ARUMA RESOURCES LIMITED

(ABN 77 141 335 364)

Annual Report
30 June 2023

ARUMA RESOURCES

Contents

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James Moses (Chairman)

Glenn Grayson (Managing director)

Brett Smith

Company secretary

Phillip MacLeod

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Securities exchange listing

ASX Limited

ASX Code: AAJ

Letter from the Board to Shareholders

Dear Shareholders,

I am delighted to present Aruma Resources Limited's Annual Report for the year ending 30 June 2023. The year represented a period of significant change, as we transitioned to a new Board, and management led by new managing director Glenn Grayson.

I would like to acknowledge the dedication and commitment of Aruma's founding managing director Peter Schwann, who stepped down during the year, and also the Company's previous chairman Paul Boyatzis for his leadership over many years.

Aruma has a portfolio of prospective gold, lithium and rare earth elements (REE) exploration projects in active mineralised regions in Western Australia.

The Company is focused on the appraisal and exploration of its projects. Consistent with this strategy, during the year drilling programs were undertaken at the Mt Deans Lithium Project, the Salmon Gums Gold Project both in the Eastern Goldfields, along with a maiden drilling program at the Melrose Gold Project in the Pilbara region.

Drilling at Mt Deans returned high-grade lithium and rubidium results and was followed-up with an initial program of metallurgical test work, which delivered encouraging results.

Assessing opportunities to maximise the value of the Mt Deans Project for the benefit of shareholders is a key ongoing focus for Aruma.

The Salmon Gums Project is a high-grade gold asset, where previous drilling by the Company intersected spectacular gold grades including 5m at 50.2g/t Au, with grades as high as 228g/t Au. This was followed by an extensive drilling campaign during the year, which intersected mmultiple zones of anomalous gold and expanded the Project's gold mineralised footprint.

At time of writing, further drilling is underway at this exciting project, with the aim of extending the zone of extremely high-grade gold mineralisation.

The Company also holds a significant landholding at the Saltwater Project in the heart of an emerging REE precinct, in the Pilbara region. We have committed to the systematic assessment of its REE potential, with sampling results to date delivering highly encouraging results – and also highlighting the Project's base metals potential.

Our active fieldwork across the project portfolio during the year is illustrative of the Company's commitment exploring its assets, with the key driver being to deliver exploration success and shareholder value.

With this bottom-line goal in mind, in the year ahead we plan to continue to advance our lead projects in a targeted manner, and to also assess new, potential project opportunities in high-demand commodities.

Aruma ends the year in a sound financial position from which to continue its exploration activities, and we look forward to sharing news of our progress in the year ahead.

To conclude, on behalf the Board I would like to thank all staff, contractors and consultants for their contribution during the year and thank shareholders for their support.

We look forward to an exciting year ahead for Aruma Resources.

James Moses

Chairman

Review of operations

Exploration

Highlights

- **Mt Deans Lithium Project, Goldfields region of Western Australia**
  - **21 hole - 1,409m RC drilling program completed and 7 historical holes re-assayed.**
    - **High-grade lithium and rubidium results returned – 12 intersections graded >1.5% lithium plus rubidium with associated Potassium (K_2O), Caesium (Cs), Niobium (Nb), Tin (Sn) and Tantalum (Ta)**
  - **Positive results from first-phase metallurgical test work. Highlights included:**
    - **Lithium concentrate produced via simple (unrefined) flotation**
    - **Recoveries of 80% Li_2O into 25% of the mass**
    - **3-times upgrade to original feed-grade – potential to be improved**
    - **Tantalum and Tin liberated and accumulated by gravity**
    - **Associated minerals concentrated - K_2O, Rb_2O, Cs, Sn and Ta – highlighting potential for valuable additional product streams**
- **Salmon Gums Gold Project, Goldfields region of Western Australia**
  - **5,366m - 44 hole RC drilling program and 894 hole shallow auger drilling program completed**
    - **Multiple zones of anomalous gold zones intersected - gold mineralised footprint expanded**
    - **Results provided further indication of Project's potential as an emerging new gold camp**
    - **Auger program identified potential for multiple new gold prospects**
  - **2 hole - 701m diamond core drilling program completed – confirmed expansion of interpreted greenstone belt to ~75km^2**
  - **Airborne magnetic and ground gravity surveys completed**
- **Saltwater Project, Pilbara region of Western Australia**
  - **Surface sampling program targeting REE completed - significant REE's and Cobalt, identified; including:**
    - **AR12232: 1158ppm TREO; 25% NdPr/TREO and 21% HREO/TREO**
    - **AR12291: 1022ppm TREO; 25% NdPr/TREO and 27% HREO/TREO**
    - **AR12298: 0.30% Co, 0.23% Cu, 0.21% Zn and 4.0% Ba**
    - **AR12299: 0.27% Co, 0.21% Cu, 0.2% Zn and 3.9% Ba**
- **Melrose Gold Project, Pilbara region of Western Australia**
  - **Maiden 48 hole - 4,784m RC drilling program completed - anomalous gold intersected**
  - **Project expanded via EL08/3499 - includes the Mt McGrath Gold prospect**
- **Carter Well Gold Project, Mid-West region of Western Australia**
  - **Potential new Greenfields gold exploration opportunity added to project portfolio**
- **Corporate**
  - **Transition to new Board and management effected**
  - **Placement completed which raised $2.275m – cash position of $3.154m at year end**
  - **R&D Tax Refund of $837,176 received**

Review of operations

Projects' Overview

Aruma Resources Limited (ASX: AAJ) (**Aruma or the Company**) is pleased to provide the following report on its activities for the year ending 30 June 2023.

During the year, the Company progressed field work programs, including targeted drilling across its prospective portfolio of active exploration projects, including; the Salmon Gums Gold Project and the Mt Deans Lithium Project, both in the Eastern Goldfields of Western Australia, and the multi-commodity Saltwater Project and Melrose Gold Project, both in the Pilbara region of WA. Aruma also holds the 100%-owned Carter Well Gold Project in the mid-west region of WA.

Aruma's gold projects are all located in active gold mineralised belts proximal to significant gold discoveries, and exhibit characteristics of the Company's sediment-hosted gold exploration model. Aruma is of the view that its gold projects demonstrate the potential to host new gold discoveries.

See Figure 1 for Aruma's project location map and Table 1 for details of the Company's Licence holdings.

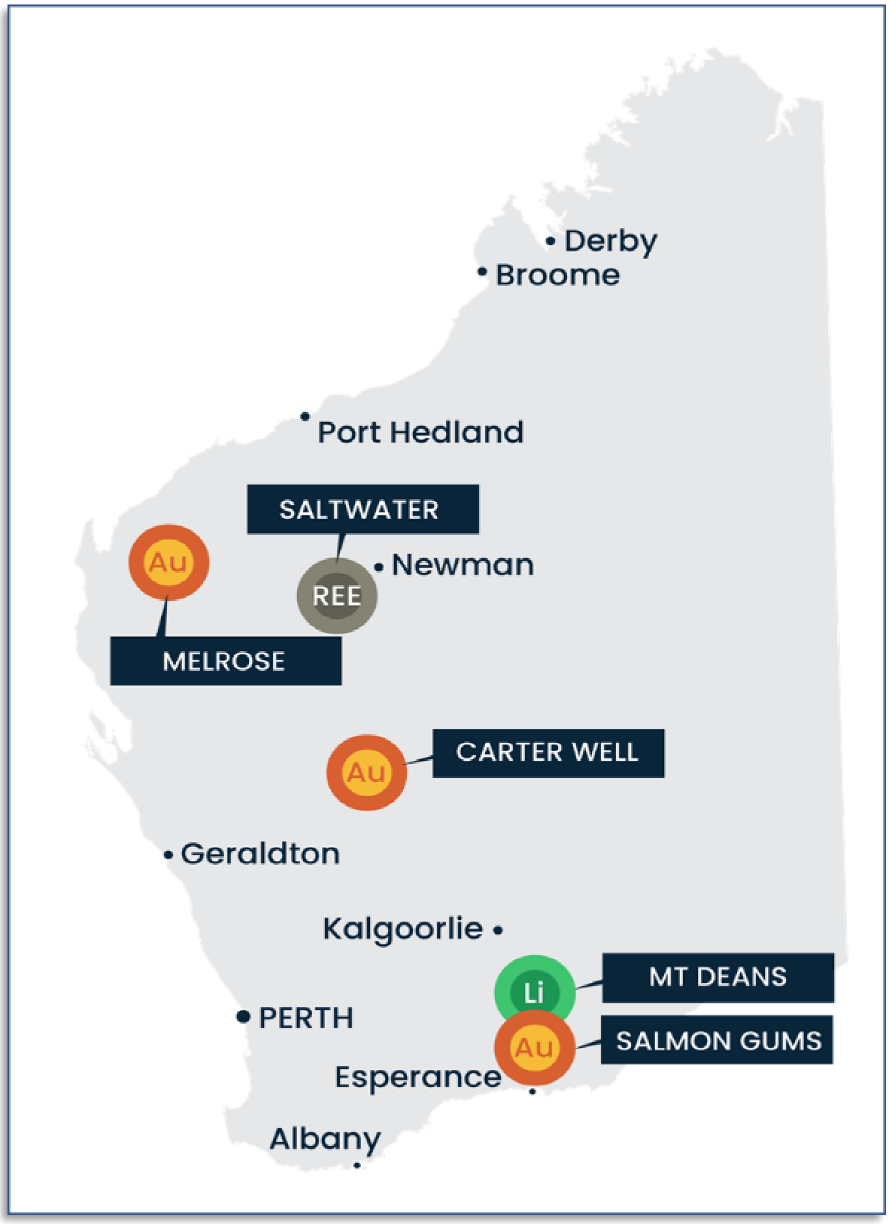

Figure 1: Aruma projects location map

Review of operations

Tenement	Project	Status	Holders	Applied Date	Granted Date	Expiry Date	Area km²	Total Area
E58/590	Carter Well	Live	AEPL	31/05/2022	27/04/2023	26/04/2028	294.2	294.2
E08/3183	Melrose	Live	AEPL	20/04/2020	28/05/2021	27/05/2026	25.3	
E08/3184	Melrose	Live	AEPL	20/04/2020	28/05/2021	27/05/2026	15.8	
E08/3188	Melrose	Live	AEPL	21/04/2020	28/05/2021	27/05/2026	44.3	
E08/3210	Melrose	Live	AEPL	27/05/2020	28/05/2021	27/05/2026	31.6	
E08/3219	Melrose	Live	AEPL	4/06/2020	28/05/2021	27/05/2026	66.3	
E08/3244	Melrose	Live	AEPL	10/08/2020	28/05/2021	27/05/2026	12.7	
E08/3280	Melrose	Live	AEPL	20/10/2020	25/11/2021	24/11/2026	66.5	
E08/3351	Melrose	Live	AEPL	15/04/2021	15/02/2022	14/02/2027	3.2	
E47/4362	Melrose	Live	AEPL	21/04/2020	27/05/2021	26/05/2026	15.8	
E47/4414	Melrose	Live	AEPL	22/07/2020	27/05/2021	26/05/2026	5.8	
E47/4529	Melrose	Live	AEPL	30/03/2021	17/02/2022	16/02/2027	22.2	
P47/1985	Melrose	Live	AEPL	28/05/2021	23/05/2022	22/05/2026	0.7	
E08/3334	Melrose	Pending	AEPL	19/02/2021			107.4	
E08/3499	Melrose	Pending	AEPL	20/06/2022			22.1	439.7
P63/2063	Mt Deans	Live	AEPL	23/06/2016	5/09/2019	4/09/2023	1.4	1.4
E63/2037	Salmon Gums	Live	AEPL	21/05/2020	20/04/2021	19/04/2026	201.7	
E63/2122	Salmon Gums	Live	AEPL	18/06/2021	20/08/2021	19/08/2026	20.2	
E63/2354	Salmon Gums	Live	AEPL	6/07/2023	15/08/2023	14/08/2028	132.7	354.6
E52/3818	Saltwater	Live	AEPL	17/04/2020	1/07/2020	30/06/2025	172.3	
E52/3846	Saltwater	Live	AEPL	1/07/2020	1/09/2020	31/08/2025	97.1	
E52/3857	Saltwater	Live	AEPL	14/08/2020	14/10/2020	13/10/2025	56.4	
E52/3966	Saltwater	Live	AEPL	11/06/2021	20/08/2021	19/08/2026	119.2	444.9

Table 1: Aruma's lease details (shaded areas are tenements pending).

Mt Deans Lithium Project, Norseman WA

The 100%-owned Mt Deans Project (P63/2063) is situated in the Mt Deans pegmatite field, within the Eastern Goldfields Terrane of the Yilgarn Craton, approximately 200 kilometres south of the major regional centre of Kalgoorlie and approximately 10 kilometres south of the mining town of Norseman (Figure 2).

The Project sits within the lithium corridor in south-east WA, which hosts multiple significant hard-rock lithium projects. It is interpreted to sit within the same host rocks and structures as the significant nearby Mt Marion, Bald Hill, and Buldania Lithium Projects.

Aruma was active in its work programs to advance the Mt Deans Project during the year and completed targeted drilling which was followed by a first phase of metallurgical test work.

Second Phase of Drilling Completed

The Company undertook a 21 hole reverse circulation (RC) drilling program for a total of 1,409 metres – with drilling depths of 80m-120m (ASX announcements, 5 October, and 9 November 2022).

