



ARUMA RESOURCES LIMITED

ABN 77 141 335 364

INTERIM FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2011**

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ARUMA RESOURCES LIMITED

Corporate Information

Directors

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

Company Secretary

Phillip MacLeod

Registered office

Suite 33, 18 Stirling Highway
Nedlands WA 6009 Australia
Locked Bag 2000, Nedlands WA 6909

Auditors

MGI Perth Audit Services Pty Ltd
Level 7, The Quadrant
1 William Street
Perth WA 6000
Australia

Principal place of business

Suite 33, 18 Stirling Highway
Nedlands WA 6009
Australia
Locked Bag 2000, Nedlands WA 6909

Solicitors

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe WA 6011
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Share Register

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
Australia

ASX Code

Ordinary shares - AAJ

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

The directors of Aruma Resources Limited submit herewith the financial report of Aruma Resources Limited and its subsidiaries ("Consolidated entity" or "Group") for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

| | |
|-----------------|------------------------|
| Name(s) | |
| Mr. P. Boyatzis | Chairman |
| Mr. P. Schwann | Managing Director |
| Mr. D. Costick | Non-Executive Director |
| Mr. K. K. Chong | Non-Executive Director |

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

REVIEW OF OPERATIONS

(a) Overview

Aruma is a focussed West Australian based gold exploration company which has several 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 approximately 1,600 km².

Aruma has utilised new technology to explore and acquire leases in the Eastern Goldfields and this half saw Fluid Flow Modelling and HyVista Scanning used at the flagship Glandore and other projects.

Aruma now has two advanced Flagship Projects, being Glandore as well as the newly acquired Twin Hills project. The Twin Hills leases as well as the Gindalbie Camel Dam lease were acquired under an option agreement for 18 months in December 2011 for a total consideration of \$100,000 cash and one million shares. Drilling will occur at both project locations during the next year.

During the half-year drilling programs were carried out at Laverton East, Steeple Hill and Jundee South. All of these programs were successful in finding mineralisation after previous work in geochemistry and HyVista had suggested drill targets.

The adjacent projects at Gindalbie, Bulong and Kurnalpi South are within 60km from the Glandore Project and are seen as possible alternative ore sources for a proposed gold treatment plant at Glandore. This plant is dependent on discovering a resource capable of feeding the plant for several years and would be similar to the current situation of our two neighbouring companies, Integra and Silver Lake.

Gindalbie, Darlot East and Patricia will be thoroughly investigated in the second half of this financial year with a view to a drilling programme being carried out in the first half of the 2013 financial year.

ARUMA RESOURCES LIMITED

REVIEW OF OPERATIONS (continued)

(b) Review of operations

The Group incurred an after tax loss for the half-year ended 31 December 2011 of \$669,273 (2010: \$858,463).

The majority of the loss was incurred in drilling at Jundee South, Laverton East and Steeple Hill with assays and on costs of approximately \$600,000. A cost of lease agreements and Fluid Modelling of approximately \$150,000 was also incurred.

Hyvista and subsequent interpretation was carried out at a cost of approximately \$70,000.

The remainder of the loss is attributable to other exploration and administration costs.

(c) Corporate

Aruma completed an initial capital raising through a placement to sophisticated investors, raising \$706,000 before issue costs. A Share Purchase Plan was approved and raised an additional \$242,500. This funding will allow further evaluation of the Company's growing portfolio of landholdings and gold projects in the next 12 months.

EVENTS SUBSEQUENT TO THE BALANCE DATE

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

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, MGI Perth Audit Services Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2011.

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

On behalf of the Directors



P Schwann
Managing Director

Perth, 14 March 2012

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 2011, 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.

