Aruma Resources Limited

ABN 77 141 335 364

www.arumaresources.com

ANNUAL REPORT 2011

ARUMA RESOURCES LIMITED

ABN 77 141 335 364

ANNUAL REPORT
30 JUNE 2011

CONTENTS

This annual report covers the Group consisting of **Aruma Resources Limited** (**"Aruma", "the Company", ASX: "AAJ")** and the entities it controlled during the year for the year ended 30 June 2011. The Group's functional and presentation currency is Australian dollars ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' report on pages 6 to 23. The Directors' report is not part of the financial report.

Directors

Paul Boyatzis (Chairman)

Peter Schwann (Managing Director)

Danny Costick

Ki Keong Chong

Company Secretary

Phillip MacLeod

Registered office

24 Colin Street

West Perth WA 6005

Australia

Principal place of business

24 Colin Street

West Perth WA 6005

Australia

Telephone: +61 8 9481 2425

Facsimile: +61 8 9481 1756

Website: www.arumaresources.com

Share Register

Advanced Share Registry Services

110 Stirling Highway

Nedlands WA 6009

Australia

Auditors

MGI Perth Audit Services Pty Ltd

Level 7, The Quadrant

1 William Street

Perth WA 6000

Australia

Solicitors

Fairweather Corporate Lawyers

Ground Floor, 1 Havelock Street

West Perth WA 6005

Australia

ASX Code:

Ordinary shares – AAJ

Dear Shareholder

During the past twelve months, Aruma Resources Limited ("Aruma", "the Company") has successfully made the transition to a publicly listed company, and expanded and advanced its suite of gold assets in the prime Eastern Goldfields region of Western Australia.

The Company is now moving forward with its strategy to systematically explore the gold mineralisation potential of its growing landholding, with a view to developing a gold production hub centred around the flagship Glandore project.

Aruma is continuing its tenure growth plans, and during the year consolidated and extended its total lease position from 341km^2 to more than 1,000km^2. This included an expansion of the Glandore project, which now covers 41km^2 of contiguous ground. It also includes a series of satellite leases which cover highly prospective belts of proven gold zones, mostly under thin cover, and close to the established infrastructure of the Goldfields region.

Aruma now has eight prospective project areas within the Eastern Goldfields region, including the northern and eastern extensions of the high grade zones at the Glandore project. These projects remain largely underexplored, and the company is focussed and well positioned to continue exploration of these leases. A key to our exploration approach is the incorporation of new, cutting edge geophysical and geological methods to deliver faster, more cost efficient exploration and evaluation results.

Previous exploration of the **Glandore project** identified a powerful mineralised system. This year Aruma completed two phases of drilling at Glandore, successfully identifying a major corridor of mineralisation with targets open along strike and at depth. The results included eight holes with intersection above 1.0 g/t Au, with significant drilling hits including 11m @ 2.32g/t from surface and 2m at 4.77g/t from 18m.

The Company also commenced drilling at the **Laverton East Project**, where previous work had returned several anomalous gold assays. Exploration using Hyvista remote sensing technology and subsequent drilling has identified a new covered gold zone over several hundreds of metres. Follow up drilling will occur in the first half of the coming year.

Aruma also has in place an exploration program at the **Kurnalpi South Project** which comprises multiple gold exploration prospects designated as Christmas Well, Pinnacles South, Mt Quin and Steeple Hill.

Initial exploration will focus on shallow covered felsic zones similar to those that host the large Carosue Dam and Salt Creek deposits. This group of prospects are within 60km of the proposed Production Hub based at Glandore.

The 2012 program will also include the **Jundee South Project** east of Wiluna within the Yandal Greenstone belt. Other recently acquired prospects which will be the subject of exploration activities on granting include the **Patricia and Darlot East Projects**, both of which are located in close proximity to producing mines operated by some of the world's largest gold miners.

Another highlight for Aruma throughout the year was an agreement with CSIRO, through which CSIRO will conduct a Fluid Study over Aruma's Glandore Project. The Fluid Flow modelling method is a new target definition technology which, while equally effective as pattern drilling, is quicker and considerably more cost effective. The method has previously been used by other companies in similar terrain to predict mineralisation which has subsequently been proved by drilling. The Fluid Study is another example of the Company's innovative approach to fast track exploration progress.

The focus for Aruma in the coming year will be the continued, systematic exploration of its gold prospects, using a combination of new evaluation technologies and ongoing drilling programs. In addition, the Company will continue to review other resource opportunities where the Directors consider they have the potential to add shareholder value.

Your Company is well positioned, with a significant and prospective landholding in a world renowned gold producing region, at a time when the gold price remains at record levels.

On behalf of the Board, I would like to thank all staff and contractors for their contribution to the continuing development of the Company. I would also like to thank our shareholders for their support. We have made considerable progress in the past financial year, and we look forward to sharing further positive developments in the year ahead.

Paul Boyatzis
Chairman

The Directors of Aruma Resources Limited submit herewith the Annual Report of the Group consisting of Aruma Resources Limited ("the Company") and the entities it controlled for the financial year ended 30 June 2011 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

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

Paul Boyatzis – Chairman, Non-Executive Director, appointed 5 January 2010, age 56.

B Bus, ASA, MSDIA, MAICD

Mr Boyatzis has extensive experience in the investment and equity markets, particularly with emerging growth companies within the resources and financial services sectors. He is a member of the Australian Institute of Company Directors and the Securities and Derivatives Industry Association.

Mr Boyatzis has served as chairman and director of a number of public and private companies globally. He is a Director of Transaction Solutions International Limited, Ventnor Resources Limited and Hemisphere Resources Limited.

At the reporting date Mr Boyatzis is the holder of 439,079 ordinary shares and 1,000,000 options over unissued shares.

Mr Peter Schwann – Managing Director, appointed 11 February 2010, age 61.

Ass.App.Geology, FAusIMM (CP)

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 recently 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.

As a former exploration director of Kingsgate Consolidated Limited he has experience as a director of a listed resource company.

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

At the reporting date Mr Schwann is the holder of 565,500 ordinary shares and 2,000,000 options over unissued shares.

Danny Costick – Non-Executive Director, appointed 6 January 2010, age 49.

B.Eng. MSc.

Mr Costick has valuable and varied experience in the mining industry, and has been involved in the operation and management of mines throughout Australia and internationally.

His experience covers a wide range of commodities including gold, base metals and mineral sands at a number of operations. These include Wannaway Nickel Mine, Ora Banda Gold Mine, Agnew Gold Operations, Leinster Nickel Operations, Tennant Creek Operations, Mt Lyell Copper Mine, Gidgee Gold Mine and Oceana Gold Limited's New Zealand Operations. His roles have included all aspects of mine development and production, feasibility studies and project valuation.

Mr Costick is a graduate of the Western Australian School of Mines, where he completed a Master's Degree in Mineral Economics (1999).

Mr Costick is a director of Hemisphere Resources Limited. During the past three years Mr Costick has not served as a director of any other listed company.

At the reporting date Mr Costick is the holder of 1,000,000 options over unissued shares.

Ki Keong Chong – Non-Executive Director, appointed 1 February 2011, age 45.

LLB (Hons)

Mr Chong is currently 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 arrangements 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.

Phillip MacLeod – Company Secretary, appointed 5 January 2010

B Bus, ASA

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. DIRECTORS' 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	5	5
Peter Schwann	5	5
Danny Costick	5	5
Ki Keong Chong	2	2

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.

3. REMUNERATION REPORT (*Audited*)

3.1 Principles of compensation (audited)

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 Company, 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. Effective from 23 July 2010 non-executive directors receive a fixed fee of no more than $40,000 per annum plus statutory superannuation or GST as applicable. The Chairman receives a fixed fee of $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 to hedge their equity positions against future losses.

3.2 *Remuneration of directors and senior management (audited)*

		Short-term				Post-employment	Other long term		Share-based payments		Proportion of remuneration performance related %	Value of options as proportion of remuneration %
		Salaries & fees	Cash bonus	Non-monetary benefits	Total	Superannuation benefits		Termination benefit	Options and rights	Total		
		$	$	$	$	$	$	$	$	$		
Non-executive Directors												
Mr P Boyatzis	2011	67,080	-	-	67,080	-	-	-	-	67,080	-	-
	2010	-	-	-	-	-	-	-	93,266	93,266	-	100
Mr D Costick	2011	37,753	-	-	37,753	3,398	-	-	-	41,151	-	-
	2010	-	-	-	-	-	-	-	93,266	93,266	-	100
Mr K K Chong Appointed 1 February 2011	2011	10,000	-	-	10,000	-	-	-	-	10,000	-	-
Mr P MacLeod Appointed 5 Jan 2010 Resigned 13 Jan 2010	2010	-	-	-	-	-	-	-	-	-	-	-
Executive Director												
Mr P Schwann	2011	183,333	-	-	183,333	16,500	-	-	-	199,833	-	-
	2010	-	-	-	-	-		-	186,534	186,534	-	100
Company Secretary												
Mr P MacLeod	2011	36,000	-	-	36,000	-	-	-	-	36,000	-	-
	2010	-	-	-	-	-	-	-	-	-	-	-
Total	**2011**	**334,166**			**334,166**	**19,898**			**-**	**354,064**	**-**	**-**
	2010	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**373,066**	**373,066**	**-**	**100**

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

There were no options over unissued shares granted to directors or key management personnel as part of their remuneration during the year

3.4 Service agreement (audited)

Aruma has an Executive Service Agreement with Mr Peter Schwann, Managing Director of Aruma. The agreement continues until terminated by either party. The agreement can be terminated without cause by either party upon three months' written notice.

Mr Schwann's remuneration consists of $200,000 per annum base salary plus statutory superannuation and provision of a laptop computer and mobile phone. Remuneration is reviewed every twelve months.

The Company may elect to pay 3 months' base salary and superannuation in lieu of notice. The Company has no other service agreements with any other directors or key management personnel.

4. SHARE OPTIONS

Unissued shares under option

There are 4,000,000 options over unissued shares in Aruma.

Share options lapsed

There were no options which lapsed or expired during the year.

Share options issued

There were no options over unissued shares in Aruma issued during the year as share-based compensation to directors (2010: 4,000,000 options were issued at an exercise price of 27 cents expiring 31 March 2012).

Shares issued on exercise of options

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

5. PRINCIPAL ACTIVITY

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

6. FINANCIAL AND OPERATING REVIEW

Financial review

The Group made a loss for the year of $1,475,559 (2010: $396,829). The Group had cash and term deposit balances at 30 June of $2,975,228 (2010: $3,310,583, cash held included $3,309,300 held by Aruma in share subscriptions held in trust prior to its listing on 23 July 2010).