Drilling infilled and extended lithium and high-grade rubidium mineralisation defined in Aruma's previous phase of drilling, and in a subsequent rock chip sampling program.

Review of operations

Assay results were reported for the full program, plus results from an additional seven historic holes (which were re-assayed) and delivered numerous high-grade lithium and rubidium results. Drilling returned lithium plus rubidium grades in excess of 2%, with a total of 12 intersections with grades in excess of 1.5% lithium plus rubidium, of varying widths. Also noted were high potassium values, of up to 3.6%, with significant cesium (up to 0.6%) and tin-tantalum (600ppm and 700ppm) (ASX announcement, 11 January 2023).

See Figure 3 for drill hole locations, and Table 2 for Rb2O and Li2O results in excess of >1% combined Rb2O and Li2O.

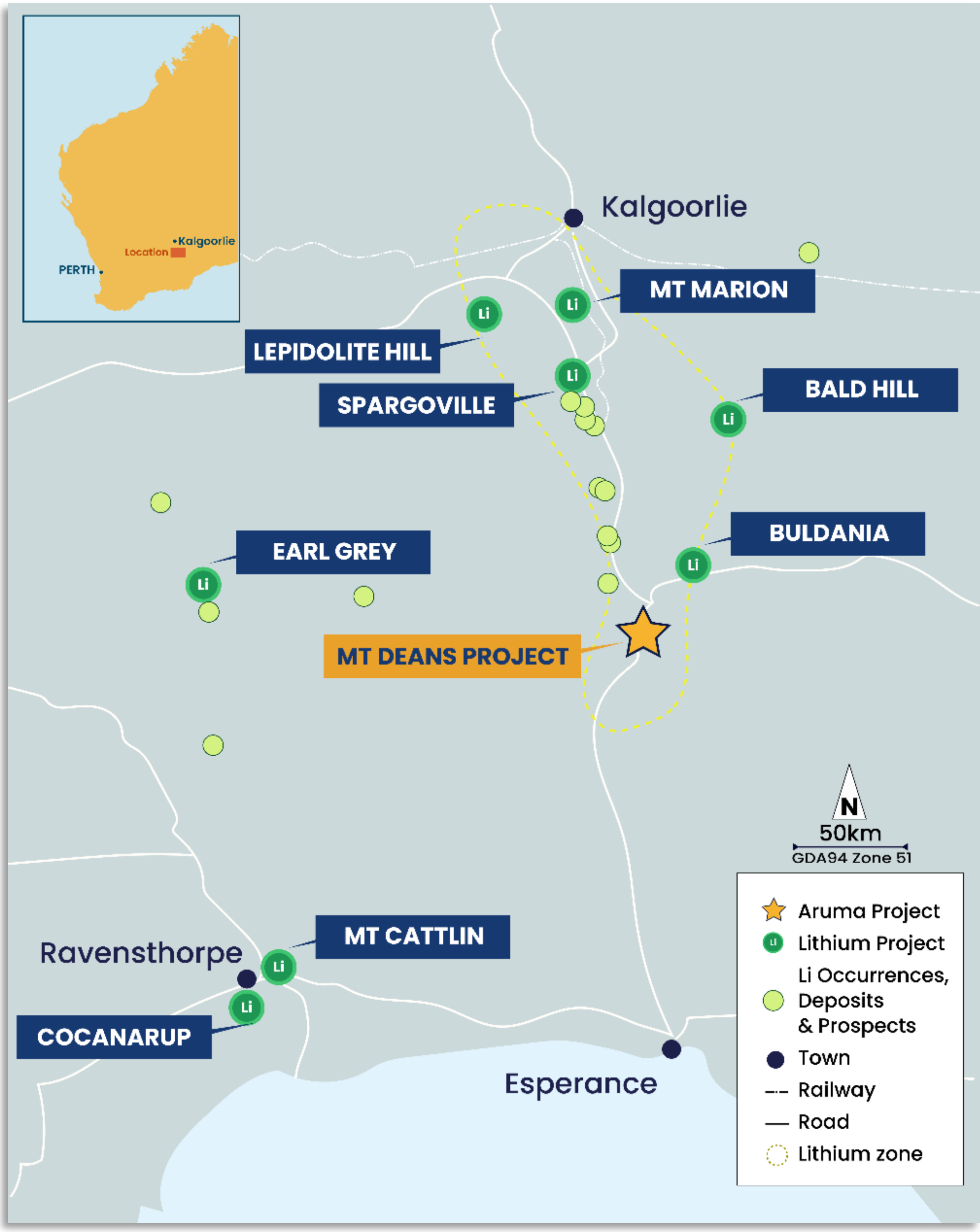

Figure 2: Mt Deans Project location in the Eastern Goldfields Lithium corridor

Review of operations

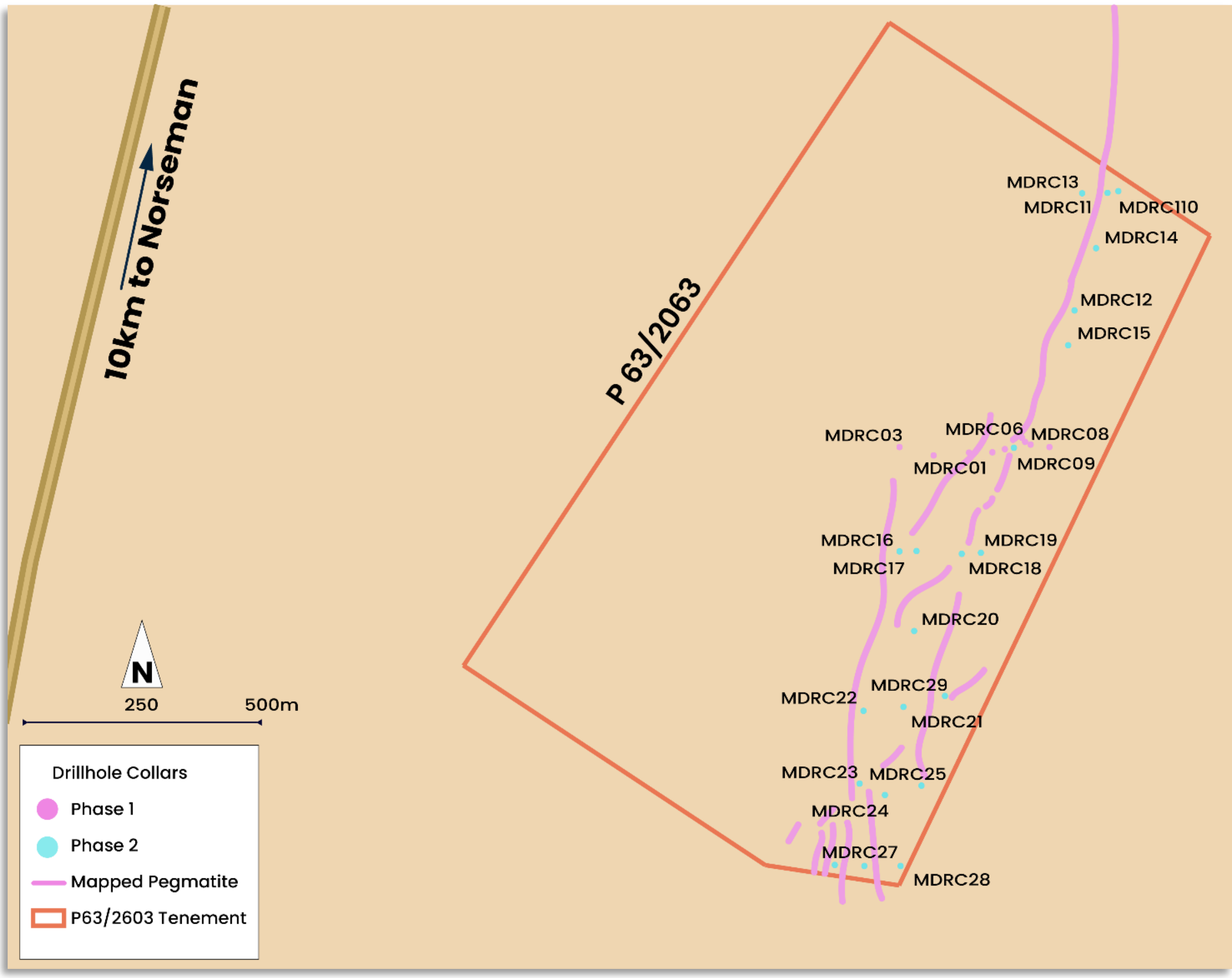

Figure 3: Mt Deans drillhole locations along the interpreted pegmatite

<u>Background to Exploration at Mt Deans Project</u>

Aruma completed a first phase of drilling at Mt Deans in the previous year, comprising 1,156m of RC drilling in eight holes (ASX announcement 21 April 2022). The program delivered encouraging results including high-grade rubidium, and lithium grades of up to 1.14% Li_2O (lithium oxide) intersected within a wide zone of lithium - all within a near-surface 25 metre thick, vertical body of solid pegmatite, from a depth of 17m. Drilling defined an interpreted strike length of at least 1,500 metres, which remains open at both ends.

This drilling was followed up with a rock chip sampling program to test for strike extensions to the interpreted pegmatite zone and help refine targets for future drilling. This returned lithium of up to 1.96% Li_2O and very high-grade rubidium of up to 1.42% Rb_2O, plus caesium values up to 1550ppm. A total of 11 rock chip samples were collected along a 500m strike (ASX announcement, 30 May 2022).

Review of operations

Hole ID	From	To	Width	Grade							
				Li_2O %	Rb_2O %	Li_2O + Rb_2O%	K_2O%	Cs ppm	Nb ppm	Sn ppm	Ta ppm
MDRC0003	3	5	2	0.63	0.55	1.18	1.8	531	37	118	209
MDRC0006	31	38	7	0.75	0.69	1.44	2.7	384	33	240	165
MDRC0007	144	150	6	0.51	0.60	1.11	3.0	273	32	180	85
MDRC0009	33	42	9	0.27	0.96	1.23	3.1	616	21	239	36
	46	51	5	0.28	0.77	1.05	2.6	486	19	296	32
MDRC0011	26	34	8	1.13	0.77	1.89	2.3	1167	45	201	360
MDRC0014	33	38	5	0.73	0.71	1.44	2.7	845	44	157	359
	55	60	5	0.77	0.75	1.51	2.7	3312	36	120	262
MDRC0016	26	28	2	0.78	0.73	1.51	2.2	568	33	115	184
MDRC0017	53	54	1	0.71	0.63	1.34	2.4	365	29	139	115
MDRC0018	33	40	7	0.98	0.63	1.60	2.4	376	31	405	135
MDRC0019	55	60	5	1.02	0.54	1.56	2.3	274	40	326	166
MDRC0021	63	69	6	0.65	0.50	1.15	2.4	333	33	179	99
MDRC0022	18	23	5	0.78	0.58	1.35	2.4	343	30	216	143
MDRC0023	11	13	2	0.62	0.63	1.25	2.7	537	154	154	139
	23	25	2	0.71	0.61	1.32	2.7	348	36	176	121
MDRC0024	68	69	1	1.05	0.85	1.90	3.3	566	40	207	121
	74	76	2	0.88	0.70	1.58	2.7	822	25	170	123
MRC047	7	8	1	0.86	0.56	1.42	1.9	581	26	135	152
MRC048	12	18	6	0.83	0.70	1.52	2.1	2107	41	209	253
	23	24	1	1.94	0.69	2.63	1.9	1110	41	201	234
MRC049	4	9	5	1.18	0.80	1.98	2.0	1022	58	204	372
MRC050	9	13	4	0.75	0.58	1.33	2.0	580	33	151	279
MRC052	4	6	2	0.86	0.80	1.70	2.7	806	43	243	299
	20	28	8	0.94	0.66	1.60	2.2	588	31	240	210
MRC053	15	16	1	0.65	0.69	1.34	2.3	1025	51	116	399
	46	52	6	0.65	0.57	1.22	2.2	352	30	204	221

Table 2: Significant results for the final assays of all recent drilling. Results >1% combined Rb_2O and Li_2O. **Note** – Down hole widths.

First-Phase Metallurgical Test-Work Completed

Subsequent to the drilling, Aruma completed a positive initial phase of metallurgical test-work at the Mt Deans Project. This confirmed that a lithium concentrate may be produced from the Mt Deans pegmatites via simple flotation (Figure 4).

Two flotation tests were conducted. Initial results produced a lithium concentrate, with a grade of 3.1 times Li_2O feed returned from the flotation tests. Recoveries of 80% into 25% of the mass were achieved.

In addition, the initial float results also delivered promising upgrades relative to original feed grade for other metals; potassium (K_2O) rubidium (Rb_2O), caesium (Cs), tin (Sn) and tantalum (Ta).

Review of operations

The program also highlighted the potential value of the tin and tantalum at Mt Deans, with both being able to be separated in the flotation process.

These positive initial results were delivered from test-work on pulverised RC drill chips. The Company expects that a higher-grade concentrate and higher recoveries may be achieved from test work utilising a crushed rock feed. Details on the metallurgy test work program and results are provided in ASX announcement of 3 May 2023.

Figure 4: Mt Deans sample undergoing flotation test.

Background to Metallurgical Test Work Program

The aim of the test work was to provide a preliminary assessment as to what product(s) may be produced from the Mt Deans pegmatites and provide a first step in a pathway for potential project development.

