



ARUMA RESOURCES LIMITED

(ABN 77 141 335 364)

Annual Report 30 June 2016

Contents

3	Corporate Information
4	Letter from the Chairman to Shareholders
5	Company Review
25	Directors' Report
33	Auditor's Independence Declaration
34	Consolidated Statement of Profit or Loss and Other Comprehensive Income
35	Consolidated Statement of Financial Position
36	Consolidated Statement of Cash Flows
37	Consolidated Statement of Changes in Equity
38	Notes to the Financial Statements
71	Directors' Declaration
72	Independent Auditor's Report
74	ASX Additional Information
76	Tenement Listing
77	Corporate Governance

Corporate Information

Directors

Paul Boyatzis (Chairman)
Peter Schwann (Managing Director)
Ki Keong Chong (Non-Executive Director)

Company Secretary

Phillip MacLeod

Registered Office

108 Forrest Street
Cottesloe, Western Australia, 6011

Principal Place of Business

Level 1, 6 Thelma Street
West Perth, Western Australia, 6005
T: +61 8 6389 1799
F: +61 8 9226 3764

www.arumaresources.com

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands, Western Australia, 6009
T: +61 8 9389 8033

Solicitors

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe, Western Australia, 6011

Auditors

Nexia Perth Audit Services Pty Ltd
Level 3, 88 William Street
Perth, Western Australia, 6000

Securities Exchange Listing

ASX Limited
ASX Code: AAJ

Letter from the Chairman to Shareholders

Dear Shareholder

Your company, Aruma Resources Ltd ("Aruma"), is an active West Australian ("WA") gold and base metal exploration company focused on the Eastern Goldfields and Ashburton regions of WA.

Although the past year was challenging for many parts of the economy the resources industry and in particular, the larger producers started to attract capital investment. This sentiment started to filter down for exploration companies towards the latter part of the financial year. With the Research & Development tax incentive offset ("R&D tax offset") Aruma was able to continue to explore and advance its main on-going projects at Glandore, Clinker Hill and Bulloo Downs. Under the R&D tax incentive a refund of \$623,032 before costs was received by Aruma for eligible exploration expenditure incurred during FY2015.

During the financial year Aruma signed a Joint Venture Agreement with Southern Gold Limited (ASX:SAU), for expenditure of up to \$1.2m on exploration potentially leading to mining of the northern Glandore leases. Aruma believes that SAU has the funding, expertise and milling agreements to drill out and test the viability of the project. This will also allow Aruma to focus its gold exploration on the Goddards Project (Glandore South) and Clinker Hill leases. The Glandore gold project was diamond drilled through the use of the WA Government's Exploration Incentive Scheme, under which Aruma received a refund of \$90,060. The research analysis of the diamond core has supported the Hydrothermal Gold model used in exploration by Aruma.

Aruma continued to appraise the Bulloo Downs Copper Project this year, with diamond drilling confirming the emissivity technique and all the required parameters for copper mineralisation being confirmed. Aruma has reduced the size of the Bulloo Downs project area from 2,800km² to 900km².

Projects

The coming year will see funded exploration on all of the Company's projects, including RC drilling at both Goddards (Glandore South) and Clinker Hill and the drilling of deep diamond holes on Emissivity targets at Bulloo Downs.

Since the Joint Venture Agreement with SAU on the northern tenements of Glandore, Aruma has shifted its gold exploration focus to the Goddards (Glandore South) and Clinker Hill gold projects. An RC program is planned to follow up and test historic shallow anomalous intercepts at Goddards (Glandore South).

Aruma has again been successful in its co-funded drilling application through the Exploration Incentive Scheme. Aruma will receive a refund of up to \$100,000 on 50% of the direct drilling costs of Diamond Drilling at Bulloo Downs. This grant, coupled with the significant size reduction of the Bulloo Downs project will allow Aruma to focus funds into a diamond drill program to test tenor and extent of mineralisation of the emissivity targets.

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

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

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



Paul Boyatzis
Chairman

Company Review

EXPLORATION

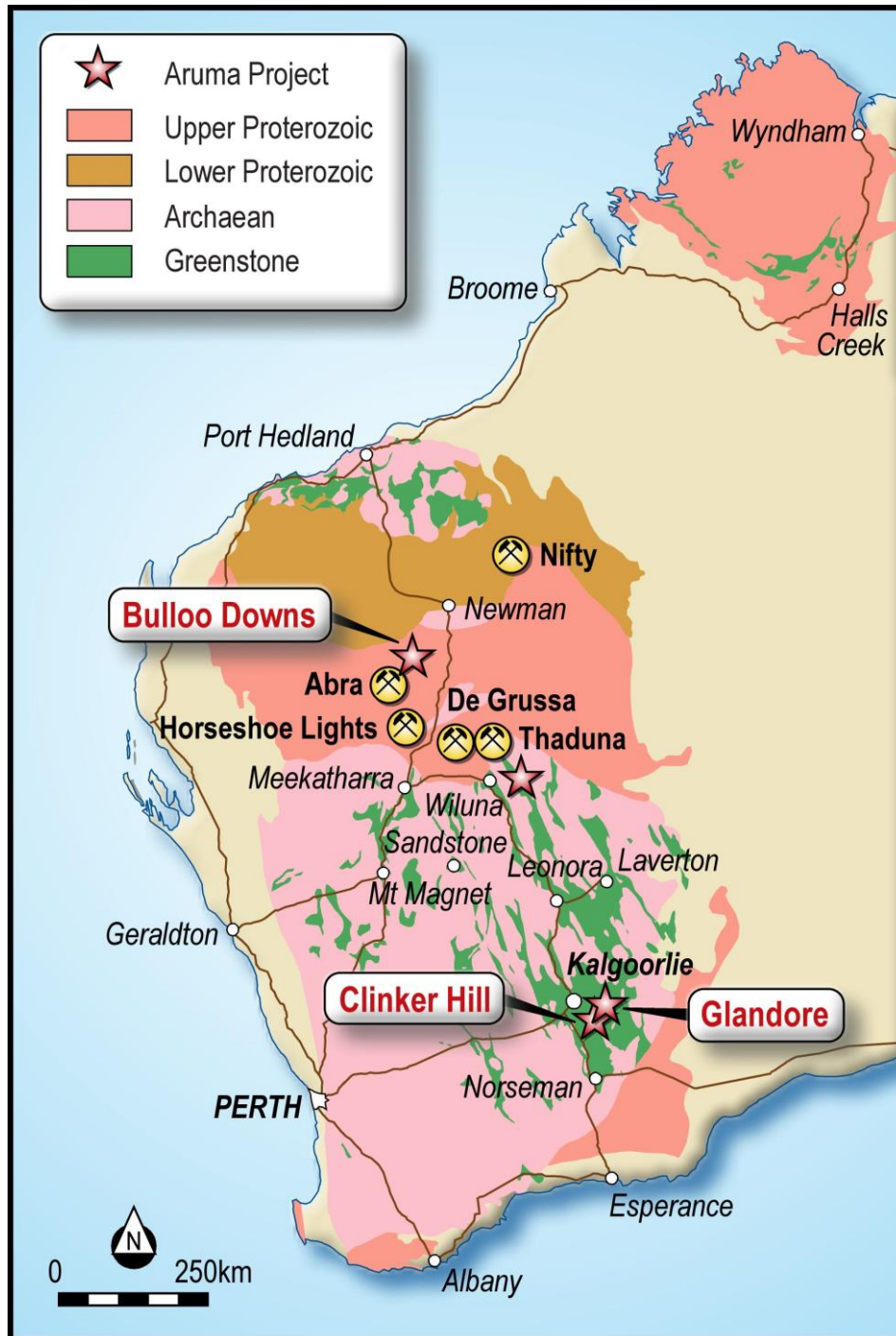


Figure 1: Aruma exploration areas in Western Australia

Aruma is a focused, West Australian-based mineral exploration company, which has several prospective project areas within the Eastern Goldfields and Ashburton regions of Western Australia. Inclusive of several tenements that are still under application, Aruma's tenement package now totals approximately 960km².

Company Review *continued*

HIGHLIGHTS

Glandore Project

- 1,200m in Co-funded diamond drill hole completed with gold intersections
- Joint Venture agreement signed with Southern Gold Limited for the northern leases
- RC drilling planned on the Goddards (Glandore South) leases

Clinker Hill Gold Project

- New leases granted
- Previous drilling and magnetic anomalies scheduled to be followed up
- Gold lode intersections over 800m strike and open to the south and east
- 6 - 10m thick intersections of >0.2g/t gold continuous over 400m

Bulloo Downs Copper Project

- Two diamond holes completed for 961m
- Drilling indicates copper associated with HyMap and Emissivity anomalies
- Copper – phosphorus relationship detected
- 2,800km² of leases reduced to 900km²
- Co-funding application successful for further diamond drilling for costs up to \$100,000

Corporate

- \$1,003,504 held in cash and term deposit balances at June 30, 2016
- R&D tax incentive offset of \$623,032 received before costs
- \$100,000 received for JV agreement at Glandore
- \$430,157 raised on issue of shares after issue costs

PROJECT DESCRIPTIONS

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

Glandore Project

Joint Venture

A Joint Venture agreement was signed during the financial year with Southern Gold Limited (Southern) (ASX:SAU) over 14 of Aruma's Glandore gold project tenements. Southern can earn up to a 90% interest through exploration expenditure of \$1.2 million over 3 years. Aruma received a cash payment of \$100,000 and Southern is to spend a minimum of \$300,000 on exploration in the first year.

The agreement covers an area of 28.7km² of contiguous tenements located adjacent to Southern Gold's Bulong Gold Project and their nearby Cannon Gold Mine and hosts significant zones of near surface mineralisation identified by Aruma and previous explorers.

Company Review continued

Glandore Project continued

Three high priority prospects, Supergene Zone, Axial Planar and Central Fault have significant near surface drill intersections identified which will be the focus of near term resource evaluation and exploitation (See Figure 2). This is possible as the prospects are on granted mining leases and close to infrastructure.

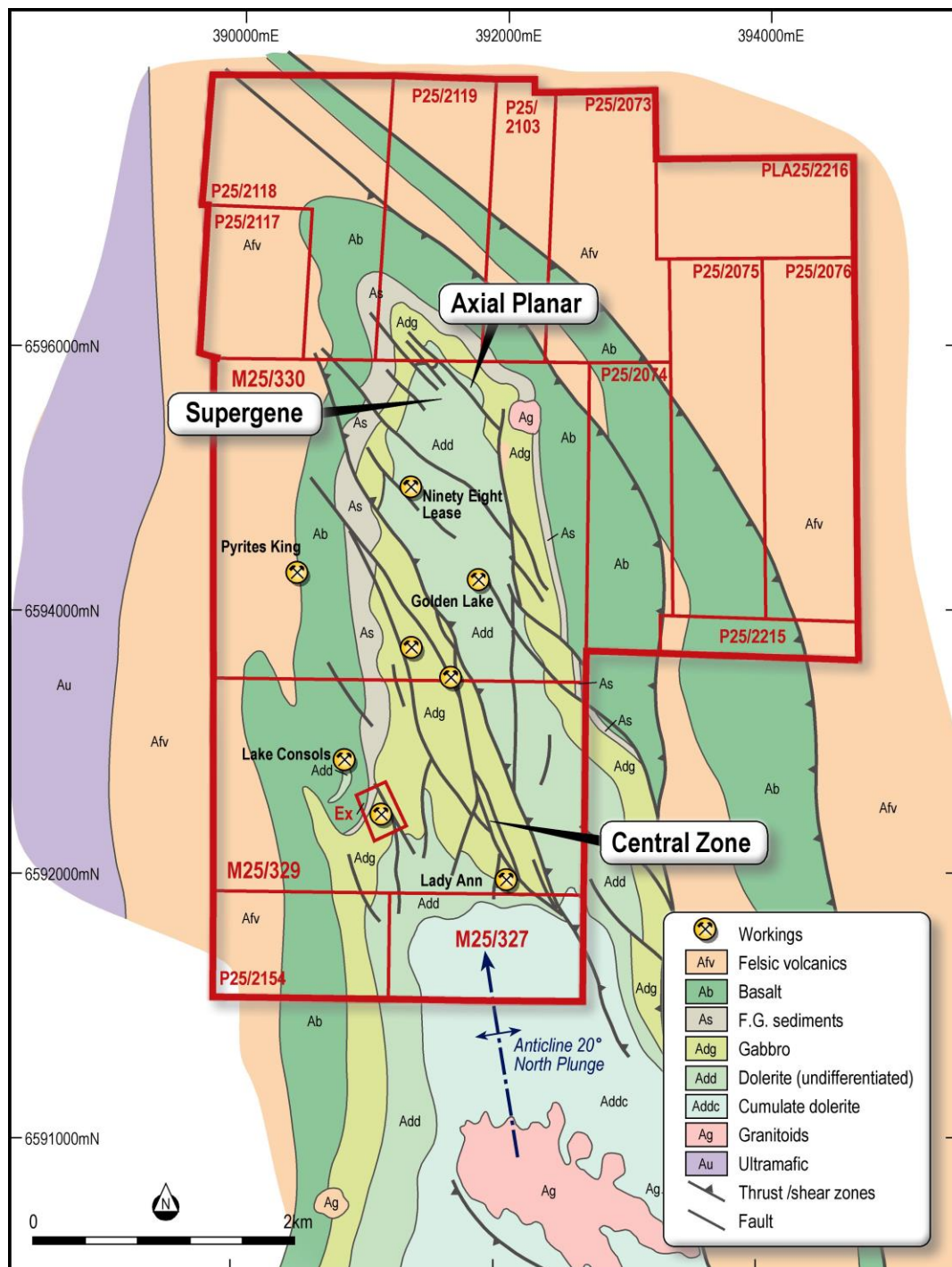


Figure 2 Glandore Joint Venture leases over Geology with targets

Company Review continued

Glandore Project continued

The summary terms of the agreement between Southern and Aruma's wholly owned subsidiary are:

- Southern to make a cash payment of \$100,000 with 10 business days of 1 April 2016;
- Southern can earn up to 90% by expending a further \$1.2 million in three tranches within three years:
 - Tranche 1 – a minimum spend of \$300,000 in year 1 to earn a 50% interest;
 - Tranche 2 – a further \$400,000 expenditure in year 2 to earn an additional 25% (for a total of 75%) at which point Aruma can elect to contribute;
 - Tranche 3 – if Aruma elects not to contribute at 75%, Southern can spend a further \$500,000 in year 3 to earn an additional 15% (for a total of 90%).
- Once Southern has earned 90% Aruma can elect to contribute to the joint venture, sell its interest or convert the interest to a 1.25% net smelter return type royalty.