Operating review

Highlights during the year:

- Aruma listing on the ASX on 23 July 2010 after successfully raising over $5 million.
- Significant expansion of landholding in the prime East Goldfield region of WA
  - 40% increase in Glandore Project tenure
  - Acquisition of six new satellite prospects surrounding flagship Glandore Project
  - Total tenement package now more than 1000km^2
- Commenced drilling at Glandore, successfully identifying thick mineralisation in the Central Fault Zone
- Incorporation of leading edge exploration technology to evaluate mineralisation and identify targets quickly, at lower costs
- Fluid Flow modelling underway with CSIRO for efficient generation of gold targets

Project Descriptions

Aruma is a focused West Australian based gold exploration company which has eight prospective project areas within the Eastern Goldfields region of Western Australia. Inclusive of several tenements which are still under application, Aruma's tenement package now totals just over 1000 km^2.

Review of projects and operations

Aruma has eight prospective project areas within the Eastern Goldfields region of Western Australia. The region is both highly prospective for gold and amenable for the development and exploitation of new deposits. Inclusive of several tenements which are still under application, Aruma's tenement package now totals over 1000 km^2.

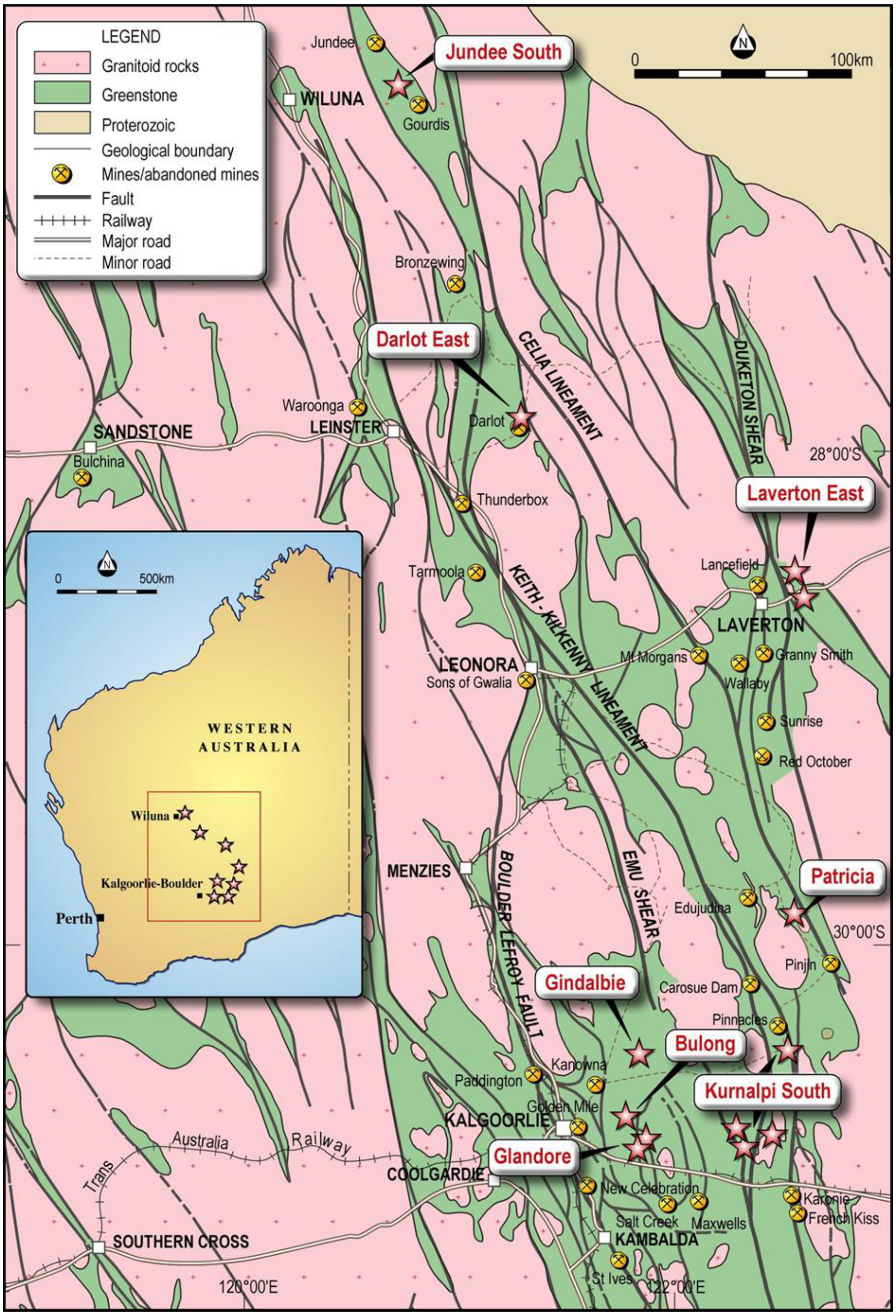

Figure 1: Aruma's Project Locations

Glandore

The Company's flagship Glandore Project is located approximately 40km east of Kalgoorlie-Boulder. Previous exploration of the Glandore Project has identified a powerful mineralisation system suggesting the probability of large-scale mineralisation. Aruma has consolidated the Glandore leases in the past financial year, including securing the northern and eastern extensions of the high grade Axial Planar and Supergene Zones.

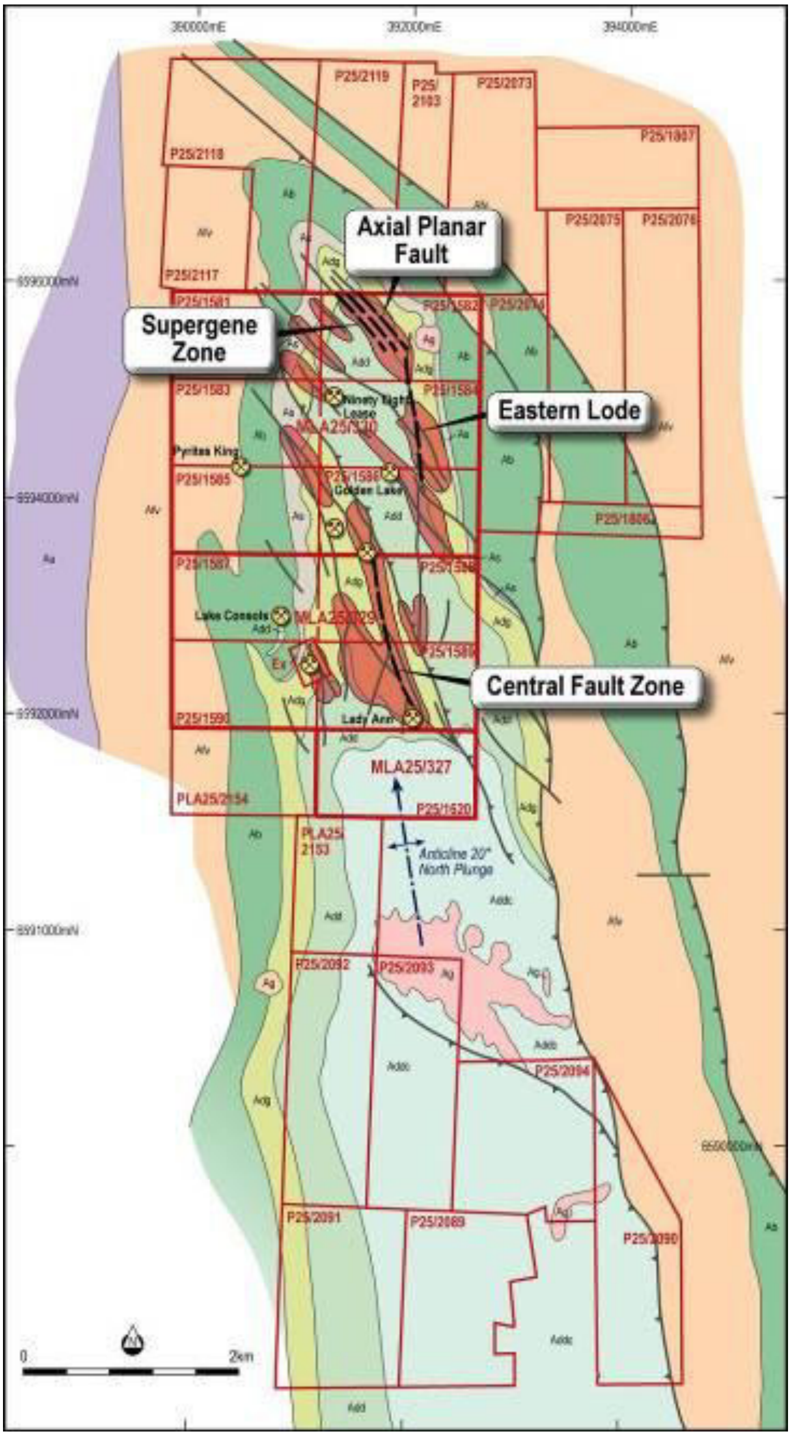

Figure 2: Aruma's Glandore Project

Aruma has introduced the successful CSIRO Fluid Flow modelling method to predict targets under cover. This method was used by Integra Mining in similar terrain to predict mineralisation that has been subsequently proved by drilling. Initial spatial studies are showing potential strike extensions of the high grade Axial Planar and Supergene Zones.

Kurnalpi South

The Kurnalpi South Project located approximately 100 km to the east of Kalgoorlie-Boulder comprises multiple gold exploration prospects designated as Christmas Well, Pinnacles South, Mt Quin and Steeple Hill. These prospects lie within a minimally explored area of greenstone belt that hosts several major mines.

