



**ARUMA RESOURCES LIMITED**

**ABN 77 141 335 364**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2019**

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## ARUMA RESOURCES LIMITED

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## ARUMA RESOURCES LIMITED

### CORPORATE INFORMATION

#### Directors

Paul Boyatzis (Non-Executive Chairman)  
Peter Schwann (Managing Director)  
Dr Mark Elliott (Non-Executive Director)

#### Company secretary

Phillip MacLeod

#### Registered office

Unit 9, 88 Forrest Street  
Cottesloe WA 6011  
Australia

#### Principal place of business

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West Perth WA 6005  
Australia  
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Email: [info@arumaresources.com](mailto:info@arumaresources.com)  
Website: [www.arumaresources.com.au](http://www.arumaresources.com.au)  
ABN: 77 141 335 364

#### ASX code

Ordinary shares - AAJ

#### Auditors

Elderton Audit Pty Ltd  
Level 2, 267 St Georges Terrace  
Perth WA 6000  
Australia

#### Solicitors

Fairweather Corporate Lawyers  
595 Stirling Highway  
Cottesloe WA 6011  
Australia

#### Share register

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009  
Australia  
Telephone: +61 8 9389 8033

## ARUMA RESOURCES LIMITED

### DIRECTORS' REPORT

The directors of Aruma Resources Limited ("Aruma") submit herewith the financial report of Aruma Resources Limited and its subsidiary ("Consolidated entity" or "Group") for the half-year ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

|                 |                        |
|-----------------|------------------------|
| Mr. P. Boyatzis | Non-Executive Chairman |
| Mr. P. Schwann  | Managing Director      |
| Dr Mark Elliott | Non-Executive Director |

Directors were in office for the entire period unless otherwise stated

### REVIEW OF OPERATIONS

#### Exploration

Eastern Goldfields explorer, Aruma Resources Limited ("Aruma", "the Company") (ASX: AAJ) has several advanced gold projects in the Kalgoorlie region which cover over 780km<sup>2</sup> of which 760km<sup>2</sup> are wholly operated by Aruma.

#### Highlights

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

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

REVIEW OF OPERATIONS (CONTINUED)



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

REGIONAL DRILLING PROGRAM COMPLETED

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

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

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

**ARUMA RESOURCES LIMITED**

**DIRECTORS' REPORT**

**REVIEW OF OPERATIONS (CONTINUED)**

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

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

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

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# ARUMA RESOURCES LIMITED

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS (CONTINUED)

#### Beowulf Project

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

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

**Table 2: Hole details of Beowulf Drilling.**

REVIEW OF OPERATIONS (CONTINUED)