This agreement will allow Aruma to focus on identifying suitable new opportunities as well as ongoing exploration on other projects in the portfolio, including the Goddards (Glandore southern blocks) and Clinker Hill projects which contain several historic intersections of highly anomalous assays over 800m to 3km lengths.

M25/327	M25/330	P25/2074	P25/2076	P25/2117	P25/2119	P25/2215
M25/329	P25/2073	P25/2075	P25/2103	P25/2118	P25/2154	P25/2216

Table 1 Tenements included in Joint Venture Agreement with Southern Gold Limited

Aruma was successful in its application for Round 11 of the WA Governments Co-funded exploration drilling program under the Exploration Incentive Scheme (EIS). Aruma secured funding for 50% of direct drilling cost up to \$200,000 at Aruma's Glandore Project which was utilized for a single deep diamond drill hole designed to test for parallel lodes under the lake surface.

Company Review continued

Glandore Project continued

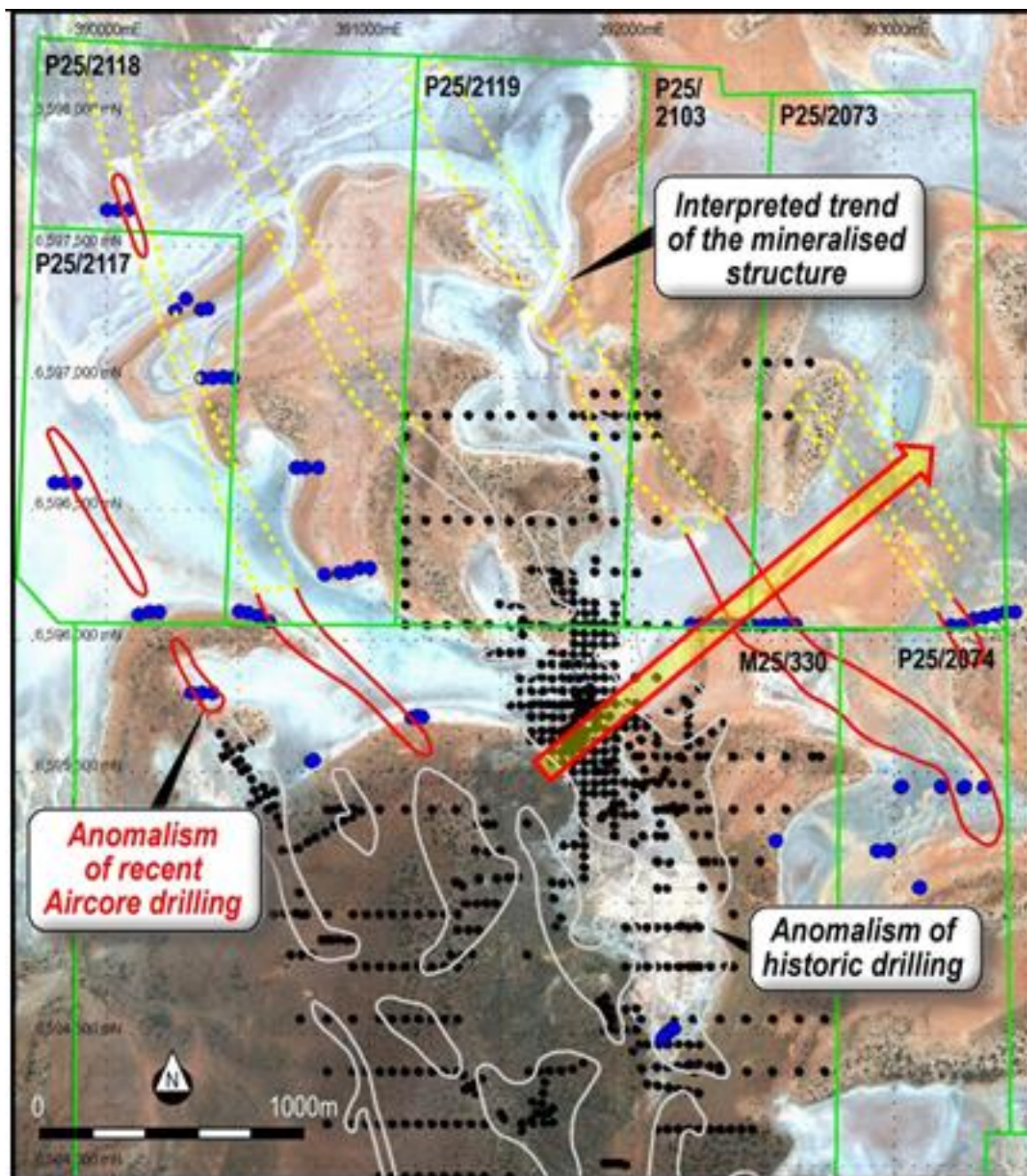


Figure 3 Google Earth image of total drilling at Glandore with latest air core holes in blue. The arrow displays the projection of the proposed drill hole.

Company Review continued

Glandore Project continued

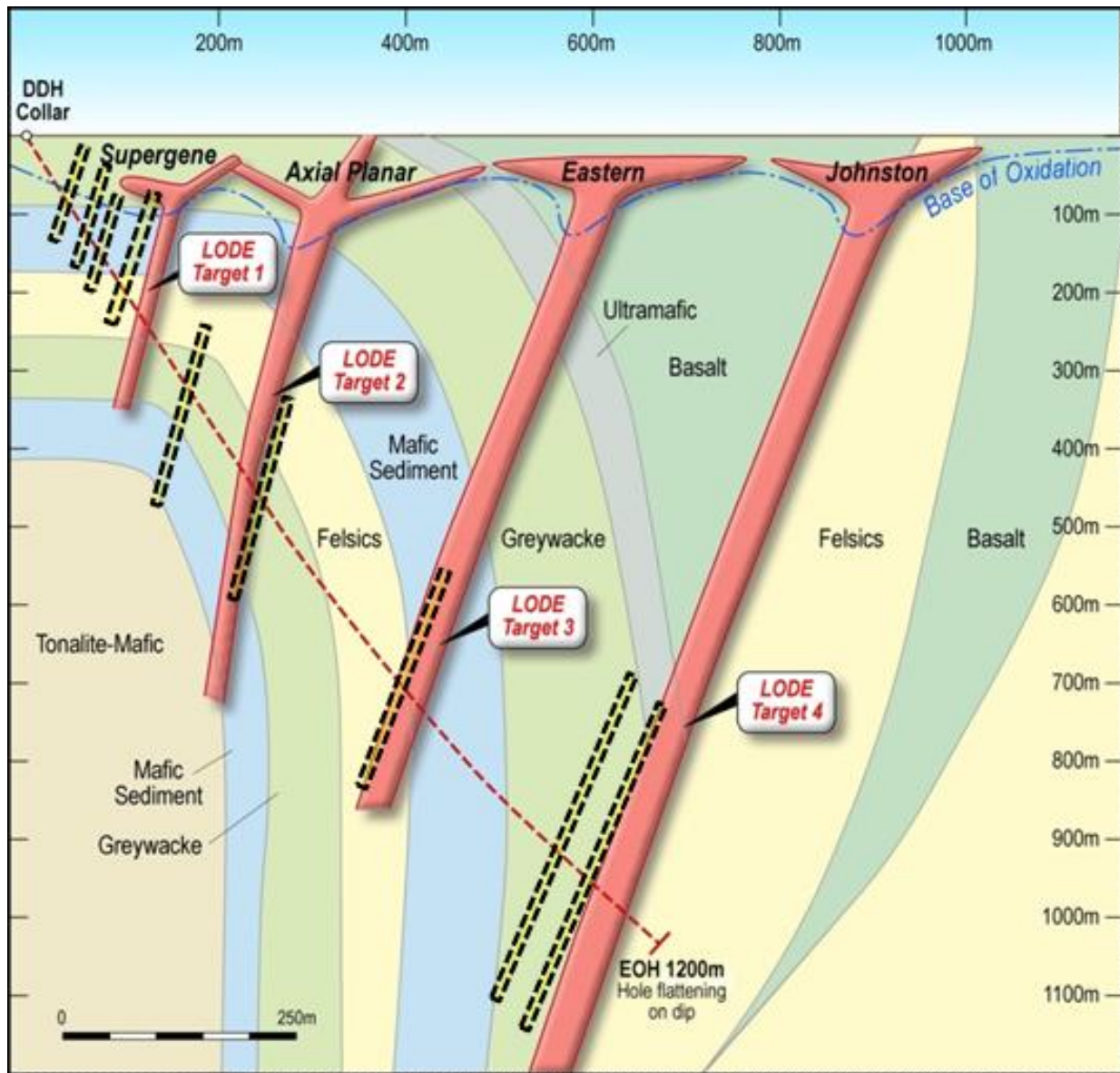


Figure 4 The assay intersections (dashed shapes) from the Table 2 Projected onto the diagrammatic drill hole section.

Results

The drillhole was completed on time and on budget, with full core recovery achieved with orientation. The very thick sequence of Mafic Sediment (Volcanic Wacke similar to the Golden Mile Dolerite) had sulphide and carbonate throughout with nine zones of mineralised (pyrite – biotite – carbonate \pm chalcopyrite – quartz) shaly material totaling nearly 240m.

The assay grades returned two assays above one gram per tonne with the full assays above 100ppb Au showing the continuous mineralisation trends which demonstrate that the mineralizing trends are consistent along strike and down structure.

Company Review *continued*

Glandore Project *continued*

The Glandore system is a mineralised gold-sulphur system and has many locally mineralised smaller shoots such as Axial Planar and Supergene. The lease on which the drillhole was drilled has been subject to a Joint Venture Agreement with Southern Gold Limited. On-going exploration at Glandore will now be focused on the Goddards Project (Glandore South).

The Glandore deep drilling intersected ~1,200m of mafic sediment analogous to the Golden Mile Dolerite with 240m of shaly chloritic altered zones with copper and tellurium anomalism detected by portable XRF. The core from these areas was cut and sampled for assay which has now been received. The significant (>0.1g/t Au) results are detailed in table 2 below.

Depth (m) From-to	Zone Name	Alteration Minor	Alteration Trace	Au-FA24 g/t Au	Au-Rp1 g/t Au	Au-Rp2 g/t Au
89-90	Supergene	Cb-Qz-Py	Cpy-Ep	0.17		
111-112	Supergene	Cb-Qz-Py	Cpy-Ep	0.14		
138-139	Supergene	Cb-Qz-Py	Cpy-Ep	0.15		
150-151	Supergene	Cb-Qz-Py	Cpy-Ep	0.16	0.46	0.98
223-224	MZ 2	Cb-Qz-Py		0.11		
308-309	Axial Planar	Cb-Qz-Py	Bt-Cpy	0.61	0.62	
309-310	Axial Planar	Cb-Qz-Py	Bt-Cpy	0.16		
873-874	Eastern	Cb-Qz-Py	Bt-Cpy	0.5	0.59	
996-997	Johnston	Cb-Qz-Py	Bt	2.58	2.56	
997-998	Johnston	Cb-Qz-Py	Bt	0.23		
1000-1001	Johnston	Cb-Qz-Py	Bt	0.12		
1063-1064	MZ 5	Cb-Qz-Py	Bt	1.07	0.91	

Table 2 ADH 001 Intersection Summary for Au over 100ppb, showing the 4 expected zones and the additional 2 mineralised zones (MZ 2 and MZ 5). in meters down hole.