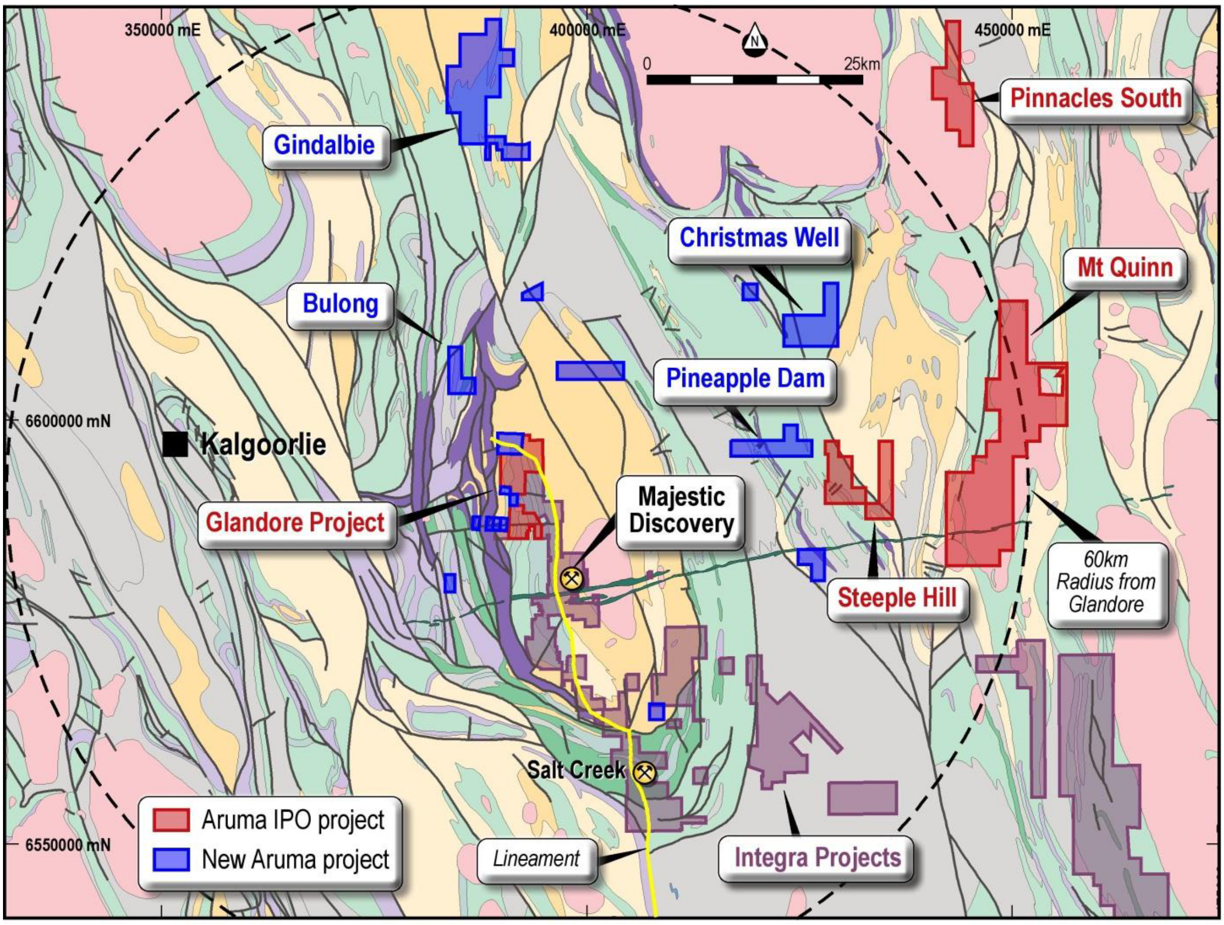

Figure 3: Aruma's Glandore Hub Locations

Initial exploration will focus on shallow covered felsic zones similar to those that host the large Carosue Dam and Salt Creek deposits. Drilling at Steeple Hill to follow up Hyvista Anomalies and an anomalous (0.13 g/t Au) gossan will occur in the first half of the coming year.

The Kurnalpi South prospects are within 60 km of the proposed Production Hub based on Glandore and together with Bulong and Gindalbie consists of some 600 km^2 of highly prospective ground amenable to satellite pits and trucking. This model is being successfully used by Aruma's neighbours in the Eastern Kalgoorlie area.

Laverton East

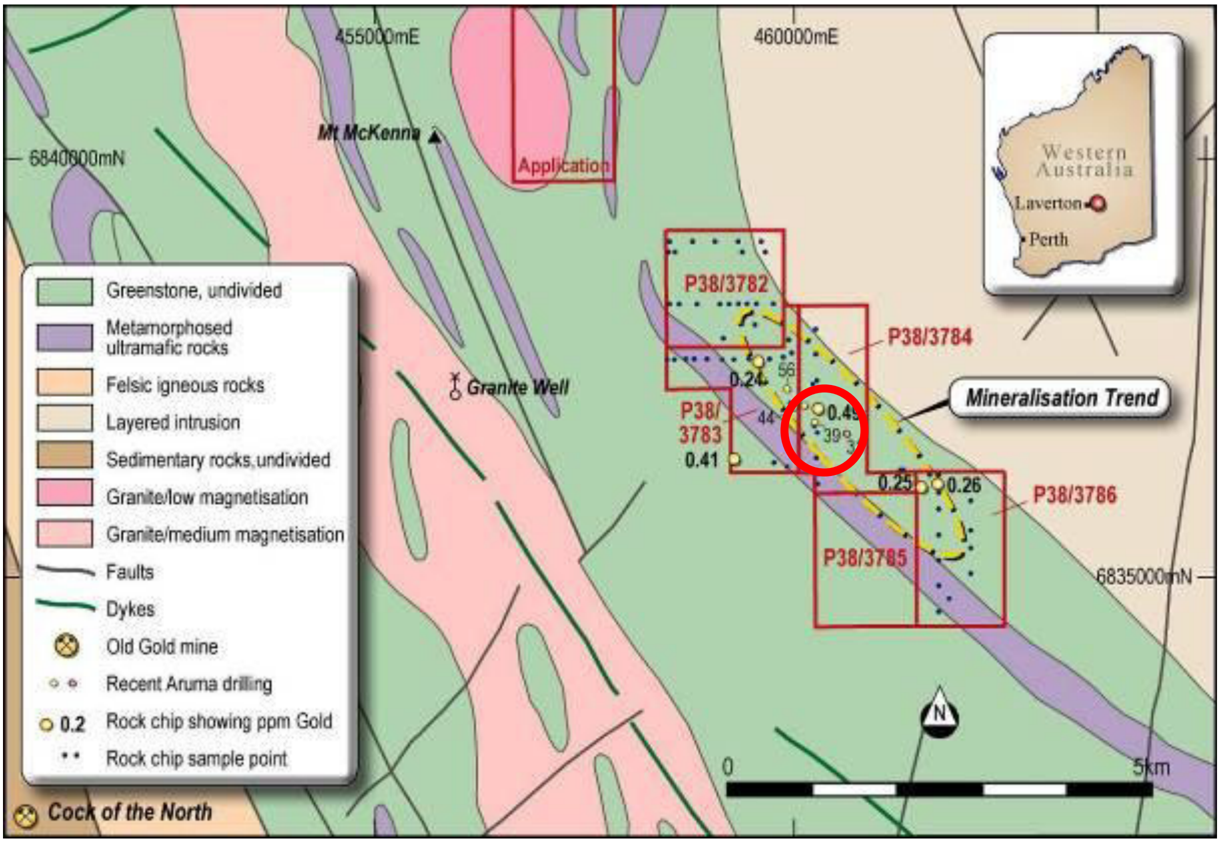

Figure 4: Aruma's Laverton East Project showing Drill holes and Rock chips (LEAC31 in red circle)

The Laverton East Project is located approximately 20 km east of Laverton. Previous exploration of the area includes relatively shallow RAB drilling over some of the tenement, and reconnaissance rock chip sampling returned several gold assays of greater than 0.2 g/t. This area is covered by a thin hardpan. Exploration by Hyvista and first pass drilling have identified a new covered gold zone over several hundreds of metres, and produced an intersection of 2m at 4.28 g/t from 15m in the last hole of the section LEAC 31 (results in the new financial year). Follow up drilling will occur in the first half of the coming year.

Jundee South

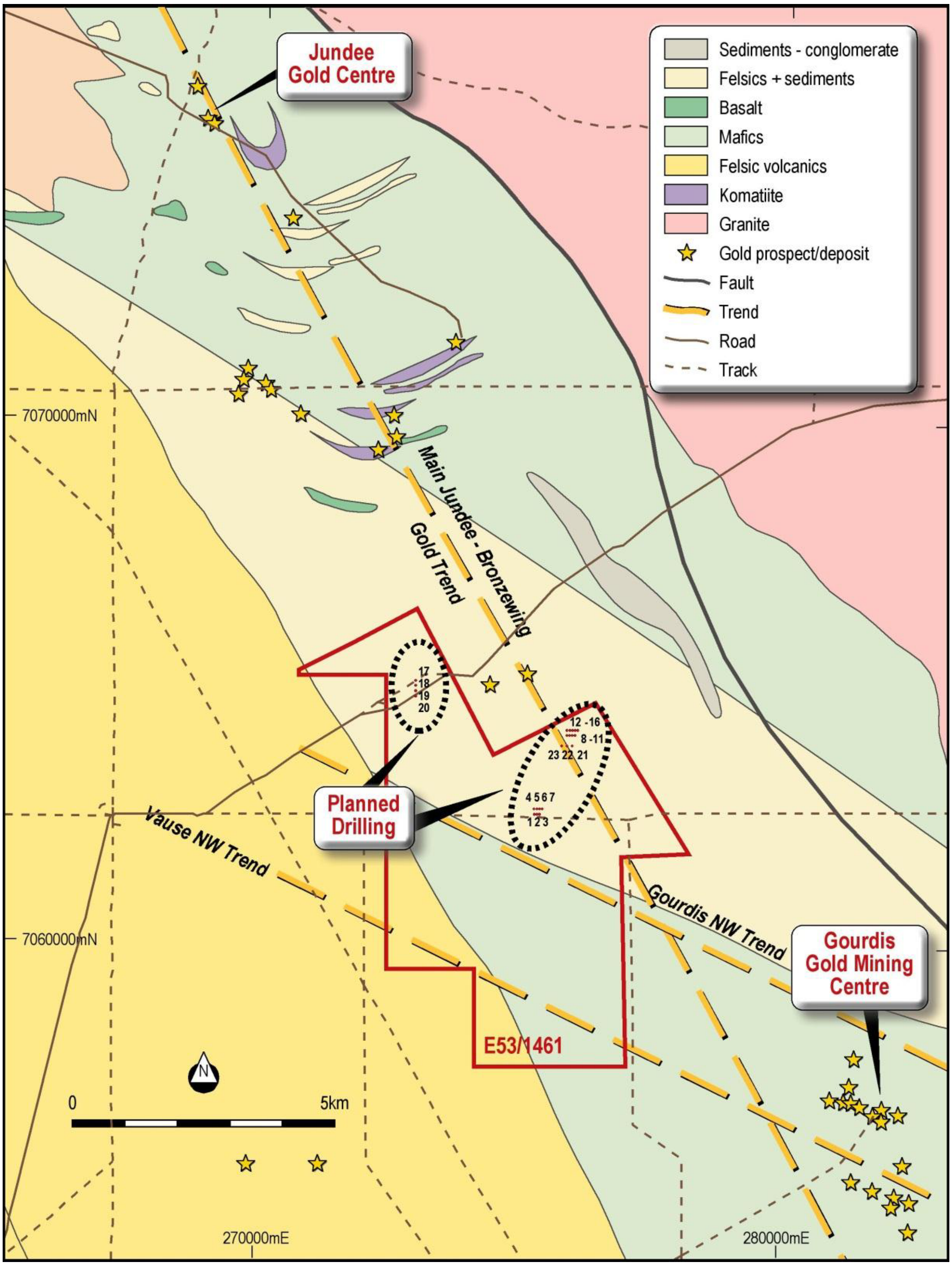

Figure 5: Aruma's Jundee South Project showing drill targets

The Jundee South Project is approximately 50 km to the east of Wiluna within the Yandal Greenstone belt. The nearby alluvial deposits are thought to have been derived from the structures and gold anomalies near or on the Aruma lease. The lease is now granted and will be evaluated by a small RAB program in the first half of the coming year.

