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ARUMA RESOURCES LIMITED

ABN 77 141 335 364

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED

31 DECEMBER 2023



ARUMA RESOURCES LIMITED

<i>Contents</i>	<i>Page</i>
Corporate Information	2
Directors' Report	3
Auditor's Independence Declaration	17
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Condensed Consolidated Statement of Financial Position	19
Condensed Consolidated Statement of Cash Flows	20
Condensed Consolidated Statement of Changes in Equity	21
Notes to the Condensed Consolidated Interim Financial Statements	22
Directors' Declaration	28
Independent Review Report to the members of Aruma Resources Limited	29

ARUMA RESOURCES LIMITED

CORPORATE INFORMATION

Directors

James Moses (Non-Executive Chairman)

Glenn Grayson (Managing Director)

Brett Smith (Non-Executive Director)

Company secretary

Phillip MacLeod

Registered office

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Cottesloe WA 6011

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Principal place of business

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ASX code

Ordinary shares - AAJ

Auditors

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Solicitors

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Share register

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ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

The directors of Aruma Resources Limited ("Aruma") submit herewith the interim financial report of Aruma Resources Limited and its subsidiaries ("Consolidated entity" or "Group") for the half-year ended 31 December 2023. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

James Moses	Non-Executive Chairman
Glenn Grayson	Managing Director
Brett Smith	Non-Executive Director

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

REVIEW OF OPERATIONS

Exploration

Aruma Resources Limited (ASX: AAJ) ("Aruma" or "the Company") is pleased to provide the following report on its activities for the half-year ending 31 December 2023 ("half-year").

Aruma has a portfolio of strategically located gold projects in active gold domains in Western Australia, as well as the prospective Mt Deans Lithium Project in the lithium corridor of south-east WA, and the multi-commodity Saltwater Project in the Pilbara region of WA (Figure 1).

Highlights

- *Salmon Gums Gold Project: 7-hole diamond drilling program delivered further high-grade gold intersections;*
- *Mt Deans Lithium Project: PoW submitted for next phase of drilling – diamond drilling to provide core for detailed metallurgical test-work;*
- *Saltwater Project: Systematic soil sampling program continued in the half, and returned high-grade REE results; and*
- *Carter Well Project: First-pass auger drilling program undertaken, targeting gold and nickel-copper pathfinder mineralisation.*

During the half-year, Aruma continued to focus on the appraisal and exploration of its project portfolio. Drilling was undertaken at the high-grade Salmon Gums Gold Project in the eastern goldfields, which delivered further high-grade gold results. The Company continued its systematic exploration of the Saltwater Project, with soil sampling returning high-grade rare earth element (REE) results and also highlighting the multi-commodity prospectivity of the Project. A maiden surface sampling program was also undertaken at the Carter Well Gold Project in the Murchison region of WA.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)



Figure 1: Aruma's Project Locations

Salmon Gums Gold Project, Norseman, WA

The Salmon Gums Project (EL63/2037, EL63/2122, ELA63/2303) covers a total area of 360km². The Project is a high-grade gold exploration asset located 300km south of Kalgoorlie, and 80km south of the mining town of Norseman (Figure 2). It is situated 30km south and directly along strike, in the same stratigraphy, as Pantoro Limited's (ASX: PNR) high grade Scotia Gold Project.

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DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