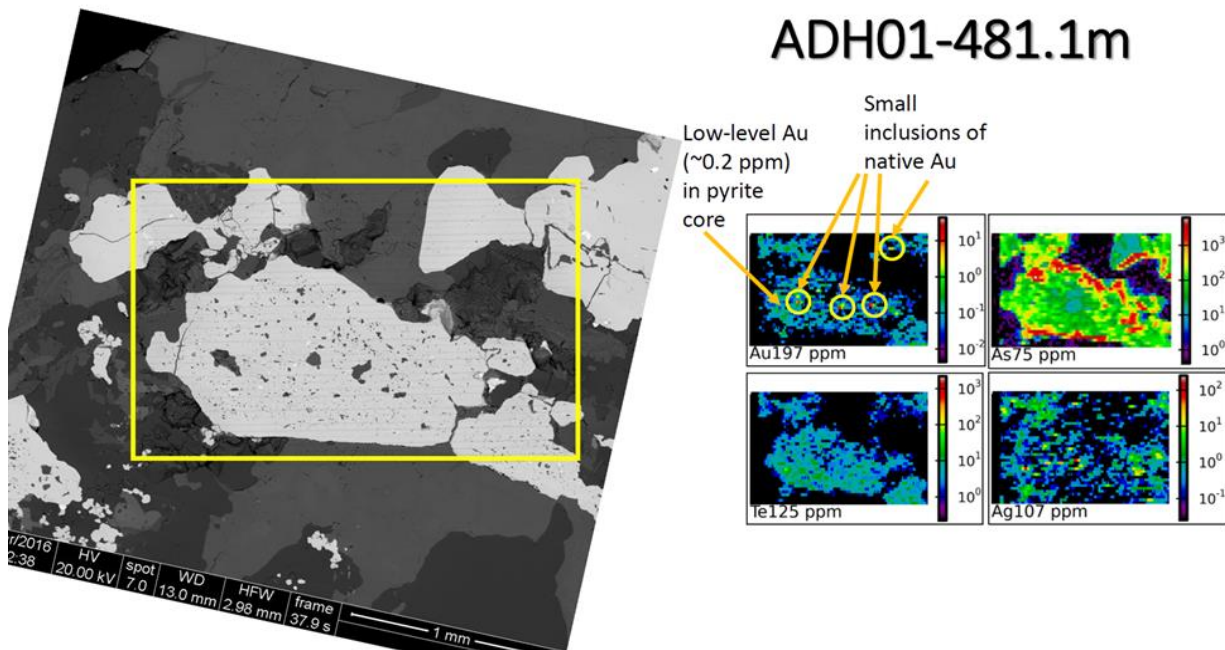
Depth From	Depth To	Int. m	Zone	Rock	Major	Minor	Trace
68	151	83	Supergene	MAF	Cl-Pl-Am	Cb-Qz-Py	Cpy-Ep
173	187.5	14.5	MZ 1	MAF	Cl-Pl-Am	Cb-Qz-Py	Cpy
220	231	11	MZ 2	MAF	Cl-Pl-Am	Cb-Qz-Py	
282	311	29	Axial Planar	MAF	Cl-Pl-Am	Cb-Qz-Py	Bt-Cpy
557	564.5	7.5	MZ 3	MAF	Cl-Pl-Am	Cb-Qz-Py	Bt
710.5	719	8.5	MZ 4	MAF	Cl-Pl-Am	Cb-Qz-Py	Bt
858	888	30	Eastern	MAF	Cl-Pl-Am	Cb-Qz-Py	Bt-Cpy
960	1008	48	Johnston	MAF	Cl-Pl-Am	Cb-Qz-Py	Bt
1050	1069	7.8	MZ 5	MAF	Cl-Pl-Am	Cb-Qz-Py	Bt
	Total	239.3		MAF	Cl-Pl-Am	Cb-Qz-Py	Bt

Table 3 ADH 1 as logged Intersection Summary, showing the 4 expected zones and the additional 5 mineralised zones (MZ 1 to MZ 5).

Company Review continued

Glandore Project continued

Previous work and the 2016 diamond drilling in the Glandore area has identified thick volcano-sedimentary Bouma sequences with ultramafics and conglomerates and clearly demonstrated that the “dolerites and Gabbros” are greywackes and part of the submarine sedimentary sequence.



Other elements in ADH01-481.1m

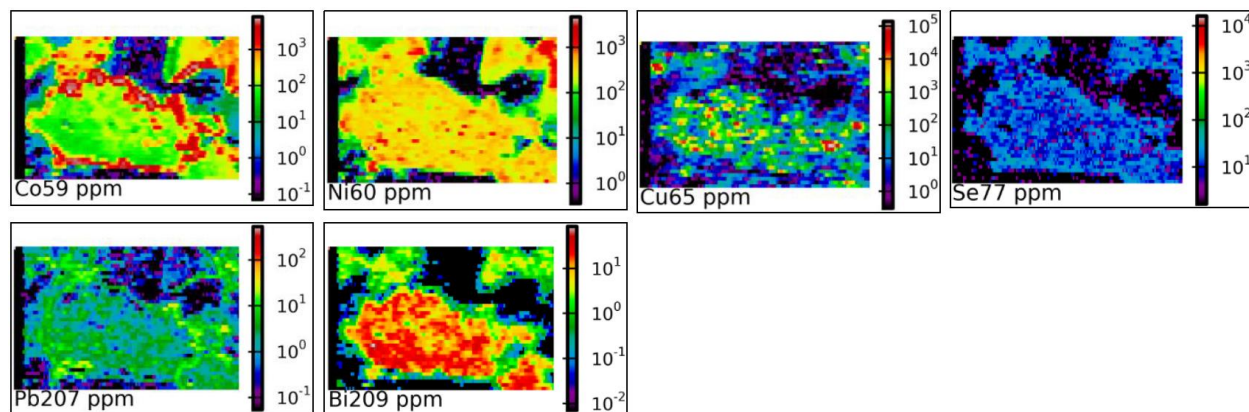


Figure 5 Laser Ablation ICP results for a selected intersection in the deep diamond hole at Glandore

The figures above demonstrate the presence of native gold in sulphides with a strong correlation with silver, tellurium and copper. The Bismuth relationship will be used in controlling drilling in future holes. Also of note are the late stage relationship with the sedimentary As, Pb and probably Zn. Further recent work has also identified sulphides of sedimentary origin with two-stage pyrite paragenesis highlighted by LA-ICPMS mapping

- Stage one – formation of Co-Ni-Bi-Se-As-Au-Te enriched core
- Stage two – Higher Co, Ni, and As rims grown over stage 1 pyrite

Company Review *continued*

Goddards (Glandore South) Project

The discovery of Invincible by Gold Fields Australia Pty Ltd (Gold Fields) in 2012 (under Lake Lefroy at Kambalda) and Baloo by Sirius Resources NL in 2016 (under Lake Cowan) has confirmed the prospectivity of the underexplored Black Flag Group Sediments (BFG). These rocks have had limited historic exploration, due to the focus of exploration on basalt, dolerite and gabbro. The Bardoc and Paddington mines are located on the BFG, and the same stratigraphy is evident at Aruma's Glandore Leases. The major attraction of such orebodies is thickness, tonnes and grade making them low cost producers.

The simplified geological sections below give the rock types and stratigraphy of Gold Fields' Invincible and Aruma's Glandore locations and emphasizes the importance of the interbedded mudstones (siltstones and shales) and the conglomerate-sandstone (conglomerates and greywackes) to form the mineralized zones in the shales.

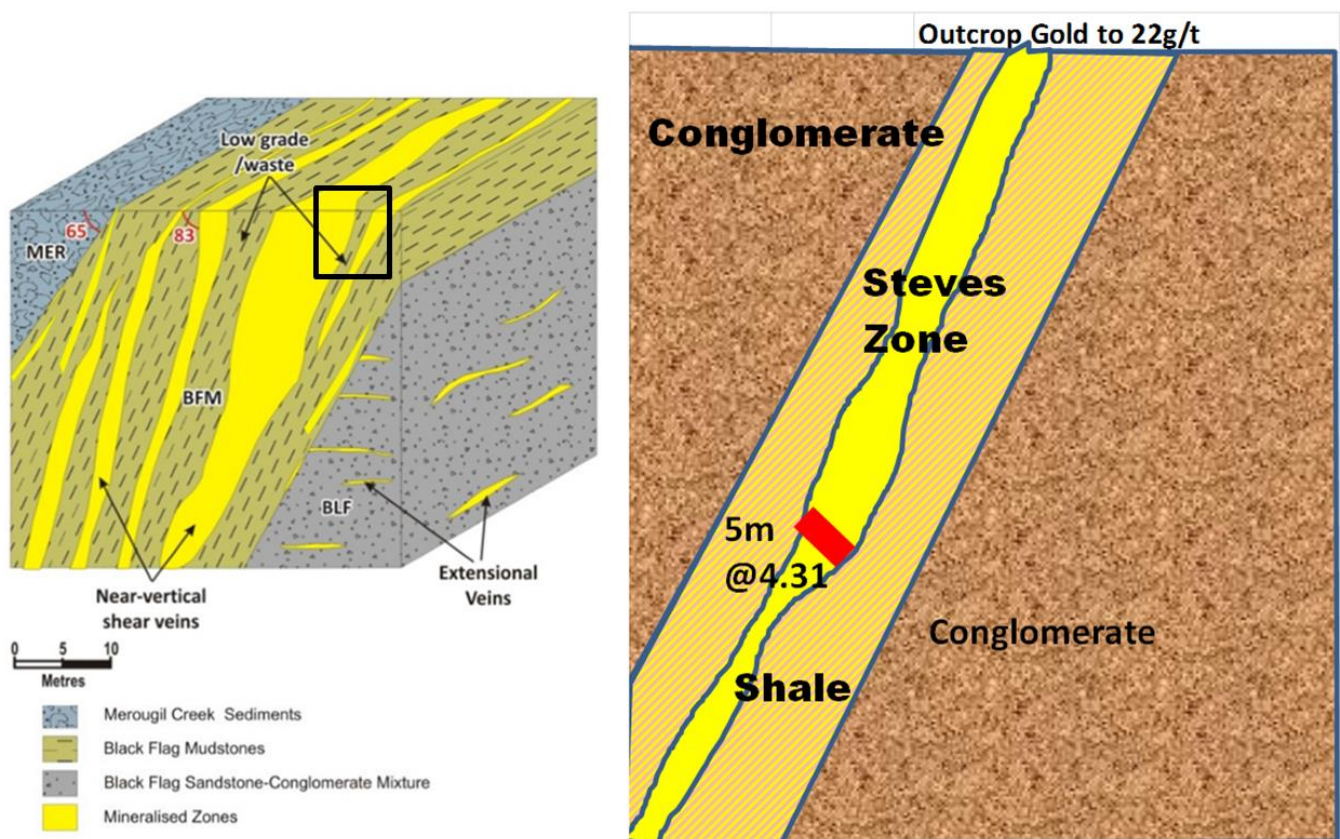


Figure 6 Similarity of the BFG mineralisation at Invincible (Left, looking NNW, from Gold Fields 2016 Diggers and Dealers presentation) with the area in the black rectangle with the similar Steve's Zone at Glandore (right, looking South)

Many gold regions of varying ages with sediment hosted gold mines include the Tian Shan (300Ma), Birimian (2,100Ma) and Karoo (3,000Ma) greenstone belts. WA's Telfer (25Moz) is a sediment hosted orogenic deposit similar to the Tian Shan mines at Muruntau (175Moz at 3.4g/t) and Kumtor (20Moz at 2 to 6g/t).

Company Review continued

Goddards (Glandore South) Project continued

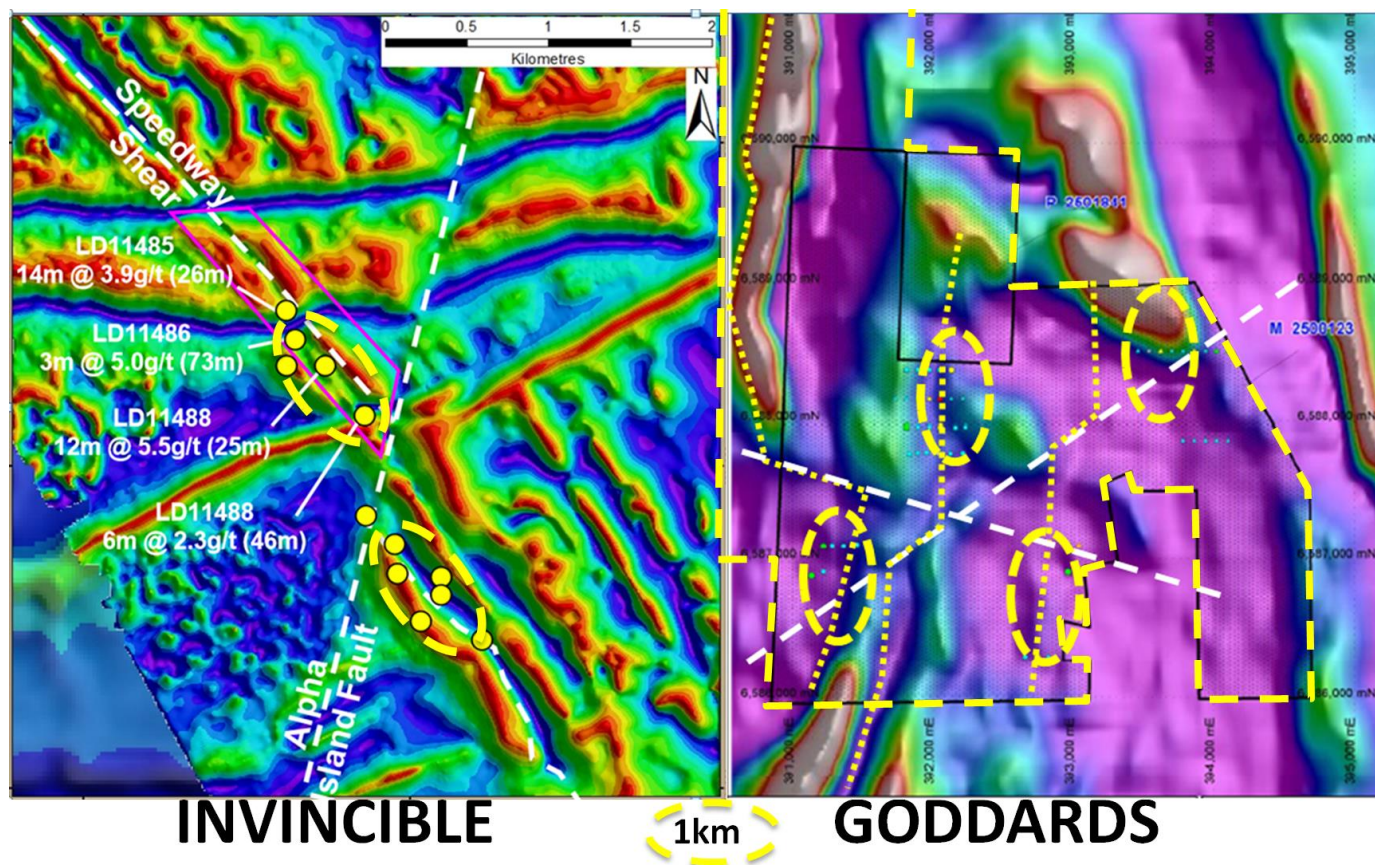


Figure 7 Similarity of the structure and anomalism on the magnetics at Invincible (left) and the South Glandore area (right) with anomalies in yellow ellipses.