Regional Growth

During the past year, the Company has expanded its foothold with the acquisition of projects including the additional Kurnalpi South areas as well as the Patricia, Gindalbie, Bulong and Darlot East prospects. These were acquired as part of the Group's strategy to develop a gold production hub centered around the flagship Glandore Project.

Patricia Prospect

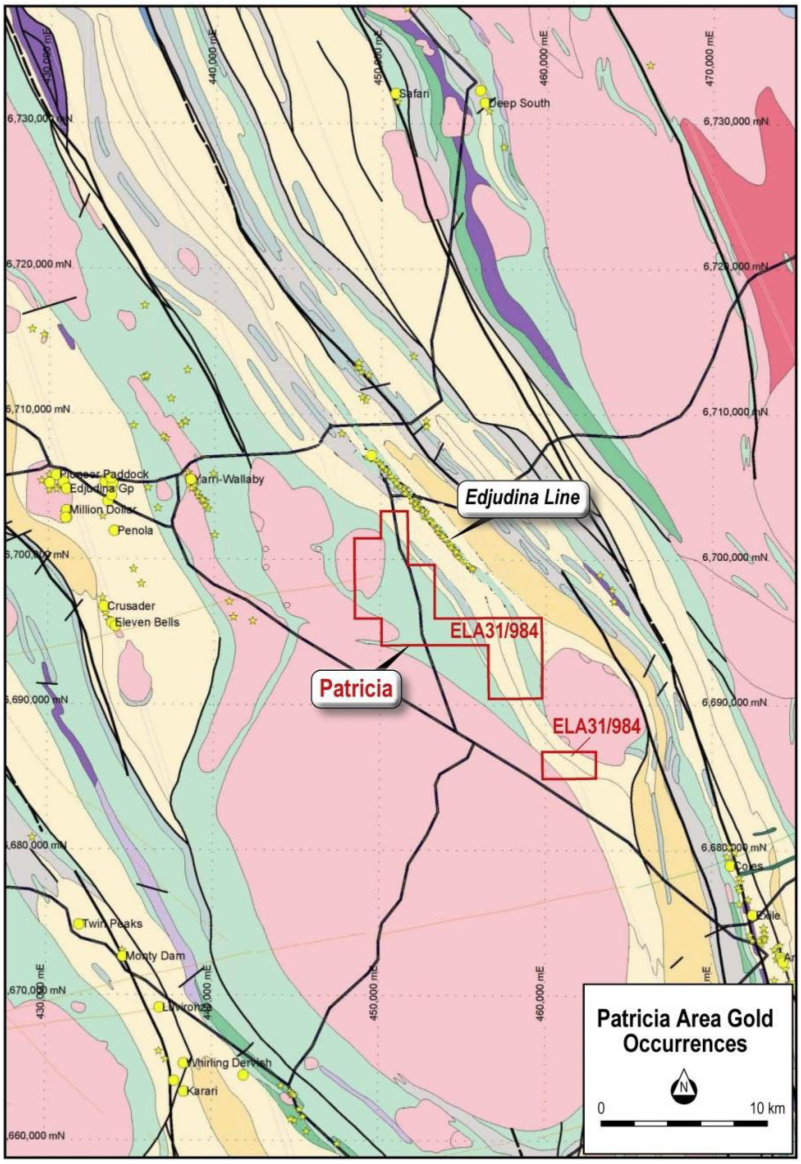

Figure 6: Aruma's Patricia Project showing trend of Gold Mines and Geology

The Patricia Prospect Application has magnetics that indicate a 5 km extension to the Edjudina Line that is under shallow soil cover, between granites and on a major East - West structure that cut the Patricia gold mine to the east.

Darlot East Project

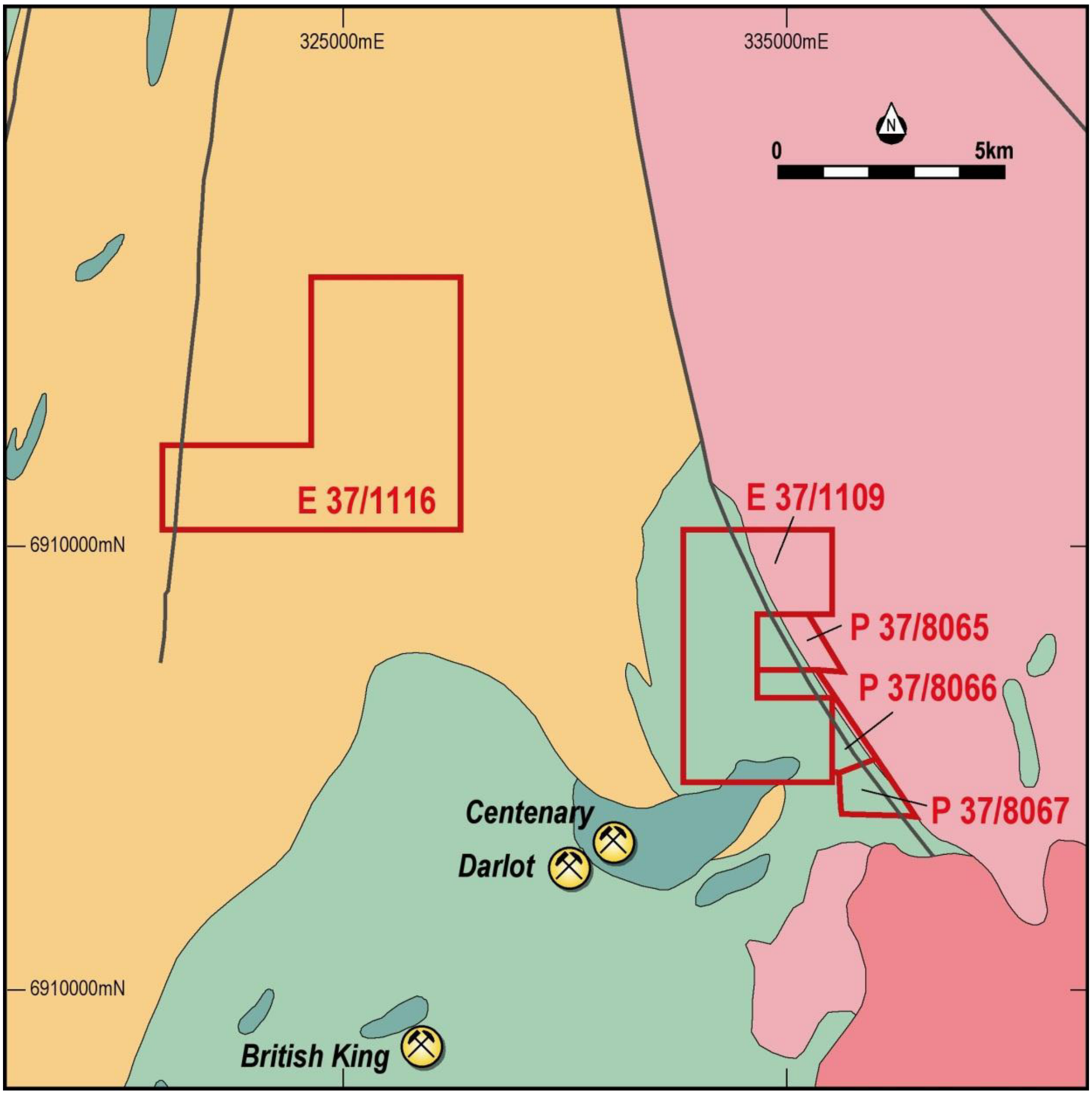

Figure 7: Aruma's Darlot East Project showing Gold Mines and Geology

The Darlot East Project Application is located 4km east of Barrick's multimillion ounce Darlot Mine and contains a Granite-Greenstone contact considered prospective for gold with small workings obvious on the ground. This Project is located within a major lineament that is a splay off the regional Celia Lineament and will be evaluated when granted.