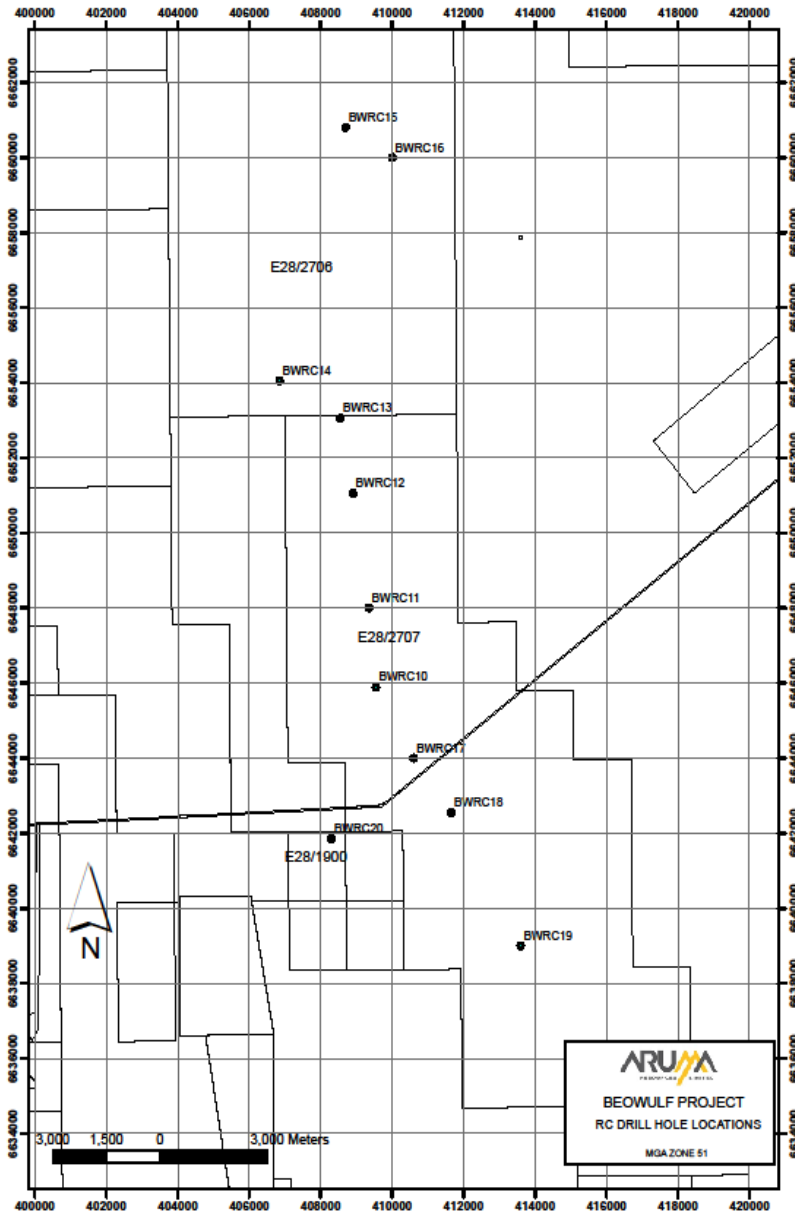


Figure 2: Hole locations of Beowulf Drilling.



# ARUMA RESOURCES LIMITED

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS (CONTINUED)

#### Slate Dam Project

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

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

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

**Table 3: Hole details of Slate Dam Drilling**

REVIEW OF OPERATIONS (CONTINUED)