Review of open file data over the Glandore South leases has identified an anomalous gold zone, defined from broad spaced shallow aircore drilling, that extends to the north for over 3.0km of strike, with limited follow up exploration having been completed (Rubicon Resources Limited, 2009).

Year	Prospect	Hole ID	Easting (m)	Northing (m)	From (m)	To (m)	Width (m)	Au (ppm)
2007	Emu Dam	RYAC385	392050	6588160	44	48	4	1
2008	Emu Dam	RYAC414	392130	6588360	52	60	8	0.4

Table 5 Anomalous drill results from Rubicon Resources Limited

Company Review
continued

Goddards (Glandore South) Project continued

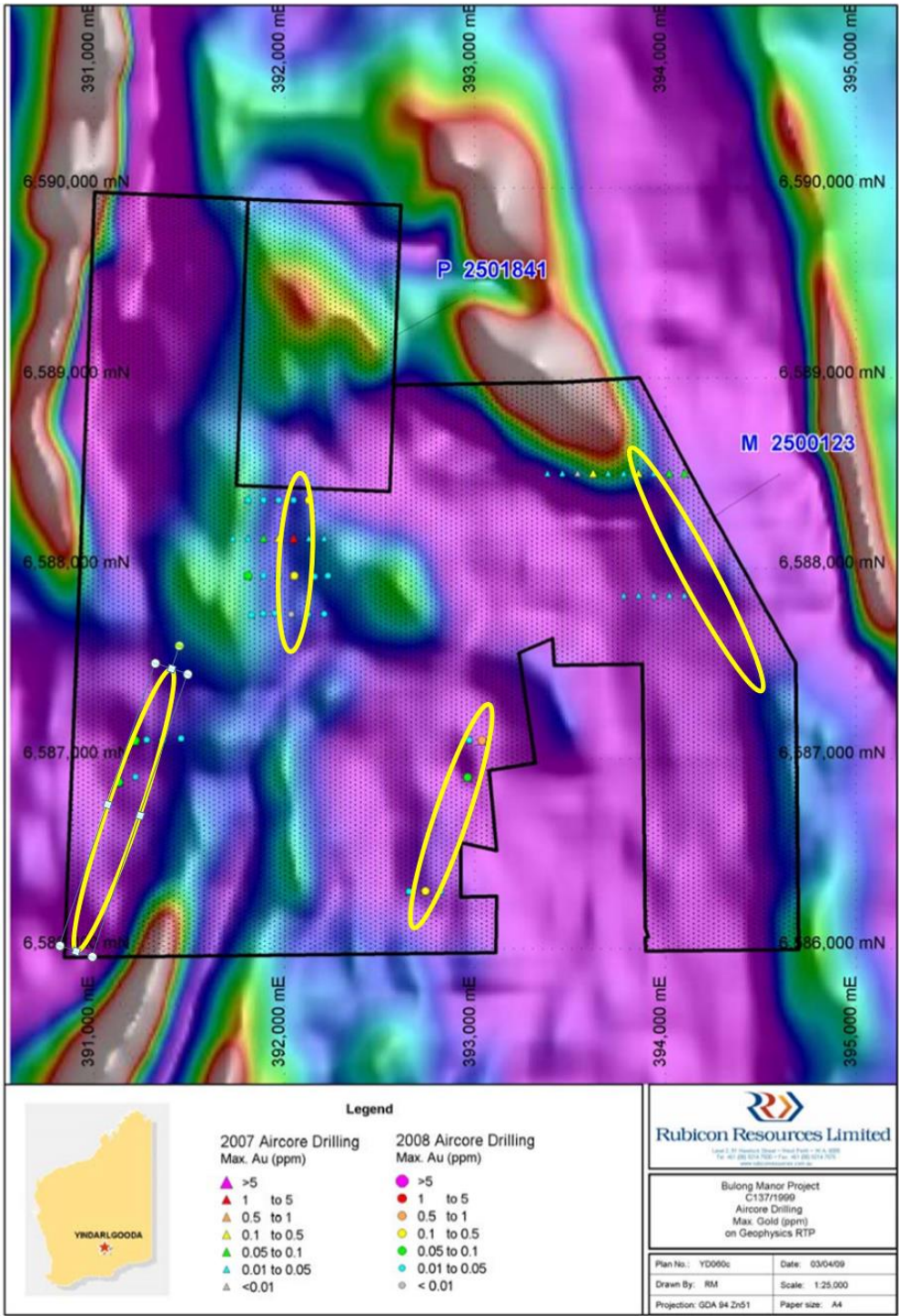


Figure 8
Rubicon’s (2009) drilling on the magnetic image and the trends to be drilled for BFG mineralisation.

Company Review continued

Goddards (Glandore South) Project continued

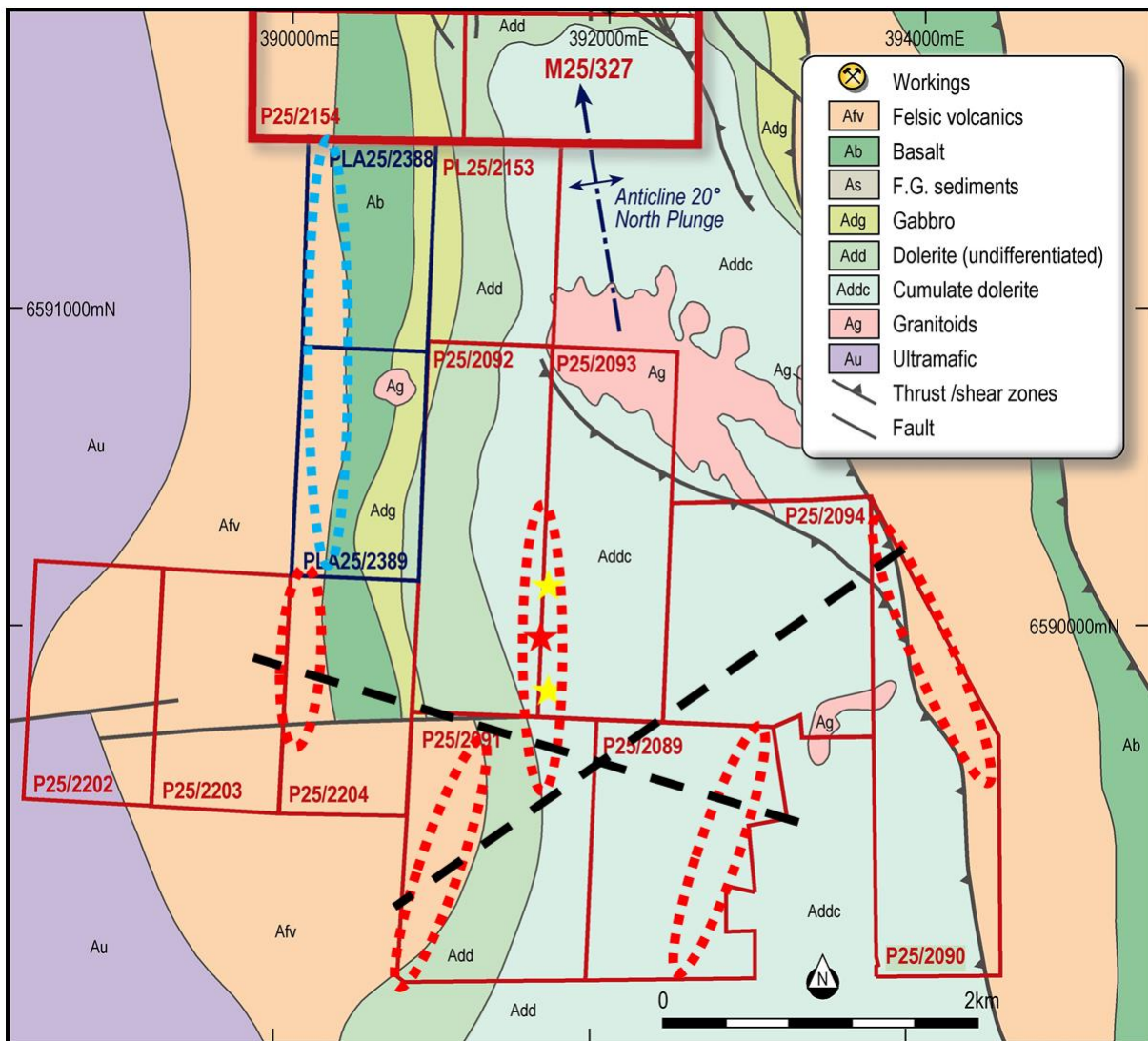


Figure 9 The previous geological interpretation with the new structures and anomalous holes (yellow <1g/t and red >1g/t Au) structure and anomalies with targets as red ellipses and further targets in the blue ellipse on grant of two new tenements.

The requirements of gold mineralisation of this style are sulphidic sediments in structurally prepared areas with heat sources such as granites in a gold endowed area. The Glandore area has all these attributes and the Glandore South targets will be tested with some 1,000m of RC drilling.

Company Review continued

Clinker Hill Project

The Clinker Hill Project is another on-going gold exploration project situated 40km east of Kalgoorlie, Western Australia and just 6km south from Aruma's Glandore Project. Aruma completed the first pass RC drill program in 2015; the anomalous results are summarized in the table below.

HOLE ID	Easting*	Northing*	RL#	Depth (m)	Az.	Dip	From (m)	To (m)	Note	Int. (m)	Au g/t
CHRC03	384337	6580472	374	150	90°	-60°	148	150		2	0.2
CHRC04	384317	6580554	368	138	90°	-60°	113	120		7	0.36
							115	116	Incl.	1	1.23
CHRC05	384265	6580684	362	150	90°	-60°	140	150 (eoh)		10	0.25
							145	150 (eoh)	Incl.	5	0.39
CHRC06	384230	6580689	365	120	90°	-60°	36	42		6	0.21
							36	39	Incl.	3	0.32
CHRC10	383906	6581480	358	150	90°	-60°	101	105		4	0.55
	*GDA94	*GDA94	#AHD				104	105	Incl.	1	1.69

Table 6: Significant gold intersections (>0.2g/t Au) at Clinker Hill from 1m RC samples. All coordinates AMG 94, all measurements down hole.

Exploration at Clinker Hill this year has been largely desktop based with diamond drilling at the Aruma's other projects taking precedence. Several site inspections were conducted as the two additional leases were granted and a geochemical soil survey is planned for the first quarter of the new financial year. The coming year will see a renewed effort at Clinker Hill due to the joint venture involving the northern leases at Glandore. The next step will be a soil sampling program on the new leases to investigate the continuity of the anomalous trend running towards the SE, this trend presents a strong correlation with a magnetic anomaly. If the results are positive, an RC program will follow up the geochemical reinforcement of stratigraphy and structure.

Company Review continued

Clinker Hill Project continued

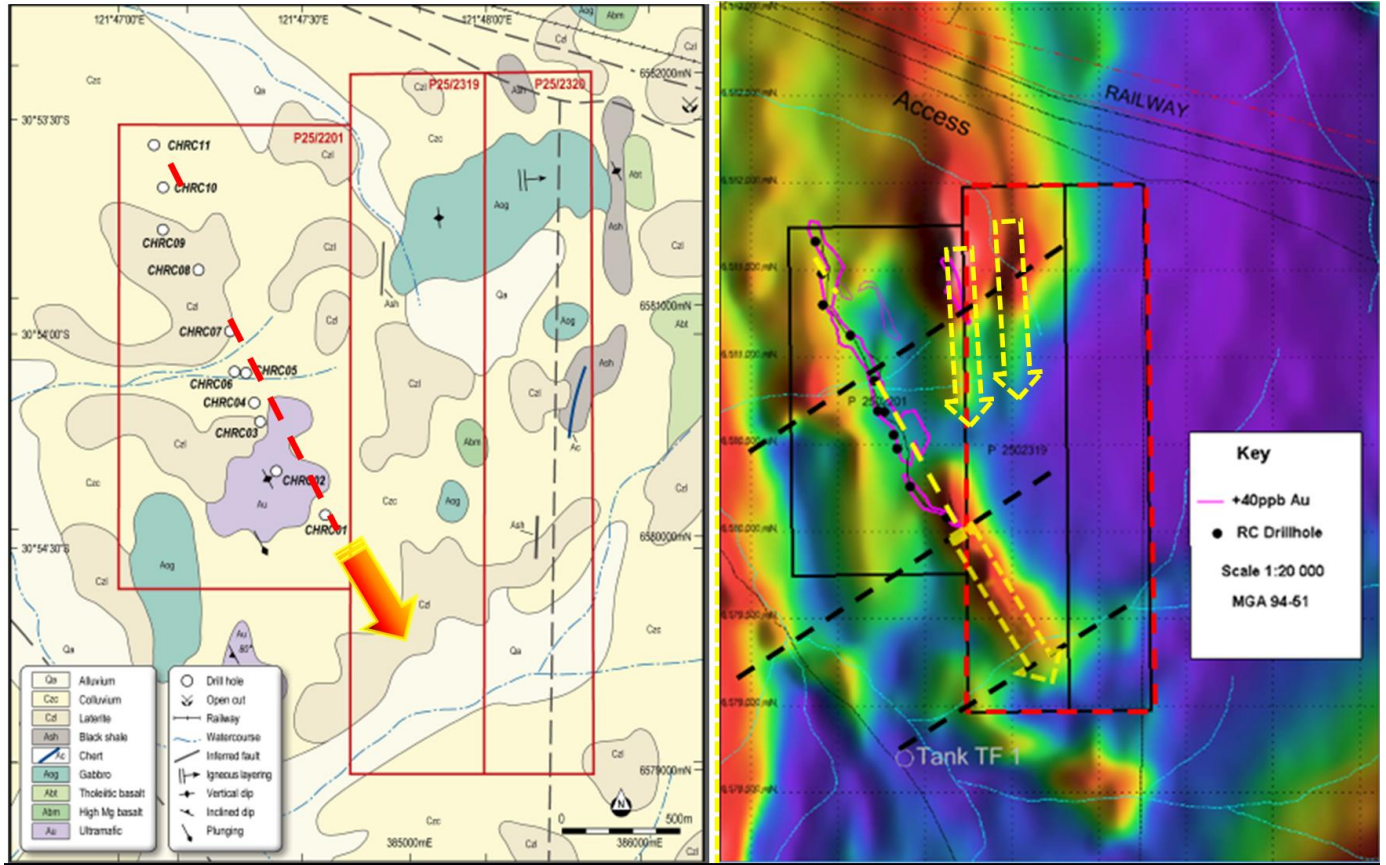


Figure 10: RC drilling on geology at Clinker Hill with (yellow) gold mineralisation trends with possible extensions