Gindalbie Project

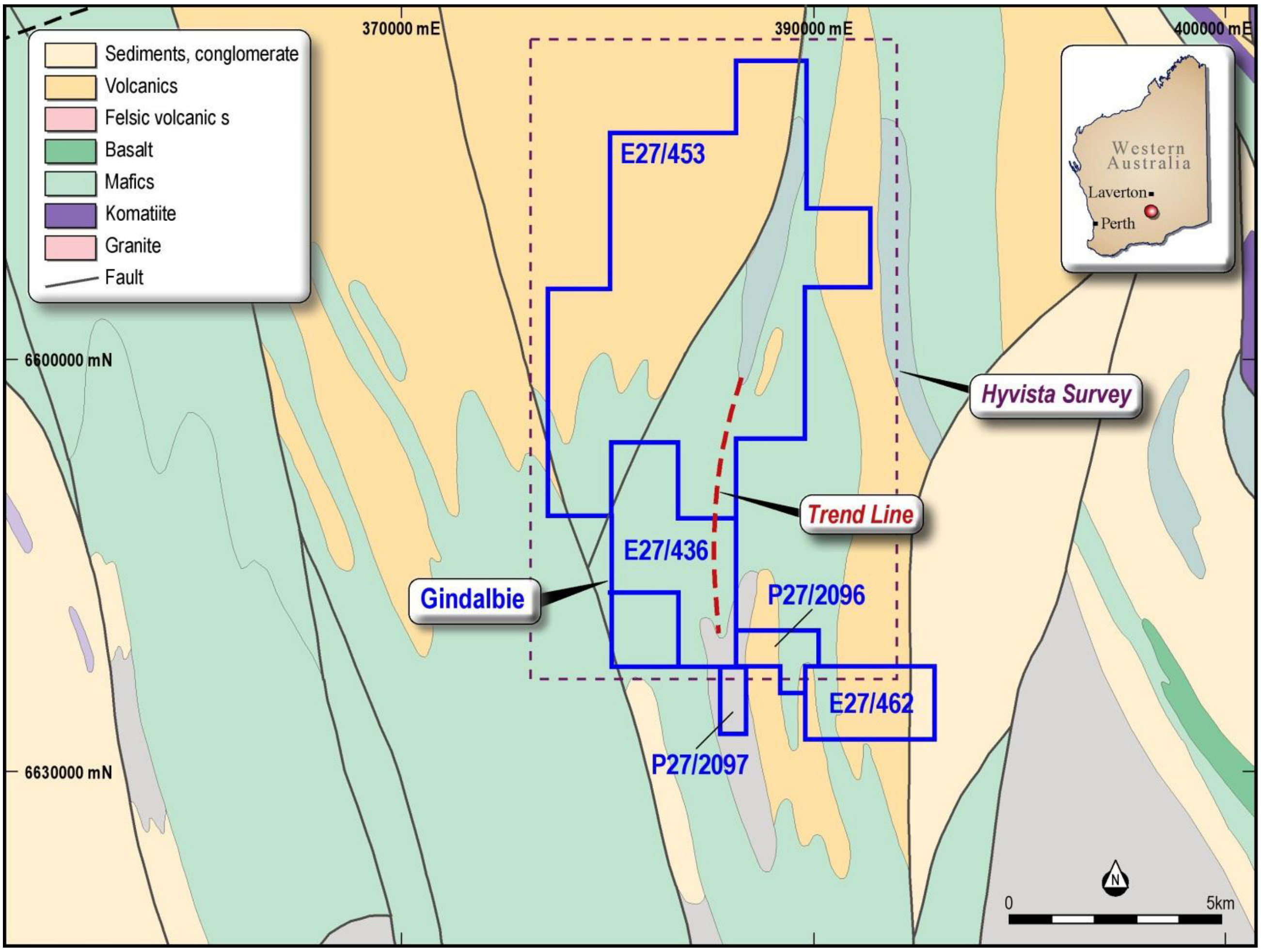

Figure 8: Aruma's Gindalbie Project showing trend of Structures and Geology

The Gindalbie Prospect Application has favourable lithologies and structures under shallow soil cover, as well as good stratigraphic attenuations and regional lineaments and splays considered favourable for gold mineralisation.

Bulong Project

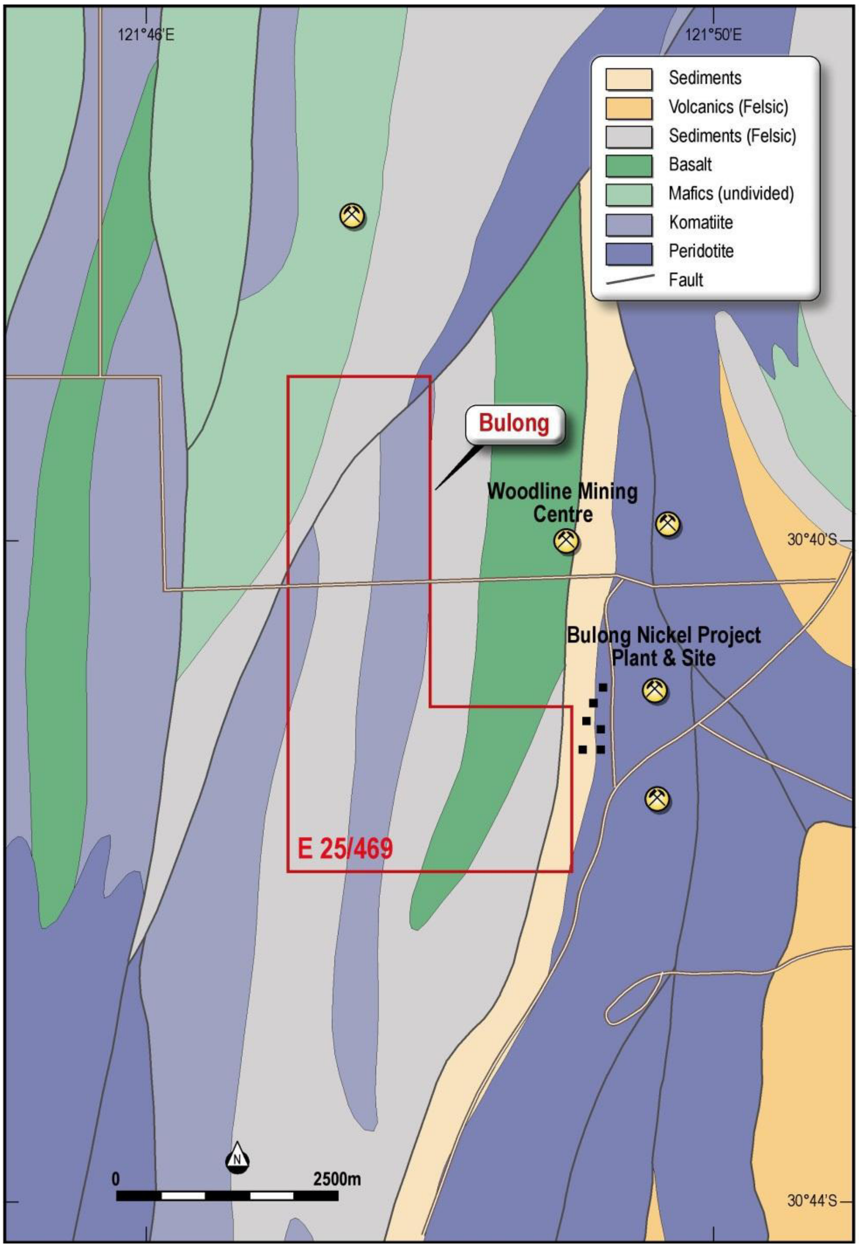

Figure 9 Aruma's Bulong Project showing trend of Gold Mines and Geology

The Bulong Prospect application has magnetics that indicate a 5km extension to the Queen Margaret and Bulong Mines and is under shallow soil cover, on a major N-S structure and has some interesting gold anomalies as well as magnetic lows.

Hyvista surveys have been booked for the new lease areas and will be flown after the winter vegetation dies off for better ground exposure.

All of the project areas can be readily accessed from the regional towns of Kalgoorlie-Boulder, Laverton or Wiluna.

Competent Persons Statement

The information in this release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Peter Schwann who is a Fellow of the Australasian Institute of Mining and Metallurgy and Chartered Professional (Geology). Mr Schwann is an employee of the Company.

Mr Schwann has sufficient relevant experience to qualify as a Competent Person as defined in the JORC Code (2004) and consents to the inclusion of this information in the form and context in which it appears.

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 more leases were applied for and pegged at Youno Downs in the Murchison and Two Gum Dam in the Kunanalling Greenstone Belt north of Coolgardie.

On 13 September 2011 the Company announced the placement of 11.5 million shares at 7.5 cents to raise $863,500 (before costs), including 2.1 million shares to be issued to entities associated with the directors, subject to shareholder approval.

On the same date the Company also announced a Share Purchase Plan to offer existing shareholders the opportunity to purchase up to $15,000 worth of shares at 7.5 cents each to raise up to $350,000; the Company may accept oversubscriptions.

There have been no other material events occurring subsequent to the reporting date.

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:

Directors	Ordinary shares	Options over ordinary shares
Mr P Boyatzis	439,079	1,000,000
Mr P Schwann	915,000	2,000,000
Mr D Costick	-	1,000,000
Mr K K Chong	-	-

11. ENVIRONMENTAL REGULATIONS

In the course of its normal mining and exploration 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.

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

The Board has considered the non-audit services provided during the prior period by the auditor and has resolved that it is satisfied that the provision of those non-audit services during the prior period by the auditor is compatible with, and does not compromise, the auditor independence requirements of the *Corporation 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.

	30 JUNE 2011	5 JANUARY 2010 TO 30 JUNE 2010
	$	$
Audit and review of financial reports	20,958	13,500
Investigating accountant's report	-	9,869
	20,958	23,369

MGI Perth Audit Services Pty Ltd was appointed auditors on 17 November 2010. The comparative amounts were paid to the Group's previous auditors, Ord Partners.

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 on page 24.

15. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 23 July 2010 the Company listed on the Australian Securities Exchange through the issue of 25,157,500 shares.

In the opinion of directors there were no other 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:

P Schwann
Managing Director

Perth

Dated 26th September 2011

mgi BUSINESS SOLUTIONS WORLDWIDE

MGI Perth Audit Services Pty Ltd
ACN 145 447 105
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1 William Street,
GPO Box 2570,
Perth, Western Australia 6001

T: +61 8 9463 2463
F: +61 8 9463 2499

E: audit@mgiperth.com.au

Lead auditor's independent 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 review for the half year ended 31 December 2010, there have been:

(i) no contraventions of the auditors independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

MGI PAS

MGI Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani CA
Director

Perth
14 March 2011

www.mgiperth.com.au

- Audit & assurance
- Due diligence
- Fraud investigation
- Forensic services
- Litigation support
- Corporate governance

For the year ended 30 June 2011

	Note	CONSOLIDATED 2011 $	CONSOLIDATED 5 JANUARY 2010 TO 30 JUNE 2010 $
Revenue from continuing operations	3	34,006	-
Exploration expenditure expensed as incurred		(1,011,605)	(14,050)
Depreciation	4	(3,329)	(166)
Directors' fees		(318,065)	-
Employee benefits		(71,303)	-
Legal and professional fees		(68,812)	-
Occupancy expenses		(31,622)	-
Share-based compensation		-	(373,066)
Travel expenses		(26,837)	-
Other expenses		(172,851)	(14,116)
Loss from operating activities	4	(1,670,418)	(401,398)
Financial income		195,706	4,569
Financial expense		(847)	-
Net financing income	5	194,859	4,569
Loss before income tax		(1,475,559)	(396,829)
Income tax expense	8	-	-
Loss for the year		(1,475,559)	(396,829)
Total comprehensive loss for the year		(1,475,559)	(396,829)
Loss per share			
Basic and diluted loss per share	7	2.31 cents	2.25 cents

The accompanying notes form part of these financial statements.

