisted of; 8 holes at Slate Dam, 11 holes at Beowulf and 2 holes at a new target at Clinker Hill. This program was conducted as part of the drilling for equity agreement with a Kalgoorlie contractor, Bluespec Drilling. Samples were composited over 4m intervals with analysis at ALS Ltd by gold fire assay + AAS finish. A total of five holes were also part analysed (alternate samples) with the handheld XRF.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

All assay results from the program have now been returned (ASX announcement, 27 November 2019). Drilling was successful in intersecting multiple zones of low-grade gold anomalism (>60ppb Au - which is 10 times background), in five holes at Slate Dam and two holes at Beowulf.

Project	Hole Number	Target	MGA E	MGA N	Angle/Azim	From	To	Sample	lithology	Au-AA25 ppm	Comments
BEOWULF	BWRC014	BW6	406850	6654052	-60° @ 90°	84	88	DRY	GRO	0.08	GRANITE
BEOWULF	BWRC020	BW3	408301	6641846	-60° @ 90°	36	40	DRY	GRO	0.06	SHEARED GRANITE
SLATE DAM	SDRC099	SD1	394003	6604448	-60° @ 90°	24	28	DRY	SLS	0.08	SILTSTONE
SLATE DAM	SDRC099	SD1	394003	6604448	-60° @ 90°	28	32	DRY	SLS	0.09	SILTSTONE
SLATE DAM	SDRC099	SD1	394003	6604448	-60° @ 90°	44	48	DRY	SLS	0.08	SILTSTONE
SLATE DAM	SDRC099	SD1	394003	6604448	-60° @ 90°	48	52	WET	SLS	0.18	SILTSTONE
SLATE DAM	SDRC099	SD1	394003	6604448	-60° @ 90°	88	92	WET	SLS	0.07	SILTSTONE
SLATE DAM	SDRC099	SD1	394003	6604448	-60° @ 90°	92	96	WET	SLS	0.14	SILTSTONE QTZ VEIN
SLATE DAM	SDRC099	SD1	394003	6604448	-60° @ 90°	96	100	WET	SLS	0.1	SILTSTONE QTZ VEIN
SLATE DAM	SDRC100	SD2	396455	6605497	-60° @ 90°	0	4	DRY	SLS	0.07	SILTSTONE
SLATE DAM	SDRC101	SD6	395554	6603554	-60° @ 90°	4	8	DRY	SLS	0.08	SILTSTONE
SLATE DAM	SDRC103	SD8	403200	6588301	-60° @ 90°	84	88	DRY	GRO	0.13	GRANITE
SLATE DAM	SDRC104	SD4	402650	6595152	-60° @ 90°	24	28	DRY	GRW	0.09	GREYWACKE

Table 1: Anomalous gold intersections from latest drilling program at Slate Dam, Beowulf and Clinker Hill Gold Projects - with all assays down hole.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Beowulf Project

RC drilling comprised 11 holes for 1,100m (BWRC10- BWRC20) targeted at various electromagnetic anomalies generated in an airborne survey flown in 2018 and interpreted in 2019. All holes intersected granite bedrock with between 1-10m of soil and or laterite/silcrete cover. Overall results were low with most samples below the 0.01ppm Au detection limit. BWRC20 showed some shearing within the granite which coincided with a result of 0.06 ppm Au from 36-40m. Despite being above background, the intersection does not warrant follow up drilling.

Hole_ID	Grid	MGA_E	MGA_N	Target	Elevation	Total Depth	Azimuth	Incl	Tenement
BWRC010	MGA94_51	409548	6645897	T2	400	100	90	-60	E28/2707
BWRC011	MGA94_51	409348	6648006	T5	400	100	90	-60	E28/2707
BWRC012	MGA94_51	408902	6651051	T9	400	100	90	-60	E28/2707
BWRC013	MGA94_51	408548	6653051	T3	400	100	90	-60	E28/2707
BWRC014	MGA94_51	406850	6654052	T6	400	100	90	-60	E28/2706
BWRC015	MGA94_51	408701	6660801	T10	400	100	90	-60	E28/2706
BWRC016	MGA94_51	410005	6659999	T7	400	100	90	-60	E28/2706
BWRC017	MGA94_51	410600	6644000	T1	400	100	90	-60	E28/2707
BWRC018	MGA94_51	411652	6642549	T8	400	100	90	-60	E28/2707
BWRC019	MGA94_51	413598	6639003	?	400	100	90	-60	E28/2707
BWRC020	MGA94_51	408301	6641846	T4	400	100	90	-60	E28/1900

Table 2: Hole details of Beowulf Drilling.