The metallurgical test-work was undertaken at Independent Metallurgical Operations Pty Ltd laboratory in WA. It was conducted utilising composite samples from Aruma's most recent phase RC drilling at Mt Deans, plus some samples from Tantalum Australia's drilling in 2007. Assay results for the selected samples are shown in Table 3.

Review of operations

Hole Id	From	To	Li_2O %	Cs ppm	Rb_20 %	Sn ppm	Ta ppm	K_2O %	Nb ppm
MDC048	15	16	0.84	2190	0.21	32	78	0.92	10
	16	17	0.50	1485	0.31	164	280	1.07	32
	17	18	1.12	6350	1.40	201	345	3.05	41
MDRC014	56	57	0.85	5870	0.96	147	169	3.25	27
	57	58	0.60	3520	0.62	115	361	2.35	42
MDRC018	33	34	0.73	259	0.50	286	61	2.11	23
	34	35	1.12	523	0.76	418	330	2.56	39
	35	36	1.02	310	0.64	486	107	2.32	39
	36	37	0.96	330	0.59	473	86	2.30	27
	37	38	1.37	629	0.89	601	184	2.90	42
Average Grades			**0.91**	**2147**	**0.69**	**292**	**200**	**2.28**	**32**
Calculated Grades			**0.82**	**1753**	**0.57**	**323**	**165**	**2.00**	**28**

Table 3. Drillhole assay results for samples used in initial metallurgical test-work. Calculated grades from IMO calculations.

Salmon Gums Gold Project

The Salmon Gums Project (EL63/2037, EL63/2122, ELA63/2303) covers a total area of 360km[2]. The Project is a high-grade gold exploration asset located 300km south of Kalgoorlie, and 80km south of the mining town of Norseman. It is situated 30km south and directly along strike, in the same stratigraphy, as Pantoro Limited’s (ASX: PNR) high grade Scotia Gold Project (Figure 5).

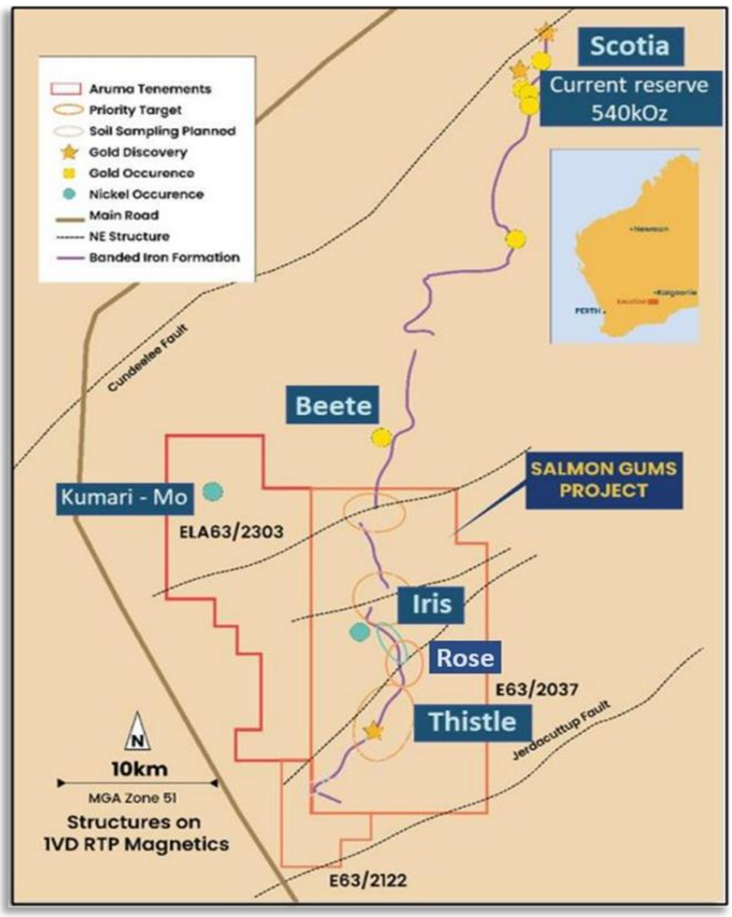

Figure 5: Salmon Gums Gold Project location map.

Review of operations

Aruma completed a comprehensive drilling campaign at the Salmon Gums Project during the year and reported the results (ASX announcement, 26 May 2023). Drilling comprised:

- 5,5366m - 44 hole reverse circulation (RC) program; and
- 894 hole shallow auger drill program

The Company's previous drilling at Salmon Gums intersected bonanza-grade gold mineralisation, including; 5m at 50.2g/t Au in drill hole SCRC039, with grades as high as 228g/t Au (ASX announcement, 21 March 2022). These results highlighted the potential for the Project to host high-grade Norseman-style greenstone gold mineralisation.

The RC drilling program of 2023 followed-up these high-grade intersections and also tested strong coincident gold and arsenic in soil anomalies, to extend the current known gold mineralised areas at the priority Iris and Thistle prospects.

The RC drilling returned multiple zones of anomalous gold and expanded the gold mineralised footprint at the priority Iris and Thistle prospects – and provided further indication of the Project's potential to host significant Norseman-style greenstone gold mineralisation.

The program also identified a new target – the Rose prospect – situated between Iris and Thistle, and multiple intersections of gold were returned at this new target (Figure 5). Significant intersections are shown in Figure 6, and further details are provided in ASX announcement of 26 May 2023.

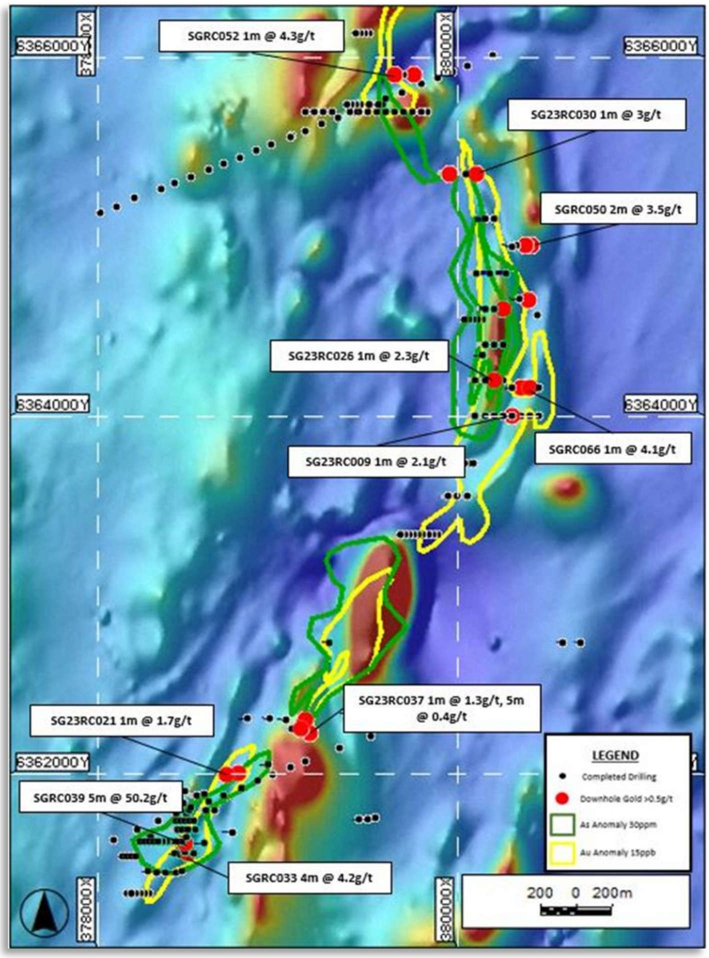

Figure 6: Significant Salmon Gums drilling intersections from 2022 and 2023 drilling. Gold-in-soil contours of 15ppb (Yellow) and arsenic-in-soil of 30ppm (Green). Underlying image is detailed magnetic image TMI RTP in wet colour.

Review of operations

Highlight results from the RC drilling included:

- 1m at 3g/t Au from 71m in SG23RC030, at Iris
- 1m at 1.3g/t Au from 46m in SG23RC037, at Thistle
- 5m at 0.4g/t Au from 103m in SG23RC037, at Thistle
- 1m at 2.3g/t Au from 27m in SG23RC026, at Rose
- 1m at 2.1g/t Au from 104m in SG23RC009m, at Rose
- 1m at 1.7g/t Au from 6m in SG23RC021, at Thistle
- 1m at 1g/t Au from 105m in SG23RC036, at Thistle

Auger Drilling Program

The shallow auger drilling program tested strong coincident gold and arsenic in soil anomalies within the wider project area. Results confirmed multiple new gold and arsenic enriched zones, which are strong indicators of the gold prospectivity of the wider project area (Figure 7).

The auger results also identified numerous REE (cerium (Ce) and lanthanum (La)) anomalies. Follow-up analysis is to be undertaken to provide a more detailed REE value to these anomalies.

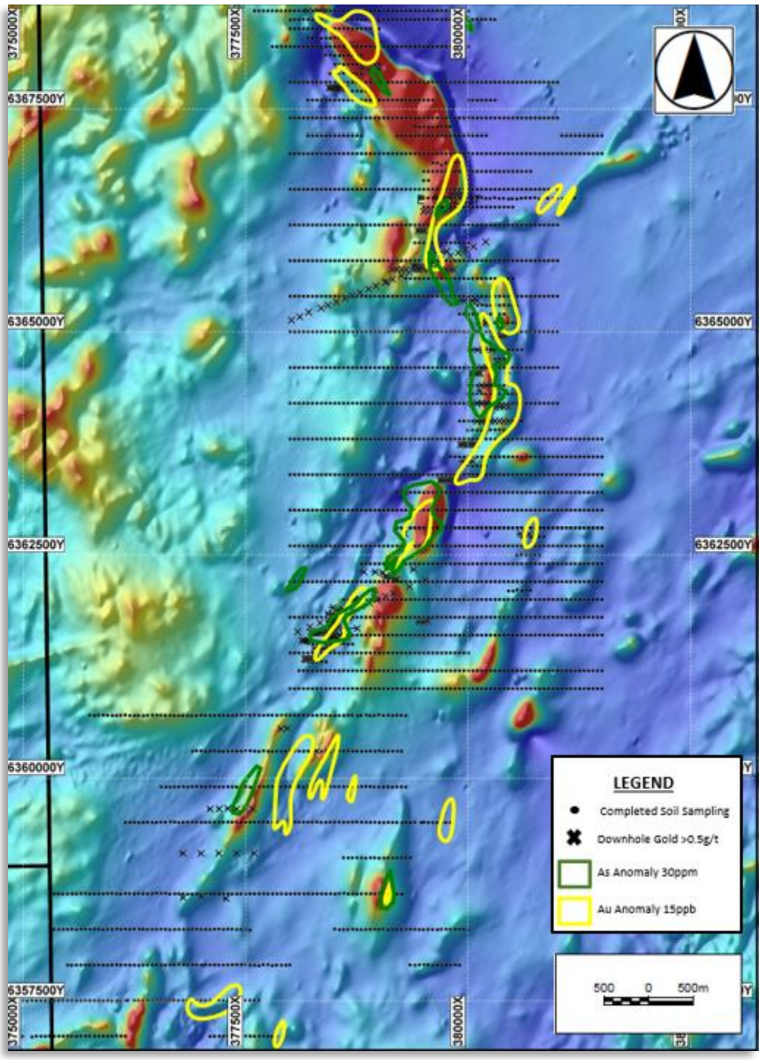

Figure 7: Gold and Arsenic anomaly footprints from auger drilling at Salmon Gums Gold Project

Review of operations

Aruma also completed an airborne high-resolution magnetic survey and ground gravity survey over the Project area. These surveys helped scope the full extent of the Salmon Gums greenstone and enhanced the lithological and structural understanding at the priority Thistle and Iris prospects. Geological consultants Model Earth were engaged to interpret the survey data.

<u>Diamond Drilling Expands Greenstone Footprint</u>

The RC and auger drilling programs were preceded by a two-hole, 701 metre diamond core drilling program, with results reported during the year (ASX announcement, 15 December 2022).

Drilling was designed to provide a deeper geological understanding of the Project and generated core samples to allow for definition of rock types, mineralisation types, metallurgy and stratigraphy, along with gold grades and controls.

The program returned anomalous zones of gold. In addition, core samples from the drilling re-defined what were previously interpreted as granites to be sediments (Figure 8).