For the year ended 30 June 2011

	Note	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
Current Assets			
Cash and cash equivalents	10	2,975,228	3,310,583
Trade and other receivables	11	145,830	22,840
Other current assets	12	13,338	-
Total current assets		3,134,396	3,333,423
Non-current assets			
Plant and equipment	13	14,401	5,071
Capitalised exploration expenditure	14	348,919	224,945
Total non-current assets		363,320	230,016
Total assets		3,497,716	3,563,439
Current liabilities			
Trade and other payables	15	135,093	232,097
Other liabilities	16	-	3,309,300
Provisions	17	20,634	-
Total current liabilities		155,727	3,541,397
Total liabilities		155,727	3,541,397
Net assets		3,341,989	22,042
Equity			
Issued capital	18	4,841,311	45,805
Reserves	19	373,066	373,066
Accumulated losses	20	(1,872,388)	(396,829)
Total equity		3,341,989	22,042

The accompanying notes form part of these financial statements.

For the year ended 30 June 2011

	Note	CONSOLIDATED 2011	CONSOLIDATED 5 JANUARY 2010 TO 30 JUNE 2010
Cash flows from operating activities		$	$
Receipts from customers		1,000	-
Interest received		125,322	1,489
Interest paid		(847)	-
Exploration expenditure		(985,043)	(7,960)
Payments to suppliers and employees		(614,202)	(19,025)
Net cash used in operating activities	26(b)	(1,473,770)	(25,496)
Cash flows from investing activities			
Payment for tenement		(50,224)	-
Payments for purchase of plant and equipment		(12,660)	(5,237)
Net cash used in investing activities		(62,884)	(5,237)
Cash flows from financing activities			
Proceeds from loan from Parent entity		2,374	211,157
Repayment of loan to Parent entity		(213,531)	-
Proceeds from share subscriptions held in trust		-	3,309,300
Proceeds from issue of securities		1,722,200	-
Costs of capital raising		(309,744)	(179,141)
Net cash provided by financing activities		1,201,299	3,341,316
Net increase/(decrease) in cash and cash equivalents		(335,355)	3,310,583
Cash and cash equivalents at beginning of period		3,310,583	-
Cash and cash equivalents at 30 June	26(a)	2,975,228	3,310,583

The accompanying notes form part of these financial statements.

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For the year ended 30 June 2011

	Issued capital $	Accumulated losses $	Option premium reserve $	Total equity $
Balance at 1 July 2010	45,805	(396,829)	373,066	22,042
Comprehensive loss for the year	-	(1,475,559)	-	(1,475,559)
Total comprehensive loss for the year	-	(1,475,559)	-	(1,475,559)
Shares issued for cash	5,031,500	-	-	5,031,500
Shares issued on acquisition of exploration assets	73,750	-	-	73,750
Share issue costs	(309,744)	-	-	(309,744)
Balance at 30 June 2011	4,841,311	(1,872,388)	373,066	3,341,989
Balance at 5 January 2010	-	-	-	-
Comprehensive loss for the period	-	(396,829)	-	(396,829)
Total comprehensive loss for the period	-	(396,829)	-	(396,829)
Share issued for cash	1	-	-	1
Shares issued on acquisition of exploration assets	224,945	-	-	224,945
Recognition of share-based payments	-	-	373,066	373,066
Share issue costs	(179,141)	-	-	(179,141)
Balance at 30 June 2010	45,805	(396,829)	373,066	22,042

The accompanying notes form part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Aruma Resources Limited (the "Company") is a company domiciled in Australia. The Company is a subsidiary of Hemisphere Resources Limited. The financial report of the Company and its subsidiaries (the "Group") is for the year ended 30 June 2011.

(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 Interpretations issued by the Australian Accounting Standards Board 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 26th September 2010

(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) Adoption of new and revised standards

In the year ended 30 June 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business.

(d) Basis of Consolidation

The consolidated financial statements comprise the separate 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 the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 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.

(e) 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 assets net carrying amount on initial recognition.

(f) Plant & equipment

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

Depreciation is charged to the statement of comprehensive income on a straight-line 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.

(g) 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.

(h) 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.

(i) 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.

(l) 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 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.

(m) Goods and services 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.

(n) 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 only 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 are 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.

(o) 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. Dilutive 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 dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(p) 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.

(q) Financial assets

All financial assets are recognised and derecognised on 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 as 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.

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 points 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 comprehensive income. Fair value is determined in the manner described in note 9.

(iii) AFS financial assets

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

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

(iv) *Loans and receivables*

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

(v) *Impairment of financial assets*

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

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

(r) Share-based payment transactions

(i) Equity settled transactions:

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

The cost of these equity-settled transactions with directors and executives is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using an appropriate option valuation model, further details of which are given in Note 23.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Aruma (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 income statement 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.

(s) 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.

(t) 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 balance sheet 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 straight line 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 with directors and executives by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes 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, based on the expectation that the Group will not make any taxable profits over the next two years.

		CONSOLIDATED	
		2011	5 JANUARY 2010 TO 30 JUNE 2010
		$	$
3.	**REVENUE**		
	On-charge of office costs	34,006	-
4.	**LOSS BEFORE INCOME TAX**		
	Loss before income tax expense has been arrived at after charging the following items:		
	Depreciation	3,329	166
5.	**FINANCING INCOME**		
	Interest income	195,706	4,569
	Interest expense	(847)	-
		194,859	4,569
6.	**AUDITORS' REMUNERATION**		
	During the year the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:		
	Auditors' remuneration:		
	Audit and review services:		
	- Auditors of the Group	20,958	13,500
	Professional services:		
	- Auditors of the Group	-	9,869

		CONSOLIDATED	
		2011	5 JANUARY 2010 TO 30 JUNE 2010
		$	$
7.	**LOSS PER SHARE**		
	Loss per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date	2.31 cents	2.25 cents
(a)	Weighted average number of shares used in calculation of basic loss per share		
	Share on issue at beginning of period	40,000,000	-
	Ordinary shares issued on 5 January 2010	-	5
	Effect of 39,999,995 shares issued on 14 April 2010	-	17,627,116
	Effect of 25,282,500 shares issued on 23 July 2010	23,758,624	-
	Effect of 250,000 shares issued on 26 November 2010	148,630	-
	Effect of 125,000 shares issued on 15 June 2011	5,479	-
	Weighted average number of ordinary shares at 30 June	63,912,733	17,627,121
(b)	Loss used in calculating basic loss per share	$1,475,559	$396,829

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 equal to the basic loss per share.

	CONSOLIDATED	
	2011	**5 JANUARY 2010 TO 30 JUNE 2010**
	$	**$**
8. **INCOME TAXES**		
Recognised in the statement of 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	-	-
Amounts charged or credited directly to equity	-	-
Deferred income tax related to items (credited) directly to equity	-	-
Income tax expense/(benefit) reported in equity	-	-

8. **INCOME TAXES (CONTINUED)**

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:

	CONSOLIDATED	
	2011	**5 JANUARY 2010 TO 30 JUNE 2010**
	$	**$**
Numerical reconciliation between aggregate income tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate		
Profit/(loss) before income tax expense from operations	(1,475,559)	(396,829)
Income tax expense/(benefit) calculated at 30%	(442,668)	(119,049)
Section 40-880 expenses	(29,333)	(10,748)
Non-deductible expenses	486	118,202
Tax losses unrecognised	471,515	11,595
Income tax expense/(benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30%payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

8. INCOME TAXES (CONTINUED)

Unrecognised deferred tax assets/(liabilities)

	2011	5 JANUARY 2010 TO 30 JUNE 2010
	$	$
The following deferred tax assets and (liabilities) have not been brought to account as assets:		
Tax losses - revenue	471,515	11,595
Temporary differences	-	49,276
	471,515	60,871
Deferred tax asset not recognised in respect of the following items:		
Trade and other payables	-	6,282
Section 40-880 expenses	-	42,994
Tax losses carried forward	471,515	11,595
	471,515	60,871

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 the Group's receivables from its parent entity and 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 explorer sector it does not have trade receivables and is therefore not exposed to credit risk in relation to trade receivables. Other receivables relate to an amount due from its parent entity 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:

	Note	**CARRYING AMOUNT**	
		CONSOLIDATED	
		2011	**2010**
		$	**$**
Trade and other receivables	11	145,830	22,840
Cash and bank balances	10	2,975,228	3,310,583

Impairment losses

None of the Group's trade and other receivables is past due. As the Group is not trading there is no management of credit risk performed through an ageing analysis.

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.

The Group anticipates raising additional capital within the next 12 months to fund further exploration activity.

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

	Carrying amount	Contractual cash flows	6 months or less	6 months or more
	$	$	$	$
30 June 2011				
Trade and other payables	135,093	(135,093)	135,093	-
	135,093	(135,093)	135,093	-
30 June 2010				
Trade and other payables	232,097	(232,097)	232,097	-
Other liabilities*	3,309,300	-	-	-
	3,541,397	(232,097)	232,097	-

* share applications held in trust converted to equity upon the successful listing of Aruma.

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 Company'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 Company 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 2011		CONSOLIDATED 2010	
	Carrying amount	Interest rate	Carrying amount	Interest rate
	$	%	$	%
Variable rate instruments				
Cash and bank balances	2,975,228	5.53	3,310,583	1.75

Cash flow sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss therefore a change in interest rates at the reporting date would not affect profit or loss.

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 2011				
Variable rate instruments	29,752	(29,752)	29,752	(29,752)
30 June 2010				
Variable rate instruments	2,611	(2,611)	2,611	(2,611)

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.

The Board monitors the return on capital and seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines return on capital as net operating income divided by total shareholder's equity.

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.

At the present time the Group does not have an Employee share plan.

		CONSOLIDATED	
		2011	**2010**
		$	**$**
10.	**CASH AND CASH EQUIVALENTS**		
	Cash at hand	1	1
	Cash at bank	2,975,227	3,310,582
		2,975,228	3,310,583
		%	%
	Weighted average interest rate.	5.53	1.75

		CONSOLIDATED	
		2011	2010
		$	$
11.	**TRADE AND OTHER RECEIVABLES**		
	Current		
	GST receivable	31,211	19,756
	Receivable – Parent entity	36,307	-
	Other receivables	78,312	3,084
		145,830	22,840

Trade and other receivables are non-interest bearing.

