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**ARUMA RESOURCES LIMITED**

(ABN 77 141 335 364)

**Annual Report**

**30 June 2018**

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## Corporate information

### Directors

Paul Boyatzis (Chairman)  
Peter Schwann (Managing director)  
Mark Elliott

### Company secretary

Phillip MacLeod

### Registered office

108 Forrest Street  
Cottesloe, Western Australia, 6011

### Principal place of business

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

### Postal address

PO Box 152,  
West Perth, Western Australia 6872

[www.arumaresources.com](http://www.arumaresources.com)

### Share registry

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

### Solicitors

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

### Auditors

Greenwich & Co Audit Pty Ltd  
Level 2, 35 Outram Street  
West Perth, Western Australia, 6005

### Securities exchange listing

ASX Limited  
ASX Code: AAJ

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## Letter from the Chairman to Shareholders

Dear Shareholder

Your company, Aruma Resources Ltd ("Aruma" or "the Company"), is an active gold exploration company in the Kalgoorlie region of Western Australia with a focus in the very productive Eastern Goldfields.

The past twelve months have been a very busy period for the Company as it continued to advance and consciously expanded its land holding in the tightly held Eastern Goldfields region of Western Australia. The historical 7km<sup>2</sup> high tenor (>200ppb Au) gold anomaly at Slate Dam was the primary focus for the year and highlighted by several reported gold intersections.

Aruma was able to attract market interest and capital to continue an aggressive exploration and acquisition program which commenced early in the year. With \$1.77m in capital raised together with the R&D tax offset Aruma was able to explore and advance its projects particularly at the exciting Slate Dam Gold Project. All expenditure was prudently managed utilising the R&D tax offset which provided a refund of \$224,562 before costs for eligible exploration expenditure incurred during FY2017-18.

During the year the second tranche expenditure of the Southern Gold Limited (ASX: SAU) joint venture at Glandore was completed with over \$400,000 expended on exploration in the year with work highlighting the potential for future mining of the northern Glandore leases. SAU are actively continuing with tranche 3 of their earn-in at Glandore with interesting results on several areas within the leases. This allowed Aruma to focus its gold exploration on its 100% owned areas surrounding the Glandore project with the reported anomaly at Slate Dam as the priority target.

The Beowulf and Sheela gold projects, with the Mt Deans lithium project were secured during the year.

Sheela was a conglomerate hosted gold prospect but after rigorous ground truthing failed to produce the right age and type of rocks. The area was subsequently relinquished. The Beowulf project was pegged over Black Flag style sediments identified by magnetics and previously thought to be granite. The Mt Deans lithium pegmatite lease containing old tin mines were awarded after a Wardens Court hearing was successful in dismissing an objection. The lease is currently in the process of being granted.

The coming year will see continued exploration on the Company's projects, with the focus being on full evaluation and prospectivity analysis at Slate Dam, Beowulf and Kopai. This will occur after geochemical, magnetic and AEM mapping is verified by field mapping and reviewed by an independent consultant group. This will commence after the heritage and native title requirements are finalised hopefully by the end of the year.

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

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

Finally, I would like to thank all shareholders for their continued support during the past twelve months and recommend all shareholders read this report to gain a further understanding of the Company's plans and projects

**Paul Boyatzis**

Chairman

## Review of operations

### HIGHLIGHTS

- Slate Dam Phase 1 and 2 drill programs completed
- Slate Dam Phase 3 drill program 50% complete
- Intersections suggest two mineralisation trends
- Lease areas increased by 530km<sup>2</sup>
- JORC Resources on acquired Trojan Lease
- Drilling to continue and Section 18 approvals underway at Slate Dam

Over the past 12 months Aruma Resources Limited has been actively exploring for gold on its highly prospective tenement package in the Eastern Goldfields Region of Western Australia. Aruma's tenements cover over 800km<sup>2</sup> of which 780km<sup>2</sup> are wholly operated by Aruma (Figure 1).

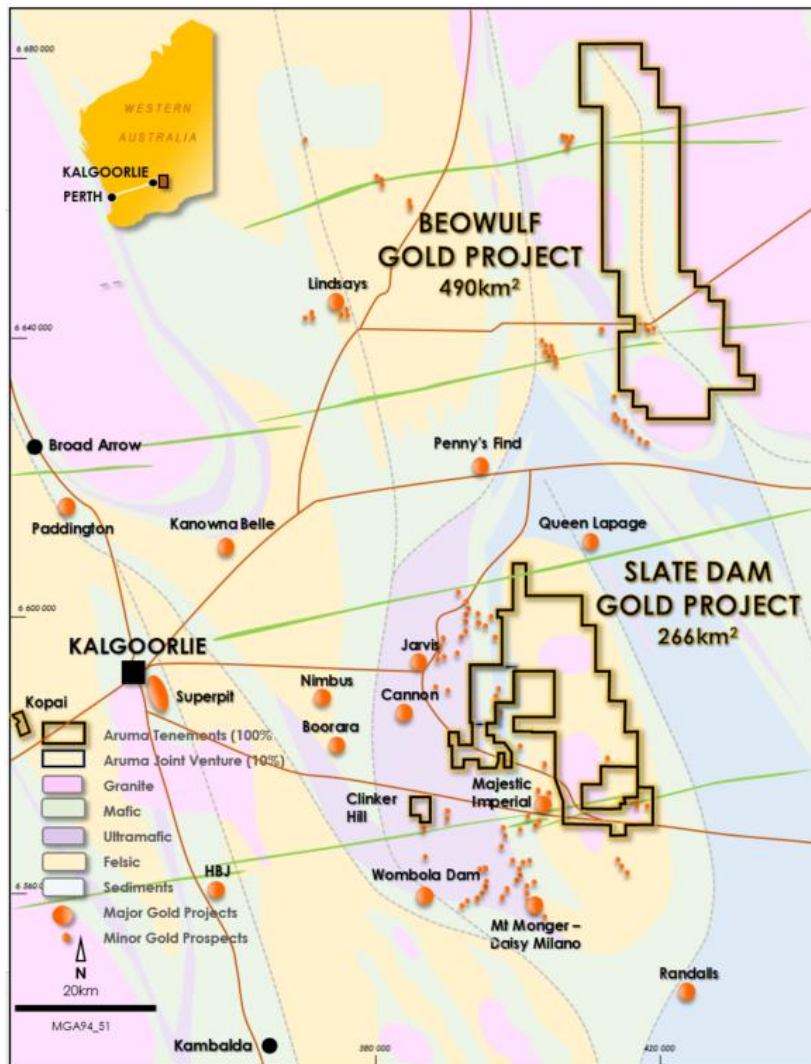


Figure 1: Aruma's Gold Projects of the Kalgoorlie District, with geology, gold mines and prospects

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## Review of operations

### TARGETTING BACKGROUND

The Company has been acquiring and exploring for Sediment Hosted gold deposits since 2016 when the outcome of the Glandore EIS 1,200m diamond drillhole made the sediments to east of Glandore highly prospective. This prospectivity is based on the observation that most world class gold deposits are hosted in volcanic derived sediments and the Invincible Goldfields Australia at Kambalda) and other major gold deposits in the Yilgarn Block are located in such Black Flag Group type sediments.

### KALGOORLIE PROJECTS

The Company advanced the Slate Dam project during the year by, drilling, increasing its land tenure, acquiring the Trojan Mine which contains a resource estimate of 144Kounces of gold and securing Ministerial Approval for a Section 18 grant over the main Slate Dam Lease E25/553.

Three RC drill programs totaling 8,554m were completed from November 2017 after the Section 18 was granted. This defined several gold shoots at Slate Dam and confirmed the sediment hosted model (Figure 2).

This has increased the coverage over the prospective gold trends at Slate Dam to 80% or 266km<sup>2</sup> of the 100% owned leases. The area around Slate Dam and Beowulf has attracted significant interest from several major producers and exploration companies with lease acquisition and drilling occurring near both projects.

Beowulf is now 100% granted and covers 490km<sup>2</sup> of rocks similar to those which cover the west limb of Saracen Mining Limited's Carosue Project. Gold endowment has been highlighted towards the center of the project from gold mining carried out on several of the leases purchased last year.

Kopai and Clinker are being evaluated with Kopai containing strong anomalies to be drilled when the lease is granted.