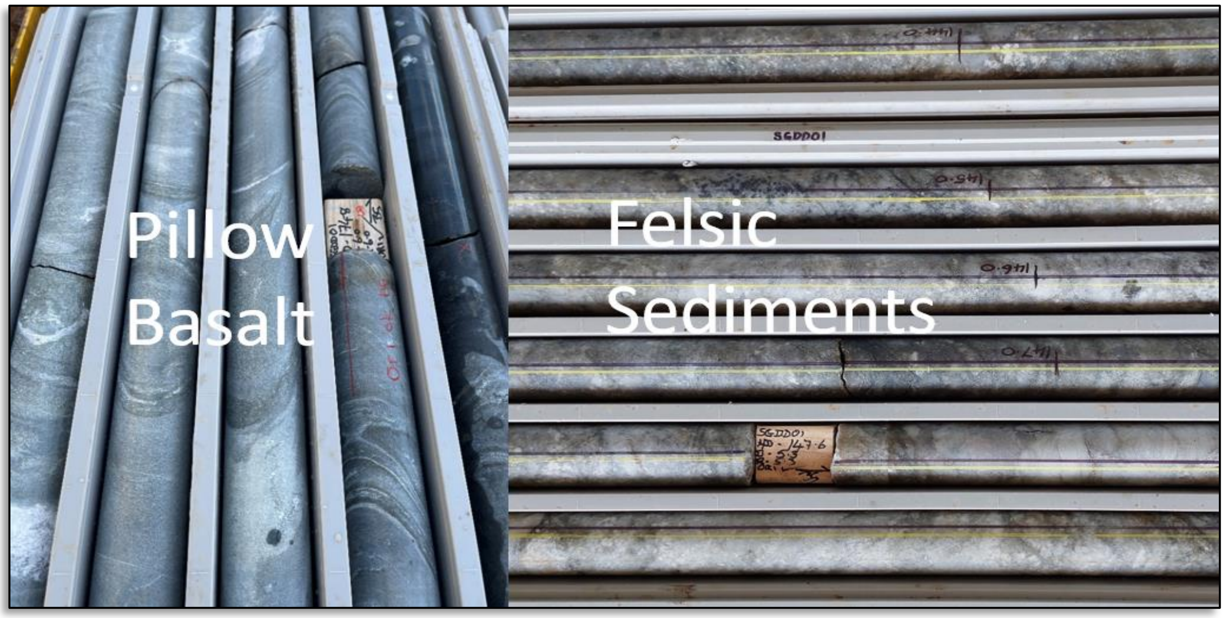

Figure 8: The intersected volcaniclastics of the Woolyeener Formation in SGDD01

This resulted in an interpreted expansion of the width of the greenstone at Salmon Gums to in excess of 3km along a strike length of more than 25km – expanding the interpreted greenstone footprint to approximately 75km^2.

The core exhibited characteristics of the regional greenstone with less granite and intrusives than originally understood, and interpretation of data from the core opened-up the potential for the Salmon Gums Project to host multiple horizons similar the major Scotia gold project to the north.

<u>Background and Next Steps</u>

Aruma has adopted a systematic approach to exploration of the Salmon Gums Project. Based on the encouraging results from its ongoing exploration at the Project, the Company has undertaken targeted diamond drilling to follow up previous bonanza gold results (5m @ 50.2g/t Au in SGRC039) as a next step.

This program is designed to test the structure of the very high-grade gold mineralisation around this intersection, with a view to refining the Company's geological and structural model for the Project and assist in defining targets for further drilling to extend this very high-grade gold zone (ASX announcement, 11 September 2023).

Review of operations

Saltwater Project

The Saltwater Project consists of four Exploration Licences (EL52/3818, EL52/3846, EL52/3857 and EL52/3966) over a total area of 450km^2. It is situated approximately 130 kilometres south-west of the regional mining centre of Newman, in the Pilbara region of WA (Figure 9).

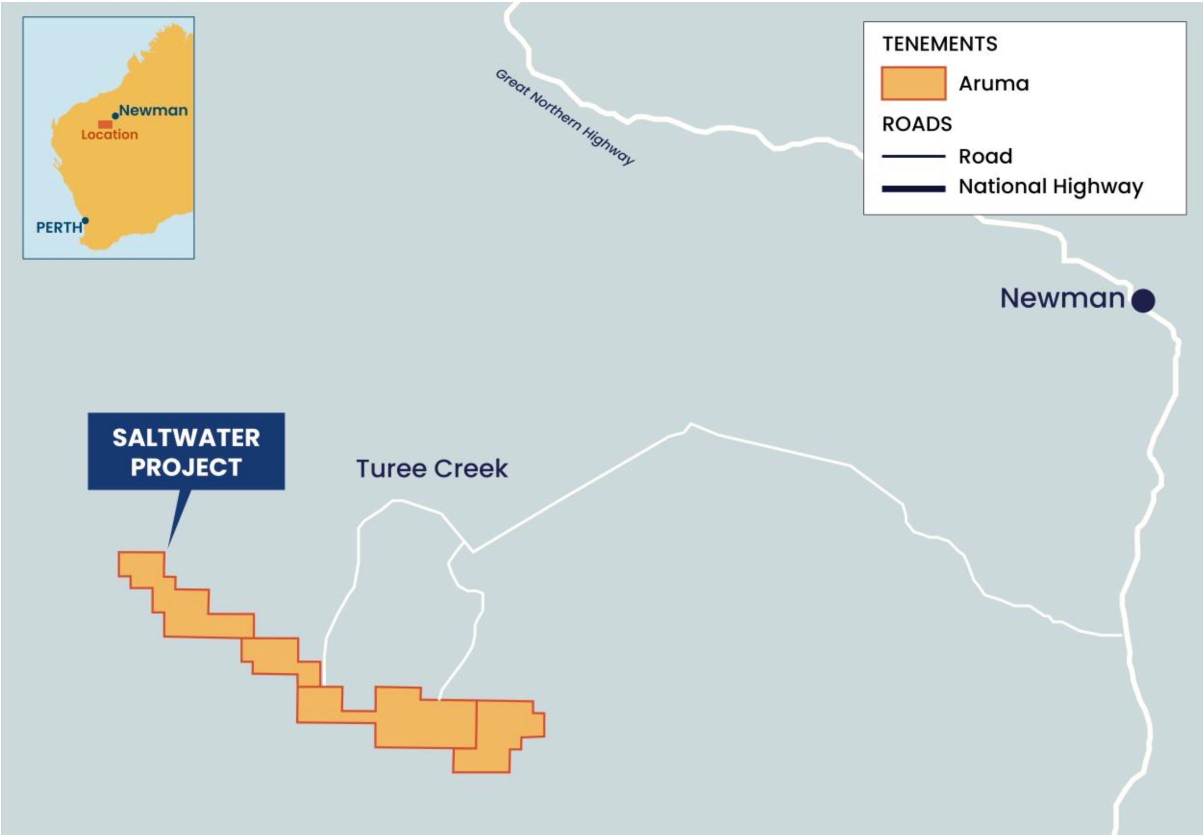

Figure 9: Saltwater Project location map in the Pilbara region of WA.

<u>Background to REE Potential at Saltwater</u>

The Saltwater Project was originally pegged by Aruma in 2020 for its gold prospectivity, based on the reactive stratigraphy adjacent to the Nanjilgardy Fault within the Project area that controls approximately six million ounces of known gold mineralisation along its entire strike.

The Company's initial exploration at Saltwater was gold-focused and consisted of two phases of RC drilling within a targeted area of the Project.

An assessment of historic exploration within the area revealed REE, base metals, gold and uranium results from previous explorers in the area. This included U308 Limited (U308) which reported extremely high assays results up to 11% rare earths in grab samples, in 2010 (refer open file WAMEX report A88669).

Other REE occurrences have been recorded at Saltwater in drill holes and surface samples.

More recently, Dreadnought Resources (ASX: DRE) has accumulated a significant landholding at its Bresnahan REE Project, immediately adjacent to Aruma's Saltwater Project area. Dreadnaught has delivered encouraging initial REE exploration results, with significant light and heavy REE results returned from reconnaissance surface samples along major basement structures (DRE: ASX announcement, 8 February 2023).

Wesfarmers (Bresnahan Exploration) and Teck Australia also have significant ground positions in the area (Figure 10).

Review of operations

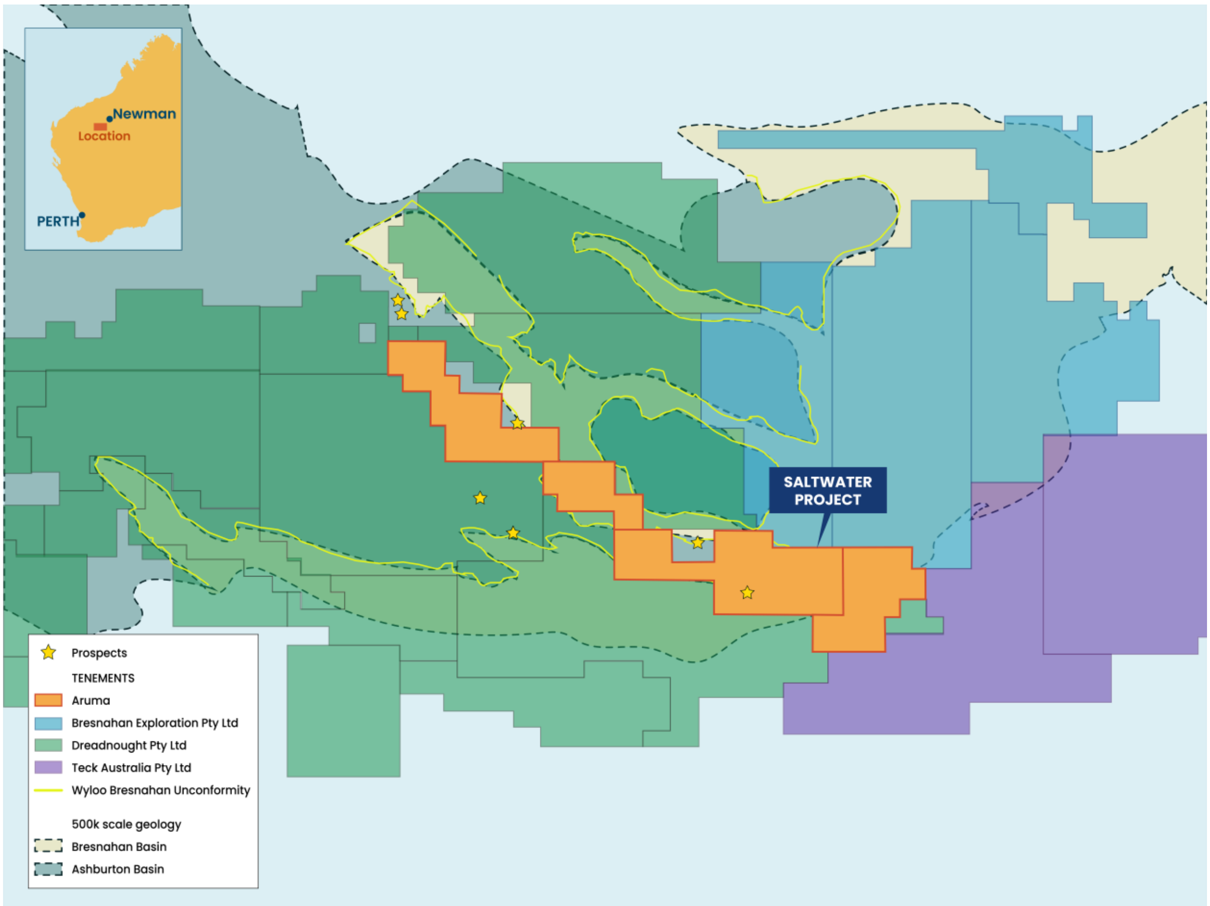

Figure 10: Map showing landholdings surrounding Aruma's Saltwater Project, with the regional geology of the Wyloo-Bresnahan Unconformity, and interpreted target stratigraphy (red line). (GSWA 500,000 scale geologic mapping).

U308's previous exploration in the area also delivered grades of up to 3.1% Cu, 1.4%Pb 1.5% V (vanadium) and 2 g/t Au in samples, and Aruma is also assessing the multi-commodity potential of the Project area in its fieldwork programs.

REE Mineralisation Discovered

Consistent with the REE prospectivity of the Saltwater Project area, Aruma conducted a first phase of REE focused exploration at Saltwater during the year. This consisted of a surface sampling program and represented the first stage in Aruma's planned systemic sampling of an interpreted 80km strike length for REE and other minerals (ASX announcement, 29 May 2023).

The initial sampling was successful, and significant REE and Cobalt-Copper enriched soil samples were reported.

Highlight results included;

- AR12232: 1158ppm TREO; 25% NdPr/TREO and 21% HREO/TREO
- AR12291: 1022ppm TREO; 25% NdPr/TREO and 27% HREO/TREO
- AR12298: 0.30% Co, 0.23% Cu, 0.21% Zn and 4.0% Ba
- AR12299: 0.27% Co, 0.21% Cu, 0.2% Zn and 3.9% Ba

Review of operations

The sampling program confirmed REE enrichment across multiple structures, alongside significantly elevated pathfinder values of phosphorus (P), strontium (Sr) and thorium (Th). Significant base metals were also detected.

The program collected samples from radiometric, geophysical, and structural targets at a high-priority radiometric target with a strike length of up to 15km.

Further details and commentary on the results are provided in ASX announcement of 12 July 2023.

REE Exploration Model

The exploration model applied by Aruma for its REE exploration at Saltwater is an unconformity model. The prospective stratigraphy sits below the Bresnahan–Wyloo Unconformity, of which the Saltwater Project has interpreted strike of approximately 80km. This model has been used successfully in the exploration for hard rock REE deposits within WA, most notably by Northern Minerals (ASX: NTU) at their Browns Range Project.

Melrose Gold Project

The Melrose Project is located adjacent to the Paulsens Gold Project, which was acquired by Black Cat Syndicate (ASX: BC8) from Northern Star Resources (ASX: NST) in the Plilbara region of WA (Figure 11).