Company Review continued

Bulloo Downs Project

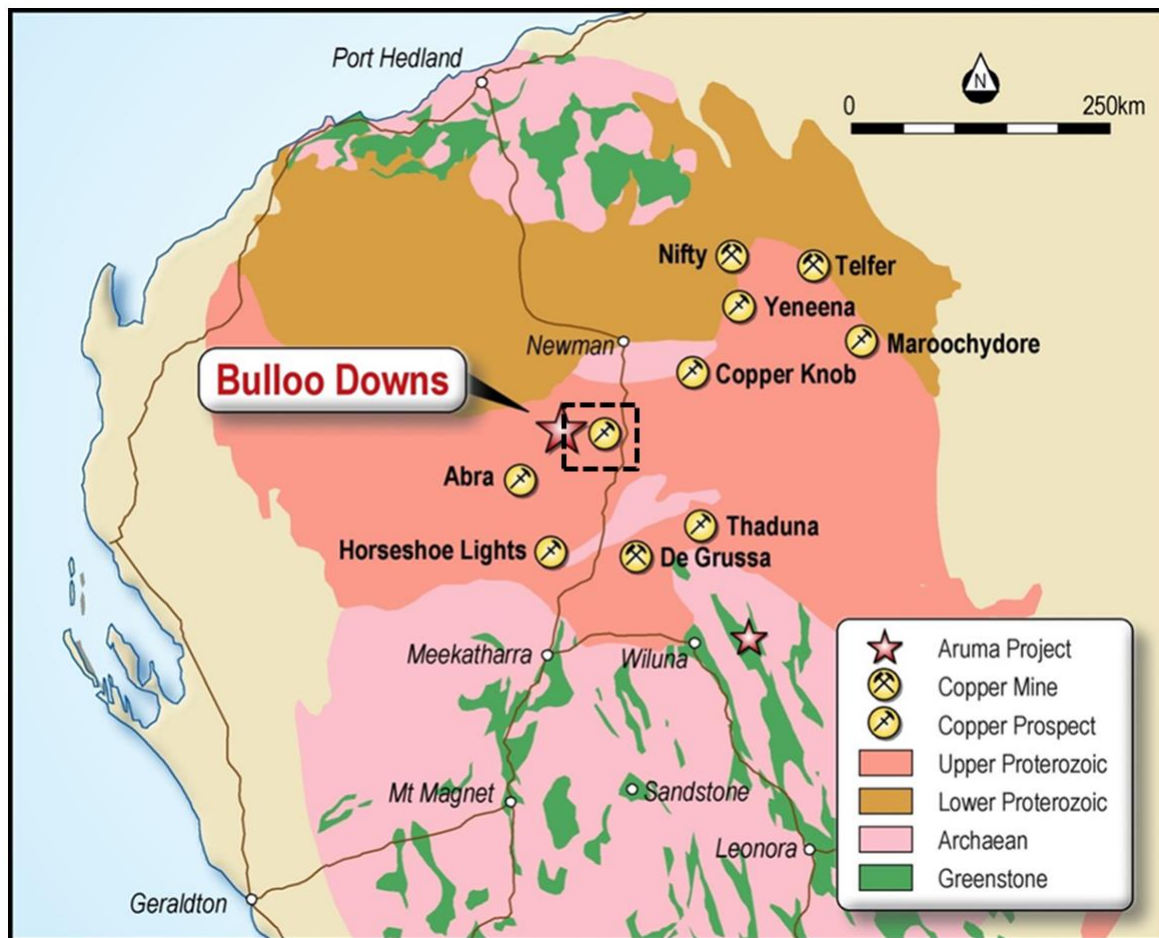


Figure 11 Location Diagram showing the deposits on stratigraphy and the Figure 12 area highlighted by Black Square.

Location and Scale

The Pilbara of Western Australia has the potential to make up the forecast world copper shortfall in global copper supply in the next decade. The Pilbara Copper Province has fertile geology, proven copper endowment, proximity to markets and government and indigenous parties' supportive of mining. The Province covers some 150,000km² and the copper deposits are situated in the northeast section (Yeneena) and the central area (Capricorn) of the Proterozoic basins.

Aruma completed a 961m diamond drilling program at its Bulloo Downs Copper Project (Bulloo). This drilling was the culmination of the emissivity mapping and sampling programs on multiple copper gossans conducted last year. Using the Nifty Copper Model, evidence of copper-phosphorous anomalism, carbonate silica alteration and sulphide rich systems of hydrothermal nature was required to confirm the Bulloo Project as capable of containing multiple Nifty style mineralisation.

Company Review *continued*

Bulloo Downs Project *continued*

After collating all the data and completing mapping and surface sampling over most of the 2,800km² of leases, Aruma RC drilled the nine defined Tier 1 targets and encountered copper mineralisation in five. However no sulphide mineralisation was drilled and all the areas drilled were outside the emissivity targets.

Research into the Nifty style mineralisation defined the parameters that needed to be established at Bulloo, namely the presence of:

1. copper-phosphorous anomalism at 0.1% in sulphides;
2. oxidised and reduced domains;
3. quartz carbonate veining;
4. hydrothermal temperatures and pressures;
5. black shales with carbonate beds; and
6. sulphur rich sediments.

The deep drilling has confirmed that the Bulloo Copper Project has all the required parameters and the results increased the Aruma's understanding of fresh rock copper mineralisation.

Emissivity Anomaly Targets

Aruma has secured funding for 50% of direct drilling costs of up to \$100,000. The funding can be utilised for diamond drilling at Aruma's Bulloo Downs copper Project.

The Co-Funded deep diamond drill program would be designed to test up to three copper phosphorous anomalies in known mineralised structural positions defined by sampling and emissivity mapping. Two diamond drill holes drilled last year confirmed the effectiveness of the emissivity survey in identifying reduced and mineralised zones. The Copper-Phosphorous is leached from outside the target area and deposited in the reduced carbonaceous/sulphidic zone. This is accompanied with hydrothermal alteration and quartz carbonate veining. Spot values up to 0.3% phosphorous and 0.1 % Cu were detected (portable XRF) in shales in BDD01 at 351.5m down hole (300m vertical) depth.

Aruma has invested \$2m (with \$1m returned under the R&D tax incentive) on the exploration of the Bulloo Leases in the last three years. This has seen the definition of strong geological, geochemical and geophysical targets over an initial area of 2,900km². This work has allowed Aruma to reduce the lease area by 62% to 950km².

Company Review continued

Bulloo Downs Project continued

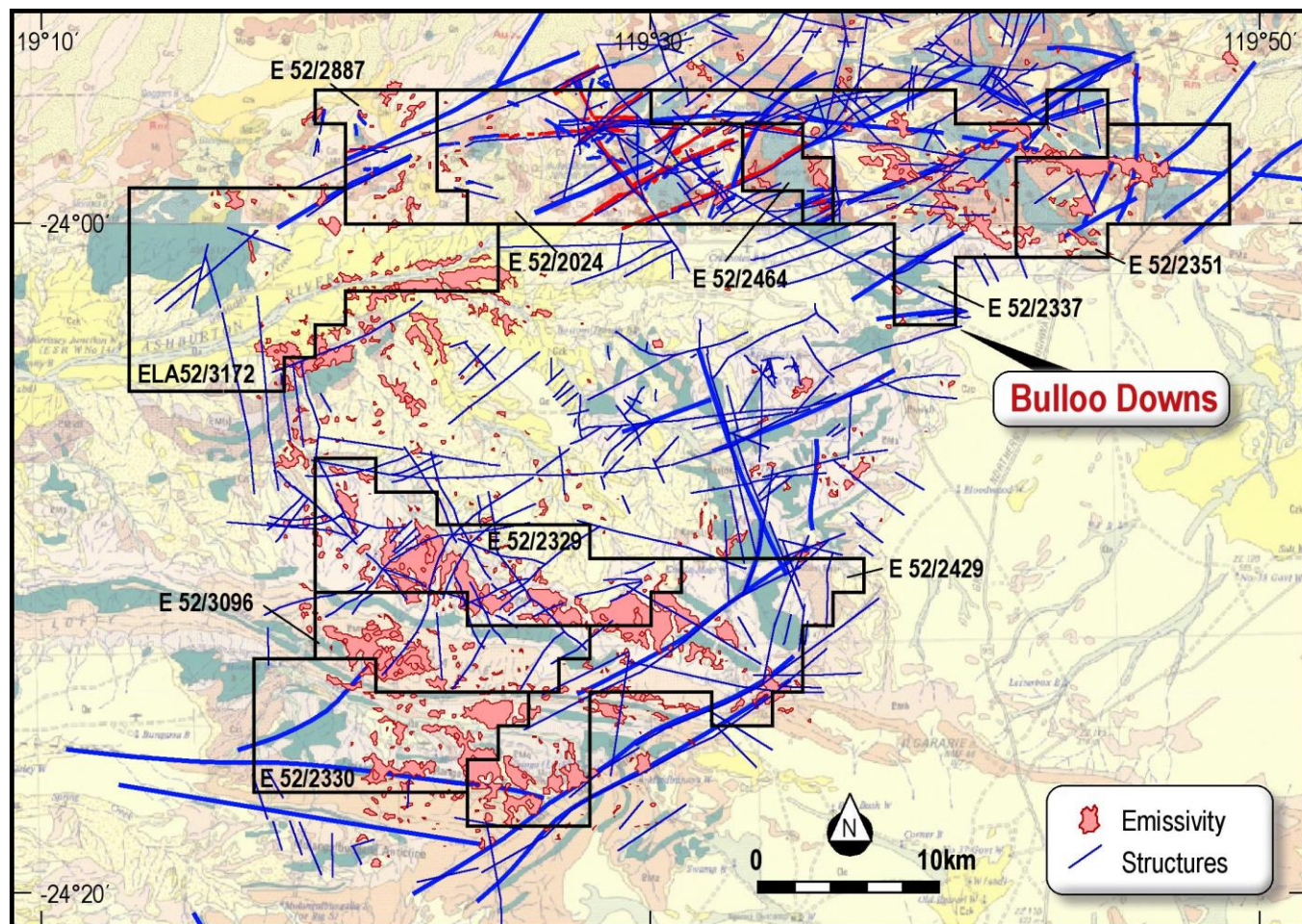


Figure 12 New lease holding at Bulloo Downs after reduction, with Emissivity and structures mapped.

The culmination of this work was the drilling of two 500m diamond holes on two high ranked targets to investigate the presence of hydrothermal copper orebodies. This drilling established the presence of a Copper-Phosphorous anomaly with the hydrothermal silica carbonate garnet alteration in black shales and carbonate stratigraphy.

Company Review continued

Bulloo Downs Project continued

Bulloo Downs Copper Project Drilling

The proposed new holes are targeting copper mineralisation on strong hydrothermal structures in a block faulted locality as shown below in Figure 13.