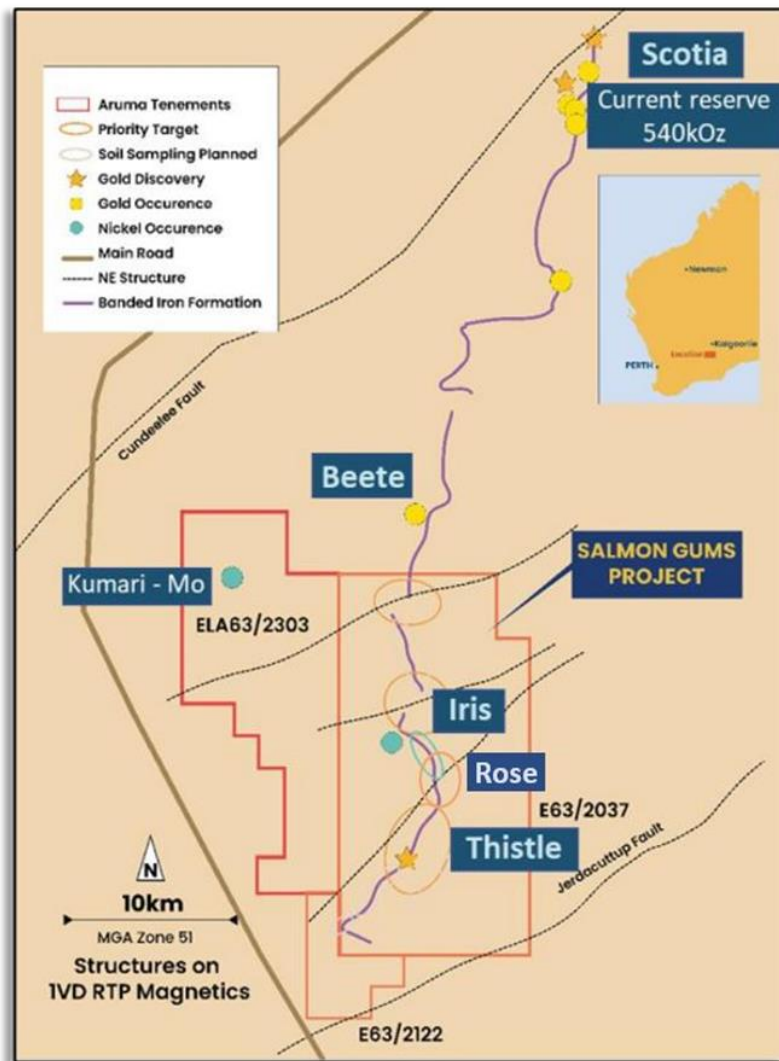


Figure 2: Salmon Gums Gold Project location map.

During the half-year, Aruma undertook its latest phase of drilling at the Slamon Gums project and results were reported. Drilling was designed to follow up and extend bonanza-grade gold intersected at the priority Thistle prospect in the Company's 2022 drilling campaign, including **5m at 50.2g/t Au** in drill hole SCRC039.

The drilling in the half-year comprised a targeted seven-hole diamond core program. The program was successful in intersecting and extending the targeted very high-grade structure and also delivered a more complete understanding on the Project's controlling geology and structures.

Gold mineralisation was intersected in six of the seven completed holes, and highlight results included;

- **5.90m @ 10.5g/t Au from 38.4m in SG23DD007**
 - including **2.60m @ 9.85g/t Au from 38.4m**
 - and **0.85m @ 40.9g/t Au from 43.4m**
- **3.65m @ 1.25g/t Au from 42m in SG23DD003**
 - including **0.95m @ 3.66g/t Au from 42.7m**

See Figure 3 and Table 1 for significant gold intersections from this drilling.

REVIEW OF OPERATIONS (CONTINUED)