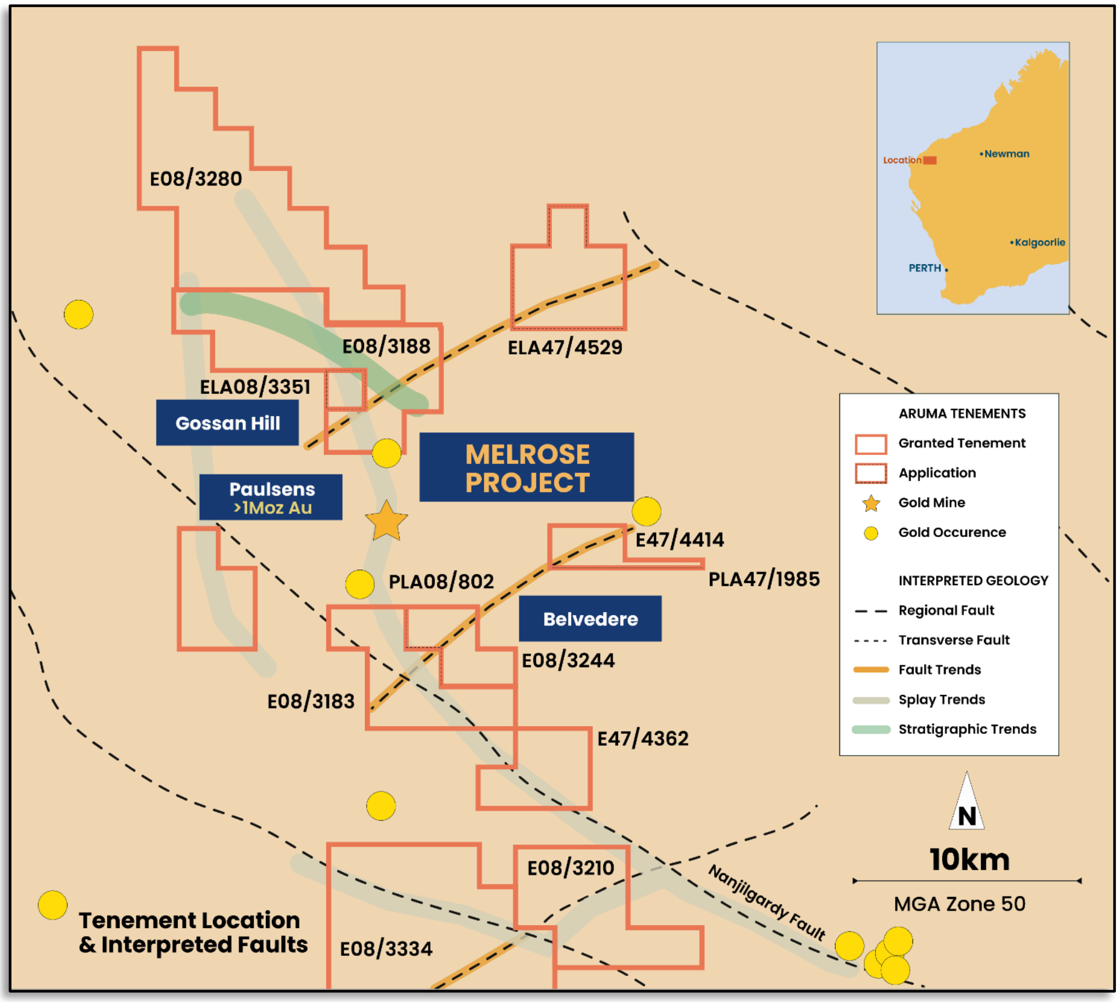

Figure 11: Melrose Gold Project showing multiple targets, including the priority Gossan Hill

Review of operations

During the year, Aruma completed a maiden drilling program at the Melrose Project and results were reported (ASX announcement, 20 December 2022). The program consisted of 48 RC holes (to depths of around 100 metres) for 4,784 metres, on 10 lines of drilling.

Drilling was designed to define gold grades and controls on mineralisation along with lithology, mineralisation types, metallurgy, and stratigraphy. Drilling targeted the priority Gossan Hill Prospect, located 5km north of the Paulsens Gold Mine.

Drilling Intersects Anomalous Gold

The program intersected anomalous gold and confirmed the presence of anomalies on an east-west structural target at Gossan Hill. No high-grade gold mineralisation was intersected. The location of the anomalous material in an oxidised siltstone-greywacke contact was encouraging but the lack of shales in the area was interpreted as a possible reason for the lack of grade and sulphides.

The drilling results confirmed the intersected low-grade mineralised host to be on a contact with the coarse greywacke, a fine siliceous sulphidic siltstone (Figure 12). The contact Aruma investigated in its drilling was on a shale-dolomite contact, similar to the Mt Olympus and Paulsens gold projects in the region.

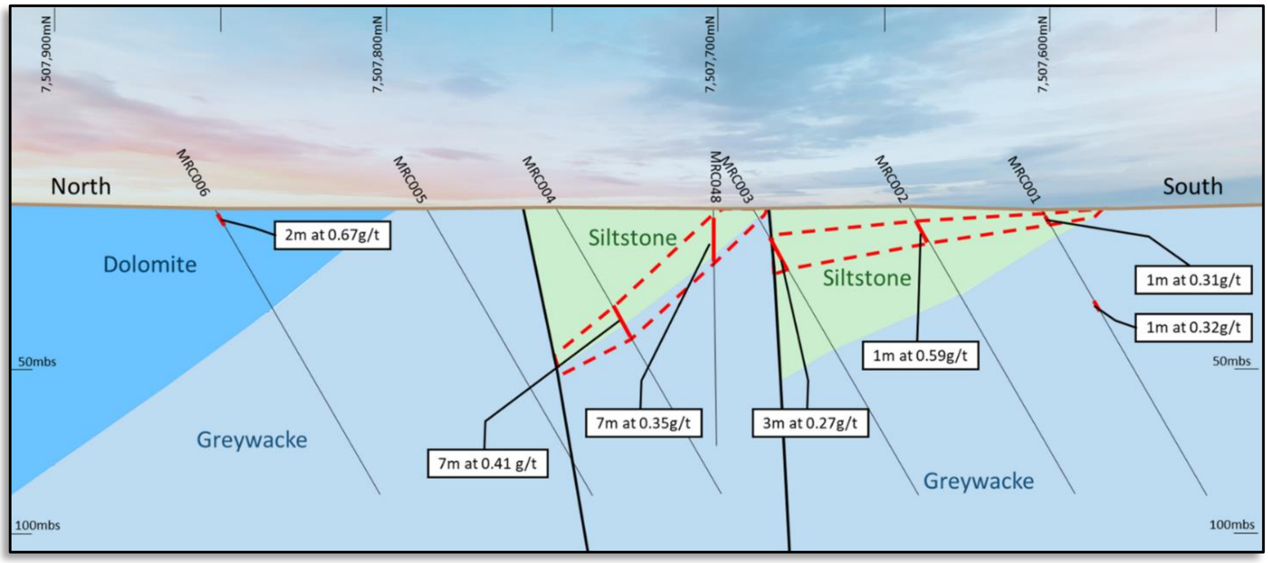

Figure 12. Gossan Hill cross section looking east through 420600mE (GDA94 z50) showing lithology and the late cross-cutting mineralised structure and highlighting anomalous results. (Note: MRC048 is off section by ~30m; Red polygons are oxidised shale-siltstone).

Melrose Project Area Expanded

Aruma also expanded the Melrose Project area via the award of the balloted exploration licence, E08/3499, which comprises seven blocks over a 20km^2 area. The licence contains the Mt McGrath Gold Project (WAROX Site 87111, Minedex Mt McGrath site S0029247).

Carter Well Gold Project

Aruma pegged the Carter Well Gold Project (Exploration Licence Application E58/590) in the mid-west region of WA during the year (ASX announcement, 6 July 2022).

It subsequnetly signed Regional Standard Heritage Agreements (RSHA) with two claimant groups. An Expedited Heritage Agreement was ratified by the WA Department of Mines, Industry Regulation and Safety following an objection from one claimant group.

Review of operations

Aruma plans to commence on-ground appraisal and exploration of the Project once the exploration licence has been granted.

The Carter Well Project is located 75km east of Mt Magnet, and north of the Windimurra Intrusive Complex, and covers an area 294km^2 and represents a potential new Greenfields gold opportunity.

The Project is interpreted to exhibit characteristics consistent with Aruma's sediment-hosted gold model. It was initially targeted because of the presence of east-west Proterozoic dolerite dykes, and the well-known relationship to gold mineralisation in reactive sediments near these cross-cutting dykes.

The dykes may follow old major crustal sutures (or fluid pathways) that carry the mineralised fluids from high-temperature leaching zones to deposit metals in reactive porous sediments, for Carlin Style deposits - specifically high-grade quartz veins with coarse gold, and lower grade larger strata-bound lodes with very fine gold.

Projects' Summary

Region	Location	Project	Status
WA EASTERN GOLDFIELDS	Norseman Projects	**Mt Deans Lithium**	Drilled and announced results
		Salmon Gums gold	Latest phase of drilling: RC and Auger drilling programs
WA PILBARA	Nanjilgardy	**Melrose Gold**	Drilled and results announced
		Saltwater Gold	Reappraisal on new geophysics and Rare Earth opportunity
WA MURCHISON FOLD BELT	Windsor Fault	**Carter Well**	Data Assembly and field inspection

Table 4: Gold Project Status and Activity Table

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 Glenn Grayson who is a Member of the Australian Institute of Geoscience (AIG). Mr Grayson is Managing Director and a full-time employee of the Company. Mr Grayson 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 Grayson 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 . 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.

Review of operations

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.

Corporate

The Group incurred an after-tax loss for the year of $3,045,244 (2022: $3,241,683). The Group had a cash balance at 30 June 2023 of $3,154,923 (2022: $4,701,408).

Aruma received an R&D tax incentive offset of $837,176 (2022: $458,677) before costs during the year.

Board and Management

During the year, the Company announced a number of board and management changes.

Non-executive Director, Mark Elliott retired from the board, and James Moses and Brett Smith joined the board as Non-executive Directors. Non-executive Chairman, Paul Boyatzis retired from his position at the Company's Annual General Meeting, to focus on his portfolio of other business interests. Post-the AGM, Mr Moses assumed the role of Non-executive Chairman.

Mr Glenn Grayson was appointed Chief Operating Officer during the year, and subsequently was appointed Managing Director in January 2023, replacing Aruma's founding managing director Mr Peter Schwann who led the Company since its listing in 2010. Mr Schwann served on the board as a Non-executive Director until his resignation on 30 June 2023.

As managing director Mr Grayson is responsible for formulating and implementing the Company's exploration strategy going forward, and the underlying on-ground fieldwork and exploration programs. He will also be responsible for the management of the day-to-day operations of the Company, and key stakeholders including shareholders and the investor market.

During his tenure as managing director, Mr Schwann managed and led the assessment, acquisition and pegging, and subsequent exploration of numerous projects across a range of different minerals. He built strong relationships with key stakeholders and oversaw multiple capital raisings and R&D tax refunds. The Company thanks Mr Schwann for his tireless commitment, energy, and passion for the role throughout his long tenure.

Review of operations

AGM

The Company held its annual general meeting on 9 November 2022 at the Celtic Club, 48 Ord Street, West Perth Western Australia, and all resolutions were passed by the required majority by poll.

Junior Minerals Exploration Incentive scheme

Aruma has utilised $337,270 of exploration credits under the federal government's Junior Minerals Exploration Incentive (JMEI) scheme. This will apply to shares issued to investors in the two share placements which occurred during the year ended 30 June 2022.

Placement Raises $2.275 million

In June 2023, the Company undertook a placement of 39,240,348 shares to sophisticated and professional investors at 5.80 cents per share to raise $2,275,940 before issue costs. The proceeds from the placement are to be used to help fund targeted REE fieldwork at the Saltwater project, drilling and metallurgy test work at the Mt Deans Lithium project, drilling at the Salmon Gums gold project as well as working capital and the costs of the issue.

The placement also included one free attaching option for every share subscribed for in the Placement with an exercise price on $0.10 and an expiry date of 11 June 2026. Following the approval of Aruma shareholders, the options were listed with ASX on 8 September 2023 (ASX code AAJO).

GBA Capital acted as Lead Manager in the Placement and following shareholder approval, at a general meeting held on 18 August 2023 received 15,000,000 Options exercisable at an exercise price of 10 cents per option on or before 30 June 2026. These options are proposed to be listed on the ASX, subject to meeting ASX listing requirements.

Directors' report

Your directors present their report together with the financial statements of the Group consisting of Aruma Resources Limited ("the Company") and the entities it controlled (together the "Group") for the financial year ended 30 June 2023. 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. James Moses

B Bus, Grad Dip Journalism – Non-executive Chairman

Appointed Non-executive Director 1st August 2022, appointed Non-executive Chairman 9th November 2022

Mr Moses has an extensive background in investment markets in a career spanning 31 years. He is the founder and Managing Director of a leading Australian bespoke investor relations and corporate communications practice for public companies.

Prior to this, he was Investor Relations Manager for a major national public relations firm. He also previously worked as a business and finance journalist.

His career began in the investment markets, where he held multiple business development roles with leading global fund managers over a period of 15 years and was also a private client adviser for a high net worth investment advisory firm.

Mr Moses is currently a Non-executive Director of Power Minerals Limited.

Mr. Brett Smith

BSc (Hons), FAIG, MAICD – Non-executive Director

Appointed 1st August 2022

Mr Smith is a geologist with more than 30 years' experience in the mining and exploration industries, where he has held numerous senior executive and management positions, and consulting roles.

He has extensive, specific expertise in exploration and resource definition and has overseen resource projects across a diverse range of commodities in Australia and international jurisdictions.

He has a BSc (Honours) in Geology from the James Cook University of North Queensland and is a member of the Australian Institute of Geoscientists and a Member of the Australian Institute of Company Directors.