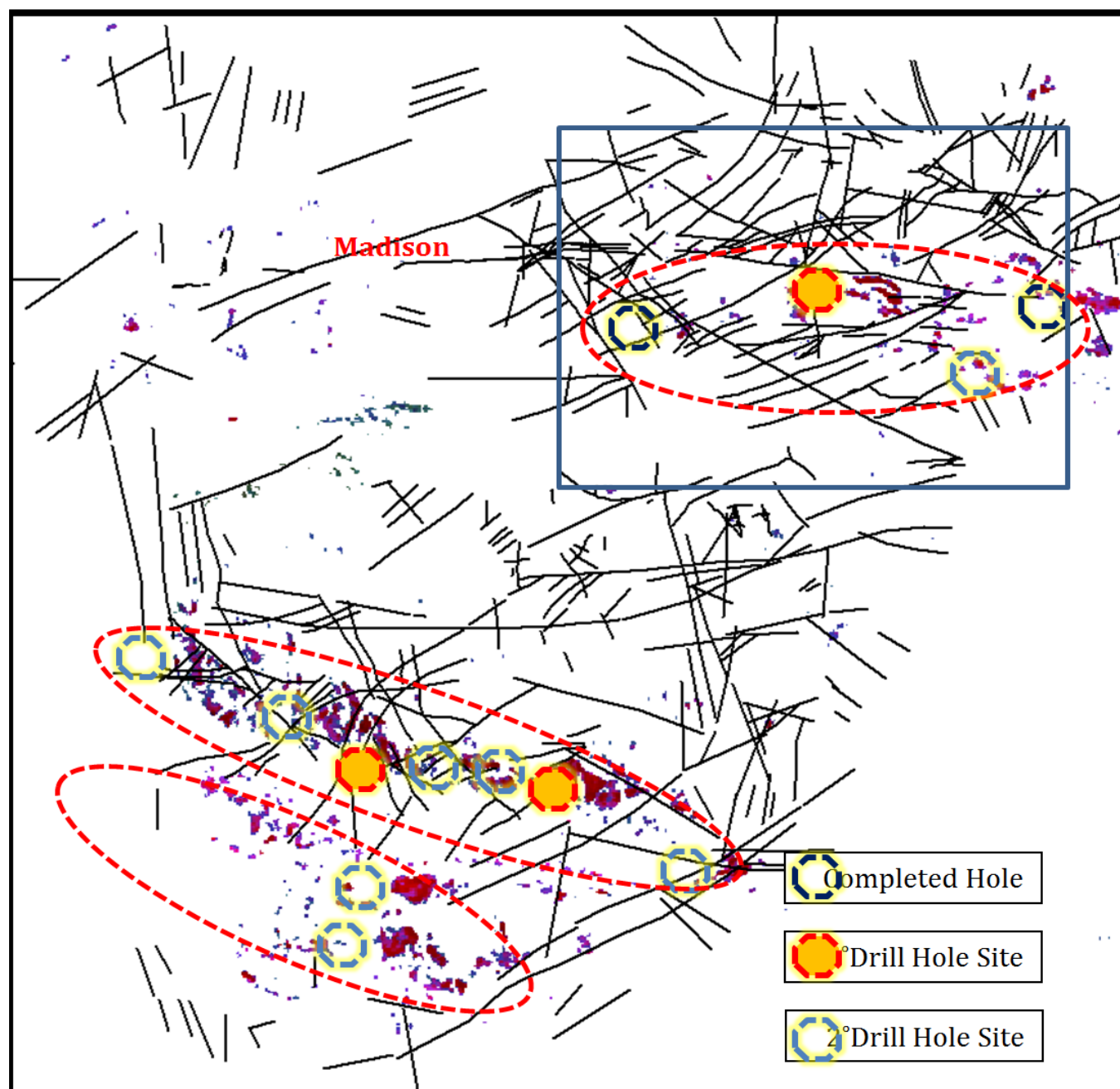


Figure 13 Likely drill hole targets on coincident Copper anomalies on HyMap structure with emissivity anomalies. Note 2 already drilled, 3 First Order targets and 8 Second Order targets. The first order targets are drilled to test for Copper mineralisation in Cu-P anomalism on structure and emissivity.

Company Review continued

Bulloo Downs Project continued

The drilling will be used to provide evidence of commercially viable copper mineralisation and whether the Company continues exploration on the region for copper.

Hole Number	Collar Easting	Collar Northing	Dip/Azimuth	Depth
BDD001	778415m E	7347179m S	-60°/210°	541.7m
BDD002	763806m E	7346007m S	vertical	420.1m

Table 7 Bulloo Drill Hole details

PROJECTS SUMMARY

Glandore Hub	<ul style="list-style-type: none"> ▪ Glandore Gold Project - 40km east of Kalgoorlie-Boulder ▪ Northern leases joint ventured ▪ Focus shifts to Glandore South with RC drilling planned
	<ul style="list-style-type: none"> ▪ Clinker Hill Gold Lease - 35km east of Kalgoorlie-Boulder ▪ Additional leases granted ▪ Geochemical sampling to test continuation of anomalism ▪ Follow up second phase RC drilling
Regional	<ul style="list-style-type: none"> ▪ Bulloo Downs Copper Project – 100km south of Newman ▪ EIS Deep Diamond drilling to continue testing emissivity targets ▪ Area reduced

Table 8: Project Status and Activity Table

PROPOSED EXPLORATION ACTIVITIES FOR FY2017

Aruma's lease holdings are constantly being appraised and currently total approximately 960km².

All of Aruma's projects have strong metal indicators and proven high grade potential. Ongoing work comprises:

- **Bulloo Downs Copper Project** –Diamond drilling to test HyMap anomalies on emissivity structures at depth and give detailed stratigraphy of the Bangemall Formation in the Bulloo and Neds Gap structural corridors, EIS Co-funded drill program and lease appraisal
- **Glandore** – Southern Gold JV at North Glandore with RC drilling of Goddards
- **Clinker Hill** – Data interpretation, geochemical sampling followed by second phase RC drilling

Company Review continued

PROPOSED EXPLORATION ACTIVITIES FOR FY2017 CONTINUED

The Company has cash and term deposit balances of \$1,003,504 at 30 June 2016 having received an R&D tax incentive offset of \$623,032 before costs during the year.

Aruma will also be appraising leases that are becoming available in the Wiluna-Kalgoorlie terrain, especially where adjacent to current projects or with resources or intersections.

In addition to its current projects in Western Australia, Aruma continues to evaluate other potential project opportunities.

Competent Person's Statement

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

Directors' Report

Your directors present their report together with the financial statements of the Group consisting of Aruma Resources Limited ("the Company") and the entity it controlled for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. INFORMATION ABOUT THE OFFICERS OF THE COMPANY

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

Paul Boyatzis

B Bus, ASA, MSDIA, MAICD – Chairman, Non- Executive Director.

Appointed 5 January 2010

Mr Boyatzis has over 25 years' experience in the commercial, investment and equity markets, and in particular, with emerging growth companies within the financial services and mining sectors.

Mr Boyatzis is a member of the Australian Institute of Company Directors, the Securities and Derivatives Industry Association and CPA Australia. He has served as Chairman and Director of a number of public and private companies globally.

During the three year period to the end of the financial year Mr Boyatzis has served as a Director of Transaction Solutions International Limited (February 2010 – present), Ventnor Resources Limited (September 2010 – present) and Nexus Minerals Limited (October 2006 – present).

Mr Peter Schwann

Ass.App.Geology, FAusIMM (CP) – Managing Director

Appointed 11 February 2010

Mr Schwann has worked all facets of mineral exploration, company management and consulting.

Early in his career he worked with some of Australia's biggest companies exploring for nickel, iron ore, gold and mineral sands. Mr Schwann has held project generation and evaluation roles with resource companies in Africa, Asia, Australia and Eastern Europe. He has participated in evaluations of precious and base metal deposits in Mexico, Africa, Madagascar, China and Kyrgyzstan.

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

Ki Keong Chong

LLB (Hons) – Non-Executive Director

Appointed 1 February 2011

Mr Chong is the Managing Partner of the law firm, KK Chong & Company. He is highly regarded in the legal aspects of corporate finance and banking, conveyancing, employee stock option schemes, public listing, due diligence exercise, joint ventures, schemes of arrangement and compromise and exchange control regulations in both Singapore and Malaysia. He brings to the Board a wealth of international corporate experience and contacts to investors in the Singapore/Malaysia region.

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

Directors' Report continued

1. INFORMATION ABOUT THE OFFICERS OF THE COMPANY CONTINUED

Phillip MacLeod

B Bus, ASA, MAICD – Company Secretary

Appointed 5 January 2010

Mr MacLeod has over 20 years' commercial experience and has held the position of company secretary with listed public companies since 1995. Mr MacLeod has provided corporate, management and accounting advice to a number of public and private companies involved in the resource, technology, property and healthcare industries.

2. FINANCIAL AND OPERATING REVIEW

The Group made a loss for the year of \$387,385 (2015: \$1,821,132). The Group had cash and term deposit balances at 30 June of \$1,003,504 (2015: \$916,457).

During the year the Company issued 5,000,000 shares to a drilling contractor in part payment of drilling costs. The Company also issued 77,152,087 shares at an issue price of 0.6 cents per share to raise \$462,912 before issue costs.

During the year the Company also received \$623,032 before costs as a tax offset under the Research and Development tax incentive for 2015 for exploration activity carried out on the Glandore Project.

These funds are to be used for future development of the Group's exploration projects.

A review of operations is on page 5.

3. DIRECTOR'S MEETINGS

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

Director	Meetings Held	Meetings Attended
Paul Boyatzis	4	4
Peter Schwann	4	4
Ki Keong Chong	4	4

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

Directors' Report continued

4. REMUNERATION REPORT (*AUDITED*)

4.1 Principles of compensation

Remuneration is referred to as compensation throughout this report.

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

Remuneration levels for key management personnel and other staff of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives and take account of factors such as length of service, particular experience and expertise. The non-executive director receives a fixed fee of \$18,000 per annum effective from 1 September 2015 (previously \$30,000 per annum). The Chairman receives a fixed fee of \$43,200 per annum effective from 1 September 2015 (previously \$72,000 per annum) plus statutory superannuation or GST as applicable. Currently key management personnel remuneration is not dependent on the satisfaction of any performance condition.

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

Directors' Report continued

4. REMUNERATION REPORT (AUDITED) continued

4.2 Remuneration of directors and senior management (audited)

Key management personnel remuneration for the years ended 30 June 2016 and 30 June 2015.

	Year	Short-term			Total	Post-employment		Termination Benefit	Share-based Payments		Proportion of remuneration performance related %	Value of options as proportion of remuneration
		Salary & Fees	Cash Bonus	Non-monetary Benefits		Superannuation Benefits	Other long term		Options & Rights	Total		
		\$	\$	\$		\$	\$		\$	\$		
Non-Executive Directors												
Mr P Boyatzis	2016	48,000	-	-	48,000	-	-	-	-	48,000	-	-
	2015	72,000	-	-	72,000	-	-	-	18,076	90,076	-	20.06
Mr K K Chong	2016	20,000	-	-	20,000	-	-	-	-	20,000	-	-
	2015	30,000	-	-	30,000	-	-	-	9,038	39,038	-	23.15
Executive Directors												
Mr P Schwann	2016	175,000	-	-	175,000	16,625	-	-	-	191,625	-	-
	2015	250,000	-	-	250,000	23,750	-	-	36,152	309,902	-	11.66
Total	2016	243,000	-	-	243,000	16,625	-	-	-	259,625	-	-
	2015	352,000	-	-	352,000	23,750	-	-	63,266	439,016	-	14.41

Directors' Report *continued*

4. REMUNERATION REPORT (AUDITED) *continued*

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

During the year nil (2015: 3,500,000) options over unissued shares were granted to directors or key management personnel as part of their remuneration.

4.4 *Service agreement*

Aruma had an Executive Service Agreement with Mr Peter Schwann, Managing Director. From 1 October 2015 Mr Schwann's remuneration consists of \$150,000 per annum base salary (previously \$250,000) plus statutory superannuation and provision of a laptop computer and mobile phone.

The agreement ended on 20 June 2016. From this date Mr Schwann has been engaged on similar terms with a one month notice period for cessation to be given in writing by either party.

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

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

No options granted to directors or executives were exercised during the year. 3,500,000 options previously granted to directors or executives lapsed during the year.

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

END OF REMUNERATION REPORT (AUDITED)

5. SHARE OPTIONS

Unissued shares under option

There are 7,125,000 options (2015: 13,500,000) over unissued shares in Aruma.

Share options lapsed

6,375,000 options lapsed unexercised the year (2015: 400,000).

Share options issued

There were no options over unissued shares in Aruma issued during the year as share-based compensation to directors (2015: 3,500,000 options).

Shares issued on exercise of options

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

6. PRINCIPAL ACTIVITY

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

Directors' Report continued

7. DIVIDENDS

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

8. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date Aruma announced the raising of \$400,000 through the placement of 50 million shares at an issue price of 0.8 cents per share. The placement is being made to professional and sophisticated investors with D J Carmichael Pty Ltd ("DJC") acting as Lead Manager to the placement.

The Company has also mandated DJC to fully underwrite a pro-rata non-renounceable rights issue ("rights issue") on the same terms as the placement subject to the execution of an underwriting agreement. The rights issue would be on the basis of 1 new share for every 4 shares held by eligible shareholders to raise approximately \$563,000.

The funds raised from the placement and rights issue will be used for targeted exploration programs on the Company's existing gold projects and general working capital.

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

9. LIKELY DEVELOPMENTS

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

10. DIRECTORS' INTERESTS

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

Director	Ordinary shares	Options over ordinary shares
Mr P Boyatzis	14,022,568	1,000,000
Mr P Schwann	8,703,251	2,000,000
Mr K K Chong	300,000	500,000

11. ENVIRONMENTAL REGULATIONS

In the course of its normal exploration and evaluation activities the Group adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements up to the date of this report. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Group.

Directors' Report continued

12. INDEMNIFICATION OF OFFICERS AND AUDITORS

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

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

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

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

13. NON-AUDIT SERVICES

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

	Consolidated	
	2016	2015
	\$	\$
Audit and review of financial reports	28,400	30,403
Taxation services	4,800	3,870
Total	33,200	34,273

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

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

The auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is set out on page 33.

Directors' Report continued

15. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

This report is made with a resolution of the directors.

A handwritten signature in black ink, enclosed within a large, hand-drawn oval. The signature appears to be 'P. Boyatzis'.