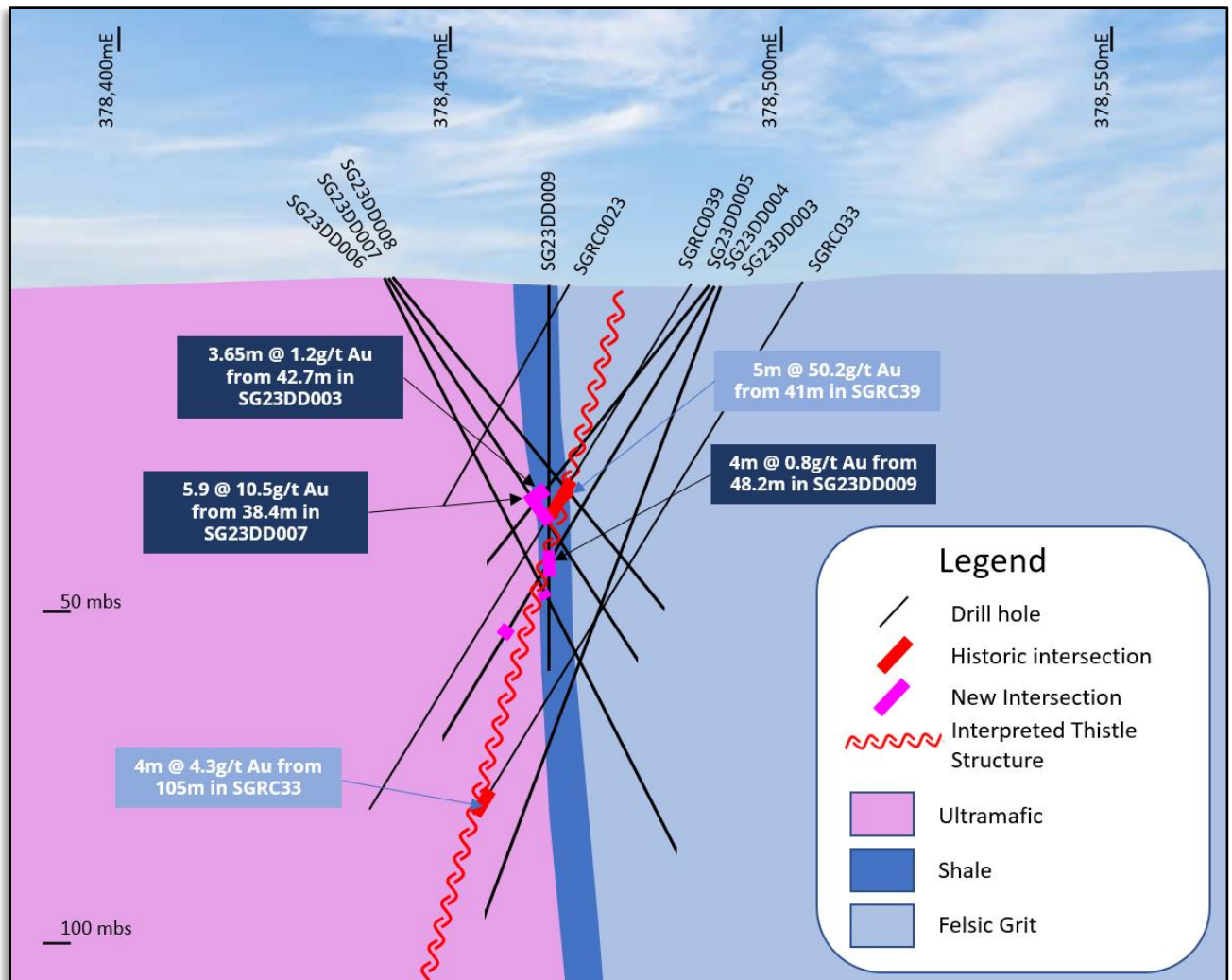


Figure 3: Cross section 6361620mN showing recently completed diamond drilling (SG23DD003-009 inclusive) expanding previous high-grade gold intersection with **5.9m @ 10.5g/t Au in SG23DD007**.

Results Commentary

The assay results from this drilling further indicated the presence of a significant pyrrhotite-pyrite arsenopyrite bearing quartz vein, which aligns closely with the characteristics of typical Norseman-style gold mineralisation.

These veins are hosted within the rheological contrasting sequence of mafic to shale geology, demonstrating the prominent structural controls typically associated with such deposits.

The presence of pyrrhotite, pyrite and arsenopyrite sulphides, both within and proximal to the primary quartz vein is seen as further indication of the potential for the Thistle prospect to host a significant gold-bearing structure. The intersection in hole SG23DD007 (Figure 3) in particular shows evidence of Norseman-style quartz lode mineralisation.

Further details on this phase of drilling were provided in ASX announcements of 4 October and 21 November 2023.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Table 1: Significant Intercepts from diamond core drilling program.

Prospect	Hole ID	From (m)	To (m)	Width	Grade (g/t Au)
Thistle	SG23DD003	42.70	46.35	3.65	1.25
	<i>incl</i>	42.70	43.65	0.95	3.66
	SG23DD004	66.00	67.00	1.00	1.00
	SG23DD007	38.40	44.30	5.90	10.5
	<i>incl</i>	38.40	41.00	2.60	9.85
	<i>also incl.</i>	43.45	44.30	0.85	40.9
	SG23DD008	44.00	46.00	2.00	0.48
		48.80	49.00	0.20	0.60
	SG23DD009	48.20	52.20	4.00	0.78
<i>incl</i>	48.20	49.00	0.80	1.97	
<i>also incl.</i>	51.20	52.20	1.00	1.14	

Note: all intervals that returned greater than 0.4g/t Au.