### SLATE DAM GOLD PROJECT

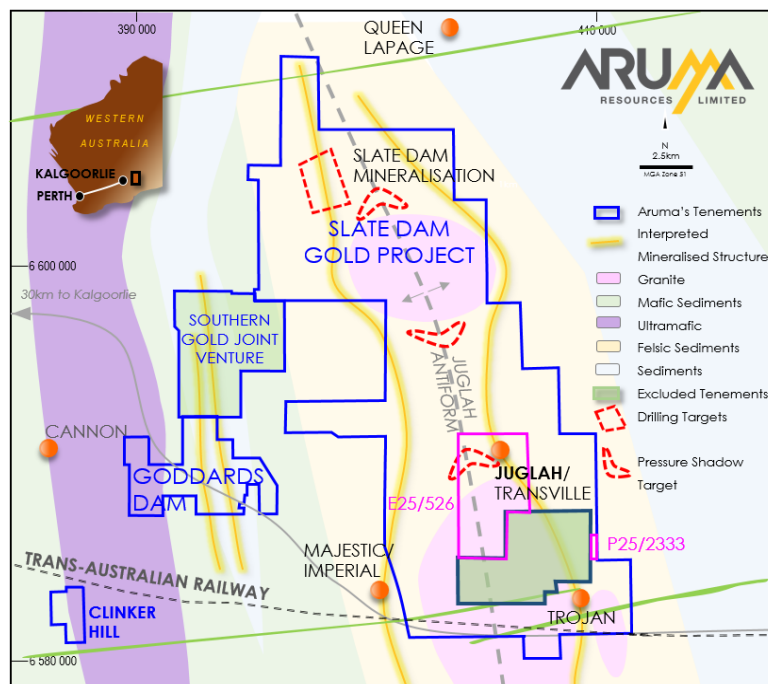


Figure 2: The Slate Dam Gold Project area with target areas defined

## Review of operations

The Slate Dam Project comprises exploration licenses E25/526, E25/534, E25/553, E25/556, E25/558 and ELA25/571 together with mining lease M25/104 and prospecting licence P25/2333 covering some 266km<sup>2</sup> of Black Flag Group felsic sediments strategically located only 50km east of Kalgoorlie.

### Drilling Programs

Aruma completed a total of 79 RC holes for 8,554 metres in three phases of drilling at Slate Dam during the year. The drilling and historic drill results have confirmed and strengthened the Company's exploration model for Slate Dam to host significant sediment-hosted gold deposits.

SLATE DAM >1g/t INTERSECTIONS										
Hole ID	Easting	Northing	RL	Dip	Azi	Hole Depth	From	To	Interval (m)	FA25 Au Avg (g/t)
SDRC001	395245	6603319	340	-60	65	94	54	55	1	2.10
SDRC006	395683	6602967	341	-60	65	100	10	15	5	3.79
SDRC006	395683	6602967	341	-60	65	Inc.	10	13	3	6.20
SDRC006	395683	6602967	341	-60	65	Inc.	11	12	1	15.60
SDRC006	395683	6602967	341	-60	65	100	60	61	1	1.60
SDRC012	396138	6602617	340	-60	65	100	15	21	6	1.00
SDRC013	396092	6602597	342	-60	65	112	93	94	1	4.20
SDRC014	396035	6602575	341	-60	65	118	25	27	2	1.24
SDRC017	396460	6602764	340	-60	65	100	14	15	1	1.79
SDRC017	396460	6602764	340	-60	65	100	92	94	2	4.21
SDRC020	396428	6602641	340	-60	65	80	8	32	24	1.03
SDRC020	396428	6602641	340	-60	65	Inc.	8	24	16	1.34
SDRC020	396428	6602641	340	-60	65	Inc.	11	18	7	2.07
SDRC037	395661	6600878	340	-60	65	103	15	19	4	1.10
SDRC040	396004	6601959	340	-60	65	100	21	24	3	1.07
SDRC040	396004	6601959	340	-60	65	100	89	91	2	1.14
SDRC048	395342	6603458	340	-60	65	108	0	1	1	18.10
SDRC053	395750	6602738	340	-60	65	108	27	38	11	1.05
SDRC053	395750	6602738	340	-60	65	120	45	47	2	1.24
SDRC065	395923	6603054	340	-60	65	120	82	83	1	1.02
SDRC068	396594	6602743	340	-60	65	120	16	17	1	3.36
SDRC068	396594	6602743	340	-60	65	120	17	18	1	5.92
SDRC068	396594	6602743	340	-60	65	120	19	20	1	2.30
SDRC068	396594	6602743	340	-60	65	120	15	21	6	2.43
SDRC068	396594	6602743	340	-60	65	120	14	23	9	1.70

Table 1: Phase 2 drilling significant assays (>1.0g/t);

## Review of operations

Phase 1 drilling (SDRC1- SDRC40 for 3,996m) at Slate Dam in November 2017 to January 2018 resulted in the delineation of a faulted tabular 20 metres thick shoot dipping 30 degrees to the west, which hosts mineralised sediments and/or structures grading  $>1\text{g/t Au}$ . This program intersected multiple lodes, typically 3-7 metres in width, with 33 out of 40 holes (80%) intersecting mineralisation (greater than  $0.1\text{g/t Au}$ ). The thickest intersection returned was from drill hole SDRC020; 24m @  $1.04\text{g/t Au}$  from 8m, including 16m at  $1.34\text{g/t Au}$  and 7m @  $2.1\text{g/t Au}$  from 11m. The highest grade intersection was 3m at  $6.2\text{g/t Au}$  in SDRC 06 from 10m.

Phase 2 drilling (SDRC41- SDRC63 for 2,778m) in April 2018 confirmed Aruma's sediment-hosted gold exploration model. The drilling again gave multiple intersections of anomalous gold mineralisation, with  $>50\%$  of completed holes (12 of 23 holes) intersecting gold mineralisation ( $0.1\text{g/t Au}$ ). Three holes intersected grades of  $>1\text{g/t Au}$  (Table 2). Of equal importance are the thicknesses seen in the mineralisation with three intersections of 10m or more with the 11m at  $1.05\text{g/t Au}$  in the main shoot as shown in Table 2.

The typical siltstone mineralisation at the Invincible gold deposit was up to 100m at  $0.2\text{g/t Au}$ . These indicate the presence of a significant gold system and the requirement to find either lode material in shale or quartz veins in greywackes. This was reported in the rock chip sampling where the trace elements could differentiate between the two types.

SLATE DAM $>1\text{g/t}$ INTERSECTIONS $\geq 3\text{m}$ DOWN HOLE THICKNESS										
Hole ID	Easting	Northing	RL	Dip	Azi	Hole Depth	From	To	Interval (m)	FA25 Au Avg (g/t)
SDRC20	396428	6602641	340	-60	65	80	8	32	24	1.03
SDRC20	396428	6602641	340	-60	65	80	8	24	16	1.34
SDRC53	395750	6602738	340	-60	65	108	27	38	11	1.05
SDRC68	396594	6602743	340	-60	65	120	14	23	9	1.70
SDRC20	396428	6602641	340	-60	65	80	11	18	7	2.07
SDRC12	396138	6602617	340	-60	65	100	15	21	6	1.00
SDRC68	396594	6602743	340	-60	65	120	15	21	6	2.43
SDRC6	395683	6602967	341	-60	65	100	10	15	5	3.79
SDRC37	395661	6600878	340	-60	65	103	15	19	4	1.10
SDRC6	395683	6602967	341	-60	65	100	10	13	3	6.20
SDRC40	396004	6601959	340	-60	65	100	21	24	3	1.07

Table 2: Drilling significant widths ( $\geq 3\text{m}$  down hole thickness)



## Review of operations

The first half of Phase 3 (SDRC64 to SDRC 79 for 1,880m) drilling program continued to deliver results consistent with the model. Drilling was suspended in June due to a rain event and subsequent rig availability.

The standout result from Phase 3 to date is 15m at 1.1g/t Au in SDRC68, which is a new line of mineralisation to the east and included 6m at 2.43g/t Au.

### Soil Sampling and Rock Chips

A 750 sample soil program was completed at Slate Dam North and the results have defined a continuation of the main gold system recently drilled. A peak value of 444ppb Au was received and the plus ten (>10ppb) gold zones show a consistent relationship between structure and stratigraphy. This anomaly was drilled with 3 drillholes but failed to show any down hole mineralisation.