P. Boyatzis
Director
Perth

Dated 30th September 2016

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

To the directors of Aruma Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Nexia Perth Audit Services Pty Ltd



Theuns Klopper
Director

30 September 2016
Perth

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

Independent member of Nexia International



Nexia Perth Audit Services Pty Ltd is an independent Western Australian firm of chartered accountants using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	Note	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Revenue from exploration expenditure	3	864,745	537,893
Exploration and evaluation expenditure expensed as incurred		(612,591)	(1,375,070)
Depreciation	4	(11,869)	(12,897)
Directors' remuneration	24	(259,625)	(439,016)
Employee benefits		(3,475)	(134,675)
Impairment of exploration assets		(70,960)	(56,236)
Legal and professional fees		(137,442)	(113,197)
Occupancy expenses		(22,603)	(48,072)
Other expenses		(149,498)	(221,499)
Loss from operating activities	4	(403,318)	(1,862,769)
Financial income		15,935	41,980
Financial expense		(2)	(343)
Net financing income	5	15,933	41,637
Loss before income tax		(387,385)	(1,821,132)
Income tax expense	8	-	-
Total comprehensive loss		(387,385)	(1,821,132)
Loss Per Share			
Basic and diluted loss per share (cents per share)	7	(0.20) cents	(1.22 cents)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

For the Year Ended 30 June 2016

	Note	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	10	499,702	916,457
Trade and other receivables	11	4,920	12,930
Term deposit investments	12	503,802	-
Other current assets	13	3,793	14,427
Total current assets		1,012,217	943,814
Non-current assets			
Plant and equipment	14	38,565	47,754
Capitalised exploration expenditure	15	129,773	200,733
Total non-current assets		168,338	248,487
Total assets		1,180,555	1,192,301
LIABILITIES			
Current liabilities			
Trade and other payables	16	47,174	113,777
Provisions	17	45,688	68,603
Total current liabilities		92,862	182,380
Total liabilities		92,862	182,380
Net assets		1,087,693	1,009,921
Equity			
Issued capital	18	9,195,118	8,729,961
Reserves	19	127,684	211,967
Accumulated losses	20	(8,235,109)	(7,932,007)
Total equity		1,087,693	1,009,921

The accompanying notes form part of these financial statements.

Consolidated Statement of Cashflows

For the Year Ended 30 June 2016

	Note	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Cash flows from operating activities			
Receipts from exploration activities		864,745	537,893
Interest received		17,108	38,935
Interest paid		(2)	(343)
Exploration expenditure		(628,240)	(1,295,109)
Payments to suppliers and employees		(594,041)	(851,913)
Net cash used in operating activities	26(b)	(340,430)	(1,570,537)
Cash flows from investing activities			
Transfer to/(from) term deposit investment		(503,802)	1,565,158
Payments for purchase of plant and equipment		(2,680)	(6,165)
Net cash used in investing activities		(506,482)	1,558,993
Cash flows from financing activities			
Proceeds from issue of securities		462,912	-
Cost of capital raising		(32,755)	-
Net cash provided by financing activities		430,157	-
Net decrease in cash and cash equivalents		(416,755)	(11,544)
Cash and cash equivalents at beginning of the year		916,457	928,001
Cash and cash equivalents at end of the year	26(a)	499,702	916,457

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

	Issued Capital \$	Accumulated Losses \$	Share-based payment reserve \$	Total equity \$
Balance at 1 July 2014	8,729,961	(6,128,760)	95,389	2,696,590
Loss for the year	-	(1,821,132)	-	(1,821,132)
Total comprehensive loss for the year	-	(1,821,132)	-	(1,821,132)
Expiry of options	-	17,885	(17,885)	-
Share-based payments	-	-	134,463	134,463
Balance at 30 June 2015	8,729,961	(7,932,007)	211,967	1,009,921
Balance at 1 July 2015	8,729,961	(7,932,007)	211,967	1,009,921
Loss for the year	-	(387,385)	-	(387,385)
Total comprehensive loss for the year	-	(387,385)	-	(387,385)
Expiry of options	-	84,283	(84,283)	-
Shares issued for cash	462,912	-	-	462,912
Share issue costs	(32,755)	-	-	(32,755)
Share-issue in settlement of Westralian Diamond Drillers	35,000	-	-	35,000
Balance at 30 June 2016	9,195,118	(8,235,109)	127,684	1,087,693

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statement

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES

Aruma Resources Limited (the “Company”) is a company domiciled in Australia. The financial report of the Company and its subsidiary (the “Group”) is for the year ended 30 June 2016.

a. Statement of compliance

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

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

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

The financial statements were authorised for issue by the directors on 30th September 2016.

b. Basis of preparation

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

c. Financial position

The financial report is prepared on a going concern basis.

At the balance date, the Group had an excess of current assets over current liabilities of \$919,355 (2015: \$761,434). Notwithstanding this positive working capital position, the Group is reviewing its tenement holdings with a view to either a joint-venture, sale or relinquishing those holdings which are considered less prospective in order to preserve working capital over the next 12 months.

Subsequent to the balance date the Company announced it will undertake a share placement to raise \$400,000 before issue costs and a rights issue to raise a further \$563,000 before issue costs.

The Company is also in the process of lodging a 2016 R&D tax incentive application which, if successful, will provide further funding for the next 12 months.

The Directors believe that the funds raised from the share placement, rights issue and expected R & D tax incentive offset will provide sufficient funds to meet the Group's working capital requirements for the next 12 months.

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

d. Adoption of new and revised standards

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2015:

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

New standards not yet adopted

The following standards and interpretations have been issued by the AASB, but are not yet effective and have not been adopted by the Group for the period ending 30 June 2016. The Directors have not yet determined the impact of new and amending accounting standards and interpretations applicable 1 July 2016.

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES continued

d. Adoption of new and revised standards continued

New standards not yet adopted

	Application date of the standard	Applies to financial year
AASB 1057 <i>Application of Australian Accounting Standards</i>	1 January 2016	30 June 2017
AASB 2014-3 <i>Accounting for Acquisitions of Interests in Joint Operations – Amendments to AASB 11</i>	1 January 2016	30 June 2017
AASB 2014-4 <i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</i>	1 January 2016	30 June 2017
AASB 2014-9 <i>Equity Method in Separate Financial Statements (Amendments to AASB 127)</i>	1 January 2016	30 June 2017
AASB 2015-1 <i>Annual Improvements to Australian Accounting Standards 2012-2014</i>	1 January 2016	30 June 2017
AASB 2015-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i>	1 January 2016	30 June 2017
AASB 2015-5 <i>Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception</i>	1 January 2016	30 June 2017
AASB 2015-9 <i>Amendments To Australian Accounting Standards – Scope And Application Paragraphs</i>	1 January 2016	30 June 2017
AASB 2016-1 <i>Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]</i>	1 January 2017	30 June 2018
AASB 2016-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	1 January 2017	30 June 2018
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 January 2018	30 June 2019
AASB 2014-10 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)</i>	1 January 2018	30 June 2019
AASB 9 <i>Financial Instruments</i>	1 January 2018	30 June 2019
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2018	30 June 2019
AASB 16 <i>Leases</i>	1 January 2019	30 June 2020

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

e. Basis of Consolidation

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

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

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

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

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

f. Revenue recognition

Interest revenue

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

Research & Development

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

g. Plant & equipment

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

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

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

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

h. Cash and cash equivalents

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

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

i. Impairment

Non-financial assets

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

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

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

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

j. Issued capital

Ordinary shares

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

k. Employee benefits

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

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

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

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

l. Income tax

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

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

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

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

m. Provisions

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

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

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

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

n. Goods and services and tax

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

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

o. Exploration and evaluation

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

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

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

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

p. Earnings per share

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

q. Segment reporting

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

r. Financial assets

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

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

Notes to the Consolidated Financial Statement *continued*

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

r. Financial assets *continued*

(i) *Effective interest method*

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

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

(ii) *Financial assets at FVTPL*

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

A financial asset is classified as held for trading if:

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

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

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

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

r. Financial assets continued

(iii) *AFS financial assets*

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

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

(iv) *Loans and receivables*

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

(v) *Impairment of financial assets*

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

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

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

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

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

s. Share-based payment transactions

(i) *Equity settled transactions:*

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

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

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

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

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

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

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

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

t. Trade and other payables

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES continued

u. Leases

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

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

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

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

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

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

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

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

Share-based payment transactions:

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

Exploration and evaluation costs carried forward

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

Recovery of deferred tax assets

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

3. REVENUE

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Revenue		
R & D tax incentive offset	623,032	517,098
Sale of interest in tenements	100,000	-
Drilling grant	90,060	-
Other sales	30,000	-
Refunds	21,653	20,795
Total	864,745	537,893

4. LOSS BEFORE INCOME TAX

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Loss before income tax		
Loss before income tax expense has been arrived at after charging the following item:		
Depreciation	11,869	12,897

5. FINANCING INCOME

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Financing Income		
Interest income	15,935	41,980
Interest expense	(2)	(343)
Total	15,933	41,637

6. AUDITOR'S REMUNERATION

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
During the year the following fees were paid or payable for services provided by auditors of the Group, their related practices and non-related audit firms		
Audit and review services:		
- Auditors of the Group	28,400	30,403
Other Professional services:		
- Auditors of the Group	4,800	3,870

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

7. LOSS PER SHARE

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

	CONSOLIDATED 2016	CONSOLIDATED 2015
Loss per share		
Loss per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date	0.20 cents	1.22 cents
a) Weighted average number of shares used in calculation of basic loss per share		
Shares on issue at beginning of year	149,304,167 shares	149,304,167 shares
Effect of 5,000,000 shares issued on 10 November 2015	3,196,721	-
Effect of 77,152,087 shares issued on 15 December 2015	41,948,812	-
Weighted average number of ordinary shares at 30 June	194,449,700 shares	149,304,167 shares
b) Loss used in calculating basic loss per share		
	\$387,385	\$1,821,132

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

8. INCOME TAXES

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
--	----------------------------	----------------------------

a. Recognised in the statement of profit or loss and other comprehensive income

The major components of the tax expense/(income) are:

Current tax expense	-	-
Deferred tax income relating to the origination and reversal of temporary timing differences	-	-
Total tax income attributable to continuing operations	-	-

b. Amounts charged or credited directly to equity

Deferred income tax related to items (credited) directly to equity	-	-
Income tax expense/(benefit) reported in equity	-	-

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

c. Numerical reconciliation between aggregate income tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate

Profit/(loss) before income tax expense from operations	(387,385)	(1,821,132)
Income tax expense/(benefit) calculated at 28.50%	(110,405)	(546,340)
Impact from reduction in tax rate	83,334	332,811
Over/(under) provision of tax in prior periods	382,024	-
Non-assessable income	(177,564)	(155,129)
Temporary differences not recognised	(56,969)	(41,145)
Non-deductible expenses	470	59,403
Tax losses not recognized/(utilised)	(120,890)	350,400
Income tax expense/(benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 28.50% (2015: 30%) payable by Australian corporate entities on taxable profits under Australian tax law.

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

8. INCOME TAXES continued

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
d. The following deferred tax assets and (liabilities) have not been brought to account as assets:		
Tax losses - revenue	1,545,780	1,666,670
Temporary differences	2,270	35,659
	1,548,050	1,702,329
e. Deferred tax assets not recognised in respect of the following items:		
Trade and other receivables	(1,270)	-
Trade and other payables	20,627	28,432
Exploration costs	(36,985)	(20,091)
Section 40-880 expenses	19,898	27,318
Tax losses carried forward	1,545,780	1,666,670
Income tax expense/(benefit) reported in equity	1,548,050	1,702,329
f. Carry forward tax losses:		
Unused tax losses, for which no deferred tax asset has been recognised (as recovery is currently not probable)	5,423,790	5,555,569
Unused capital losses, for which no deferred tax asset has been recognised (as recovery is currently not probable)	-	-
At 28.50% (2015: 30%)	1,545,780	1,666,670

The deferred tax assets have not been brought into account at balance date as the realisation of these is not probable. This benefit (which has been calculated as 28.50% of losses and deductions available) will only be obtained if:

- i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- ii) the Company continues to comply with the conditions for deductibility imposed by the tax legislation; and
- iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the losses

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

9. FINANCIAL INSTRUMENTS

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

Credit risk

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

Cash

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

Trade and other receivables

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

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

Exposure to credit risk

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

9. FINANCIAL INSTRUMENTS continued

	NOTE	CARRYING AMOUNT	
		CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Cash and bank balances	10	499,702	916,457
Trade and other receivables	11	4,920	5,630
Term deposit investments	12	503,802	-

Impairment losses

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

Liquidity risk

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

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

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

Consolidated	Carrying amount (\$)	Contractual cash flows (\$)	6 months or less (\$)	6 months or more (\$)
30 June 2016				
Trade and other payables	47,174	(47,174)	(47,174)	-
	47,174	(47,174)	(47,174)	-
30 June 2015				
Trade and other payables	113,777	(113,777)	(113,777)	-
	113,777	(113,777)	(113,777)	-

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

9. FINANCIAL INSTRUMENTS continued

Market risk

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

Currency risk

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

Interest rate risk

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

The Group has no borrowings.