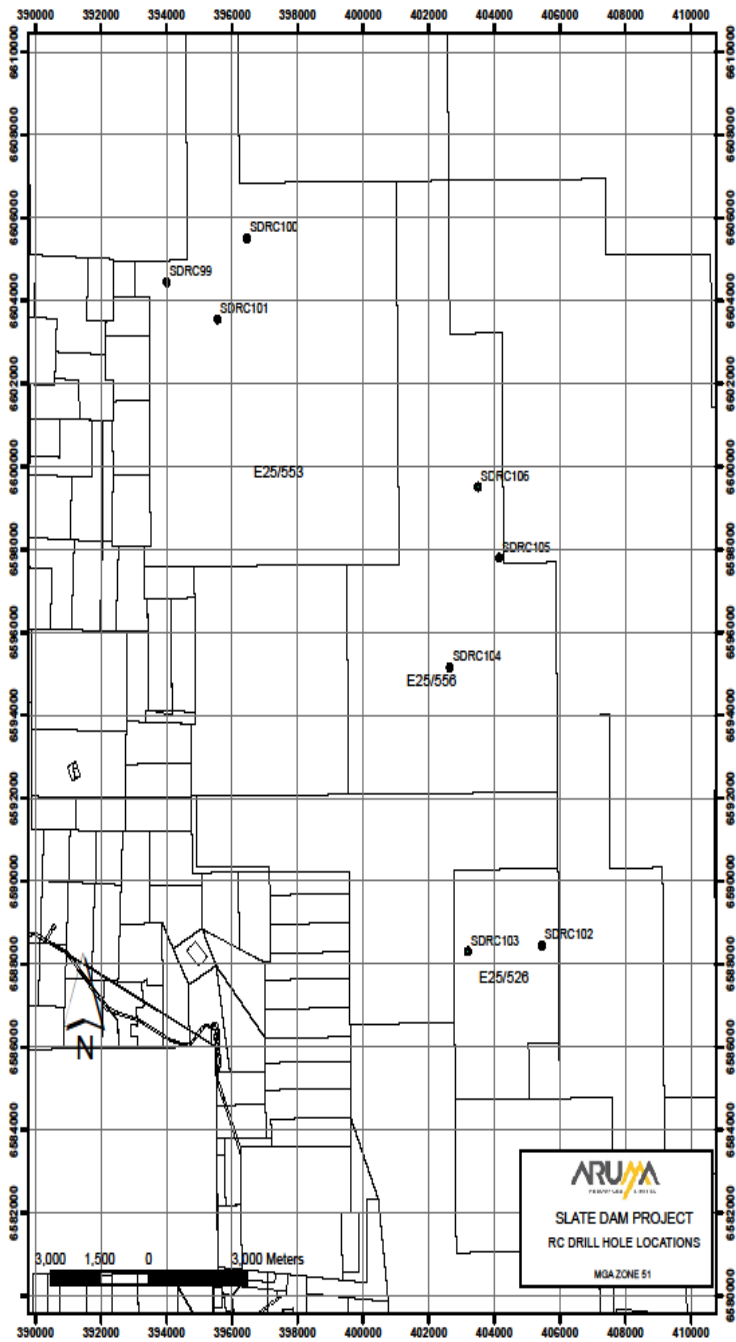


Figure 3: Hole details of Slate Dam Drilling

REVIEW OF OPERATIONS (CONTINUED)

Clinker Hill Project

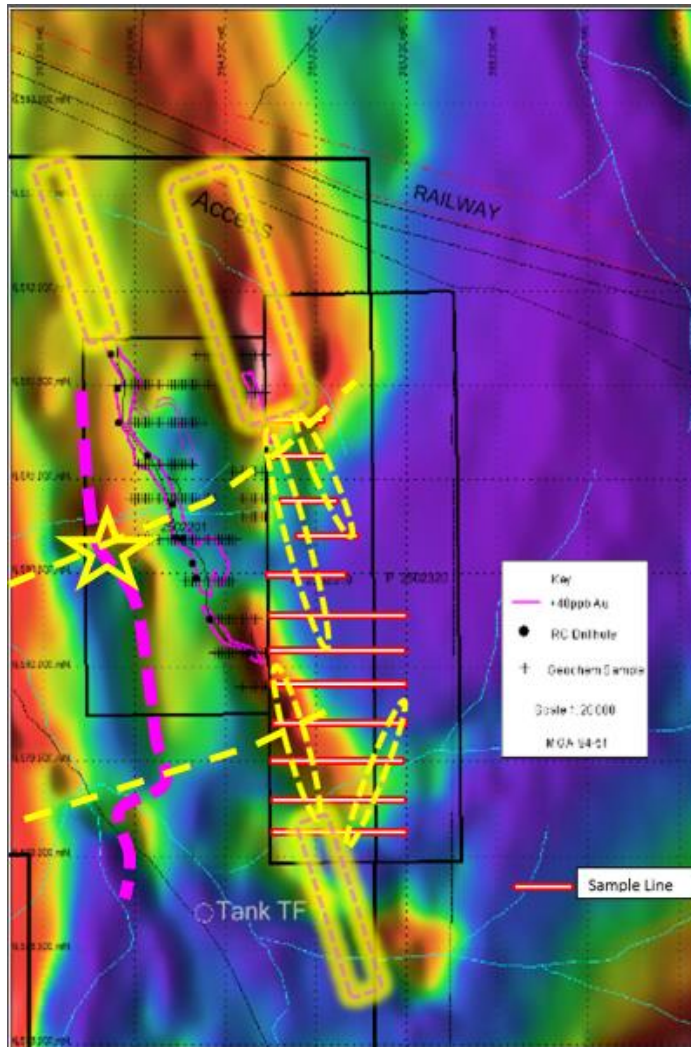


Figure 4: Gold Target (star) at Clinker Hill on Magnetics

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

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

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

Table 4: Hole details of Clinker Hill Drilling

# ARUMA RESOURCES LIMITED

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS (CONTINUED)