A short rock chip program was also undertaken in the area of drilling and returned highly anomalous results of 16.7g/t Au and 6.7g/t Au (Table 3) from two locations in the anomaly near SDRC06 and SDRC064 (ASX announcement 15 February 2018).

Sample_ID	Easting	Northing	Au_ppm	Ag_ppm	As_ppm	Cu_ppm	K_pct	Te_ppm
SDNH09	395772	6603136	16.65	0.06	3310	484	1.03	0.22
SDNH12	395578	6602936	6.71	1.16	4.3	27.3	0.02	3.37
SDNH11	395577	6602935	0.55	1.65	25.2	223	0.03	2.25
SDNH05	395989	6603095	0.09	0.2	6.8	23.8	0.27	2.73
SDNH01	396019	6603119	0.07	0.04	1.2	59.2	0.26	0.06
SDNH10	395727	6603104	0.07	0.02	0.6	26	0.75	<0.05
SDNH02	396020	6603120	0.04	0.22	1.2	21.6	0.13	0.36
SDNH14	396537	6602604	0.04	0.14	0.9	24.5	0.14	0.07

**Table 3: Rock chip samples showing Quartz Vein (yellow highlight) and Shale Hosted (Green Highlight)**

The results above show the presence of the two populations of gold as defined by research by CODES on the core from diamond drill hole ADH01. The quartz veins (yellow highlight) have a strong Au-Ag-Te relationship whereas the Shale hosted (green highlight) sample has a strong Au-As-Cu-K relationship. The high grade of the shale hosted gold to the east of the anomaly is a new trend suggested by the drill results to date.

### Trojan Resource Purchase

Aruma purchased the important current mining lease ML25/104 from Westgold Resources Limited for 6 million Aruma shares. Applying a 0.70g/t Au cut-off, the 2012 JORC Code-compliant Indicated and Inferred Resource estimate for the Trojan Gold Project currently comprises 2.8Mt at 1.61 g/t Au for 144,800oz of gold, as summarised in Table4 below:

Classification	Tonnes	Grade	Ounces of gold
Indicated	1,679,908	1.72	93,117
Inferred	1,114,431	1.44	51,696
<b>Combined</b>	<b>2,794,339</b>	<b>1.61</b>	<b>144,814</b>

**Table 4: Current JORC 2012 Resource Estimate at Trojan Gold Project**

## Review of operations

Table 4 relates to Mineral Resources at the Trojan Gold Project based on information prepared by Metals X Limited as announced to the ASX on 18 August 2016 in its 2016 Annual Update of Mineral Resource and Ore Reserves.

The opportunity to use the asset to generate short-term cashflow for Aruma is being explored currently with mill operators located close by.

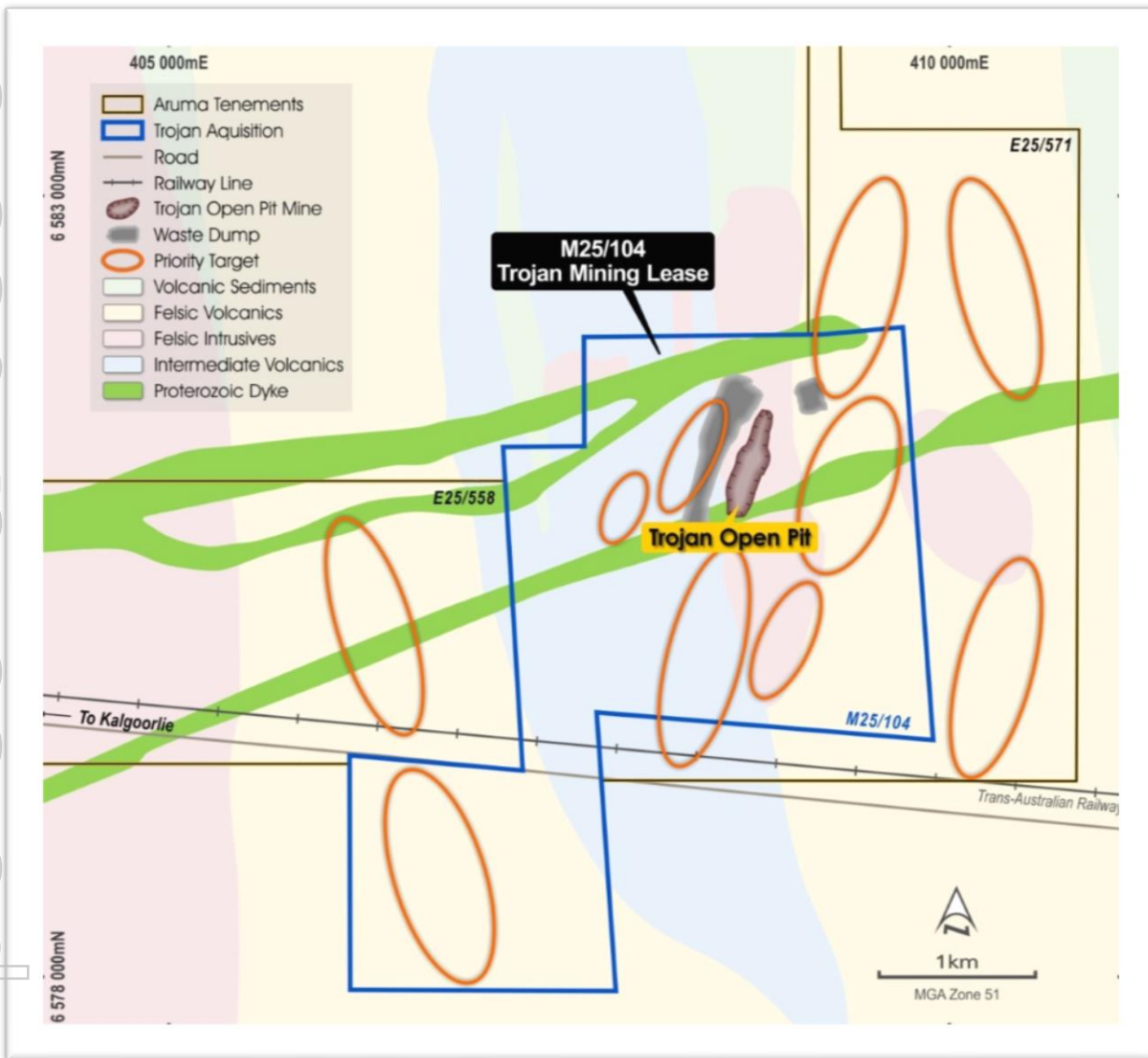


Figure 3: Geology and targets on the Trojan Project (M25/104) within the Slate Dam Project area - blue outline Trojan Project area, Black outline shows existing Slate Dam Project area and brown ovals show priority targets. (From MetalsX Annual Report, 2016)

## Review of operations

### BEOWULF GOLD PROJECT

A geochemical sampling program was completed over the central area to the north of the Carosue Road at Beowulf but did not produce any anomalies most likely due to soil depth.

### OTHER PROJECTS

The Sheela Project in the Ashburton area of the Pilbara was applied for, examined, sampled and relinquished in the year. Mt Deans pegmatite lease (P63/2063) was awarded to the Company and is awaiting grant approval after submissions to the Department of Biodiversity, Conservation and Attractions.

Three large soil sampling programs were undertaken on the tenements at Clinker Hill, Slate Dam and Beowulf as part of the Company's Mining Student Employment program.