Figure 4: Drill core from SG23DD007 from 36.25m to 43.45m showing Norseman-style quartz lode mineralisation with disseminated sulphide between 38.4m to 41m @ 9.85g/t Au.

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ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

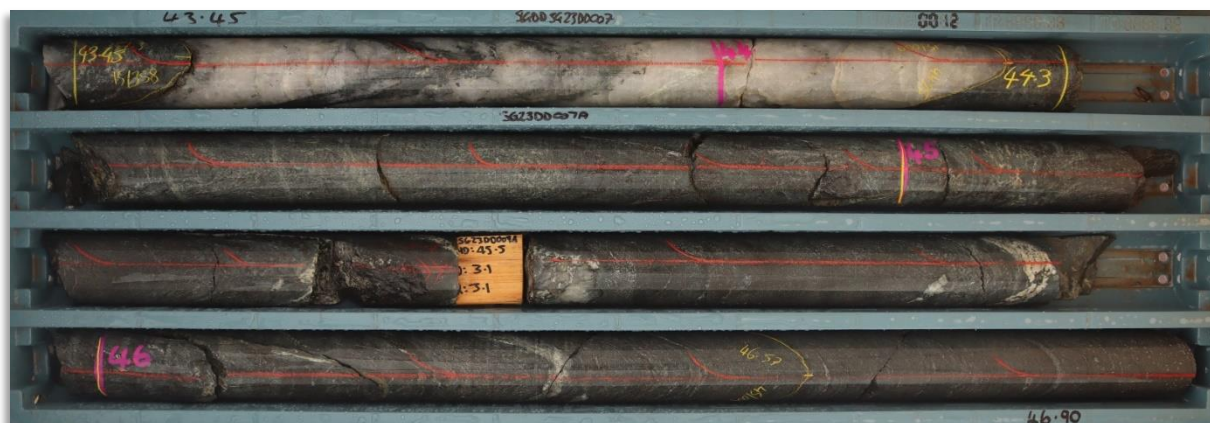


Figure 5: Drill core from SG23DD007 from 43.45m to 46.9 showing Norseman-style quartz lode mineralisation with disseminated sulphide between 43.45m to 44.3m @ 40.9g/t Au.

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 6). 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.



Figure 6: Mt Deans Project location in the Eastern Goldfields lithium corridor

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

A Program of Work (PoW) was submitted for a planned next phase of drilling at Mt Deans. This is proposed to be a diamond drilling program, with the primary purpose to provide core for more detailed metallurgical test-work.

Further details on this planned drilling, including timing will be provided once requisite approvals for drilling have been granted.

An initial phase of metallurgical test-work was conducted in the first half of calendar 2023, with results confirming that a lithium concentrate could be produced from the Mt Deans pegmatites via simple flotation. This test work also highlighted the potential value of tin and tantalum at Mt Deans, with both being able to be separated in the flotation process.

Details on the metallurgy test work program and results were reported in ASX announcement of 3 May 2023.

Saltwater Gold Project

The Saltwater Project consists of four Exploration Licences (EL52/3818, EL52/3846, and EL52/3857) over a total area of 450km². It is situated approximately 120 kilometres south-west of the regional mining centre of Newman, in the Pilbara region of WA (Figure 7).