REVIEW OF OPERATIONS (CONTINUED)

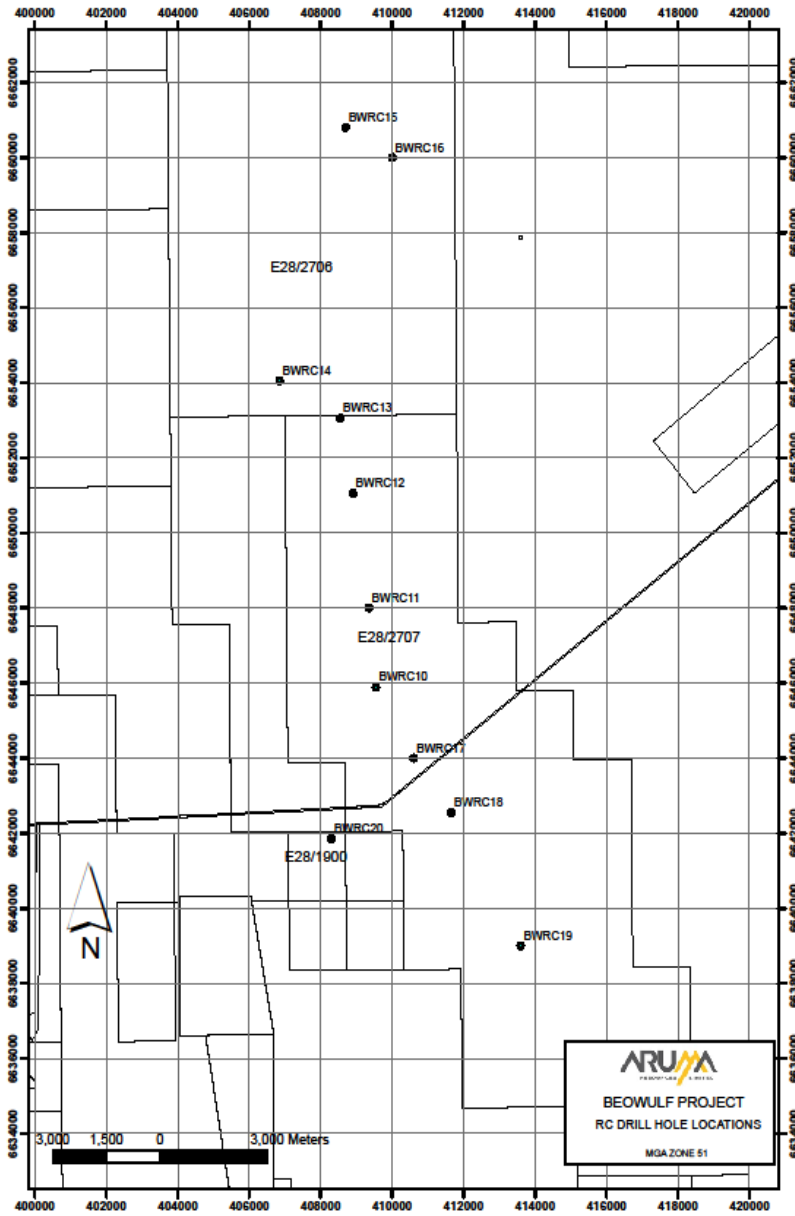


Figure 2: Hole locations of Beowulf Drilling.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Slate Dam Project

RC drilling comprised 8 holes for 790m (SDRC099-SDRC106) targeted at various EM anomalies generated in a 2018 airborne survey. SDRC104 intersected granite which is likely part of the Juglah Dome with the remaining holes within siltstone, shale and conglomerate.