### PROJECTS SUMMARY

<b>EASTERN GOLDFIELDS</b>	<b>Kalgoorlie Projects</b>	<ul style="list-style-type: none"> <li>▪ <b>Glandore Gold Project</b> - JV continuing with Southern Gold Limited (SAU) to earn 90% in the third year</li> </ul>
		<ul style="list-style-type: none"> <li>▪ <b>Slate Dam</b> - 266km<sup>2</sup> leases over prospective stratigraphy</li> <li>▪ <b>Beowulf</b>- 9 leases for 490km<sup>2</sup> on prime stratigraphy</li> <li>▪ <b>Goddards Dam</b> - Section 18 to allow drilling</li> <li>▪ <b>Clinker Hill</b> - PoW approved for south east extensions</li> <li>▪ <b>Kopai</b> – Two PLs (1 granted, 1 pending) along strike of Mungari</li> </ul>

Table 5: Gold Project Status and Activity Table

### PROPOSED EXPLORATION ACTIVITIES FOR FY2018-19

- **Glandore:**
  - JV continues with SAU and stage three is underway to 90%
- **Slate Dam:**
  - Section 18 over full project submitted to ACMC for September hearing
  - Third phase drilling to be completed and processed
  - Database construction by Maxwell GeoServices
  - Full data review and AEM program to generate ranked targets
  - Drilling of ranked targets from Database review and AEM
- **Beowulf:**
  - Full data review and AEM program
- **Clinker Hill:**
  - Lease amalgamation
- **Kopai:**
  - Soil sampling program completed and RAB drilling planned
- **Mt Deans Lithium:**
  - Proposal to the DBCA on Timber Reserve to allow granting of lease

## Review of operations

Aruma will also be undertaking a full review of all leases using consultants and a testing of the data with Airborne EM and close spaced magnetics and radiometrics surveys. This will be assessed by an independent expert and recommendations made will be appraised going forward.

### Competent Person's Statement

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

### Forward Looking Statement

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

## Review of operations

### CORPORATE

The Company had a cash and term deposit balance at 30 June 2018 of \$1,122,720.

The Company received an R&D tax incentive offset of \$224,562 before costs in the March quarter. This is an additional benefit of the research carried out by the Company on its Hydrothermal Mineralisation in Sediments model, which is the targeting technique used at all of its projects.

On 1 July 2017 Mr. K K Chong resigned from the board and Dr Mark Elliott was appointed as an independent director.

Ms Kathryn Cutler resigned from the Company in the second half of the year as exploration manager as did the exploration geologist Mr Ivan Martinovic. The Directors wish to thank all for their active efforts in advancing Aruma's interests over the years.

During the year the Company completed a placement of 70 million shares to sophisticated investors with the assistance of Armada Capital & Equities and State One Stockbroking. The placement took place at an issue price of 1.1 cents per share to raise \$770,000 before issue costs. The Company completed a second placement of 50 million shares at an issue price of 2.0 cents per share to raise \$1 million before issue costs with State One Equities as Lead Manager.

During the year the Company issued 12 million unlisted options to Directors, employees and consultants. The options, which vested immediately, have an exercise price of 1.9 cents and expire on 30 November 2020.

## Directors' report

Your directors present their report together with the financial statements of the Group consisting of Aruma Resources Limited ("the Company") and the entity it controlled (together the "Group") for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### 1. INFORMATION ABOUT THE OFFICERS OF THE COMPANY

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

#### **Mr. Paul Boyatzis**

**B Bus, ASA, MSDIA, MAICD – Chairman**

Appointed 5<sup>th</sup> January 2010

Mr Boyatzis has over 30 years' experience in the commercial, investment and equity markets, and has assisted many emerging growth companies within the resources and financial services sectors. He has served as Chairman and Director of a number of public and private companies.

During the past three years Mr Boyatzis has served as a Director of Transaction Solutions International Limited (February 2010 – June 2017), Ventnor Resources Limited (September 2010 – present) and Nexus Minerals Limited (October 2006 – present).

#### **Mr Peter Schwann**

**Ass.App.Geology, FAusIMM, FAIG, MSEG – Managing Director**

Appointed 11<sup>th</sup> February 2010

Mr Schwann is a highly experienced internationally recognised geologist and mining executive with broad experience across multiple commodities with extensive geological capability as well as significant operational management.

During the past three years Mr Schwann has served as a Director of Westgold Resources Limited (February 2017 - present).

#### **Dr. Mark Elliott**

**Dip App Geol, PhD FAICD, FAusIMM(CPGeo), FAIG – Director**

Appointed 1<sup>st</sup> July 2017

Dr Elliott is a chartered practising geologist with expertise in multiple mineral commodities and energy sectors. Dr Elliott has a proven track record in corporate management and growing successful businesses in the resource sector.

During the last three years Dr Elliott has been a director of Nexus Minerals Limited (October 2006 – present) and Mako Gold Limited (March 2017 – present). During the last 3 years he has also served as a director of HRL Holdings Limited (to 23 November 2017).

## Directors' report

### Mr. Phillip MacLeod

**B Bus, ASA, FGIA, MAICD – Company secretary**

Appointed 5<sup>th</sup> January 2010

Mr MacLeod has over 25 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 public and private companies involved in the resource, technology, property and healthcare industries.

### 2. FINANCIAL AND OPERATING REVIEW

The Group made a loss for the year of \$1,881,820 (2017: \$604,937). The Group had cash and term deposit balances at 30 June of \$1,122,720 (2017: \$1,244,541).

During the year the Company undertook two share placements, raising \$1,000,000 before issue costs through the placement of 50 million shares with State One Equities acting as lead manager to the placement and \$770,000 through the placement of 70 million shares supported by Armada Capital and Equities and State One Stockbroking. The proceeds of the placements were used to fund exploration activity on the Slate Dam and Beowulf projects as well as providing other working capital.

The Company also issued 5 million shares during the year as part consideration for the purchase of the Beowulf gold project, 6 million shares for the Trojan gold project and 2 million shares as part consideration for exploration licence E25/526 as part of the Slate Dam project.

20 million shares were issued as collateral for a controlled placement facility with Acuity Capital during the year.

During the year the Company also received \$195,088 after costs under the 2017 Research and Development tax incentive programme for exploration activity carried out on the Glandore Project.

A review of operations is on page 5.

### 3. DIRECTOR'S MEETINGS

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

Director	Meetings Held	Meetings Attended
Paul Boyatzis	4	4
Peter Schwann	4	4
Dr. Mark Elliott	4	4

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



## Directors' report

### 4. REMUNERATION REPORT (AUDITED)

#### 4.1 Principles of compensation

Remuneration is referred to as compensation throughout this report.

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

Remuneration levels for key management personnel and other staff of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives and take account of factors such as length of service, particular experience and expertise. The non-executive director receives a fixed fee of \$30,000 per annum. The Chairman receives a fixed fee of \$54,000 per annum plus superannuation or GST as applicable. Currently key management personnel remuneration is not dependent on the satisfaction of any performance condition.

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

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## Directors' report

### 4. REMUNERATION REPORT (AUDITED)

#### 4.2 Remuneration of directors and senior management (audited)

Key management personnel remuneration for the years ended 30 June 2018 and 30 June 2017.

	Year	Short-term			Total	Post-employment Superannuation Benefits	Other long term \$	Termination Benefit \$	Share-based Payments		Proportion of remuneration related %	Value of options as proportion of remuneration
		Salary & Fees \$	Cash Bonus \$	Non-monetary Benefits \$					Options \$	Total \$		
<b>Non-Executive Directors</b>												
Mr P Boyatzis	2018	54,000	-	-	54,000	-	-	-	17,301	71,301	-	24.26
	2017	46,800	-	-	46,800	-	-	-	-	46,800	-	-
Dr Mark Elliott <sup>(1)</sup>	2018	30,000	-	-	30,000	-	-	-	8,650	38,650	-	22.38
	2017	-	-	-	-	-	-	-	-	-	-	-
Mr K K Chong <sup>(2)</sup>	2018	-	-	-	-	-	-	-	-	-	-	-
	2017	18,000	-	-	18,000	-	-	-	-	18,000	-	-
<b>Executive Director</b>												
Mr P Schwann	2018	200,000	-	-	200,000	19,000	-	-	34,602	253,602	-	13.64
	2017	150,000	-	-	150,000	14,250	-	-	-	164,250	-	-
<b>Total</b>	<b>2018</b>	<b>284,000</b>	<b>-</b>	<b>-</b>	<b>284,000</b>	<b>19,000</b>	<b>-</b>	<b>-</b>	<b>60,553</b>	<b>363,553</b>	<b>-</b>	<b>16.66</b>
	2017	214,800	-	-	214,800	14,250	-	-	-	229,050	-	-

<sup>(1)</sup> Appointed 1 July 2017

<sup>(2)</sup> Resigned 1 July 2017

## Directors' report

### 4. REMUNERATION REPORT (AUDITED)

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

During the year 7,000,000 (2017 nil) options over unissued shares were granted to key management personnel (KMP) as part of their remuneration. No options granted to KMP were exercised during the year. 4,625,000 options that were previously granted to KMP lapsed during the year. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

#### 4.4 Service agreement

Managing Director, Mr Schwann's remuneration commencing 1 July 2017 consists of \$200,000 per annum base salary (previously \$150,000) plus statutory superannuation and provision of a laptop computer and mobile phone.