MGIPAS

MGI Perth Audit Services Pty Ltd

Amar Nathwani

**Amar Nathwani B.Eng, CA
Director**

Perth
14 March 2012

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

| | CONSOLIDATED | |
|--|--|--|
| | Half-year ended 31 Dec 2011 | Half-year ended 31 Dec 2010 |
| Note | \$ | \$ |
| Revenue from continuing operations | - | - |
| Exploration expenditure expensed as incurred | (773,332) | (787,715) |
| Depreciation | (2,371) | (1,412) |
| Directors' fees | (70,880) | (49,247) |
| Employee benefits | (47,840) | (28,271) |
| Legal and professional fees | (26,559) | (20,631) |
| Occupancy expenses | (14,402) | (13,842) |
| Travel expenses | (19,435) | (5,341) |
| Other expenses | (165,883) | (62,729) |
| Loss from operating activities | (1,120,702) | (969,188) |
| Financial income | 98,734 | 110,725 |
| Financial expenses | (469) | - |
| Net financing income | 98,265 | 110,725 |
| Loss before income tax expense | (1,022,437) | (858,463) |
| Income tax benefit/(expense) | 1(a) 353,164 | - |
| Loss for the period | (669,273) | (858,463) |
| Total comprehensive loss for the period | (669,273) | (858,463) |
| Basic and diluted loss per share (cents per share) | (0.93) cents | (1.38) cents |

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

| | Note | CONSOLIDATED | |
|----------------------------------|------|--------------|-------------|
| | | 31 Dec 2011 | 30 Jun 2011 |
| | | \$ | \$ |
| Current assets | | | |
| Cash and cash equivalents | | 2,947,128 | 2,975,228 |
| Trade and other receivables | | 406,331 | 145,830 |
| Other current assets | | 34,072 | 13,338 |
| Total current assets | | 3,387,531 | 3,134,396 |
| Non current assets | | | |
| Plant and equipment | | 19,784 | 14,401 |
| Deferred exploration expenditure | | 538,919 | 348,919 |
| Total non current assets | | 558,703 | 363,320 |
| Total assets | | 3,946,234 | 3,497,716 |
| Current liabilities | | | |
| Trade and other payables | | 242,231 | 135,093 |
| Provisions | | 34,718 | 20,634 |
| Total current liabilities | | 276,949 | 155,727 |
| Total liabilities | | 276,949 | 155,727 |
| Net assets | | 3,669,285 | 3,341,989 |
| Equity | | | |
| Issued capital | 2 | 5,837,880 | 4,841,311 |
| Reserves | 3 | 373,066 | 373,066 |
| Accumulated losses | | (2,541,661) | (1,872,388) |
| Total equity | | 3,669,285 | 3,341,989 |

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

| | CONSOLIDATED | |
|---|--|--|
| | Half-year ended 31 Dec 2011 | Half-year ended 31 Dec 2010 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Interest received | 167,820 | 22,172 |
| Payments for exploration and evaluation | (770,095) | (595,764) |
| Payments to suppliers and employees | (224,640) | (169,890) |
| Net cash used in operating activities | (826,915) | (743,482) |
| Cash flows from investing activities | | |
| Payments for acquisition of tenements | (100,000) | (50,000) |
| Repayment of loan | - | (211,157) |
| Payments for purchases of plant and equipment | (7,754) | (6,712) |
| Net cash used in investing activities | (107,754) | (267,869) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares and other equity securities | 948,500 | 1,722,200 |
| Costs of capital raising | (41,931) | (299,562) |
| Net cash provided by financing activities | 906,569 | 1,422,638 |
| Net increase/(decrease) in cash and cash equivalents | (28,100) | 411,287 |
| Cash and cash equivalents at the beginning of the period | 2,975,228 | 3,310,583 |
| Cash and cash equivalents at the end of the period | 2,947,128 | 3,721,870 |