Profile

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

	CONSOLIDATED 2016		CONSOLIDATED 2015	
	Carrying amount \$	Interest rate %	Carrying amount \$	Interest rate %
Fixed rate instruments				
Cash and bank balances	253,850	3.00	705,661	2.90
Term deposit investments	503,802	3.00	-	-
Variable rate instruments				
Cash and bank balances	245,852	0.15	210,796	0.86

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

9. FINANCIAL INSTRUMENTS continued

Cash flow sensitivity analysis for variable rate instruments

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

	Equity		Profit and Loss	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2016				
Variable rate instruments	2,459	(2,459)	2,459	(2,459)
30 June 2015				
Variable rate instruments	2,108	(2,108)	2,108	(2,108)

Fair value of financial instruments

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

Capital management

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

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

10. CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Cash and cash equivalents		
Cash at hand	1	1
Cash at bank	245,851	916,456
Short term deposits	253,850	-
	499,702	916,457
Weighted average interest rate	1.60%	2.43%

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Current		
GST receivables	302	7,300
Other receivables	4,618	5,630
	4,920	12,930

Trade and other receivables are non-interest bearing

12. TERM DEPOSIT INVESTMENTS

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Term deposit investments		
6 month term deposit	503,802	-

13. OTHER CURRENT ASSETS

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Other current assets		
Prepayments	3,793	9,043
Deposits	-	5,384
	3,793	14,427

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

14. PLANT & EQUIPMENT

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Office equipment at cost	11,093	11,093
Accumulated depreciation	(6,894)	(6,031)
Office equipment	4,199	5,062
Field equipment at cost	43,209	42,972
Accumulated depreciation	(18,721)	(10,370)
Field equipment	24,488	32,602
Computer equipment at cost	26,618	24,175
Accumulated depreciation	(16,740)	(14,085)
Computer equipment	9,878	10,090
Total carrying value	38,565	47,754

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

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

	Office equipment \$	Computer equipment \$	Field equipment \$	Total \$
Consolidated: 30 June 2015				
At 1 July 2014 net of accumulated depreciation	6,117	9,426	38,943	54,486
Additions	-	3,993	2,172	6,165
Depreciation charge for the year	(1,055)	(3,329)	(8,513)	(12,897)
At 30 June 2015 net of accumulated depreciation	5,062	10,090	32,602	47,754

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

15. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Balance at beginning of the year	200,733	256,969
Impairment of tenements	(70,960)	(56,236)
Balance at end of the year	129,773	200,733

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

16. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 (\$
Trade creditors and accruals (i)	47,174	113,777

(i) All trade creditors and accruals are non-interest bearing.

17. PROVISIONS

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Employee leave entitlements	45,688	68,603

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

18. SHARE CAPITAL

Ordinary shares	COMPANY 2016 \$	COMPANY 2015 \$
Ordinary shares 231,456,254 (2015: 149,304,167) fully paid ordinary shares	9,195,118	8,729,961

Movement during the year	2016 Number	2016 \$	2015 Number	2015 \$
Balance at beginning of year	149,304,167	8,729,961	149,304,167	8,729,961
Shares issued in lieu of drilling costs	5,000,000	35,000	-	-
Shares issued for cash	77,152,087	462,912	-	-
Transaction costs arising on share issues	-	(32,755)	-	-
Balance at end of year	231,456,254	9,195,118	149,304,167	8,729,961

Options

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

Exercise price \$	Expiry date	Balance at beginning of year	Issued	Exercised	Lapsed/cancelled	Balance at end of year
0.082	17/3/16	6,000,000	-	-	(6,000,000)	-
0.050	28/2/17	2,500,000	-	-	-	2,500,000
0.042	27/10/17	5,000,000	-	-	(375,000)	4,625,000
		13,500,000	-	-	(6,375,000)	7,125,000

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

19. RESERVES

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Share-based payment reserve	127,684	211,967
Movement during the year		
Balance at beginning of year	211,967	95,389
Transfer to accumulated losses on lapsing of options	(84,283)	(17,885)
Share-based payments	-	134,463
Balance at end of year	127,684	211,967

Share-based payment reserve

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

20. ACCUMULATED LOSSES

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Movement during the year		
Balance at beginning of year	(7,932,007)	(6,128,760)
Transfer from reserve on lapsing/cancellation of options	84,283	17,885
Loss for the year	(387,385)	(1,821,132)
Balance at end of year	(8,235,109)	(7,932,007)

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

21. COMMITMENTS

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Exploration expenditure commitments		
No later than 1 year	886,140	1,115,500
Later than 1 year but not later than 5 years	3,544,560	4,462,000
	4,430,700	5,577,500
Operating lease commitments		
No later than 1 year	-	8,403
Later than 1 year but not later than 5 years	-	-
	-	8,403

22. CONTINGENT LIABILITIES

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

23. SHARE BASED PAYMENTS

During the year no options were granted as share-based compensation by Aruma (2015: 7,500,000).

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

Aruma Resources Limited	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
Option series No.2*	6,000,000	17 Apr 2013	17 Mar 2016	0.082	77,504
Option series No.3	2,500,000	11 Aug 2014	28 Feb 2017	0.050	44,083
Option series No.4**	5,000,000	28 Oct 2014	27 Oct 2017	0.042	90,380

* Option series No.2 lapsed during the year.

**375,000 Option series No.4 options with a fair value at grant date of \$6,779 were cancelled during the year.

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

	2016		2015	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding at the beginning of the year	13,500,000	0.061	6,400,000	0.083
Issued during the year	-	-	7,500,000	0.045
Lapsed during the year	6,375,000	0.080	(400,000)	0.093
Outstanding at the end of the year	7,125,000	0.045	13,500,000	0.061
Exercisable at the end of the year	7,125,000	0.045	13,500,000	0.061

The outstanding balance as at 30 June 2016 is represented by 7,125,000 options over ordinary shares with an exercise price of between \$0.042 and \$0.05 each, exercisable up to dates of between 28 February 2017 and 27 October 2017.

During the year Aruma issued 5 million shares at an issue price of 0.70 cents per share to settle a liability to a drilling contractor.

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

24. KEY MANAGEMENT PERSONNEL

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

Executive director

Mr P Schwann, Managing Director

Non-executive directors

Mr P Boyatzis, Chairman

Mr K K Chong

Key management personnel compensation

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

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Short-term employee benefits	243,000	352,000
Share-based payments	-	63,266
Post-employment benefits	16,625	23,750
Total	259,625	439,016

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

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

25. RELATED PARTIES

	OWNERSHIP INTERESTS	
	2016	2015
Controlled entities		
Aruma Exploration Pty Ltd	100%	100%

Key management personnel

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

During the year Schwann Consulting Pty Ltd, an entity related to Managing Director Peter Schwann, provided a motor vehicle, caravan and equipment for hire to the Company charging a total of \$8,493 plus GST (2015: \$1,300 plus GST). There is no amount outstanding (2015: \$nil) included under trade payables at 30 June 2016.

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

26. NOTES TO STATEMENT OF CASH FLOWS

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
a. Reconciliation of cash and bank		
For the purposes of the statement of cash flows, cash and bank balances comprise the following at 30 June:		
Cash at hand	1	1
Cash at bank	245,851	210,795
Short term deposits	253,850	705,661
	499,702	916,457
b. Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Loss for the year	(387,385)	(1,821,132)
<i>Adjustments for:</i>		
Depreciation	11,869	12,897
Liability settled through issue of shares	35,000	-
Share-based payments	-	14,463
Impairment of assets	70,960	56,236
Change in assets/liabilities:		
(Increase)/decrease in trade and other receivables	8,010	50,399
(Increase)/decrease in other current assets	10,634	(2,024)
Increase/(decrease) in trade and other payables	(66,603)	(4,929)
Increase/(decrease) in provisions	(22,915)	5,553
Net cash used in operating activities	(340,430)	(1,570,537)

27. SEGMENT INFORMATION

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

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

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

27. SEGMENT INFORMATION (continued)

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

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

28. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date Aruma announced the raising of \$400,000 through the placement of 50 million shares at an issue price of 0.8 cents per share. The placement is being made to professional and sophisticated investors with D J Carmichael Pty Ltd ("DJC") acting as Lead Manager to the placement.

The Company has also mandated DJC to fully underwrite a pro-rata non-renounceable rights issue ("rights issue") on the same terms as the placement subject to the execution of an underwriting agreement. The rights issue would be on the basis of 1 new share for every 4 shares held by eligible shareholders to raise approximately \$563,000.

The funds raised from the placement and rights issue will be used for targeted exploration programs on the Company's existing gold projects and general working capital.

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

29. DIVIDENDS

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

Notes to the Consolidated Financial Statement continued

For the Year Ended 30 June 2016

30. PARENT ENTITY INFORMATION

In the year ended 30 June 2016 the Parent company of the Group was Aruma Resources Limited.

	COMPANY 2016 \$	COMPANY 2015 \$
Financial performance of Parent entity for the year		
Loss for the year	(387,385)	(1,821,132)
Other comprehensive income	-	-
Total comprehensive expense for the year	(387,385)	(1,821,132)
Financial position of Parent entity at year end		
Current assets	1,012,056	943,813
Total assets	1,180,555	1,192,301
Current liabilities	92,862	182,380
Total liabilities	92,862	182,380
<i>Total equity of the Parent entity comprising:</i>		
Share capital	9,195,118	8,729,961
Share-based payment reserve	127,684	211,967
Accumulated losses	(8,235,109)	(7,932,007)
Total equity	1,087,693	1,009,921

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

A handwritten signature in black ink, enclosed within a large, hand-drawn oval. The signature appears to be 'P. Boyatzis'.

P Boyatzis

Chairman

Perth

Dated this 30th day of September 2016



chartered accountants
and business advisors

Independent auditor's report to the members of Aruma Resources Limited

Report on the financial report

We have audited the accompanying financial report of Aruma Resources Limited which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1a, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aruma Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Nexia Perth Audit Services Pty Ltd

ACN 145 447 105

Level 3, 88 William Street, Perth WA 6000

GPO Box 2570, Perth WA 6001

p +61 8 9463 2463, f +61 8 9463 2499

audit@nexiaperth.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Perth Audit Services Pty Ltd is an independent Western Australian firm of chartered accountants using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Opinion

In our opinion:

- (a) the financial report of Aruma Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the consolidated financial report complies with International Financial Reporting Standards as disclosed in Note 1a.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Aruma Resources Limited for the year ended 30 June 2016 complies with Section 300A of the *Corporations Act 2001*.



Nexia Perth Audit Services Pty Ltd



Theuns Kloppe
Director

30 September 2016
Perth

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 26 September 2016.

Substantial Shareholders

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

Shareholder	Number
Jane Elizabeth Boyatzis	14,022,568

Voting rights

Ordinary shares

One vote for each ordinary fully paid share.

Options

There are no voting rights attached to options.

On-market buy-back

There is no current on-market buy-back.

Distribution of equity security holders

Quoted ordinary shares

Category	Number of holders	Number of Shares
1 - 1,000	12	1,642
1,001 - 5,000	6	24,822
5,001 - 10,000	89	886,287
10,000 - 100,000	160	8,104,387
100,000 and over	186	222,439,116
Total	453	231,456,254

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

Unquoted options

Category	Exercisable at \$0.050 expiring 28 February 2017		Exercisable at \$0.042 expiring 27 October 2017	
	Number of holders	Number of options	Number of holders	Number of options
1 - 1,000	-	-	-	-
1,001 - 5,000	-	-	-	-
5,001 - 10,000	-	-	-	-
10,000 - 100,000	-	-	-	-
100,000 and over	2	2,500,000	6	4,625,000
	2	2,500,000	6	4,625,000

ASX Additional Information continued

Restricted securities

The Company has 231,456,254 shares and 7,125,000 options on issue. The Company does not have any securities on issue subject to escrow.

TWENTY LARGEST SHAREHOLDERS

Fully paid ordinary shares		
Name	Number of Ordinary Shares Held	Percentage (%)
National Nominees Limited	13,848,500	5.98
Lesuer Pty Ltd	12,245,125	5.29
Pillage Investments Pty Ltd	10,000,000	4.32
P McSweeney	10,000,000	4.32
Contango Nominees Pty Limited	8,142,500	3.52
Nexus Minerals Limited	7,500,000	3.24
Aviemore Capital Pty Ltd	7,400,000	3.20
Apollo Corporation (WA) Pty Ltd	7,400,000	3.20
HSBC Custody Nominees (Australia) Limited	5,565,728	2.41
Ironside Pty Ltd	5,200,000	2.25
K R Don Pty Ltd	5,200,000	2.25
Dhu Holdings Pty Ltd	5,004,098	2.16
Westralian Diamond Drillers Pty Ltd	5,000,000	2.16
Paso Holdings Pty Ltd	4,800,000	2.07
Hipete Pty Ltd	4,684,208	2.02
PB Schwann	4,515,000	1.95
Cornela Pty Ltd	3,750,000	1.62
PB Schwann	3,502,001	1.51
Bachilton Pty Ltd	3,350,000	1.45
Lemuel Investments Limited	3,333,333	1.44
Total	130,440,493	56.36

Tenement Listing

Tenements	Location	Interest
<u>Glandore (Gold)</u>		
M25/327	Eastern Goldfields Region Western Australia	100%
M25/329		
M25/330		
P25/2089		
P25/2090		
P25/2091		
P25/2092		
P25/2093		
P25/2094		
P25/2103		
P25/2117		
P25/2118		
P25/2119		
P25/2153		
P25/2154		
P25/2202		
P25/2203		
P25/2204		
P25/2073		
P25/2074		
P25/2075		
P25/2076		
P25/2215		
P25/2216		
<u>Clinker Hill (Gold)</u>		
P25/2201	South of Glandore	100%
P25/2319		
P25/2320		

Note: There are two tenements under application at Glandore (Gold), P25/2388 and P25/2389. There is 1 tenement at Norseman under application, P63/2063.

Tenement Listing continued:

Tenements	Location	Interest
Bulloo Downs (Copper)		
E52/2024-I	Ashburton Region Western Australia	90% Option with Dynasty Resources Ltd to farm-in for up to a 90% interest
E52/2464-I		
E52/2329-I		90% Joint venture with Atlas Iron Ltd to earn up to 90% interest
E52/2330-I		
E52/2337-I		
E52/2351-I		
E52/2429-I		
E52/2887		100%. Transfer from Plasia Pty Ltd
E52/3096		100%
E52/3172		100%

Corporate Governance Statement

The Company's 2016 Corporate Governance Compliance Statement has been released as a separate document and is located on our website at <http://www.arumaresources.com/corporate/corporate-governance/> .