Mr Schwann is engaged with a one month notice period for cessation to be given in writing by either party.

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

#### END OF REMUNERATION REPORT (AUDITED)

### 5. SHARE OPTIONS

#### Unissued shares under option

There are 12,000,000 options (2017 4,625,000) over unissued shares in Aruma.

#### Share options lapsed

8,625,000 options lapsed unexercised the year (2017: 2,500,000).

#### Share options issued

There were 7,000,000 options over unissued shares in Aruma issued during the year as share-based compensation to directors (2017: nil options).

#### Shares issued on exercise of options

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

## Directors' report

### 6. PRINCIPAL ACTIVITY

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

### 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, 8,000,000 shares were issued as part consideration for drilling costs of \$60,000 and an establishment fee of \$20,000 for a controlled placement facility.

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

### 9. LIKELY DEVELOPMENTS

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

### 10. DIRECTORS' INTERESTS

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

Director	Ordinary shares	Options over ordinary shares
Mr. P Boyatzis	17,528,211	2,000,000
Mr. P Schwann	12,879,065	4,000,000
Dr. M Elliott	-	-

### 11. ENVIRONMENTAL REGULATIONS

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

## Directors' report

### 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, Greenwich & Co Audit Pty Ltd (2017: Nexia Perth Audit Services Pty Ltd), and its related practices for audit and non-audit services provided are set out below:

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
Audit and review of financial reports	18,000	26,628
Taxation services	4,000	4,800
	22,000	31,428

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

## Directors' report

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

The auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is set out on page 22.

### 15. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

This report is made with a resolution of the directors.



Peter Schwann  
Managing Director  
Perth, Western Australia

Dated 28<sup>th</sup> September 2018

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## Auditor's Independence Declaration

To those charged with governance of Aruma Resources Limited

As auditor for the audit of Aruma Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Greenwich & Co Pty Ltd

**Greenwich & Co Audit Pty Ltd**

Nick Hollens

**Nick Hollens**  
Managing Director

Perth  
28 September 2018

## Consolidated statement of comprehensive income

For the year ended 30 June 2018

		CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
	Note		
Revenue	3	251,864	359,739
Exploration and evaluation expenditure expensed as incurred		(1,249,192)	(494,415)
Depreciation	4	(22,860)	(13,359)
Directors' remuneration	24	(284,000)	(229,050)
Employee benefits		(7,381)	(4,810)
Impairment of exploration assets	15	(93,393)	-
Legal and professional fees		(126,283)	(146,664)
Occupancy expenses		(25,600)	(17,490)
Share-based payment expense		(103,805)	-
Other expenses		(240,574)	(83,322)
<b>Loss from operating activities</b>	4	<b>(1,901,224)</b>	<b>(629,371)</b>
Financial income		15,976	24,434
Financial expense		(572)	-
<b>Net financing income</b>	5	<b>15,404</b>	<b>24,434</b>
<b>Loss before income tax</b>		<b>(1,885,820)</b>	<b>(604,937)</b>
Income tax expense	8	-	-
<b>Total comprehensive loss</b>		<b>(1,885,820)</b>	<b>(604,937)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)	7	(0.43) cents	(0.19) cents

The accompanying notes form part of these financial statements.

## Consolidated statement of financial position

For the year ended 30 June 2018

	Note	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	713,140	83,713
Trade and other receivables	11	45,847	37,895
Other financial assets	12	409,580	1,160,828
Other current assets	13	10,968	5,579
<b>Total current assets</b>		<b>1,179,535</b>	<b>1,288,015</b>
<b>Non-current assets</b>			
Plant and equipment	14	39,926	62,786
Capitalised exploration expenditure	15	461,380	229,773
<b>Total non-current assets</b>		<b>501,306</b>	<b>292,559</b>
<b>Total assets</b>		<b>1,680,841</b>	<b>1,580,574</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	127,301	121,712
Provisions	17	21,058	32,132
<b>Total current liabilities</b>		<b>148,359</b>	<b>153,844</b>
<b>Total liabilities</b>		<b>148,359</b>	<b>153,844</b>
<b>Net assets</b>		<b>1,532,482</b>	<b>1,426,730</b>
<b>Equity</b>			
Issued capital	18	11,962,351	10,139,092
Reserves	19	133,712	83,601
Accumulated losses	20	(10,563,581)	(8,795,963)
<b>Total equity</b>		<b>1,532,482</b>	<b>1,426,730</b>

The accompanying notes form part of these financial statements.



## Consolidated statement of cash flows

For the year ended 30 June 2018

		CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
	Note		
<b>Cash flows from operating activities</b>			
Receipts from exploration activities		251,864	359,739
Interest received		19,948	21,756
Interest paid		(572)	-
Exploration expenditure		(1,256,284)	(549,115)
Payments to suppliers and employees		(729,543)	(397,737)
<b>Net cash used in operating activities</b>	26(b)	<b>(1,714,587)</b>	<b>(565,357)</b>
<b>Cash flows from investing activities</b>			
Transfers to term deposit investment		751,247	(657,026)
Payment for exploration interests		(53,000)	(20,000)
Payments for purchase of plant and equipment		-	(37,580)
<b>Net cash provided by/(used in) investing activities</b>		<b>698,247</b>	<b>(714,606)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of securities		1,770,000	962,913
Cost of capital raising		(124,233)	(98,939)
<b>Net cash provided by financing activities</b>		<b>1,645,767</b>	<b>863,974</b>
Net increase/(decrease) in cash and cash equivalents		629,427	(415,989)
Cash and cash equivalents at beginning of the year		83,713	499,702
<b>Cash and cash equivalents at end of the year</b>	26(a)	<b>713,140</b>	<b>83,713</b>

The accompanying notes form part of these financial statements.

## Consolidated statement of changes in equity

For the Year Ended 30 June 2018

	Issued capital \$	Accumulated losses \$	Share-based payment reserve \$	Total equity \$
<b>Balance at 1 July 2016</b>	9,195,118	(8,235,109)	127,684	1,087,693
Loss for the year	-	(604,937)	-	(604,937)
<b>Total comprehensive loss for the year</b>	-	<b>(604,937)</b>	-	<b>(604,937)</b>
Expiry of options	-	44,083	(44,083)	-
Shares issued for cash	962,913	-	-	962,913
Share issue costs	(98,939)	-	-	(98,939)
Shares-issued for tenement acquisitions	80,000	-	-	80,000
<b>Balance at 30 June 2017</b>	<b>10,139,092</b>	<b>(8,795,963)</b>	<b>83,601</b>	<b>1,426,730</b>
<b>Balance at 1 July 2017</b>	10,139,092	(8,795,963)	83,601	1,426,730
Loss for the year	-	(1,885,820)	-	(1,885,820)
<b>Total comprehensive loss for the year</b>	-	<b>(1,885,820)</b>	-	<b>(1,885,820)</b>
Expiry of options	-	118,202	(118,202)	-
Shares issued for cash	1,770,000	-	-	1,770,000
Share issue costs	(188,741)	-	64,508	(124,233)
Shares-issued for tenement acquisitions	242,000	-	-	242,000
Share-based payments	-	-	103,805	103,805
<b>Balance at 30 June 2018</b>	<b>11,962,351</b>	<b>(10,563,581)</b>	<b>133,712</b>	<b>1,532,482</b>

The accompanying notes form part of these financial statements.

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

Aruma Resources Limited (the "Company") is a company domiciled in Australia. The financial report of the Company and its subsidiary (the "Group") is for the year ended 30<sup>th</sup> June 2018.

#### a. Statement of compliance

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

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

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

The financial statements were authorised for issue by the directors on 28<sup>h</sup> September 2018.

#### 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. Going concern

The financial report is prepared the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realization of assets and settlement of liabilities in the normal course of the business for the following reasons : -

- The receipt of its 2018 R&D tax incentive which will assist in funding for the next 12 months
- The ability of the Company to raise further capital through the issue of equity securities.
- The sale of its tenement holdings if required.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

The Directors consider the going concern basis of accounting to be appropriate based on forecast cash flows and have confidence in the Group's ability to raise additional funds if required.