SDRC099 produced the best results for the programme with multiple zones of weakly anomalous mineralisation including 12m at 0.1ppm Au from 88m. The hole was wet on intersecting the first of the mineralisation which may indicate the presence of favourable structure. As weak anomalism is common in this area it was deemed a low priority for 1m sampling follow up. Significant carbonate alteration was present in SDRC101 but did not contain significant mineralisation.

Hole_ID	Grid	MGA_E	MGA_N	Target	Elevation	Total Depth	Azimuth	Incl	Tenement
SDRC099	MGA94_51	394003	6604448	T10	325	100	90	-60	E25/553
SDRC100	MGA94_51	396455	6605497	T2	325	100	90	-60	E25/553
SDRC101	MGA94_51	395554	6603554	T1	325	100	90	-60	E25/553
SDRC102	MGA94_51	405451	6588449	T9	325	100	90	-60	E25/526
SDRC103	MGA94_51	403200	6588301	T8	325	100	90	-60	E25/526
SDRC104	MGA94_51	402650	6595152	T3	325	100	90	-60	E25/556
SDRC105	MGA94_51	404152	6597797	T7	325	90	90	-60	E25/556
SDRC106	MGA94_51	403506	6599508	T4	325	100	90	-60	E25/556

Table 3: Hole details of Slate Dam Drilling

REVIEW OF OPERATIONS (CONTINUED)