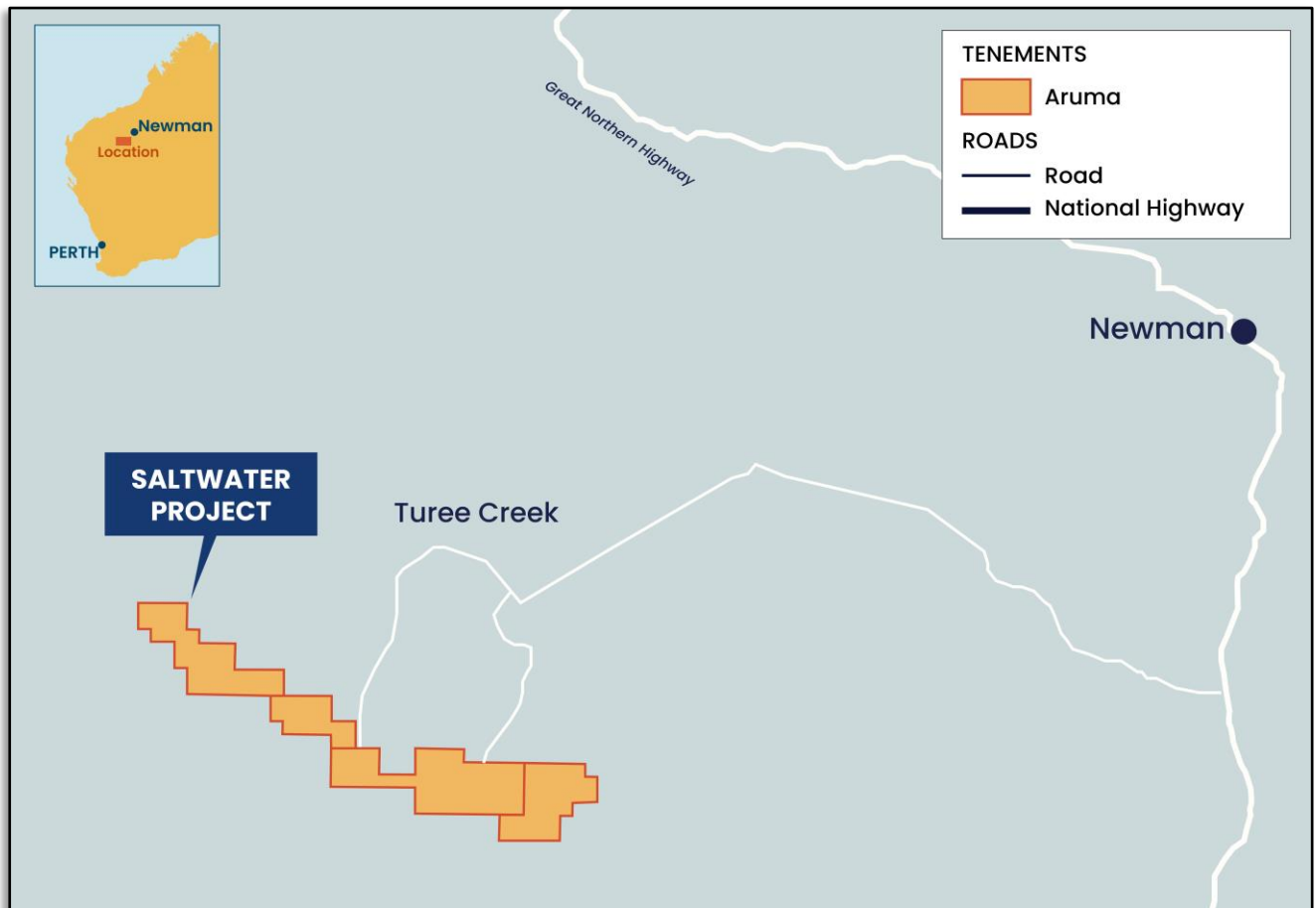


Figure 7: Saltwater Project location map showing location relative to Newman.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

The Saltwater Project sits within an emerging multi-commodity province, where Dreadnought Resources (ASX: DRE) holds a significant landholding with its Bresnahan REE-U Project, which surrounds Aruma's Saltwater Project area (Figure 8).

The Saltwater Project was originally pegged by Aruma in 2020 for its gold prospectivity, and its initial exploration was gold-focused. The Company subsequently undertook an assessment of historic exploration within the Project region, which revealed REE, base metals, gold and uranium results from previous explorers in the Saltwater region.