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### d. Adoption of new and revised standards

##### Amendments to AASB 101 Disclosure Initiative

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

*AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*

This Standard amends AASB 112 Income Taxes to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealised losses on debt instruments measured at fair value.

*AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

*AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle*

Specifies that summarised financial information relating to a subsidiary, associate or joint venture is not required by AASB 12 Disclosure of Interests in Other Entities where an entity's interests in those entities are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

##### Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

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

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

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

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

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### d. Adoption of new and revised standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

##### *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the Group.

##### *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal as there are no contracts with customers in place at the present time within the Group.

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### d. Adoption of new and revised standards

##### AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019, but the impact of its adoption is expected to be minimal as there are no leases within the Group with a term greater than 12 months at the reporting date.

#### e. Basis of consolidation

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

The financial statements of the subsidiary 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.

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### e. Basis of consolidation

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

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

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

#### f. Revenue recognition

##### *Interest revenue*

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

##### *Research & Development*

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



## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### g. Plant & equipment

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

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

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

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

#### h. Cash and cash equivalents

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

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

#### i. Impairment

##### *Non-financial assets*

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

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



## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### i. Impairment

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

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

#### j. Issued capital

##### *Ordinary shares*

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

#### k. Employee benefits

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

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

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

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### i. Income tax

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

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

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

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

#### m. Provisions

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

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

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

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### n. Goods and services and tax

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

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

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

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

#### o. Exploration and evaluation

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

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

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

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### p. Exploration and evaluation

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

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

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

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

#### q. Earnings per share

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

#### r. 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.

#### s. Financial assets

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### s. Financial assets

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 amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

##### (ii) *Financial assets at FVTPL*

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

A financial asset is classified as held for trading if:

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

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

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### s. Financial assets

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

#### (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 investment 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 investment revaluation reserve is reclassified to profit or loss.

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

#### (iv) *Loans and receivables*

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

#### (v) *Impairment of financial assets*

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

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

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### s. Financial assets

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.

#### f. Share-based payment transactions

##### (i) Equity settled transactions:

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

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

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

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

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

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

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### u. Share-based payment transactions

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.

#### v. 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.

#### w. Leases

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

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

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

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

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



## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 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 transaction:*

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

#### *Exploration and evaluation costs carried forward*

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

#### *Recovery of deferred tax assets*

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

### 3. REVENUE

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>Revenue</b>		
R & D tax incentive	224,562	323,586
Drilling grant	-	33,624
Refunds	27,302	2,529
<b>Total</b>	<b>251,864</b>	<b>359,739</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 4. LOSS BEFORE INCOME TAX

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>Loss before income tax</b>		
Loss before income tax expense has been arrived at after charging the following item:		
Depreciation	22,860	13,359

### 5. FINANCING INCOME

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017\$
<b>Financing Income</b>		
Interest income	15,976	24,434
Interest expense	(572)	-
Total	15,404	24,434

### 6. AUDITOR'S REMUNERATION

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
During the year the following fees were paid or payable for services provided by auditors of the Group, Greenwich & Co Audit Pty Ltd (2017 – Nexia Perth Audit Services Pty Ltd), their related practices and non-related audit firms		
Audit and review services:		
- Auditors of the Group	18,000	26,628
Other Professional services:		
- Tax services	4,000	4,800

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 7. LOSS PER SHARE

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

	CONSOLIDATED 2018	CONSOLIDATED 2017
<b>Loss per share</b>		
Basic loss per share	0.43 cents	0.19 cents
a) Weighted average number of shares used in calculation of basic loss per share	439,269,632	313,876,447
b) Loss used in calculating basic loss per share	\$1,885,820	\$604,937

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 8. INCOME TAX EXPENSE

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>a. Recognised in the statement of profit or loss and other comprehensive income</b>		
The major components of the tax expense/(income) are:		
Current tax expense	-	-
Deferred tax income relating to the origination and reversal of temporary timing differences	-	-
Total tax income attributable to continuing operations	-	-
<b>b. Amounts charged or credited directly to equity</b>		
Deferred income tax related to items (credited) directly to equity	-	-
Income tax expense/(benefit) reported in equity	-	-
The prima facie income tax expense/(benefit) on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:		
<b>c. Numerical reconciliation between aggregate income tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate</b>		
Profit/(loss) before income tax expense from operations	(1,885,820)	(604,937)
Income tax expense/(benefit) calculated at 27.50% (2017: 27.50%)	(518,601)	(166,358)
Impact from reduction in tax rate	-	54,317
Over/(under) provision of tax in prior periods	173,349	260,997
Non-assessable income	(61,755)	(88,986)
Temporary differences not recognised	(87,567)	(26,167)
Non-deductible expenses	30,901	397
Share issue costs recognized directly in equity	(51,94)	(27,408)
Tax losses not recognized/(utilised)	515,577	(6,792)
Income tax expense/(benefit)	-	-

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 8. INCOME TAX EXPENSE

The tax rate used in the following reconciliation is the corporate tax rate of 27.50% (2017: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law.

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>d. The following deferred tax assets and (liabilities) have not been brought to account as assets:</b>		
Tax losses - revenue	2,002,661	1,538,988
Temporary differences	(58,227)	(24,097)
	1,944,434	1,514,891
<b>e. Deferred tax assets not recognised in respect of the following items:</b>		
Trade and other receivables	(3,886)	(3,496)
Trade and other payables	11,087	14,163
Exploration costs	(126,879)	(63,188)
Section 40-880 expenses	61,451	28,424
Tax losses carried forward	2,002,661	1,538,988
Income tax expense/(benefit) not recognised	1,944,434	1,514,891
<b>f. Carry forward tax losses:</b>		
Unused tax losses, for which no deferred tax asset has been recognised (as recovery is currently not probable)	7,282,402	5,596,321
Unused capital losses, for which no deferred tax asset has been recognised (as recovery is currently not probable)	-	-
At 27.50% (2017: 27.5%)	2,002,661	1,538,988

The deferred tax assets have not been brought into account at balance date as the realisation of these is not probable. This benefit (which has been calculated as 27.50% (2017: 27.50%) of losses and deductions available) will only be obtained if:

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 9. FINANCIAL INSTRUMENTS

#### Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

#### Credit risk

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

##### Cash

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

##### Trade and other receivables

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

##### Held-to-maturity investments

The Group only invests with counterparties that have an acceptable credit rating. Held-to-maturity investments are held with ANZ Bank which is an Australian bank with an AA credit rating (Standard & Poor's).

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 9. FINANCIAL INSTRUMENTS

#### 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 2018 \$	CONSOLIDATED 2017 \$
Cash and bank balances	10	713,140	83,713
Trade and other receivables	11	45,847	7,298
Held-to-maturity investments	12	409,580	1,160,828

#### Impairment losses

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

#### Liquidity risk

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

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

Consolidated	Carrying amount (\$)	Contractual cash flows (\$)	6 months or less (\$)	6 months or more (\$)
<b>30 June 2018</b>				
Trade and other payables	127,301	(127,301)	(127,301)	-
	127,301	(127,301)	(127,301)	-
<b>30 June 2017</b>				
Trade and other payables	121,712	(121,712)	(121,712)	-
	121,712	(121,712)	(121,712)	-

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 9. FINANCIAL INSTRUMENTS

#### Market risk

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

#### Currency risk

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

#### Interest rate risk

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

The Group has no borrowings.

#### Profile

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

	CONSOLIDATED		CONSOLIDATED	
	2018 Carrying amount \$	Interest rate %	2017 Carrying amount \$	Interest rate %
<b>Fixed rate instruments</b>				
Held-to-maturity investments	409,580	2.35	1,160,828	2.13
<b>Variable rate instruments</b>				
Cash and bank balances	713,140	0.04	83,713	0.04



## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 9. FINANCIAL INSTRUMENTS

#### 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
<b>30 June 2018</b>				
Variable rate instruments	7,131	(7,131)	7,131	(7,131)
<b>30 June 2017</b>				
Variable rate instruments	837	(837)	837	(837)

#### Fair value of financial instruments

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

#### Capital management

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

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

### 10. CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>Cash and cash equivalents</b>		
Cash at hand	1	1
Cash at bank	712,201	83,712
Credit card credit balance	938	-
	713,140	83,713
Weighted average interest rate	0.04%	0.04%

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>Current</b>		
GST receivables	42,521	30,597
Other receivables	3,326	7,298
	45,847	37,895

Trade and other receivables are non-interest bearing.