#### Mt Deans Lithium Lease (P63/2063)

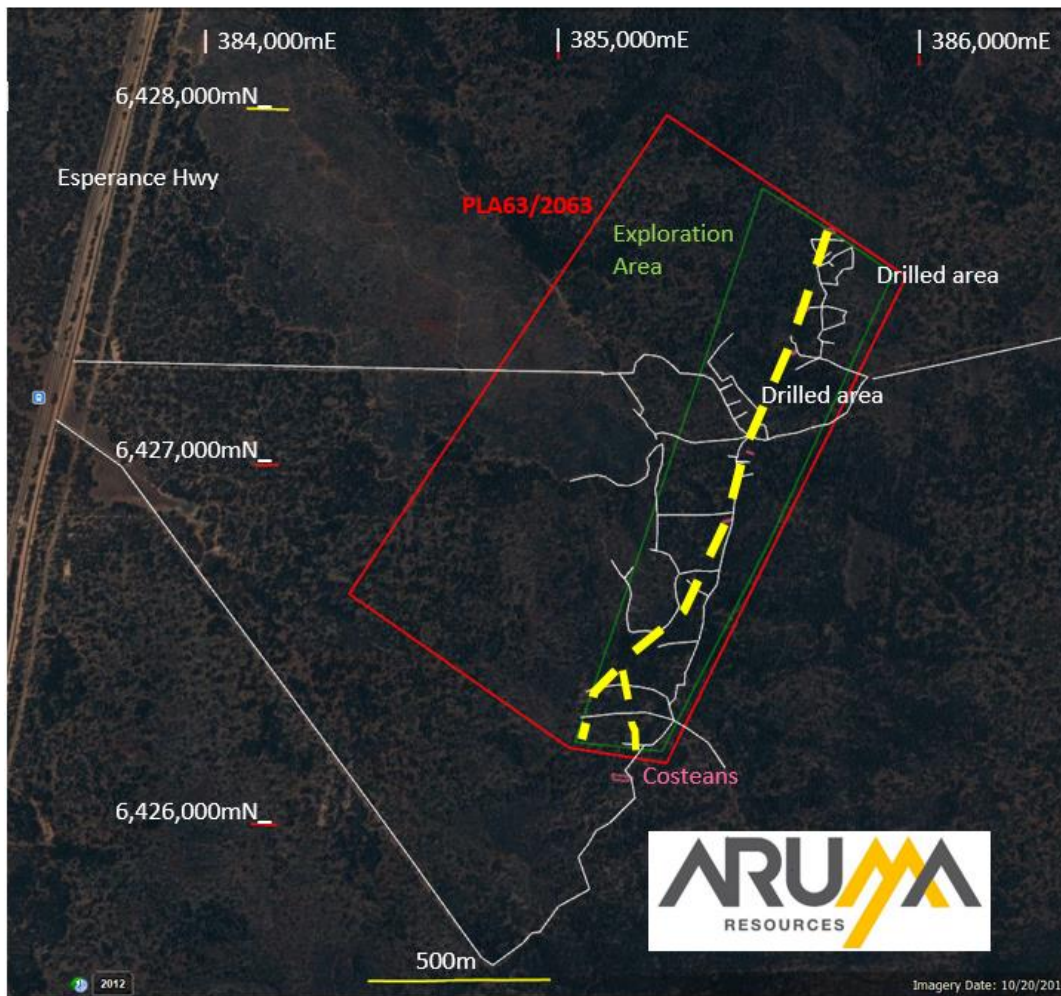


Figure 5: Mt Deans Lithium lease with pegmatite outcrops in yellow

#### Mt Deans Lithium Tenement Granted

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

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

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

# ARUMA RESOURCES LIMITED

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS (CONTINUED)

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

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

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

### Projects Summary

#### Gold Projects Status and Activity Table

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

#### Proposed Exploration Activities for 2H 2020

##### Slate Dam:

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

##### Beowulf:

- sale or joint venture

##### Clinker Hill:

- sale or joint venture

##### Kopai:

- sale or joint venture

Aruma will also be appraising projects and leases that become available, especially where adjacent to current projects or with resources or intersections.