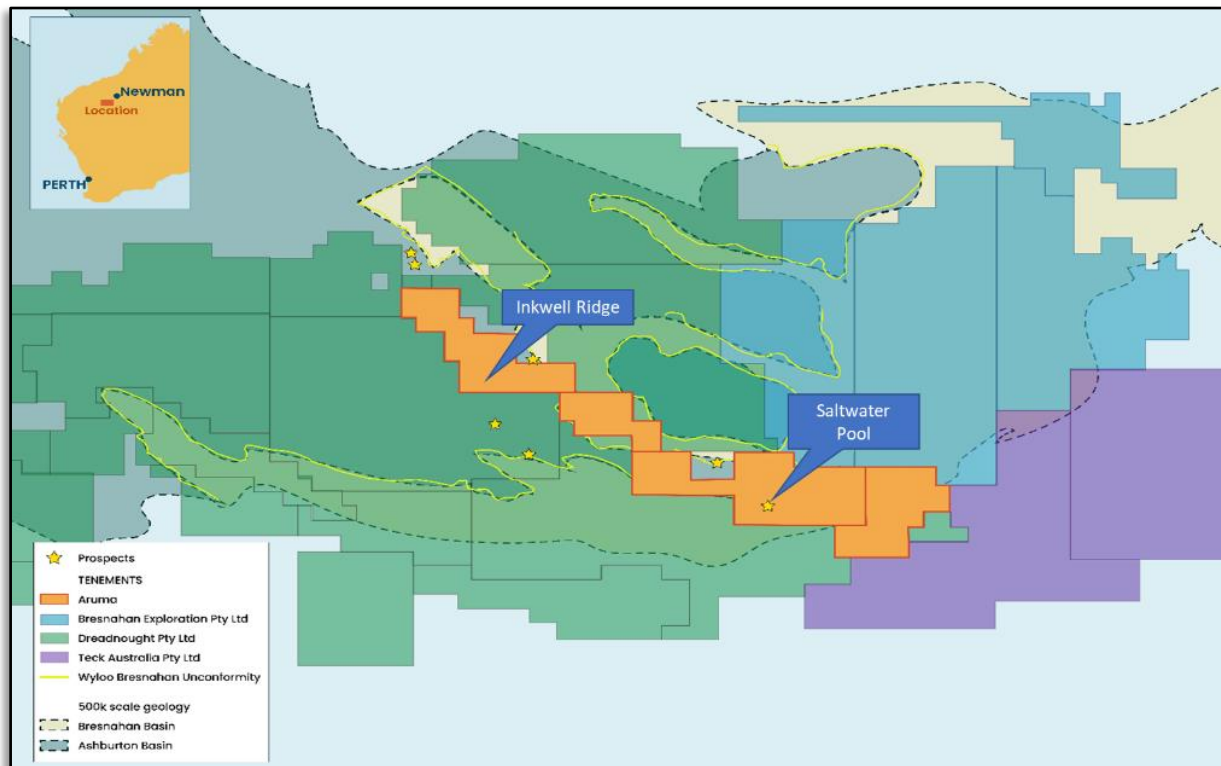


Figure 8: Saltwater Project location relative to other companies with ground positions in the region.

Based on the multi-commodity potential of the Project, Aruma commenced a systematic surface sampling program as a first-step towards unlocking its potential value. Results were progressively released during the half-year. Significant REE and cobalt-copper enriched rocks were reported from the first batch of samples. 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**

This sampling 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. These elevations paired with the presence of significant barium and manganese provided initial encouragement for the potential of Saltwater to host a VMS or MVT-style mineralisation system. Further details and commentary on the results are provided in ASX announcement of 12 July 2023.

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DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Further results were released in the December 2023 quarter. These included the Company's highest grade REE results at the Project to date, with sampling results as high as **1777.5ppm Total Rare Earth Oxide (TREO), including 752.2ppm NdPr (Neodymium-Praseodymium)**. NdPr is a key REE utilised in the production of permanent NdFeB magnets, which are core components in the production of electric vehicles. See Table 2 for results.