### 12. OTHER FINANCIAL ASSETS

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>Current</b>		
Held-to-maturity investments	409,580	1,160,828

Held-to-maturity investments comprise a 6 month term deposit attracting a fixed interest rate of 2.35%.

### 13. OTHER CURRENT ASSETS

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>Other current assets</b>		
Prepayments	10,968	5,579

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 14. PLANT & EQUIPMENT

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
Office equipment at cost	12,225	12,225
Accumulated depreciation	(8,570)	(7,807)
Office equipment	3,655	4,418
Field equipment at cost	43,209	43,209
Accumulated depreciation	(35,238)	(26,975)
Field equipment	7,971	16,234
Computer equipment at cost	63,066	63,066
Accumulated depreciation	(34,766)	(20,932)
Computer equipment	28,300	42,134
Total carrying value	39,926	62,786

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

Consolidated: 30 June 2018	Office equipment \$	Computer equipment \$	Field equipment \$	Total \$
At 1 July 2017 net of accumulated depreciation	4,418	42,134	16,234	62,786
Additions	-	-	-	-
Depreciation charge for the year	(763)	(13,834)	(8,263)	(22,860)
At 30 June 2018 net of accumulated depreciation	3,655	28,300	7,971	39,926

Consolidated: 30 June 2017	Office equipment \$	Computer equipment \$	Field equipment \$	Total \$
At 1 July 2016 net of accumulated depreciation	4,199	9,878	24,488	38,565
Additions	1,132	36,448	-	37,580
Depreciation charge for the year	(913)	(4,192)	(8,254)	(13,359)
At 30 June 2017 net of accumulated depreciation	4,418	42,134	16,234	62,786

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 15. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
Balance at beginning of the year	229,773	129,773
Acquisition of tenements*	325,000	100,000
Impairment of tenements	(93,393)	-
Balance at end of the year	461,380	229,773

\*The acquisitions were funded through the issue of shares (refer note 23) and \$83,000 in cash payments (\$30,000 of which was due and paid subsequent to year end).

The ultimate recoupment of acquisition costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

At balance date the exploration projects have not reached a stage where this determination can be made.

### 16. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
Trade creditors and accruals	127,301	121,712

All trade creditors and accruals are non-interest bearing.

### 17. PROVISIONS

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
Employee leave entitlements	21,058	32,132

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 18. SHARE CAPITAL

Ordinary shares	COMPANY	COMPANY
	2018	2017
	\$	\$
Ordinary shares 514,820,317 (2017: 361,820,317) fully paid ordinary shares	11,962,351	10,139,092

Movement during the year	2018	2018	2017	2017
	Number	\$	Number	\$
Balance at beginning of year	361,820,317	10,139,092	231,456,254	9,195,118
Shares issued as collateral for controlled placement facility	20,000,000	-	-	-
Shares issued to acquire tenements	13,000,000	242,000	10,000,000	80,000
Shares issued for cash	120,000,000	1,770,000	120,364,063	962,913
Transaction costs arising on share issues		(188,741)		(98,939)
Balance at end of year	514,820,317	11,962,351	361,820,317	10,139,092

### Options

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

Exercise price \$	Expiry date	Balance at beginning of year	Issued	Exercised	Lapsed	Balance at end of year
0.019	30/11/20	-	12,000,000	-	(4,000,000)	8,000,000
0.040	2/3/20	-	4,000,000	-	-	4,000,000
0.042	27/10/17	4,625,000	-	-	(4,625,000)	-
		4,625,000	16,000,000	-	(8,625,000)	12,000,000

## Notes to the consolidated financial statements

### For the year ended 30 June 2018

#### 19. RESERVES

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
Share-based payment reserve	133,712	83,601
<b>Movement during the year</b>		
Balance at beginning of year	83,601	127,684
Share-based payments – directors and staff	103,805	-
Share-based payments – share issue costs	64,508	-
Transfer to accumulated losses on lapsing of options	(118,202)	(44,083)
Balance at end of year	133,712	83,601

#### Share-based payment reserve

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

#### 20. ACCUMULATED LOSSES

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>Movement during the year</b>		
Balance at beginning of year	(8,795,963)	(8,235,109)
Transfer from reserve on lapsing of options	118,202	44,083
Loss for the year	(1,885,820)	(604,937)
Balance at end of year	(10,563,581)	(8,795,963)

## Notes to the consolidated financial statements

### For the year ended 30 June 2018

#### 21. COMMITMENTS

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>Exploration expenditure commitments</b>		
No later than 1 year	559,900	446,500
Later than 1 year but not later than 5 years	2,239,600	1,786,000
	2,799,500	2,232,500

There are no operating lease commitments at the date of this report.

#### 22. CONTINGENT LIABILITIES

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

#### 23. SHARE-BASED PAYMENTS

During the year 12,000,000 options were granted as share-based compensation to directors and staff by Aruma (2017: nil). 4,000,000 of those options subsequently lapsed when the employees to whom the options were granted, left the company.

4,000,000 options were granted to a broker as compensation for services performed in a share placement.

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

Aruma Resources Limited	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
Option series no.4*	4,625,000	28 Oct 2014	27 Oct 2017	0.042	83,601
Option series no.5	8,000,000	30 Nov 2017	30 Nov 2020	0.019	103,805
Option series no.6	4,000,000	2 Mar 2018	2 Mar 2020	0.040	64,508

\* Option series no.4 lapsed during the year.

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 23. SHARE-BASED PAYMENTS

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

	2018		2017	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding at the beginning of the year	4,625,000	0.042	7,125,000	0.045
Issued during the year	16,000,000	0.024	-	-
Lapsed during the year	(8,625,000)	0.031	(2,500,000)	0.050
Outstanding at the end of the year	12,000,000	0.026	4,625,000	0.042
Exercisable at the end of the year	12,000,000	0.026	4,625,000	0.042

The outstanding balance as at 30 June 2018 is represented by 8,000,000 options over ordinary shares with an exercise price of 1.9 cents and an expiry date of 30 November 2020 and 4,000,000 options over ordinary shares with an exercise price of \$0.04, exercisable up to 2 March 2020.

During the year Aruma issued a total of 5,000,000 shares at an issue price of 1.2 cents per share as part consideration to acquire the Beowulf gold project, 6,000,000 shares were issued at an issue price of 2.3 cents per share to acquire the Trojan gold project and 2,000,000 shares were issued at an issue price of 2.2 cents per share to acquire a tenement forming part of the Slate Dam project (refer notes 15 and 18).



## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 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

Dr. M Elliott (appointed 1 July 2017)

Mr. K K Chong (resigned 1 July 2017)

#### Key management personnel compensation

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
Short-term employee benefits	284,000	214,800
Post-employment benefits	19,000	14,250
Share-based payment	60,553	-
Total	363,553	229,050

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

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

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 25. RELATED PARTIES

	OWNERSHIP INTERESTS	
	2018	2017
<b>Controlled entities</b>		
Aruma Exploration Pty Ltd	100%	100%

#### Key management personnel

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

During the year Schwann Consulting Pty Ltd, an entity related to Managing Director Peter Schwann, provided a motor vehicle, a caravan and equipment for hire to the Company charging a total of \$12,307.20 plus GST (2017: \$13,134 plus GST) plus service and maintenance costs of \$2,950.54 plus GST (2017: \$7,420 plus GST). There is no amount outstanding (2017: nil) included under trade payables at 30 June 2018.

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 26. NOTES TO STATEMENT OF CASH FLOWS

	CONSOLIDATED 2018 \$	CONSOLIDATED 2017 \$
<b>a. Reconciliation of cash and cash equivalents</b>		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at hand	1	1
Cash at bank	713,139	83,712
	713,140	83,713
<b>b. Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities</b>		
<b>Loss for the year</b>	(1,885,820)	(604,937)
<i>Adjustments for:</i>		
Depreciation	22,860	13,359
Share-based payment	103,805	-
Impairment of assets	93,393	-
Change in assets/liabilities:		
(Increase)/decrease in trade and other receivables	(7,952)	(32,975)
(Increase)/decrease in other current assets	(5,388)	(1,786)
Increase/(decrease) in trade and other payables	(24,411)	74,538
Increase/(decrease) in provisions	(11,074)	(13,556)
Net cash used in operating activities	(1,714,587)	(565,357)

### 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.

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 27. SEGMENT INFORMATION

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, 8,000,000 shares were issued as part consideration for drilling costs of \$60,000 and an establishment fee of \$20,000 for a controlled placement facility.