# ARUMA RESOURCES LIMITED

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS (CONTINUED)

#### Competent Person's Statement

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

#### Forward Looking Statement

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



Aruma Resources Limited is a proud supporter and member of the Association of Mining and Exploration Companies, 2020.

## ARUMA RESOURCES LIMITED

### DIRECTORS' REPORT

#### REVIEW OF OPERATIONS (CONTINUED)

##### Corporate

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

#### EVENTS SUBSEQUENT TO THE BALANCE DATE

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

#### AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Elderton Audit Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 15 and forms part of the directors' report for the half-year ended 31 December 2019.

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

On behalf of the Directors



P Schwann  
Managing Director

Perth, 11th March 2020

## Auditor's Independence Declaration

To those charged with the governance of Aruma Resources Limited,

As auditor for the review of Aruma Resources Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**

Nicholas Hollens

**Nicholas Hollens**  
Managing Director

11 March 2020  
Perth

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**ARUMA RESOURCES LIMITED**

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

|   | Note | CONSOLIDATED        |                     |
|---|------|---------------------|---------------------|
|   |      | Half-year ended     | Half-year ended     |
|   |      | 31 December<br>2019 | 31 December<br>2018 |
|   |      | \$                  | \$                  |
| <b>Revenue &amp; other income from continuing operations</b>  |      | 550,822             | 505,642             |
| Exploration expenditure expensed as incurred                  |      | (230,233)           | (782,461)           |
| Impairment of exploration assets                              | 2    | -                   | (11,380)            |
| Depreciation  |      | (3,854)             | (9,724)             |
| Non-executive directors' fees                                 |      | (22,500)            | (42,000)            |
| Employee benefits   |      | (61,756)            | (78,758)            |
| Legal and professional fees                                   |      | (87,140)            | (93,250)            |
| Occupancy expenses  |      | (10,800)            | (10,831)            |
| Travel expenses   |      | (641)               | (18,825)            |
| Other expenses  |      | (64,301)            | (89,776)            |
| <b>Profit/(loss) from operating activities</b>                |      | <b>69,597</b>       | <b>(631,363)</b>    |
| <b>Profit/(loss) before income tax expense</b>                |      | <b>69,597</b>       | <b>(631,363)</b>    |
| Income tax benefit/(expense)                                  |      | -                   | -                   |
| <b>Profit/(loss) after income tax for the period</b>          |      | <b>69,597</b>       | <b>(631,363)</b>    |
| <b>Total comprehensive profit/(loss) for the period</b>       |      | <b>69,597</b>       | <b>(631,363)</b>    |
| <b>Earnings/(loss) per share</b>                              |      |                     |                     |
| Basic and diluted earnings/(loss) per share (cents per share) |      | 0.01 cents          | (0.12) cents        |

The accompanying notes form part of these financial statements.

**ARUMA RESOURCES LIMITED**

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

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

The accompanying notes form part of these financial statements.

**ARUMA RESOURCES LIMITED**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

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

The accompanying notes form part of these financial statements.

**ARUMA RESOURCES LIMITED**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

| <b>Consolidated</b>                       | <b>Issued capital</b> | <b>Share based<br/>payment reserve</b> | <b>Accumulated<br/>losses</b> | <b>Total</b>     |
|---|-----------------------|--|-------------------------------|------------------|
|   | \$                    | \$                                     | \$                            | \$               |
| <b>Balance at 1 July 2018</b>             | 11,962,351            | 133,712                                | (10,563,581)                  | 1,532,482        |
| Loss for the period                       | -                     | -                                      | (631,363)                     | (631,363)        |
| Total comprehensive loss for the period   | -                     | -                                      | (631,363)                     | (631,363)        |
| Issue of shares, net of transaction costs | 57,928                | -                                      | -                             | 57,928           |
| <b>Balance at 31 December 2018</b>        | <b>12,020,279</b>     | <b>133,712</b>                         | <b>(11,194,944)</b>           | <b>959,047</b>   |
| <b>Balance at 1 July 2019</b>             | 12,793,884            | 133,712                                | (12,192,896)                  | 734,700          |
| Profit for the period                     | -                     | -                                      | 69,597                        | 69,597           |
| Total comprehensive profit for the period | -                     | -                                      | 69,597                        | 69,597           |
| Issue of shares, net of transaction costs | 241,600               | -                                      | -                             | 241,600          |
| <b>Balance at 31 December 2019</b>        | <b>13,035,484</b>     | <b>133,712</b>                         | <b>(12,123,299)</b>           | <b>1,045,897</b> |