		CONSOLIDATED	
		2011	2010
		$	$
12.	**OTHER CURRENT ASSETS**		
	Prepayments	13,338	-
13.	**PLANT AND EQUIPMENT**		
	Office equipment at cost	5,270	-
	Accumulated depreciation	(428)	-
	Office equipment	4,842	-
	Field equipment at cost	1,889	-
	Accumulated depreciation	(291)	-
	Field equipment	1,598	-
	Computer equipment at cost	10,738	5,237
	Accumulated depreciation	(2,777)	(166)
	Computer equipment	7,961	5,071
	Total carrying value	14,401	5,071

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

	Office equipment	Computer equipment	Field equipment	Total
Consolidated: 30 June 2011	$	$	$	$
At 1 July 2010 net of accumulated depreciation	-	5,071	-	5,071
Additions	5,270	5,500	1,889	12,659
Depreciation charge for the year	(428)	(2,610)	(291)	(3,329)
At 30 June 2011 net of accumulated depreciation	4,842	7,961	1,598	14,401

	Office equipment	Computer equipment	Field equipment	Total
Consolidated: 30 June 2010	$	$	$	$
At 6 January 2010 net of accumulated depreciation	-	-	-	-
Additions	-	5,237	-	5,237
Depreciation charge for the year	-	(166)	-	(166)
At 30 June 2010 net of accumulated depreciation	-	5,071	-	5,071

		CONSOLIDATED	
		2011	2010
		$	$
14.	**CAPITALISED EXPLORATION EXPENDITURE**		
	Balance at beginning of the period	224,945	-
	Acquisition of tenements by issue of shares	73,750	-
	Acquisition of tenements by cash	50,224	224,945
	Balance at end of the period	348,919	224,945

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.

		CONSOLIDATED	
		2011	2010
		$	$
15.	**TRADE AND OTHER PAYABLES**		
	Trade creditors and accruals (i)	135,093	20,940
	Loan from Parent entity (ii)	-	211,157
		135,093	232,097

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

(ii) In order to finance the transactions costs of Aruma listing on the ASX, Hemisphere, the parent entity, and Aruma entered into a funding agreement whereby Hemisphere would provide up to $250,000 to Aruma. The loan was non-interest bearing. The amount due was settled out of the proceeds from the capital raised.

		CONSOLIDATED	
		2011	2010
		$	$
16.	**OTHER LIABILITIES**		
	Share subscriptions held in trust	-	3,309,300
		-	3,309,300

Share subscription applications for shares in Aruma were held in trust until the shares were issued.

		CONSOLIDATED	
		2011	2010
		$	$
17.	**PROVISIONS**		
	Employee leave entitlements	20,634	-
		20,634	-

18. SHARE CAPITAL

	COMPANY 2011 $	COMPANY 2010 $
Ordinary shares		
65,657,500 (2010: 40,000,000) fully paid ordinary shares	4,841,311	45,805

Movements during the year	2011 Number	2011 $	2010 Number	2010 $
Balance at beginning of period	40,000,000	45,805	-	-
Shares issued for cash	25,157,500	5,031,500	5	1
Shares issued on acquisition of exploration assets	500,000	73,750	39,999,995	224,945
Transaction costs arising on share issues	-	(309,744)	-	(179,141)
Balance at end of period	65,657,500	4,841,311	40,000,000	45,805

On 13 September 2011 the Company announced the placement of 11,500,000 shares at 7.5 cents and a share purchase plan.

		CONSOLIDATED	
		2011	2010
		$	$
19.	**RESERVES**		
	Option premium reserve	373,066	373,066
	Movement		
	Balance at beginning of period	373,066	-
	Share based payment	-	373,066
	Balance at end of period	373,066	373,066

Share-based payment reserve

The share-based payment reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration. Refer to note 23 for further details of these payments.

		CONSOLIDATED	
		2011	2010
		$	$
20.	**ACCUMULATED LOSSES**		
	Movement		
	Balance at beginning of period	(396,829)	-
	Loss for the period	(1,475,559)	(396,829)
	Balance at end of period	(1,872,388)	(396,829)

		CONSOLIDATED	
		2011	2010
		$	$
21.	**COMMITMENTS**		
	Exploration Expenditure Commitments		
	not later than 1 year	328,600	232,800
	Later than 1 year but not later than 5 years	1,314,400	931,200
		1,643,000	1,164,000
	Operating lease Commitments		
	not later than 1 year	18,000	-
	Later than 1 year but not later than 5 years	-	-
		18,000	-

22. CONTINGENT LIABILITIES

Under the Glandore project mineral rights agreement Hemisphere Resources Limited has provided a covenant to pay the sum of $50,000 to AngloGold Ashanti Australia Pty Ltd and Mario Epis upon submitting a notice of intent to mine in respect of the tenements. At the date of this report the Company has no immediate intentions to submit such a notice. Aruma Resources, a subsidiary of Hemisphere, has covenanted to reimburse up to $50,000 that the Company is obliged to pay.

In the opinion of the directors, other than the matter disclosed above, there were no contingent liabilities at the date of this report.

23. SHARE-BASED PAYMENTS

Aruma does not have a share option payment plan. During the year there were no options granted as share-based compensation by Aruma.

The following share-based payment arrangements were in place.

	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
Option series No.1	4,000,000	21 April 2010	31 March 2012	0.27	373,066

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

	2011 No.	2011 Weighted average exercise price $	2010 No.	2010 Weighted average exercise price $
Outstanding at the beginning of the year	4,000,000	-	-	-
Granted during the year	-	0.27	4,000,000	0.27
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,000,000	0.27	4,000,000	0.27
Exercisable at the end of the year	4,000,000	0.27	4,000,000	0.27

The outstanding balance as at 30 June 2011 is represented by:

- 4,000,000 options over ordinary shares with an exercise price of $0.27 each, exercisable until 31 March 2012;
- The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 9 months;
- The exercise price for options outstanding at the end of the year was $0.27; and

- The weighted average fair value of options granted for the prior year was $373,066.

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

The options are to be held in escrow until 23 July 2012.

The inputs to the option valuation were the following:

Dividend yield (%)	n/a
Expected volatility (%)	100
Risk-free interest rate (%)	4.97
Expected life of option (years)	1.94
Exercise price (cents)	27
Grant date share price (cents)	20

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

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 D Costick

Mr K K Chong, appointed 1 February 2011

(a) Key management personnel compensation

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

	CONSOLIDATED	
	2011	5 JANUARY TO 30 JUNE 2010
	$	$
Short-term employee benefits	334,166	-
Share-based payments	-	373,066
Post-employment benefits	19,898	-
	354,064	373,066

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 executives compensation disclosures as required by *Corporations Regulations* 2M.3.03 and 2M.6.04 is provided in the remuneration report section 3.1, 3.2, and 3.3 of the Directors' Report.

(b) Equity instruments: disclosure relating to key management personnel

Equity holdings and transactions

Movements in shares

The movement during the reporting period in the number of ordinary shares in Aruma held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

	Held 1 July 2010	Granted as compensation	Received on exercise of options	Purchases /subscrip'ns	Sales	Held at 30 June 2011
Directors						
Mr P Boyatzis	-	-	-	354,117	-	354,117
Mr P Schwann	-	-	-	765,500	-	765,500
Mr D Costick	-	-	-	100,000	(100,000)	-
Mr K K Chong*	-	-	-	-	-	-
Executive						
Mr P MacLeod	-	-	-	35,000	-	35,000

	Held on incorpor'n	Granted as compensation	Received on exercise of options	Purchases /subscrip'ns	Sales	Held at 30 June 2010
Directors						
Mr P Boyatzis	-	-	-	-	-	-
Mr P Schwann	-	-	-	-	-	-
Mr D Costick	-	-	-	-	-	-
Mr S Leithead**	-	-	-	-	-	-
Executive						
Mr P MacLeod***	-	-	-	-	-	-

- *Appointed 1 February 2011,** resigned 11 February 2010, *** resigned 13 January 2010*

No shares were issued as compensation to key management personnel during the year as compensation.

Equity holdings and transactions (Continued)

Options and rights over equity instruments

The movement during the year in the number of options over ordinary shares in Aruma held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

2011	Held at 1 July 2010	Granted as compen-sation	Options exercised	Other changes	Held at 30 June 2011	Vested during the year	Vested and unexercisable at 30 June 2011
Directors							
Mr P Boyatzis	1,000,000	-	-	-	1,000,000	-	1,000,000
Mr P Schwann	2,000,000	-	-	-	2,000,000	-	2,000,000
Mr D Costick	1,000,000	-	-	-	1,000,000	-	1,000,000
Mr K K Chong*	-	-	-	-	-	-	-
Executive							
Mr P MacLeod	-	-	-	-	-	-	-

2010	Incorp. 6 Jan 2010	Granted as compen-sation	Options exercised	Other changes	Held at 30 June 2010	Vested during the period	Vested and unexercis-able at 30 June 2010
Directors							
Mr P Boyatzis	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000
Mr P Schwann	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000
Mr D Costick	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000
Mr S Leithead**	-	-	-	-	-	-	-
Executive							
Mr P MacLeod***	-	-	-	-	-	-	-

* *Appointed 1 February 2011,** Resigned 11 February 2010, *** Resigned 13 January 2010*

All options are held in escrow until 23 July 2012.

25. RELATED PARTIES

Name of entity

Parent entity

Hemisphere Resources Limited

	Ownership interest	
	2011	**2010**
Controlled entities		
Aruma Exploration Pty Ltd (incorporated 27 January 2010)	100%	100%

(a) Key management personnel

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

On 23 July 2010 Aruma issued 125,000 shares to Plasia Pty Ltd, a company related to Peter Schwann as consideration for the settlement of a tenement acquisition.

(b) Transactions with Hemisphere Resources Limited

(i) During the year Hemisphere utilised the services of administration staff employed by Aruma. For the financial year ended 30 June 2011 Aruma charged Hemisphere $34,006 plus GST for those services. The amount outstanding of $36,307 is included under other receivables at 30 June 2011.

(ii) During the period 23 July 2010 to 30 June 2011, Aruma shared office space leased by Hemisphere. Aruma was charged a total of $23,651 plus GST for the space.

(iii) In order to finance the transaction costs of Aruma listing on the ASX, Hemisphere and Aruma entered into a funding agreement whereby Hemisphere would provide up to $250,000 to Aruma. The total amount borrowed by Aruma was $213,531. The full amount was repaid by Aruma on 6 August 2010.

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.

		CONSOLIDATED	
		2011	2010
		$	$
26.	**NOTES TO STATEMENT OF CASH FLOWS**		
	a) Reconciliation of cash and bank balances		
	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	2,975,227	3,310,582
		2,975,228	3,310,583
	b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities:		
	Loss for the year	(1,475,559)	(396,829)
	Adjustments for:		
	Depreciation	3,329	166
	Share-based payments	-	373,066
	Add/(less):		
	(Increase)/decrease in trade and other receivables	(122,990)	(22,840)
	(Increase)/decrease in other current assets	(13,338)	-
	Increase/(decrease) in trade and other payables	114,154	20,941
	Increase/(decrease) in provisions	20,634	-
	Net cash used in operating activities	(1,473,770)	(25,496)

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.