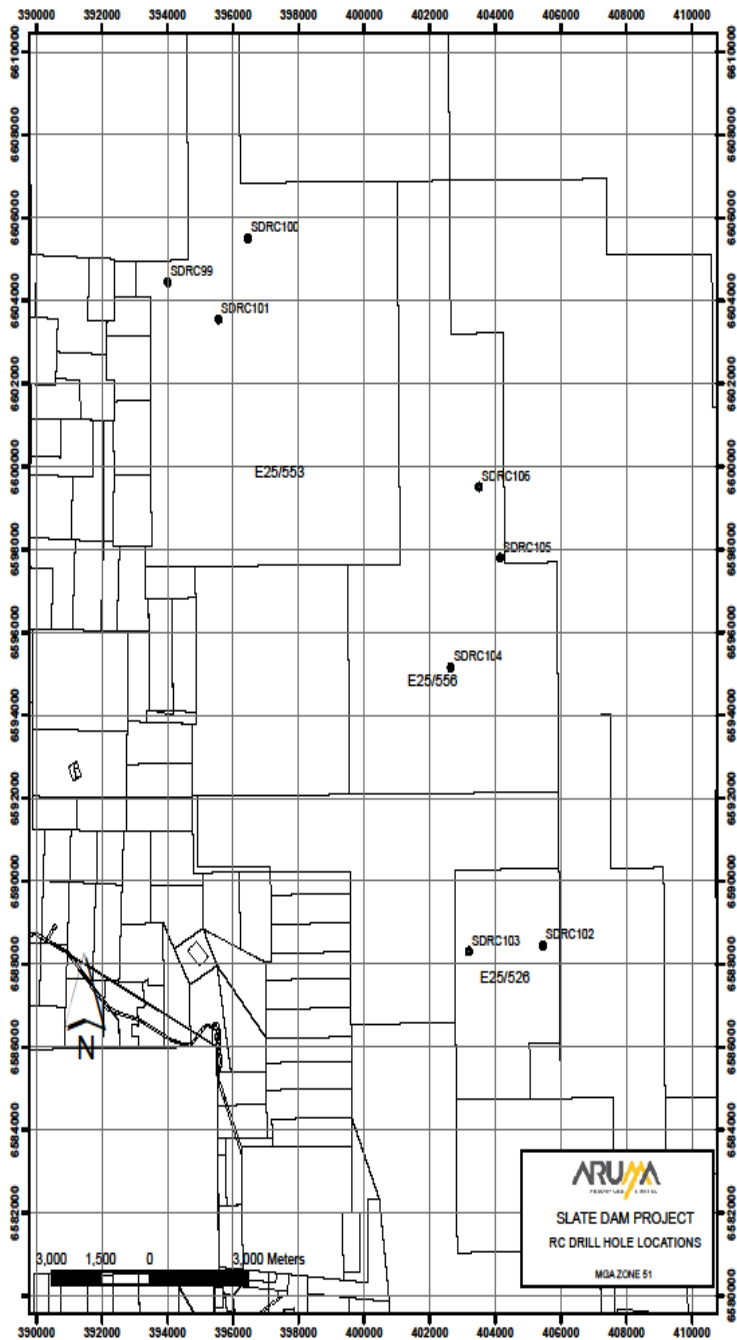


Figure 3: Hole details of Slate Dam Drilling

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Clinker Hill Project

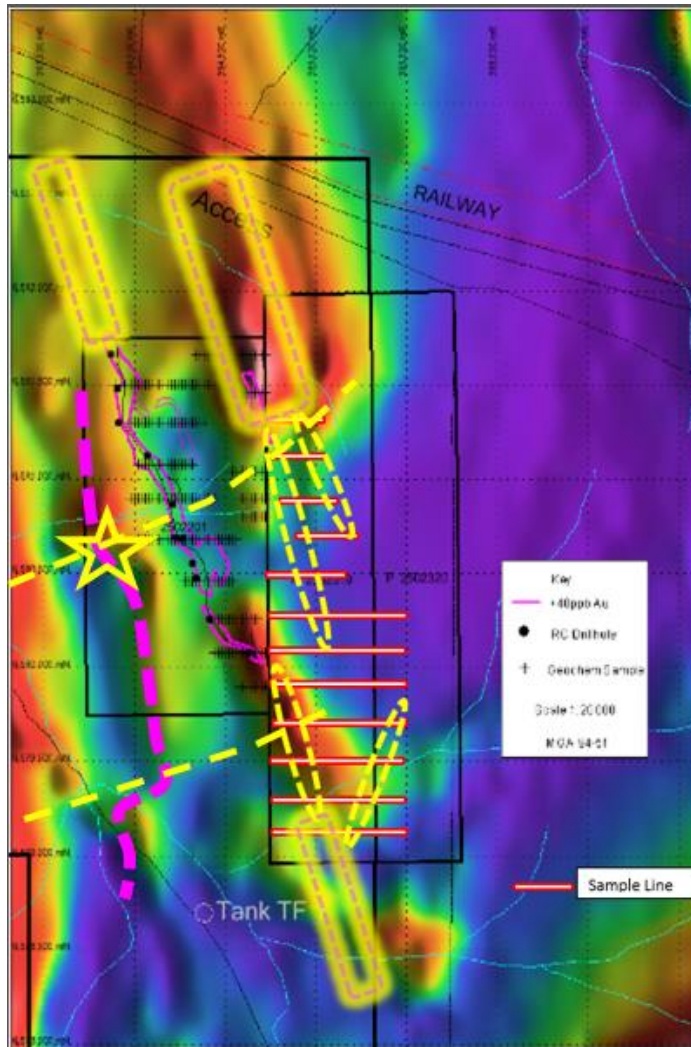


Figure 4: Gold Target (star) at Clinker Hill on Magnetics

Two RC holes (CHRC011-CHRC012) were drilled at Clinker Hill following up recent alluvial gold occurrences located by a local prospector. Both holes intersected ultramafic with no anomalous results.

With the previous historical drilling by Aruma, the target was well covered by drilling, suggesting the nuggets were from a small vein system in the sulphidic sediments, and not from a lode system potentially amenable to large scale mining methods.

Hole_ID	Grid	MGA_E	MGA_N	Target	Elevation	Hole Depth	Azimuth	Incl	Tenement
CHRC011	MGA94_51	384333	6580415	Alluvial and lode	365	100	90	-60	P25/2201
CHRC012	MGA94_51	384368	6580399	Alluvial and lode	365	100	360	-60	P25/2201

Table 4: Hole details of Clinker Hill Drilling

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Mt Deans Lithium Lease (P63/2063)