The accompanying notes form part of these financial statements.

## ARUMA RESOURCES LIMITED

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

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### Statement of compliance

The interim financial report is a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

##### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The Company, Aruma Resources Limited and its subsidiary, Aruma Exploration Pty Ltd, are domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the financial year ended 30 June 2019.

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

##### Financial position

The financial report is prepared on a going concern basis.

At the balance date, the Group had an excess of current assets over current liabilities of \$861,938 (30 June 2019: \$578,137).

In order to continue the Group's exploration program the Group will require further funding. Should the Group be unable to raise sufficient funds, the Group's exploration program may have to be amended or deferred.

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

##### Amendments to AASBs and new Interpretations which are mandatorily effective for the current reporting period

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

# ARUMA RESOURCES LIMITED

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

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### AASB 16 Leases

AASB 16 replaces AASB 117 *Leases* and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

A lessee measures right-of-use assets similarly to other financial assets (such as property, plant and equipment) and lease liabilities similar to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and presents them in the statement of cash flows applying *AASB 107 Statement of Cash Flows*.

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

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

#### New Accounting Standards and Interpretations not yet mandatory or early adopted

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

#### Significant Accounting Judgements and Key Estimates

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

In preparing this half-year report the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2019.

#### (a) Research & development tax concession

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

## ARUMA RESOURCES LIMITED

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

#### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (b) Share-based payment transactions

###### *Equity settled transactions:*

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

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

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

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

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

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

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

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

ARUMA RESOURCES LIMITED

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Exploration and evaluation

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

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

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

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

(d) Issued capital

*Ordinary shares*

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

2. EXPLORATION & EVALUATION EXPENDITURE

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



**ARUMA RESOURCES LIMITED**

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

**3. ISSUED CAPITAL**

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

**4. RESERVES**

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

**Share-based payment reserve**

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

**5. COMMITMENTS**

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

**6. CONTINGENT ASSETS & LIABILITIES**

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

## ARUMA RESOURCES LIMITED

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

#### 7. SEGMENT INFORMATION

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

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

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

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

#### 8. EVENTS SUBSEQUENT TO THE BALANCE DATE

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

#### 9. RELATED PARTIES

Transactions with directors and director-related entities continue to be in place. For details on these arrangements, please refer to the 30 June 2019 annual report.

The Company paid an entity related to Managing Director, Peter Schwann the sum of \$2,174 (31 December 2018: \$1,260) inclusive of GST for vehicle and caravan hire on commercial terms. No other related party transactions were entered into during the half year ended 31 December 2019.

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

**ARUMA RESOURCES LIMITED**

**DIRECTORS' DECLARATION**

In the opinion of the Directors of the Company:

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
  - (b) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2019 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the period from 1 July 2019 to 31 December 2019.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



P. Schwann  
Managing Director  
Perth, 11th March 2020

## Independent Auditor's Review Report

To the members of Aruma Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Aruma Resources Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aruma Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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

*Conclusion*

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

- (i) giving a true and fair view of the Aruma Resources Limited's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Emphasis of matter - Inherent uncertainty regarding continuation as a going concern*

Without modifying our opinion, we draw attention to Note 1 to the financial statements which outlines that the ability of the Company to continue as a going concern is dependent on the Company securing additional funding through either the issue of further shares and/or options.

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

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**

Nicholas Hollens

**Nicholas Hollens**

Managing Director

11 March 2020

Perth