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

The revenues and results of this segment are those of the Group as a whole and are set out in the statement of comprehensive income. The segment assets and liabilities of this segment are those of the Group and are set out in the statement of financial position.

28. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date more leases were applied for and pegged at Youno Downs in the Murchison and Two Gum Dam in the Kunanalling Greenstone Belt north of Coolgardie.

On 13 September 2011 the Company announced the placement of 11.5 million shares at 7.5 cents to raise $863,500 (before costs), including 2.1 million shares to be issued to entities associated with the directors, subject to shareholder approval.

On the same date the Company also announced a Share Purchase Plan offering existing shareholders the opportunity to purchase up to $15,000 worth of shares at 7.5 cents each to raise up to $350,000; the Company may accept oversubscriptions.

There have been no other material events occurring subsequent to the reporting date.

29. DIVIDENDS

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

30. PARENT ENTITY INFORMATION

In the year ended 30 June 2011 the Parent company of the Group was Aruma Resources Limited.

	COMPANY 2011 $	COMPANY 2010 $
Result of the Parent entity		
Loss for the period	(1,475,559)	(396,829)
Other comprehensive income	-	-
Total comprehensive expense for the period	(1,475,559)	(396,829)
Financial position of Parent entity at year end		
Current assets	3,134,396	3,333,423
Total assets	3,497,716	3,563,439
Current liabilities	155,727	3,541,397
Total liabilities	155,727	3,541,397
Total equity of the Parent entity comprising:		
Share capital	4,841,311	45,805
Revaluation reserve	373,066	373,066
Accumulated losses	(1,872,388)	(396,829)
Total equity	3,341,989	22,042

Under the Glandore project mineral rights agreement Hemisphere has provided a covenant to pay the sum of $50,000 to AngloGold Ashanti Australia Pty Ltd and Mario Epis upon submitting a notice of intent to mine in respect of the tenements. At the date of this report Hemisphere has no immediate intentions to submit such a notice. Aruma Exploration Pty Ltd has covenanted to reimburse up to $50,000 that Hemisphere is obliged to pay.

1. In the opinion of the directors of Aruma Resources Limited ("the Company"):

a. the financial statements, notes and the additional disclosures of the Company and of the Group are in accordance with the Corporations Act 2001 including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year then ended; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

d. the remuneration disclosures included in Section 3 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2011, comply with section 300A of the Corporations Act 2001.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2011.

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

P. Schwann

Director

Perth

Dated this 26th day of September 2011

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Independent Auditor's Review Report to the members of Aruma Resources Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Aruma Resources Limited ('the Consolidated Entity'), which comprises the condensed consolidated statement of financial position as at 31 December 2010, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, notes comprising a statement of accounting policies, other explanatory notes 1 to 10, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the interim period.

Directors' Responsibility for the Interim Financial Report

The directors of the Consolidated Entity are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aruma Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

(a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and of its performance for the period ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

MGI PAS

MGI Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani CA
Director

Perth
14 March 2011

CORPORATE GOVERNANCE

Aruma Resources Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The disclosure of corporate governance practices can be viewed on the Company website at www.arumaresources.com

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board.

Corporate Governance Compliance

A description of the Company's main corporate governance practices are set out below. All these practices, unless otherwise stated, have been in place for financial year ended 30 June 2010. The Company has considered the ASX Corporate Governance Principles and the corresponding Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 3.1	✓	
Recommendation 3.2	✓	
Recommendation 4.1		✓
Recommendation 4.2		✓
Recommendation 4.3		✓
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	
Recommendation 7.2		✓
Recommendation 7.3	✓	
Recommendation 8.1		✓
Recommendation 8.2	✓	

Disclosure – Principles & Recommendations - financial year 2010/2011

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board and the Managing Director who acts in the capacity as CEO.

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the CEO;
- approval of the overall strategy and annual budgets of the business; and
- compliance with constitutional documents.

The CEO is delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The CEO is required to report regularly to the Board on the performance of the Business.

Some Board functions may be handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Board is responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

There was no formal performance evaluation of the senior executives during the financial year.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Company does not have a majority of independent directors.

The Board takes the view that Mr Boyatzis (Chairman), Mr Costick (Non-Executive Director) and Mr Schwann (Managing Director) are not independent in terms of the ASX Corporate Governance Council's discussion of independent status. Mr Boyatzis and Mr Costick are both directors of Hemisphere Resources Limited. Hemisphere Resources Limited holds 53% of the Shares in the Company. Mr Schwann as Managing Director is an executive of the Company. Despite these relationships, the Board believes that the Directors are able, and do make, quality and independent judgement in the best interests of the Company on all relevant issues before the Board. Mr Chong (Non-Executive Director) is an independent director.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

Mr Boyatzis is Chair of the Board is not considered independent. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 2.3:

The roles of the Chair and CEO should not be exercised by the same individual.

Disclosure:

The role of the Chairman and the CEO are not exercised by the same person.

The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

A nomination committee has not been established.

The role of the Nomination Committee has been assumed by the full Board.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chairman is responsible for evaluation of the CEO, the Board and the committees.

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance.

Induction procedures are in place for all directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director and re-election procedure

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

In accordance with the Constitution, one third of the directors retire by rotation each year and may offer themselves for re-election.

In determining candidates for the Board the directors consider the skills and qualifications of potential candidates that will best enhance the Board's effectiveness taking into consideration the current composition of the Board.

Identification of Independent Directors

Mr Chong is an independent director of the Company. Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has a Code of Conduct that applies to all directors, senior executives, employees and contractors.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has a trading policy that applies to all Directors, senior executives, employees and contractors.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

An audit committee has not been established. The role of the Audit Committee has been assumed by the full Board.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Disclosure:

There is no audit committee and based on the current Board membership an audit committee would not comply with this recommendation.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. When the establishment of an audit committee it is considered to be justified an appropriate Charter will be adopted.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:

There is no Audit Committee and the whole Board acts in this capacity.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has a Shareholder Communications Policy and a website for making information available to shareholders. Shareholders are encouraged to attend and participate in general meetings.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy. As detailed in 7.2 no risk management committee has been formed and this role is undertaken by the Board, however, the overall basis for risk management is to provide recommendations about:

1. Assessing the internal processes for determining and managing key risk areas, particularly:
    - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
    - litigation and claims; and
    - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. As part of regular reporting procedure, management report to the Board confirming that those risks are being managed effectively.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by Management as at the date of this report.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Board has received the declaration from the Chief Executive Officer and the person assuming the role of Chief Financial Officer.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation).

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed periodically to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings as at 23 September 2011

Substantial shareholders

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

Shareholder	Number
Hemisphere Resources Limited	40,000,000
Ultimate Victory Holding Limited	5,000,000

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

Location of Share Registry

Advanced Share Registry Services

150 Stirling Highway

NEDLANDS WA 6009

Tel: (08) 9389 8033

Use of Funds

The Company has used the cash and assets readily convertible to cash, that it had at the time of admission to listing on ASX in a way consistent with its business objectives.

Distribution of equity security holders

	NUMBER OF EQUITY SECURITY HOLDERS	
Category	**Ordinary shares**	**Options**
1 - 1,000	3	-
1,001 - 5,000	8	-
5,001 - 10,000	150	-
10,000 - 100,000	174	-
100,000 and over	71	3
	406	3

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

Restricted Securities

The Company has 75,070,833 shares on issue. 40,124,995 shares are subject to ASX escrow for a period of 24 months from the date official quotation of the Company.

The Company has 4,000,000 options on issue exercisable at 27 cents on or before 31 March 2012 subject to ASX escrow until 23 July 2012.

Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of capital held
Hemisphere Resources Limited	40,000,000	53.28
Ultimate Victory Holding Limited	5,000,000	6.66
Beirne Trading Pty Ltd	1,574,436	2.10
Parmelia Pty Ltd	1,049,624	1.40
Gary B Branch Pty Ltd	800,000	1.06
Assurance Capital Pty Ltd	787,218	1.05
Colbern Fiduciary Nominees Pty Ltd	750,000	1.00
Pillage Investments Pty Ltd	596,666	0.79
Michael Parish	533,333	0.71
Craig & Joy Hawley	524,812	0.70
Marney Vale Farm Pty Ltd	524,812	0.70
Commco Super Pty Ltd	500,000	0.67
Darlinghurst Pty Ltd	500,000	0.67
Peter Schwann	468,000	0.62
Kirk Group Holdings Pty Ltd	450,000	0.60
Bruce Hawley	419,850	0.56
Philip Harris	419,850	0.56
Goldbondsuper Pty Ltd	416,667	0.55
Marshall Nathanson	400,000	0.53
Narband Pty Ltd	386,667	0.52
	56,101,935	74.73

Names of holders of 20% or more of unquoted securities:

	Options expiring 31 March 2012 Exercisable at 27 cents	
	Number	**Percentage**
Peter Schwann	2,000,000	50.00
Daniel Costick	1,000,000	25.00
Westedge Investments Pty Ltd	1,000,000	25.00
	4,000,000	100.00

Summary of the Aruma Resources Limited tenements: (all 100% Aruma)

Gold Projects – Glandore	
M25/327 M25/329 M25/330 P25/2073 P25/2074 P25/2075 P25/2076 P25/2089 P25/2090 P25/2091 P25/2092 P25/2093 P25/2094 P25/2103 P25/2117 P25/2118 P25/2119 P25/2153 P25/2154 P25/2199 P25/2201 PLA25/2202* PLA25/2203* PLA25/2204* PLA25/2215* PLA25/2216*	Glandore

Gold Projects – Glandore Hub	
ELA25/469* ELA25/472*	Bulong
E27/436 ELA 27/453 * ELA 27/462 * ELA 27/465 * PLA27/2096 PLA27/2097	Gindalbie
E 28/1833 E 28/1849 E 28/1855 ELA 28/2116 * ELA 28/2125 * ELA 28/2127*	Kurnalpi South

Gold Projects – Regional	
P 38/3782 P 38/3783 P 38/3784 P 38/3785 P 38/3786 E 38/2475	Laverton East
ELA31/984*	Patricia
ELA37/1109* ELA37/1116* PLA37/8065* PLA37/8066* PLA37/8067*	Darlot East
E 53/1461	Jundee South

* Denotes under application

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