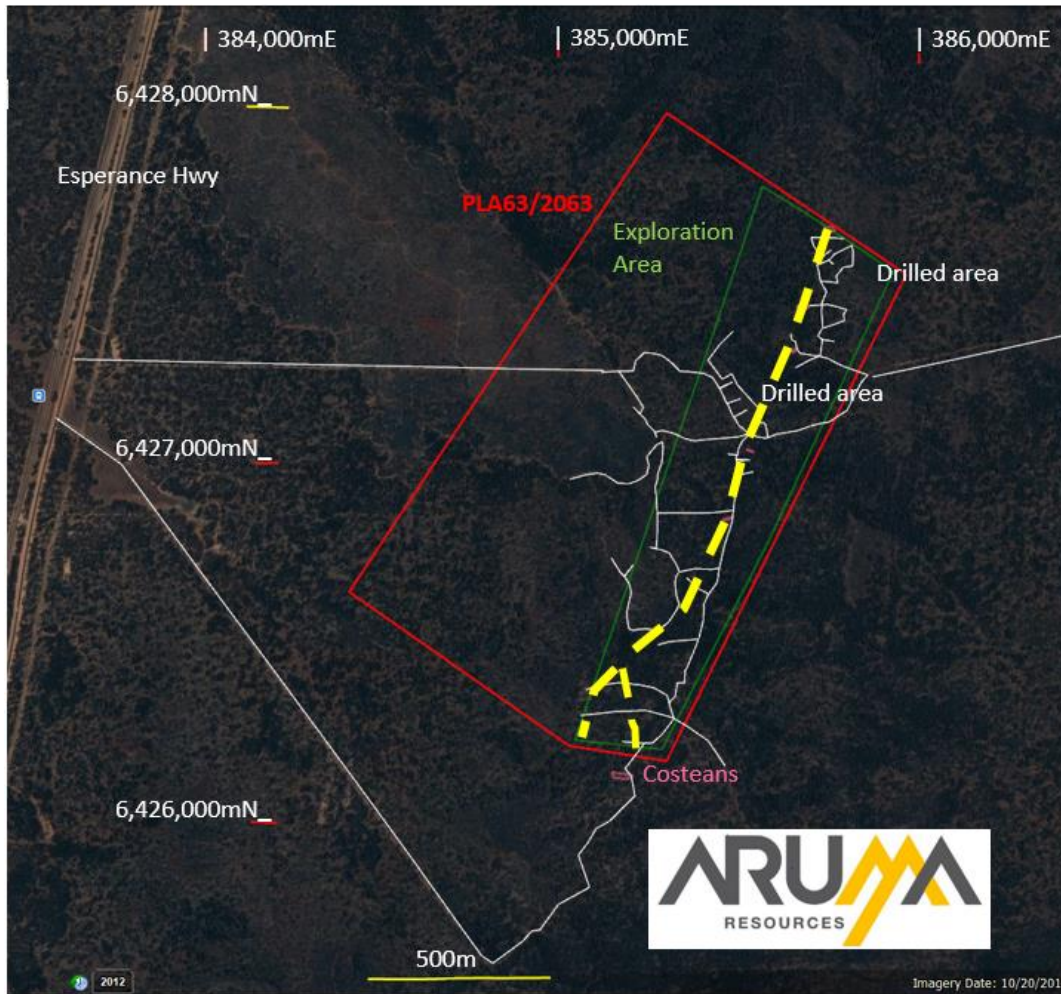


Figure 5: Mt Deans Lithium lease with pegmatite outcrops in yellow

Mt Deans Lithium Tenement Granted

The Mount Deans Lithium Lease (P63/2063) was granted during the December quarter. The Mount Deans pegmatite field is located approximately 10 km south of Norseman, in the Eastern Goldfields Terrane of the Yilgarn Craton.

The Mount Deans tenement was granted after Environmental and Exploration Plans were accepted for exploration on a timber reserve covering the bottom half of the lease. With the grant of the tenement, an agreement with Lithium Australia NL (ASX: LIT) came into effect with LIT agreeing to:

- reimburse costs of approximately \$30,746 plus GST associated with the grant of the tenement;
- issue the equivalent of \$75,000 in LIT shares;
- keep the tenement in good standing over 9 months to earn a 50% interest in the tenement; and
- issue a further \$50,000 equivalent paid in LIT shares after a further 9 months to take their interest in the tenement to 80%.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

The grant of this highly prospective lithium lease has been protracted but the Company is delighted to have been able to see the granting process through to a successful conclusion. Aruma holds a positive view of the lithium potential of the lease area with previous work having identified swarm pegmatites over 1km in length.