Table 2: Significant REE Sample results (GDA94 MGAz50)

Sample Id	Easting	Northing	TREO ppm	Nd ₂ O ₃ (kg/t)	Pr ₆ O ₁₁ (kg/t)	Dy ₂ O ₃ (kg/t)	Tb ₂ O ₃ (kg/t)	HREO	LREO	NdPr	NdPr:TREO	HRE:TREO
AR14079	633009	7368066	1777	0.61	0.14	0.03	0.01	228	1544	752	42%	13%
AR14096	634748	7367195	1026	0.09	0.02	0.03	0.01	169	844	114	11%	16%
SWS0094	669676	7350928	1092	0.19	0.05	0.01	0.00	99	1014	242	22%	9%
SWS0100	669776	7350928	572	0.11	0.03	0.01	0.00	75	512	135	24%	13%
SWS0102	670811	7351041	592	0.08	0.02	0.01	0.00	116	477	94	16%	20%

The soil sampling program proved successful in providing vectors towards defining targets for a maiden drilling program, planned for calendar 2024. The soil sampling has been strategically planned to target areas with previous anomalous rock chip samples, and vector in on mineralisation source locations.

Outcrop sampling and mapping generated multiple new targets across the Project. These include the Inkwell Ridge prospect which hosts in excess of 7km of anomalous iron, copper, lithium and REE rock chips (Figure 9).



Figure 9: Inkwell Ridge Prospect

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DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Aruma is encouraged with the outcomes of its sampling programs at Saltwater to date. This current phase of fieldwork represents early-stage, first-stage exploration, and further targeted exploration is required to further validate and unlock the potential of the Project.

Further details on Aruma's soil sampling program at the Saltwater Project were provided in ASX announcements of 18 December, 28 November and 18 October 2023.

Carter Well Gold Project

The Carter Well Project (E58/590) is located approximately 75km east of Mt Magnet in the Murchison region, in WA, and covers a total area of 294km² (Figure 10). The geology of the area was historically mapped as granite, but Aruma has assessed the Project as a potential new greenfields gold opportunity.

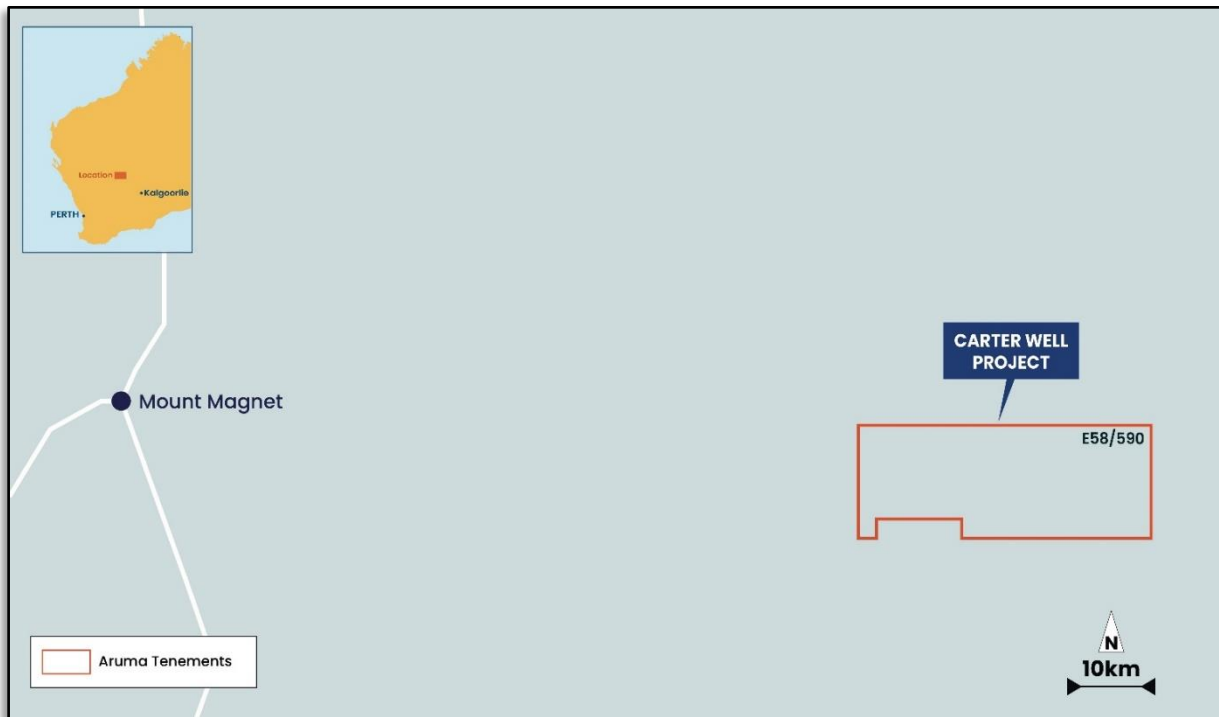


Figure 10: Carter Well Project location map.