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

### 29. DIVIDENDS

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

## Notes to the consolidated financial statements

For the year ended 30 June 2018

### 30. PARENT ENTITY INFORMATION

In the year ended 30 June 2018 the Parent company of the Group was Aruma Resources Limited.

	COMPANY 2018 \$	COMPANY 2017 \$
<b>Financial performance of Parent entity for the year</b>		
Loss for the year	(1,885,820)	(604,937)
Other comprehensive income	-	-
<b>Total comprehensive expense for the year</b>	<b>(1,885,820)</b>	<b>(604,937)</b>
<b>Financial position of Parent entity at year end</b>		
Current assets	1,179,373	1,288,015
<b>Total assets</b>	<b>1,680,841</b>	<b>1,580,574</b>
Current liabilities	148,359	153,844
<b>Total liabilities</b>	<b>148,359</b>	<b>153,844</b>
<i>Total equity of the Parent entity comprising:</i>		
Share capital	11,962,352	10,139,092
Share-based payment reserve	133,712	83,601
Accumulated losses	(10,563,582)	(8,795,963)
<b>Total equity</b>	<b>1,532,482</b>	<b>1,426,730</b>

## Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Peter Schwann  
Managing Director

Perth, Western Australia

Dated this 28<sup>th</sup> day of September 2018

## Independent Audit Report to the members of Aruma Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Aruma Resources Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1C to the financial statements which outlines that the ability of the Group to continue as a going concern is dependent on the ability of the Group securing further working capital by the issue of additional equity.

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report.

### Capitalised Exploration Expenditure

Refer to Note 15, Capitalised Exploration Expenditure (\$461,380) and accounting policy Notes 1(o).

Key Audit Matter	How our audit addressed the matter
The Group has a significant amount of capitalised exploration and evaluation costs. As the carrying value of exploration and evaluation assets represents a significant asset of the Group, we considered it necessary to assess whether facts and circumstances exist to suggest the carrying amount of this asset may exceed its recoverable amount.	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"><li>• We obtained evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration by obtaining independent searches of a sample of the Group's tenement holdings.</li><li>• We enquired with those charged with governance to assess whether substantive expenditure on further exploration for and evaluation of the mineral resources in the Group's areas of interest are planned.</li><li>• We enquired with management, reviewed ASX announcements made and reviewed minutes of directors' meetings to ensure that the Group has not decided to discontinue activities in any of its areas of interest.</li></ul>

### Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Responsibilities of Directors for the Financial Report

The directors of the Group are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included on page 16 to page 18 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Greenwich & Co Pty Ltd

**Greenwich & Co Audit Pty Ltd**

Nicholas Hollens

**Nicholas Hollens**  
Managing Director

Perth  
28 September 2018

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## ASX additional information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 20 September 2018.

### Distribution of equity security holders

Category	Quoted ordinary shares		Unquoted options Exercisable at \$0.04 expiring 2 March 2020		Unquoted options Exercisable at \$0.019 expiring 30 November 2020	
	Number of holders	Number of Shares	Number of holders	Number of options	Number of holders	Number of options
1 - 1,000	36	6,384	-	-	-	-
1,001 - 5,000	9	35,592	-	-	-	-
5,001 - 10,000	73	724,387	-	-	-	-
10,000 - 100,000	395	20,243,922	-	-	-	-
100,000 and over	518	501,810,032	2	4,000,000	4	8,000,000
<b>Total</b>	<b>1,031</b>	<b>522,820,317</b>	<b>2</b>	<b>4,000,000</b>	<b>4</b>	<b>8,000,000</b>

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

### Substantial Shareholders

There are no substantial shareholders.

### Restricted securities

The Company has 522,820,317 shares and 12,000,000 options on issue. The Company does not have any restricted securities or subject to voluntary escrow.

### 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.

### Unquoted securities

The names of security holders with more than 20% of an unlisted class of security are listed below:

<u>Options exercisable at \$0.04 expiring 2 March 2020</u>	Number of options held	Percentage
Name		
State One Equities Pty Ltd	2,000,000	50.00
M Levitzke	2,000,000	50.00
<b>Total</b>	<b>4,000,000</b>	<b>100.00</b>

## ASX additional information

<u>Options exercisable at \$0.019 expiring 30 November 2020</u>	Number of options held	Percentage
Name		
D Schwann	4,000,000	50.00
P Boyatzis	2,000,000	25.00
<b>Total</b>	<b>6,000,000</b>	<b>75.00</b>

### Twenty Largest Shareholders

<u>Fully paid ordinary shares</u>	Number of ordinary shares held	Percentage
Name		
Acuity Capital Investment Management Pty Ltd	22,000,000	4.20
Lesuer Pty Ltd	15,306,407	2.93
UBS Nominees Pty Ltd	14,250,000	2.73
James Moses	14,250,000	2.73
Plasia Pty Ltd	12,644,690	2.42
Hipete Pty Ltd	9,500,000	1.82
Nexus Minerals Limited Limited	9,375,000	1.79
Datalease Pty Ltd	9,071,942	1.74
HSBC Custody Nominees (Australia) Limited	8,727,478	1.67
National Nominees Limited	8,098,598	1.55
Wayne Clarke	8,000,000	1.53
Jeffery Jamoo	8,000,000	1.53
Apollo Corporation (WA) Pty Ltd	7,400,000	1.42
Bedel & Sowa Corp Pty Ltd	7,000,000	1.34
Adrian Gath	6,652,093	1.27
Westgold Resources Limited	6,000,000	1.15
Blue Spec Drilling Pty Ltd	6,000,000	1.15
Walter Stone	5,830,000	1.12
William Palmer & Patricia Gregory	5,786,000	1.11
Ladyman Super Pty Ltd	5,565,555	1.06
<b>Total</b>	<b>189,457,763</b>	<b>36.26</b>

## Tenement listing

Tenements	Location	Interest
<b>Glandore (Gold) – Southern Gold Ltd Joint Venture</b>		
M25/327		
M25/329		
M25/330		
P25/2073		
P25/2074		
P25/2075		
P25/2076	<b>Eastern Goldfields Region Western Australia</b>	<b>75%</b>
P25/2103		
P25/2117		
P25/2118		
P25/2119		
P25/2154		
P25/2215		
P25/2216		
<b>Goddards Dam (Gold)</b>		
P25/2089		
P25/2090		
P25/2091		
P25/2092		
P25/2093		
P25/2094		
P25/2153		
P25/2202	<b>Eastern Goldfields Region Western Australia</b>	<b>100%</b>
P25/2203		
P25/2204		
P25/2388		
P25/2400		
P25/2401		
P25/2402		
P25/2389		

## Tenement listing

Tenements	Location	Interest
<b>Clinker Hill (Gold)</b>		
P25/2201	<b>Eastern Goldfields Region Western Australia</b>	<b>100%</b>
P25/2319		
P25/2320		
E25/568 (application)		
<b>Slate Dam (Gold)</b>		
M25/104	<b>Eastern Goldfields Region Western Australia</b>	<b>100%</b>
E25/526		
E25/534		
E25/553		
E25/556		
E25/558		
E25/571 (application)		
P25/523		
P25/2333		
<b>Beowulf (Gold)</b>		
E28/1900	<b>Eastern Goldfields Region Western Australia</b>	<b>100%</b>
E28/1901		
E28/2086		
E28/2087		
E28/2706		
E28/2707		
E28/2713		
E28/2714		
E31/1165		
<b>Kopai (Gold)</b>		
P15/6145	<b>Eastern Goldfields Region Western Australia</b>	<b>100%</b>
P15/6146 (application)		
<b>Mt Deans (Lithium)</b>		
P63/2063 (application)	<b>Eastern Goldfields Region Western Australia</b>	<b>100%</b>

## Corporate Governance Statement

The Company's 2018 Corporate Governance Compliance Statement has been released as a separate document and is located on our website at <http://www.arumaresources.com/corporate/corporate-governance/>.

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