The Mount Deans pegmatite field is Archaean in age and hosted in the north-south trending Dundas Hill greenstone belt. The pegmatite field covers an area of 6 km north to south and 4 km in extension east to west and comprises several dozens of individual pegmatite sheets and lenses.

Two phases of pegmatites are reported and the Type 2 in the north is considered later (deeper) and is suggested to be closer to a main cauldron or chamber that may host spodumene-rich material desirable for direct shipping. A prime example of this style of deposit is Liontown Resources' (ASX: LTR) Buldania and Kathleen Valley lithium deposits, where the finger-like thin, steep pegmatites coalesce into a thick spodumene zone at shallow depth.

Projects Summary

Gold Projects Status and Activity Table

EASTERN GOLDFIELDS	Kalgoorlie Projects	<ul style="list-style-type: none">▪ Glandore Gold Project –Aruma holds a 1.25% net smelter royalty with the new owners after leases sold to a private mining company
		<ul style="list-style-type: none">▪ Slate Dam - drilling planned on Trojan extensions▪ Beowulf – seeking sale or joint venture▪ Clinker Hill – seeking sale or joint venture▪ Goddards Dam - project relinquished.▪ Kopai – seeking sale or joint venture

Proposed Exploration Activities for 2H 2020

Slate Dam:

- Re-appraisal of Trojan underground and extensions
- Acquisition of similar brownfields targets adjacent the lease

Beowulf:

- sale or joint venture

Clinker Hill:

- sale or joint venture

Kopai:

- sale or joint venture

Aruma will also be appraising projects and leases that become available, 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 announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements. 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, 2020.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Corporate

The Group incurred an after-tax profit for the half-year ended 31 December 2019 of \$69,597 (31 December 2018: after tax loss \$631,363). The Group held a cash balance at 31 December 2019 of \$869,021 (31 December 2018: \$667,186)

EVENTS SUBSEQUENT TO THE BALANCE DATE

Subsequent to the balance date 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, Elderton 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 15 and forms part of the directors' report for the half-year ended 31 December 2019.

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, 11th March 2020

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 2019, 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.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

11 March 2020
Perth

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	CONSOLIDATED	
	Half-year ended	Half-year ended
	31 December 2019	31 December 2018
Note	\$	\$
Revenue & other income from continuing operations	550,822	505,642
Exploration expenditure expensed as incurred	(230,233)	(782,461)
Impairment of exploration assets	-	(11,380)
Depreciation	(3,854)	(9,724)
Non-executive directors' fees	(22,500)	(42,000)
Employee benefits	(61,756)	(78,758)
Legal and professional fees	(87,140)	(93,250)
Occupancy expenses	(10,800)	(10,831)
Travel expenses	(641)	(18,825)
Other expenses	(64,301)	(89,776)
	69,597	(631,363)
Profit/(loss) from operating activities		
	69,597	(631,363)
Profit/(loss) before income tax expense		
Income tax benefit/(expense)	-	-
	69,597	(631,363)
Profit/(loss) after income tax for the period		
	69,597	(631,363)
Total comprehensive profit/(loss) for the period	69,597	(631,363)
Earnings/(loss) per share		
Basic and diluted earnings/(loss) per share (cents per share)	0.01 cents	(0.12) cents

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

		CONSOLIDATED	
		31 December 2019	30 June 2019
	Note	\$	\$
Current assets			
Cash and cash equivalents		869,021	664,302
Trade and other receivables		84,358	32,603
Other current assets		25,445	4,087
Total current assets		978,824	700,992
Non-current assets			
Plant and equipment		19,639	23,493
Exploration & evaluation expenditure	2	425,000	425,000
Total non-current assets		444,639	448,493
Total assets		1,423,463	1,149,485
Current liabilities			
Trade and other payables		53,377	95,614
Provisions		63,509	27,241
Total current liabilities		116,886	122,855
Non-current liabilities			
Provisions		260,680	291,930
Total non-current liabilities		260,680	291,930
Total liabilities		377,566	414,785
Net assets		1,045,897	734,700
Equity			
Issued capital	3	13,035,484	12,793,884
Reserves	4	133,712	133,712
Accumulated losses		(12,123,299)	(12,192,896)
Total equity		1,045,897	734,700