Mr Smith is currently Managing Director of nickel-focused exploration and development company Corozon Mining Limited (ASX: CZN) and a Non-executive Director of diversified exploration company TG Metals Limited (ASX: TG6).

Directors' report

Mr. Glenn Grayson

BSc APPGEOL, Grad Dip Geospatial Information (RMIT) MAUSIMM – Managing Director

Appointed 20th January 2023

Mr Grayson is a geologist with deep exploration experience in the goldfields of Western Australia. He has held senior roles with Kin Mining NL, Northern Star Resources and Barrick Gold. Mr Grayson has a successful track record of evaluating and generating gold resources through exploration success and brings a wealth of Knowledge to the Aruma team.

He has a BSc in Geology from Ballarat University, a Diploma in Project Management (NSW Tafe), Graduate Diploma in Geospatial Information (RMIT) and is a member of the Australian Institute of Geoscientists and AUSIMM

Mr Grayson has not held a directorship in any public listed companies in the last 3 years.

Mr. Peter Schwann

Ass.App. Geology, FAIG, MSEG – Non-executive Director

Appointed 11th February 2010, resigned 30 June 2023

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 Non-executive Director of Westgold Resources Limited (February 2017 – 26 July 2022).

Mr. Paul Boyatzis

B Bus, ASA, MSDIA, MAICD – Chairman

Appointed 5th January 2010, retired 9 November 2022

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 Non-executive Director VRX Silica Limited (September 2010 – present) and Nexus Minerals Limited (October 2006 – present).

Dr. Mark Elliott

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

Appointed 1st July 2017 Retired 1st August 2022

Dr Elliott is a chartered practising geologist with over 40 years of 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.

Directors' report

During the last 3 years Dr Elliott has served as a Non-executive Director of Nexus Minerals Limited (6 October 2006 – present); Astron Corporation Limited (18 January 2021 – present); Mako Gold Limited (14 March 2017 – 2 October 2020); and Chairman of AuKing Mining Limited (5 June 2021 – present).

Mr. Phillip MacLeod

B Bus, FGIA, MAICD – Company secretary

Appointed 5th January 2010

Mr MacLeod has over 30 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 an after-tax loss for the year of $3,045,244 (2022: $3,241,683). The Group had cash and term deposit balances at 30 June of $3,225,653 (2022: $4,701,408).

Aruma received an R&D tax incentive offset of $837,176 (2022: $458,677) before costs during the year.

On 2023 the Company completed the placement of 39,240,348 shares to sophisticated and professional investors at 5.80 cents per share to raise $2,275,940 before issue costs. The proceeds from the placement are to be used to help fund a rare earth elements (REE) focused fieldwork program at its Saltwater project, exploration at the Mt Deans Lithium project, Salmon Gums gold project as well as working capital and the costs of the issue.

The placement also included one free attaching option for every share subscribed for in the Placement with an exercise price on $0.10 and an expiry date of 11 June 2026. The Options are proposed to be listed on the ASX, subject to meeting ASX listing requirements and will be issued subject to Aruma shareholder approval.

Aruma has utilised $337,270 of exploration credits under the federal government's Junior Minerals Exploration Incentive (JMEI) scheme. This will apply to shares issued to investors in the two share placements which occurred during the year ended 30 June 2022.

A review of operations is on pages 5 to 22.

Directors' report

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
James Moses	5	5
Glenn Grayson	3	3
Brett Smith	5	5
Peter Schwann	5	5
Paul Boyatzis	1	1
Mark Elliott	-	-

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.

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 $48,000 per annum. The Chairman receives a fixed fee of $72,000 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.

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 2023 and 30 June 2022.

		Short-term				Post-employment			Share-based Payments			
	Year	Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Total $	Superannuation Benefits $	Other long term $	Termination Benefit $	Options $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration
Non-Executive Directors												
Mr J Moses	2023	56,200	-	-	56,200	-	-	-	-	56,200	-	-
	2022	-	-	-	-	-	-	-	-	-	-	-
Mr B Smith	2023	36,719	-	-	36,719	3,856	-	-	-	40,575	-	-
	2022	-	-	-	-	-	-	-	-	-	-	-
Mr P Boyatzis	2023	36,000	-	-	36,000	-	-	-	-	36,000	-	-
	2022	72,000			72,000				144,577	216,577		
Dr Mark Elliott	2022	3,000	0	0	3,000	-	-	-	-	3,000	-	-
	2022	36,000	-	-	36,000	-	-	-	72,289	108,289	-	66.76%
Executive Director												
Mr G Grayson	2023	189,263	-	-	189,263	19,873	-	-	-	209,136	-	-
	2022	-	-	-	-	-	-	-	-	-	-	-
Mr P Schwann	2023	321,049	-	-	321,049	20,458	-	-	-	341,508	-	-
	2022	250,000	-	-	245,833	23,354	-	-	121,376	390,563	-	31.08%
Total	**2023**	**642,231**	**-**	**-**	**642,231**	**44,187**	**-**	**-**	**-**	**686,418**	**-**	**-**
	2022	358,000	-	-	358,000	25,000	-	-	506,020	889,020	-	56.92%

Directors' report

4. REMUNERATION REPORT *(AUDITED)*

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

Options

During the year there were no (2022: 7,000,000) options over unissued shares granted to key management personnel (KMP) as part of their remuneration.

No options granted to KMP were exercised during the year. No options granted to KMP lapsed unexercised during the year. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Performance rights

During the year there were no performance rights ("rights") (2022: 1,000,000) issued to KMP as part of their remuneration.

4.4 Service agreement

Managing Director, Mr Glenn Grayson's remuneration commencing 20 January 2023 consists of $275,000 per annum base salary plus statutory superannuation and provision of a laptop computer and mobile phone.

Mr Grayson is engaged with a three 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 9,066,669 options (2022 28,511,109) over unissued shares in Aruma at the reporting date.

Share options lapsed

19,444,472 options lapsed unexercised the year (2022: nil).

Share options issued

There were no options over unissued shares in Aruma issued during the year as share-based compensation to directors (2022: 7,000,000).

Shares issued on exercise of options

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

6. PRINCIPAL ACTIVITY

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

Directors' report

7. REVIEW OF OPERATIONS

The Group made a loss after tax for the year of $3,045,244 (2022: $3,241,683). The Group had cash and cash equivalent balances at 30 June 2023 of $3,154,923, a decrease of $1,546,485 on the prior year.

Information on the operations of the Group and its business strategies are set out on pages 5 to 22 of the annual report.

8. DIVIDENDS

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

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 18 August 2023, a general meeting of shareholders of the Company was held. Resolutions which were approved at the meeting included the following:

- Issue of 39,240,348 placement options as free attaching options to placement shares issued in June 2023. The options have an exercise price on 10.0 cents and an expiry date of 30 June 2026.
- Issue of 15,000,000 options to GBA Capital, Lead Manager for the placement which occurred in June 2023 on the same terms and conditions as the placement options above.
- Issue of 9,000,000 incentive options to Directors of the Company. The incentive options have an exercise price of $0.10 and an expiry date of 30 June 2026.

Other than the above no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

10. 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.

Directors' report

11. 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. J Moses	950,000	2,000,000
Mr G Grayson	-	6,000,000
Mr. B Smith	-	1,000,000

12. ENVIRONMENTAL REGULATIONS

During 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.

13. 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.

Directors' report

14. NON-AUDIT SERVICES

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

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Audit and review of financial reports	22,200	21,500
Non-audit services		
Taxation services	-	-
	22,200	21,500

15. 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 the following page.

16. 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.

Glenn Grayson
Managing Director
Perth, Western Australia
Dated 28th September 2023

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 2023, 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.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay Nabeel
Audit Director

Perth
28th September 2023

T +61 8 6324 2900 E info@eldertongroup.com A Level 32, 152 St Georges Terrace, Perth WA 6000
ABN 51 609 542 458 W www.eldertongroup.com

Consolidated statement of comprehensive income

For the year ended 30 June 2023

	Note	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Revenue		-	-
Other income	3	837,176	458,677
Exploration and evaluation expenditure expensed as incurred		(2,511,789)	(1,886,652)
Depreciation	4	(30,568)	(9,262)
Directors' remuneration	28	(686,236)	(383,000)
Employee benefits		(91,909)	(421,746)
Impairment of exploration assets	17	-	(20,000)
Legal and professional fees		(176,143)	(121,703)
Occupancy expenses		(30,413)	(40,569)
Marketing and promotion		(239,297)	(169,865)
Share-based payment expense	27,28	-	(506,020)
Other expenses		(180,756)	(142,405)
Loss from operating activities		(3,119,935)	(3,242,545)
Financial income		77,992	861
Financial expense		(3,301)	-
Net financing income	5	74,691	861
Loss before income tax expense		(3,045,244)	(3,241,683)
Income tax expense	8	-	-
Other comprehensive income/(expense)			
Items that may not be classified to profit and loss			
Net change in the fair value of financial assets	13	(18,000)	(49,000)
Other comprehensive income/(expense) for the year, net of tax		(18,000)	(49,000)
Total comprehensive loss for the year		(3,063,244)	(3,192,683)
Loss per share			
Basic and diluted loss per share (cents per share)	7	(1.92) cents	(2.44) cents

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

For the year ended 30 June 2023

	Note	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	10	3,154,923	4,701,408
Trade and other receivables	11	108,075	57,012
Term deposit investments	12	70,730	-
Other financial assets	13	33,000	51,000
Other current assets	14	43,085	6,513
Total current assets		3,409,813	4,815,933
Non-current assets			
Plant and equipment	15	53,260	38,527
ROU asset	16	26,492	-
Total non-current assets		79,752	38,527
Total assets		3,489,565	4,854,460
LIABILITIES			
Current liabilities			
Trade and other payables	18	125,762	425,536
ROU lease liability	19	21,807	-
Provisions	20	49,881	169,597
Total current liabilities		197,450	595,133
Non-current liabilities			
ROU lease liability	21	5,880	-
Total non-current liabilities		5,880	595,133
Total liabilities		203,330	595,133
Net assets		3,286,235	4,259,327
Equity			
Issued capital	22	22,749,263	20,659,111
Reserves	23	760,907	778,907
Accumulated losses	24	(20,223,935)	(17,178,691)
Total equity		3,286,235	4,259,327

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Cash flows from operating activities			
Receipts from exploration activities		-	-
Receipts from R&D tax incentive		837,176	458,677
Interest received		77,992	774
Interest paid		(3,301)	-
Exploration expenditure		(2,809,252)	(1,557,768)
Payments to suppliers and employees		(1,624,4156)	(1,210,832)
Net cash used in operating activities	30(b)	(3,521,801)	(2,309,149)
Cash flows from investing activities			
Transfer to term deposit		(70,730)	-
Payments for purchase of plant and equipment		(29,407)	(19,707)
Net cash used in investing activities		(100,137))	(19,707)
Cash flows from financing activities			
Proceeds from issue of securities		2,275,940	4,660,000
Costs of issue		(185,788)	(321,784)
Repayments of ROU lease		(14,699)	-
Net cash provided by financing activities		2,075,453	4,338,216
Net increase/(decrease) in cash and cash equivalents		(1,546,485)	2,009,360
Cash and cash equivalents at beginning of the year		4,701,408	2,692,048
Cash and cash equivalents at end of the year	30(a)	3,154,923	4,701,408

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

For the Year Ended 30 June 2023

	Issued capital $	Accumulated losses $$	Share-based payment reserve $	Fair value reserve $	Total equity $
Balance at 1 July 2022	20,659,111	(17,178,691)	774,782	4,125	4,259,327
Loss for the year	-	(3,045,244)	-	-	(3,045,244)
Net change in value of financial assets	-	-	-	(18,000)	(18,000)
Total comprehensive loss for the year	-	(3,045,244)	-	(18,000)	(3,063,244)
Shares issued for cash	2,275,940	-	-	-	2,275,940
Share issue costs	(185,788)	-	-	-	(185,788)
Balance at 30 June 2023	**22,749,263**	**(20,223,935)**	**774,782**	**(13,875)**	**3,286,235**
Balance at 1 July 2021	16,320,895	(13,937,008)	268,762	53,125	2,705,774
Loss for the year	-	(3,241,683)	-	-	(3,241,683)
Net change in value of financial assets	-	-	-	(49,000)	(49,000)
Total comprehensive loss for the year	-	(3,241,683)	-	(49,000)	(3,290,683)
Share-based payments	-	-	506,020	-	506,020
Shares issued for cash	4,660,000	-	-	-	4,660,000
Share issue costs	(321,784)	-	-	-	(321,784)
Balance at 30 June 2022	**20,659,111**	**(17,178,691)**	**774,782**	**4,125**	**4,259,327**

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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 30th June 2023.

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 28h September 2023.

b. Basis of preparation

The financial report has been prepared based on 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.

The Directors consider the going concern basis of accounting to be appropriate based on forecast cash flows.

d. Adoption of new and revised standards

The Group has adopted all 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Standards and interpretations in issue not yet adopted

The Group has reviewed the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2023. As a result of this review the Group has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group; therefore, no change is necessary to Group accounting policies.

Notes to the consolidated financial statements

For the year ended 30 June 2023

1. SIGNIFICANT ACCOUNTING POLICIES

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 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.

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.

Grant funding

Exploration Incentive Scheme grants are recognised where there is reasonable assurance that the entity will comply with the conditions attached to the grants and that the grants will be received.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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 2023

SIGNIFICANT ACCOUNTING POLICIES

j. Impairment

Non-financial assets

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.

k. Issued capital

Ordinary shares

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

l. 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 2023

1. SIGNIFICANT ACCOUNTING POLICIES

m. 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.

n. Provisions

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

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

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

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

1. SIGNIFICANT ACCOUNTING POLICIES

o. 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.