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

| Consolidated | Issued capital | Option premium reserve | Accumulated losses | Total |
|---|-----------------------|-----------------------------------|---------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2010 | 45,805 | 373,066 | (396,829) | 22,042 |
| Loss for the period | - | - | (858,463) | (858,463) |
| Total comprehensive loss for the period | - | - | (858,463) | (858,463) |
| Issue of share capital on listing | 5,031,500 | - | - | 5,031,500 |
| Issue of shares for tenements | 65,000 | - | - | 65,000 |
| Costs of issue on listing | (303,744) | - | - | (303,744) |
| Balance at 31 December 2010 | 4,838,561 | 373,066 | (1,255,292) | 3,956,335 |
| Balance at 1 July 2011 | 4,841,311 | 373,066 | (1,872,388) | 3,341,989 |
| Loss for the period | - | - | (669,273) | (669,273) |
| Total comprehensive loss for the period | - | - | (669,273) | (669,273) |
| Issue of shares for cash | 948,500 | - | - | 948,500 |
| Issue of shares for option agreement | 90,000 | - | - | 90,000 |
| Costs of issue of shares | (41,931) | - | - | (41,931) |
| Balance at 31 December 2011 | 5,837,880 | 373,066 | (2,541,661) | 3,669,285 |

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 'Interim Financial Reporting', Accounting Interpretations and other pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the financial year ended 30 June 2011.

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

Adoption of new and revised Accounting Standards

In the half year ended 31 December 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 half year ended 31 December 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 and, therefore, no change necessary to Group accounting policies.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Judgements and Key Estimates

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

In preparing this half-year report the significant judgements made by management in applying the Consolidated entity's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2011.

(a) Income tax

The Company is eligible for a refund under the R&D Tax concession scheme for 2011 of \$353,164.

2. Issued capital

| | 31 December 2011 | 30 June 2011 |
|--|-----------------------------|-----------------------------|
| | \$ | \$ |
| <i>Issued and paid up capital</i> | | |
| Fully paid ordinary shares | 5,837,880 | 4,841,311 |
| | | |
| | 31 December 2011 | 31 December 2011 |
| | Number | \$ |
| <i>Movements in fully paid shares on issue</i> | | |
| At beginning of period | 65,657,500 | 4,841,311 |
| Issued on execution of option agreement | 1,000,000 | 90,000 |
| Issued for cash | 12,646,667 | 948,500 |
| Less costs of issue | - | (41,931) |
| Balance at end of period | 79,304,167 | 5,837,880 |

3. Reserves

| | 31 December 2011 | 31 December 2010 |
|--------------------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| Option premium reserve | | |
| Balance at beginning of period | 373,066 | 373,066 |
| Balance at end of period | 373,066 | 373,066 |

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Commitments

| | 31 December 2011 \$ |
|--|---------------------------|
| COMMITMENTS | |
| Exploration Expenditure Commitments | |
| Minimum exploration expenditure: | |
| not later than 1 year | 636,460 |
| Later than 1 year but not later than 5 years | 2,545,840 |
| | <u>3,182,300</u> |

5. Contingent liabilities

Under the Glandore project mineral rights agreement Hemisphere Resources ("Hemisphere") which has a controlling interest in Aruma, 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 Resources has covenanted to reimburse up to \$50,000 that Hemisphere is obliged to pay under the covenant.

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

6. Segment Information

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

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

The Group operates in one business segment and one geographical segment, namely mineral exploration industry in Australia only. AASB 8 Operating Segments states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely mineral exploration industry.

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 Consolidated entity 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.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Events after the balance date

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

8. Related Parties

Transactions with directors and director-related entities continue to be in place. For details on these arrangements, please refer to the 30 June 2011 annual financial report. No other related party transactions were entered into during the half year ended 31 December 2011.

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

ARUMA RESOURCES LIMITED

DIRECTORS' DECLARATION

In the directors' opinion:

- 1 the financial statements and notes set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date of the consolidated entity; and
- 2 there are reasonable grounds to believe that Aruma Resources Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors



P. Schwann
Managing Director

Perth, 14 March 2012

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Aruma Resources Limited ('the Consolidated Entity') which comprises the condensed consolidated statement of financial position as at 31 December 2011, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entity it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the half-year financial report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aruma Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

MGIPAS

MGI Perth Audit Services Pty Ltd

Amar Nathwani

**Amar Nathwani B.Eng, CA
Director**

Perth
14 March 2012