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 2019**

	CONSOLIDATED	
	Half-year ended 31 December 2019 \$	Half-year ended 31 December 2019 \$
Cash flows from operating activities		
Cash receipts from customers	475,564	503,810
Interest received	260	4,996
Interest paid	-	(5)
Payments for exploration and evaluation	(236,634)	(633,015)
Payments to suppliers and employees	(276,071)	(297,790)
Net cash used in operating activities	(36,881)	(422,004)
Cash flows from investing activities		
Payment for exploration and evaluation	-	(30,000)
Acquisition of plant and equipment	-	(1,458)
Transfer from other financial assets	-	409,580
Net cash provided by investing activities	-	378,122
Cash flows from financing activities		
Proceeds from share issue	260,000	-
Capital raising costs	(18,400)	(2,072)
Net cash from financing activities	241,600	(2,072)
Net increase in cash and cash equivalents	204,719	(45,954)
Cash and cash equivalents at the beginning of the period	664,302	713,140
Cash and cash equivalents at the end of the period	869,021	667,186

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 2019**

Consolidated	Issued capital	Share based payment reserve	Accumulated losses	Total
	\$	\$	\$	\$
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
Balance at 1 July 2019	12,793,884	133,712	(12,192,896)	734,700
Profit for the period	-	-	69,597	69,597
Total comprehensive profit for the period	-	-	69,597	69,597
Issue of shares, net of transaction costs	241,600	-	-	241,600
Balance at 31 December 2019	13,035,484	133,712	(12,123,299)	1,045,897

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 2019

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 2019.

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 \$861,938 (30 June 2019: \$578,137).

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.

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.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 16 Leases

AASB 16 replaces AASB 117 *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 financial assets (such as property, plant and equipment) and lease liabilities similar 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 presents them in the statement of cash flows applying *AASB 107 Statement of Cash Flows*.

AASB 16 substantially carries forward the lessor accounting requirements in *AASB 117 Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases.

The Group only has short term leases which, under the standard, can continue to be recognised on a straight line/systematic basis over the lease term.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

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 2019.

(a) Research & development tax concession

The Company lodged a claim for a refund under the R&D tax concession scheme for 2019 and received \$444,818 during the period ended 31 December 2019 (31 December 2018: \$503,810).

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Share-based payment transactions

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 2019**

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. EXPLORATION & EVALUATION EXPENDITURE

	6 months to 31 December 2019 \$	12 months to 30 June 2019 \$
Balance at beginning of period	425,000	461,380
Impairment of exploration assets	-	(36,380)
Balance at end of period	<u>425,000</u>	<u>425,000</u>

ARUMA RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

3. ISSUED CAPITAL

	31 December 2019	30 June 2019
	\$	\$
<i>Issued and paid up capital</i>		
Fully paid ordinary shares	13,035,484	12,793,884
	6 months to 31 December 2019	12 months to 30 June 2019
	Number	Number
<i>Movements in fully paid shares on issue</i>		
At beginning of period	657,413,903	514,820,317
Shares issued to settle obligations	-	28,000,000
Shares issued for cash	52,000,000	114,593,586
Balance at end of period	709,413,903	657,413,903
<i>Movements in unlisted options on issue</i>		
At beginning of period	12,000,000	12,000,000
Balance at end of period	12,000,000	12,000,000

4. RESERVES

	6 months to 31 December 2019	12 months to 30 June 2019
	\$	\$
<i>Share-based payment reserve</i>		
Balance at beginning of period	133,712	133,712
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.

5. COMMITMENTS

The Group has no other commitments other than those disclosed at 30 June 2019.

6. CONTINGENT ASSETS & LIABILITIES

In the opinion of the directors there were no contingent assets or liabilities at the date of this report (31 December 2019: nil).

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

7. 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.

8. EVENTS SUBSEQUENT TO THE BALANCE DATE

Subsequent to the balance date 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.

9. 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 2019 annual report.

The Company paid an entity related to Managing Director, Peter Schwann the sum of \$2,174 (31 December 2018: \$1,260) 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 2019.

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 2019 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 2019 to 31 December 2019.
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, 11th March 2020

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 ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the 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 2019 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's financial position as at 31 December 2019 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.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens

Managing Director

11 March 2020

Perth