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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

1. SIGNIFICANT ACCOUNTING POLICIES

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 instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e., trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

— amortised cost;

— fair value through other comprehensive income; or

— fair value through profit or loss

On the basis of the two primary criteria:

— the contractual cash flow characteristics of the financial asset; and

— the business model for managing the financial assets

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

— the financial asset is managed solely to collect contractual cash flows; and

— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

Notes to the consolidated financial statements

For the year ended 30 June 2023

1. SIGNIFICANT ACCOUNTING POLICIES

s. Financial instruments (continued)

— the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at:

— amortised cost; or

— fair value through profit or loss

A financial liability is measured at fair value through profit and loss if the financial liability is:

— a contingent consideration of an acquirer in a business combination to which AASB 3 applies

— held for trading; or

— initially designated as at fair value through profit or loss

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

— incurred for the purpose of repurchasing or repaying in the near term;

— part of a portfolio where there is an actual pattern of short-term profit taking; or

— a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Ordinary shares

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

1. SIGNIFICANT ACCOUNTING POLICIES

s. Financial instruments (continued)

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e., when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of a financial asset:

— the right to receive cash flows from the asset has been expired or been transferred;

— all risk and rewards of ownership of the asset have been substantially transferred; and

— the entity no longer controls the asset (i.e., it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument’s contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Notes to the consolidated financial statements

For the year ended 30 June 2023

1. SIGNIFICANT ACCOUNTING POLICIES

s. Financial instruments (continued)

Impairment of financial assets

For trade receivables, material expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

For intercompany loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary does not have sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, an expected credit loss is calculated. This is calculated based on the expected cash flows arising from the subsidiary and weighted for probability likelihood variations in cash flows.

t. 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 2023

1. SIGNIFICANT ACCOUNTING POLICIES

t. Share-based payment transactions (continued)

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.

u. 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.

v. Right of use assets

A right-of-use asset is recognised at the commencement of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at, or before, the commencement date of any lease incentives received, any indirect costs incurred and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short term leases with terms of 12 months or less and leases of low value assets, Lease payments for these assets are expensed to profit and loss as incurred.

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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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

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.

Mine closure and rehabilitation obligations

Provision is made for the anticipated costs of future closure and rehabilitation of mining areas. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine closure and rehabilitation obligations.

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.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interest issued by the Group in exchange for control of the Acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 12 and AASB 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payments of the Group entered into to replace share-based payments of the acquiree are measured in accordance with AASB 2 at the acquisition date (see below): and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 are measured in accordance with that Standard.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of a non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. REVENUE

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Other income		
R & D tax incentive	837,176	458,677
Total	837,176	458,677

4. LOSS BEFORE INCOME TAX

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Loss before income tax		
Loss before income tax expense has been arrived at after charging the following item:		
Depreciation	30,568	9,262

5. FINANCING INCOME

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Financing Income		
Interest income	77,992	861
Interest expense	(3,301)	-
Total	74,691	861

Notes to the consolidated financial statements

For the year ended 30 June 2023

6. AUDITOR'S REMUNERATION

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
During the year, the following fees were paid or payable for services provided by auditors of the Group, Elderton Audit Pty Ltd, their related practices and non-related audit firms		
Audit and review services:		
- Auditors of the Group	22,200	21,500
Other Professional services:		
- Tax services	-	-

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 2023	CONSOLIDATED 2022
Loss per share		
Basic loss per share	1.92 cents	2.44 cents
a) Weighted average number of shares used in calculation of basic loss per share	158,896,643	132,777,365
b) Loss used in calculating basic loss per share	$3,045,244	$3,241,683

Notes to the consolidated financial statements

For the year ended 30 June 2023

8. INCOME TAX EXPENSE

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
a. Recognised in the statement of profit or loss and other comprehensive income		
The major components of the tax expense/(income) are:		
Current tax expense	-	-
Deferred tax income relating to the origination and reversal of temporary timing differences	-	-
Total tax income attributable to continuing operations	-	-
b. Amounts charged or credited directly to equity		
Deferred income tax related to items (credited) directly to equity	-	-
Income tax expense/(benefit) reported in equity	-	-
The prima facie income tax expense/(benefit) on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:		
c. Numerical reconciliation between aggregate income tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate		
Loss before income tax expense from operations	(3,045,244)	(3,241,683)
Income tax expense calculated at 25.00% (2022: 25.00%)	(761,311)	(810,421)
Impact from reduction in tax rate	-	87,424
Over provision of tax in prior year	823,171	249,362
Non-assessable income	(209,294)	(114,669)
Temporary differences not recognised	(87,641)	(25,030)
Non-deductible expenses	1,692	126,949
Share issue costs recognised directly in equity	(46,447)	(80,446)
Tax losses not recognised/(utilised)	279,830	566,831
Income tax expense/(benefit)	-	-

Notes to the consolidated financial statements

For the year ended 30 June 2023

8. INCOME TAX EXPENSE

The tax rate used in the following reconciliation is the corporate tax rate of 25.00% (2022: 25.00%) payable by Australian corporate entities on taxable profits under Australian tax law.

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
d. The following deferred tax assets and (liabilities) have not been brought to account as assets:		
Tax losses - revenue	2,992,794	2,759,412
Temporary differences	130,575	206,644
	3,123,369	2,966,056
e. Deferred tax assets not recognised in respect of the following items:		
Trade and other receivables	(8,371)	(1,628)
Trade and other payables	31,440	106,384
Section 40-880 expenses	107,506	101,888
Tax losses carried forward	2,992,794	2,759,412
Income tax expense/(benefit) not recognised	3,123,369	2,966,056
f. Carry forward tax losses:		
Unused tax losses, for which no deferred tax asset has been recognised (as recovery is currently not probable)	11,971,176	11,037,412
At 25.00% (2022: 25.00%)	2,992,794	2,759,412

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 25.00% (2022: 25.00%) 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 2023

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.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Notes to the consolidated financial statements

For the year ended 30 June 2023

9. FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

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:

		CARRYING AMOUNT	
	NOTE	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Cash and bank balances	10	3,154,923	4,701,408
Trade and other receivables	11	-	87
Term deposit investments	12	70,730	
Other financial assets	13	33,000	51,000

Impairment losses

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

9. FINANCIAL INSTRUMENTS (CONTINUED)

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 ($)	6 months or more ($)
30 June 2023				
Trade and other payables	113,945	(113,945)	(113,945)	-
	113,945	(113,945)	(113,945)	-
30 June 2022				
Trade and other payables	405,960	(405,960)	(405,960)	-
	405,960	(405,960)	(405,960)	-

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

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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

9. FINANCIAL INSTRUMENTS (CONTINUED)

Profile

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

	CONSOLIDATED 2023		CONSOLIDATED 2022	
	Carrying amount $	Interest rate %	Carrying amount $	Interest rate %
Fixed rate instruments				
Cash and bank balances	70,730		70,000	0.05
Variable rate instruments				
Cash and bank balances	3,154,923	1.27	4,631,408	0.01

Cash flow sensitivity analysis for variable rate instruments

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

	Equity		Profit and Loss	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2023				
Variable rate instruments	31,549	(31,549)	31,549	(31,549)
30 June 2022				
Variable rate instruments	46,314	(46,314)	46,314	(46,314)

Fair value of financial instruments

The Group is disclosing the fair value of financial assets and financial liabilities by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Notes to the consolidated financial statements

For the year ended 30 June 2023

9. FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2023 and 30 June 2022.

Consolidated 30 June 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets	33,000	-	-	33,000

Consolidated 30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets	51,000	-	-	51,000

The fair value of financial instruments traded in active markets (such as equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the close price at reporting date. These instruments are included in level 1.

The Group currently has listed securities that are traded in an active market.

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 2023 $	CONSOLIDATED 2022 $
Cash and cash equivalents		
Cash at hand	1	1
Cash at bank	3,154,922	4,701,407
	3,154,923	4,701,408
Weighted average interest rate	1,27%	0.01%

Notes to the consolidated financial statements

For the year ended 30 June 2023

11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Current		
GST receivables	108,175	56,925
Interest receivables	-	87
	108,175	57,012

Trade and other receivables are non-interest bearing.

12. TERM DEPOSIT INVESTMENTS

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Term deposit investments	70,730	-
	70,730	-

Term deposit investments have a maturity date of 19 November 2023 and earn interest at a rate of 4.10% per annum.

13. OTHER FINANCIAL ASSETS – FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Current		
Fair value at beginning of year	51,000	100,000
Revaluation of listed shares taken to reserve	(18,000)	(49,000)
Fair value at end of year	33,000	51,000

Notes to the consolidated financial statements

For the year ended 30 June 2023

14. OTHER CURRENT ASSETS

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Other current assets		
Prepayments	33,485	6,513
Deposits	9,600	-
Prepayments	43,085	6,513

15. PLANT & EQUIPMENT

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Office equipment at cost	20,738	23,432
Accumulated depreciation	(5,827)	(12,949)
Office equipment	14,911	10,483
Field equipment at cost	11,512	54,148
Accumulated depreciation	(3,373)	(44,391)
Field equipment	8,139	9,757
Computer equipment at cost	87,208	80,296
Accumulated depreciation	(56,998)	(62,009)
Computer equipment	30,210	18,287
Total carrying value	53,260	38,527

Computer equipment at cost of $13,526 with a net book value of $nil was written off during the year.
Office equipment at cost of $11,091 with a net book value of $nil was written off during the year.
Field equipment at cost of $43,208 with a book value of $nil was written off during the year.

Notes to the consolidated financial statements

For the year ended 30 June 2023

15. **PLANT & EQUIPMENT (continued)**

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

Consolidated: 30 June 2023	Office equipment $	Computer equipment $	Field equipment $	Total $
At 1 July 2022 net of accumulated depreciation	10,483	18,287	9,757	38,527
Additions	8,397	20,438	572	29,407
Depreciation charge for the year	(3,969)	(8,515)	(2,190)	(14,674)
At 30 June 2023 net of accumulated depreciation	14,911	30,210	8,139	53,260

Consolidated: 30 June 2022	Office equipment $	Computer equipment $	Field equipment $	Total $
At 1 July 2021 net of accumulated depreciation	10,567	15,756	1,759	28,082
Additions	2,274	8,469	8,964	19,707
Depreciation charge for the year	(2,358)	(5,938)	(966)	(9,262)
At 30 June 2022 net of accumulated depreciation	10,483	18,287	9,757	38,527

16. **RIGHT OF USE ASSETS**

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Other current assets		
Land and buildings – right-of-use	42,386	-
Less: Accumulated depreciation	(15,894)	-
	26,492	-

Right-of-use assets comprise a 2 year lease on office premises expiring 31 October 2024. The lease has an option to renew for a 2 year period. The incremental borrowing cost is 13.0%.

Notes to the consolidated financial statements

For the year ended 30 June 2023

17. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Balance at beginning of the year	-	20,000
Acquired during the year – issue of shares	-	-
Sale of tenements (note 3)	-	-
Impairment of tenements*	-	(20,000)
Balance at end of the year	-	-

* The Capital project in New South Wales was relinquished during the prior year due to Covid restrictions and the style and limited size of the targets in freehold land in New South Wales.

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.

18. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Trade creditors and accruals	125,762	425,536
Balance at end of the year	125,762	425,536

All trade creditors and accruals are non-interest bearing.

Notes to the consolidated financial statements

For the year ended 30 June 2023

19. LEASE LIABILITIES - CURRENT

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Right-of-use lease	21,807	-
	21,807	-

20. PROVISIONS - CURRENT

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Mining rehab levy	31,820	29,680
Employee leave entitlements	18,061	139,917
	49,881	169,597

21. LEASE LIABILITIES – NON CURRENT

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Right-of-use lease	5,880	-
	5,880	-

Notes to the consolidated financial statements

For the year ended 30 June 2023

22. SHARE CAPITAL

Ordinary shares	COMPANY 2023 $	COMPANY 2022 $
Ordinary shares 196,201,851 (2022: 156,960,927) fully paid ordinary shares	22,749,263	20,659,111

Movement during the year	2023 Number	2023 $	2022 Number	2022 $
Balance at beginning of year	156,961,503	20,659,111	105,961,503	16,320,895
Shares issued to acquire subsidiary			-	
Shares issued for cash	39,240,348	2,275,940	51,000,000	4,660,000
Transaction costs arising on share issues		(185,788)		(321,784)
Balance at end of year	196,201,851	22,749,263	156,961,503	20,659,111

Options

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

Exercise price (cents)	Expiry date	Balance at beginning of year	Issued	Exercised	Lapsed	Balance at end of year
15.00	31/7/22	19,444,442	-	-	(19,444,442)	-
17.55	30/9/23	2,066,669	-	-	-	2,066,669
10.80	29/11/24	7,000,000	-	-	-	7,000,000
		28,511,111	-	-	(19,444,442)	9,066,669

Notes to the consolidated financial statements

For the year ended 30 June 2023

23. **RESERVES**

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Fair value reserve	(13,875)	4,125
Share-based payment reserve	774,782	774,782
Movement during the year		
Fair value reserve		
Balance at beginning of year	4,125	53,125
Movement in fair value of financial assets through OCI	(18,000)	(49,000)
Balance at end of year	(13,875)	4,125
Share-based payment reserve		
Balance at beginning of year	774,782	268,762
Issue of options/performance rights during the year	-	506,420
Lapse of options/performance rights during the year	-	(400)
Balance at end of year	774,782	774,782

Fair value reserve

This reserve used to record equity instruments which are measured at fair value with changes in fair value recognised in other comprehensive income (OCI). The gains and losses on equity instruments are recognised in OCI are not recycled on disposal of the asset and there is no separate impairment accounting. If the fair value of the equity instrument declines, this decrease is recorded through OCI.

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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

24. ACCUMULATED LOSSES

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Movement during the year		
Balance at beginning of year	(17,178,691)	(13,937,008)
Loss for the year	(3,045,244)	(3,241,683)
Balance at end of year	(20,223,935)	(17,178,691)

25. COMMITMENTS

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Exploration expenditure commitments		
No later than 1 year	605,260	434,760
Later than 1 year but not later than 5 years	2,421,040	1,739,040
	3,026,300	2,173,800

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

26. CONTINGENT LIABILITIES

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

27. SHARE-BASED PAYMENTS

Options

During the year there were no options were granted as share-based compensation to directors and staff by Aruma (2022: 7,000,000).

19,444,442 options lapsed unexercised during the year (2022: none).

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

Aruma Resources Limited	Number	Grant date	Expiry date	Exercise price cents	Fair value at grant date $
Option series no.6	2,066,667	29 Sept' 2020	30 Sept' 2023	17.55	268,762
Option series no.7	7,000,000	30 Nov' 2021	29 Nov' 2024	10.80	506,020

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

	2023		2022	
	Number	Weighted average exercise price cents	Number	Weighted average exercise price cents
Outstanding at the beginning of the year	28,511,109	14.15	21,511,109	0.152
Issued during the year	-	-	7,000,000	10.80
Lapsed during the year	(19,444,442)	15.00	-	-
Outstanding at the end of the year	9,066,667	12.34	28,511,109	14.15
Exercisable at the end of the year	9,066,667	12.34	28,511,109	14.15

The outstanding balance as of 30 June 2023 is represented by 2,066,667 options over ordinary shares with an exercise price of 17.55 cents and an expiry date of 30 September 2023 and 7,000,000 options over ordinary shares with an exercise price of 10.80 cents and a maturity date of 30 November 2024.

Notes to the consolidated financial statements

For the year ended 30 June 2023

28. 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. G Grayson, Managing Director (appointed 20 January 2023

Mr. P Schwann, Managing Director (resigned as Managing Director 20 January 2023, resigned as Non-executive Director 30 June 2023)

Non-executive directors

Mr. J Moses Chairman (appointed Non-executive Director 1 August 2023, appointed Chairman 9 November 2023)

Mr. B Smith (appointed 1 August 2023)

Mr. P Boyatzis, Chairman (retired 9 November 2022

Dr. M Elliott (retired 1 August 2023)

Key management personnel compensation

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

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Short-term employee benefits	642,231	358,000
Post-employment benefits	44,005	25,000
Share-based payments	-	506,020
Total	686,236	889,020

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 2023

29. RELATED PARTIES

	OWNERSHIP INTERESTS	
	2023	2022
Controlled entities		
Augustus Mining Pty Ltd	100%	100%
Aruma Exploration Pty Ltd	100%	100%

Key management personnel

Disclosures relating to key management personnel are set out in note 28.

During the year Mandate Corporate, a company related to Chairman, James Moses, provided investor relations and corporate communications services to Aruma. A total of $66,240 plus GST (2022: $44,069 plus GST) was charged by the company during the year. There is $3,000 plus GST (2022: $nil) included under trade and other payables at 30 June 2023.

During the year Peter Schwann, who was Managing Director to 20 January 2023 and Non-executive Director between 20 January and 30 June 2023, provided geological consulting services to the Company charging a total of $24,727 plus GST (2022: $nil). During the prior year he charged $16,548 plus GST for a motor vehicle and a caravan for hire to the Company plus service and maintenance costs of $2,920 plus GST. There is no amount outstanding at 30 June 2023.

During the year, the Company paid $15,699 plus GST (2022: $40,569 plus GST) to VRX Silica Limited (VRX) for month to month rental of office premises a car bay, storage and the provision of geological staff. Former Chairman Paul Boyatzis is a director of VRX. There is an amount of $nil (2022: $11,305) included under trade payables at 30 June 2023.

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 2023

30. **NOTES TO STATEMENT OF CASH FLOWS**

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
a. Reconciliation of cash and cash equivalents		
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	3,154,922	4,701,407
	3,154,923	4,701,408
b. Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Loss for the year	(3,045,244)	(3,241,683)
Adjustments for:		
Depreciation	30,568	9,262
Share-based payment	-	506,020
Impairment of assets	-	20,000
Change in assets/liabilities:		
(Increase)/decrease in trade and other receivables	(51,063)	(38,034)
(Increase)/decrease in other current assets	(36,572)	28,515
Increase/(decrease) in trade and other payables	(299,774)	331,188
Increase/(decrease) in provisions	(119,716)	75,584
Net cash used in operating activities	(3,521,801)	(2,309,148)

31. **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 2023

31. 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.

32. EVENTS SUBSEQUENT TO REPORTING DATE

On 18 August 2023, a general meeting of shareholders of the Company was held. Resolutions which were approved at the meeting included the following:

- Issue of 39,240,348 placement options as free attaching options to placement shares issued in June 2023. The options have an exercise price on 10.0 cents and an expiry date of 30 June 2026.
- Issue of 15,000,000 options to GBA Capital, Lead Manager for the placement which occurred in June 2023 on the same terms and conditions as the placement options above.
- Issue of 9,000,000 incentive options to Directors of the Company. The incentive options have an exercise price of $0.10 and an expiry date of 30 June 2026.

Other than the above no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

33. 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 2023

34. PARENT ENTITY INFORMATION

In the year ended 30 June 2023 the Parent company of the Group was Aruma Resources Limited.

	COMPANY 2023 $	COMPANY 2022 $
Financial performance of Parent entity for the year		
Loss for the year	(3,045,244)	(3,241,683)
Other comprehensive income/(expense)	(18,000)	(49,000)
Total comprehensive expense for the year	(3,063,244)	(3,261,003)
Financial position of Parent entity at year end		
Current assets	3,405,885	4,815,934
Non-current assets	83,680	38,527
Total assets	3,489,565	4,854,461
Current liabilities	197,450	595,133
Non-current liabilities	5,880	-
Total liabilities	203,330	595,133
Total equity of the Parent entity comprising:		
Share capital	22,749,263	20,659,111
Reserves	760,907	778,907
Accumulated losses	(20,223,935)	(17,178,690)
Total equity	3,286,235	4,259,328

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 2023 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

Glenn Grayson

Managing Director

Perth, Western Australia

Dated this 28th day of September 2023

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 Company') and its controlled entities (collectively referred as 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of 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 2023 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 Company, 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.

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. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Refer to consolidated statement of comprehensive income

Key Audit Matter	How our audit addressed the matter
Expenditures Expenditures amounting to $3,138,398 is a substantial figure in the financial statements of the Group, representing the majority of shareholder funds spent during the financial year. Given this represents a significant volume of transactions, we considered it necessary to assess whether the Group's expenses had been accurately recorded, whether the services provided had been delivered in the appropriate period, and whether all expenses related to activities undertaken by the Group.	Our audit work included, but was not restricted to, the following: • We completed a walkthrough test of the Group's expenses system and assessed related controls. • We selected a sample of expenses using systematic sampling methods, and vouched each item selected to invoices and other supporting documentation. • We reviewed post year end payments and invoices to ensure that all goods and services provided during the financial year were recognised in expenses for the same period. • For exploration expenses, we assessed which tenements the spending related to, to ensure funds were expended in relation to the Group's ongoing projects.

Refer to consolidated statement of comprehensive income and note 28

Key Audit Matter	How our audit addressed the matter
Directors remuneration and employee benefit expenses: Directors remuneration and employee benefit expenses amounting to $686,236 and $91,909 respectively, are a substantial figure in the financial statements of the Group, representing a significant portion of shareholder equity spent during the financial year. We considered that the validity and accuracy of the recorded expenditures to be a key audit matter.	Our audit work included, but was not restricted to, the following: • We examined the Group's approval processes in relation to making payments to its employees. • We reviewed service agreements with the key management personnel's of the Group to verify the KMP remuneration. • We have obtained confirmations for KMP for the remuneration made during the year. • We reviewed Board minutes of meetings and annual general meeting held during the financial year.

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 the 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.

Responsibilities of Directors for the Financial Report

The Directors 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.

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

We have audited the Remuneration Report included in page 26-28 of the Directors' report for the year ended 30 June 2023. The Directors of the Aruma Resources Limited 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 in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Aruma Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay Nabeel
Audit Director

Perth
28th September 2023

Shareholder 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 25 September 2023.

Voting rights

Ordinary shares

One vote for each ordinary fully paid share.

Options

There are no voting rights attached to options.

Distribution of equity security holders

	Unquoted options Exercisable at $0.1755 expiring 30 September 2023		Unquoted options Exercisable at $0.108 expiring 29 November 2024		Unquoted options Exercisable at $0.10 expiring 30 June 2026	
Category	**Number of holders**	**Number of Shares**	**Number of holders**	**Number of options**	**Number of holders**	**Number of options**
1 - 1,000	-	-	-	-	-	-
1,001 - 5,000	-	-	-	-	-	-
5,001 - 10,000	-	-	-	-	-	-
10,000 - 100,000	-	-	-	-	-	-
100,000 and over	4	2,066,669	3	7,000,000	3	9,000,000
Total	**4**	**2,066,669**	**3**	**7,000,000**	**3**	**9,000,000**

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

Restricted securities

The Company has 196,891,506 shares and 18,066,669 options on issue. No securities are subject to escrow.

Shareholder information

Twenty Largest Shareholders

Fully paid ordinary shares Name	Number of ordinary shares held	Percentage
Eyeon Investments Pty Ltd	8,639,985	4.4
McNeil Nominees Pty Limited	6,896,552	3.5
Mr Richard Elkington & Mrs Christine Elkington	6,702,968	3.4
Spacetime Pty Ltd	5,820,948	3.0
HSBC Custody Nominees (Australia) Limited	4,672,651	2.4
Mr Authur Brian Tilbury	4,383,128	2.2
Mr Jason Kadir & Mrs Kate Kadir	2,710,000	1.4
Keypower Investments Pty Ltd	2,515,625	1.3
Mr Jiumin Yan	2,332,041	1.2
E Group Holdings Pty Ltd	2,195,438	1.1
Mr Jeffery Jamoo	2,000,000	1.0
Resource Assets Pty Ltd	2,000,000	1.0
Mr Warren Kirk Michael Davey	1,900,000	1.0
Copulos Superannuation Pty Ltd	1,822,563	0.9
HSBC Custody Nominees (Australia) Limited	1,737,913	0.9
Blue Spec Drilling Pty Ltd	1,733,334	0.9
North of the River Investments Pty Ltd	1,376,365	0.7
Mr Hans August Nicholas Strindberg	1,361,315	0.7
Acuity Capital Investment Management Pty Ltd	1,333,334	0.7
Mr Frances Hitchcock	1,304,311	0.7
Total	**63,438,471**	**32.4**

Substantial Shareholders

Substantial holder notices have been received from the following:

Substantial holder	Number of shares	Percentage
Copulos Group	17,179,518	8.7

On-market buy-back

There is no current on-market buy-back.

Shareholder information

Twenty Largest Listed Option holders

Options exercisable at $0.10 expiring 30 June 2026 Name	Number of options held	Percentage
Albury Capital Pty Ltd	14,762,290	26.9
McNeil Nominees Pty Limited	6,896,552	12.6
Ms Chunyan Niu	3,573,098	6.5
Trinity Direct Pty Ltd	3,448,276	6.3
Yucaja Pty Ltd	2,577,371	4.7
HSBC Custody Nominees (Australia) Limited	2,241,380	4.1
Gazump Resources Pty Ltd	2,062,517	3.7
Ilwella Pty Ltd	1,551,724	2.8
North of the River Investments Pty Ltd	1,376,365	2.5
E Group Holdings Pty Ltd	1,000,000	1.8
Mr Richard Elkington & Mrs Christine Elkington	1,000,000	1.8
Netwealth Investments Limited	862,069	1.6
Karantzias Investments Pty Ltd	862,069	1.6
KJLA Pty Ltd	862,069	1.6
1215 Capital Pty Ltd	697,607	1.3
Mr Matthew David Rosenberg	689,656	1.3
Mr James Owen Moses & Ms Marsha Annette Jacobs	689,655	1.3
Aukera Capital Pty Ltd	517,242	0.9
Icader Nominees Pty Ltd	517,241	0.9
Beasties Pty Ltd	517,241	0.9
Total	**46,704,422**	**85.1**

Shareholder information

Unquoted securities

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

Options exercisable at $0.1755 expiring 30 September 2023	Number of options held	Percentage
Plasia Pty Ltd	4,000,000	57.1
Lesuer Pty Ltd	2,000,000	28.6

Options exercisable at $0.108 expiring 29 November 2024	Number of options held	Percentage
Plasia Pty Ltd	933,334	45.2
Lesuer Pty Ltd	666,667	32.3

Options exercisable at $0.10 expiring 30 June 2026	Number of options held	Percentage
Glenn Grayson	6,000,000	66.7
James Moses	2,000,000	22.2

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