The Project is interpreted as being located on a major East-West trending dolerite dyke, with intruding Greenstones. Additionally, magnetics suggest the presence of folded volcanics under laterite cover. This interpretation is supported by regional geophysical magnetic survey, which suggests that the area may not be granite, and field mapping has shown that mafic stratigraphy does exist at Carter Well.

Aruma commenced a maiden surface sampling program at Carter Well in December 2023 as part of its systematic appraisal of the Project's prospectivity. Sampling comprised an extensive auger program of approximately 1,300 auger holes, of variable spacings.

Sampling targeted both gold and nickel-copper pathfinder mineralisation, and provided a cost-effective means of helping delineate potential anomalies within the previously unexplored Carter Well Project area. Results were received, and no anomalous results were returned. Aruma will assess next steps for the Carter Well Project.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Melrose Gold Project

The Melrose Project is located immediately adjacent to the Paulsens Gold Project (acquired by Black Cat Syndicate (ASX: BC8) from Northern Star Resources (ASX: NST)) in the Pilbara region of WA. No on-ground exploration was undertaken at this project during the half-year.

Projects Summary

Table 2: Gold Project Status and Activity Table

Region	Location	Project	Status
WA EASTERN GOLDFIELDS	Norseman Projects	Mt Deans Lithium	POW for next phase of drilling submitted
		Salmon Gums gold	Latest phase of drilling completed and reported: Diamond core drilling
WA PILBARA	Nanjilgardy	Melrose Gold	No work conducted
		Saltwater Gold	Reappraisal on new geophysics: multi-commodity focus – soil sampling ongoing
WA MURCHISON FOLD BELT	Windsor Fault	Carter Well	First-pass surface sampling completed: auger drilling

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 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.

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

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Aruma plans to develop exploration projects that will proceed with the current expectations. There can be no assurance that Aruma will be able to confirm 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.

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ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Corporate

The Group incurred an after-tax loss for the half-year ended 31 December 2023 of \$206,710 (31 December 2022: after tax loss \$1,159,072). The Group held a cash balance at 31 December 2023 of \$2,075,961 (30 June 2023: \$3,154,923).

Board and Management

At a general meeting held on 18 August 2023 shareholders approved the issue of 9,000,000 incentive options to Directors. The options which are not listed have an exercise price of \$0.10 and an expiry date of 30 June 2026. 15,000,000 options were also issued to GBA Capital on the same terms as part of a share placement which was completed in June 2023 raising \$2,275,940 before issue costs.

The Company held its annual general meeting on 22 November 2023 at 2, Richardson Street, West Perth Western Australia, and all resolutions were carried by the required majority by poll.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date the Company received \$1,146,363 under the R&D tax incentive scheme for 2023.

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

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ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Elderton Audit Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 17 and forms part of the directors' report for the half-year ended 31 December 2023.

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

On behalf of the Directors



James Moses

Non-Executive Chairman

Perth, 14th March 2024

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Auditor's Independence Declaration

To those charged with the governance of Aruma Resources Limited

As auditor for the review of Aruma Resources Limited for the half-year ended 31 December 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 review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay

Rafay Nabeel
Audit Director

14 March 2024

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	CONSOLIDATED	
		Half-year ended	Half-year ended
		31 December 2023	31 December 2022
		\$	\$
Revenue & other income	2	1,204,974	876,437
Exploration expenditure expensed as incurred		(667,147)	(1,261,130)
Depreciation		(17,638)	(11,270)
Non-executive directors' fees		(60,000)	(75,775)
Employee benefits		(260,349)	(388,058)
Interest expenses		(1,427)	(1,248)
Legal and professional fees		(133,640)	(113,761)
Marketing & promotion		(71,946)	(100,077)
Occupancy expenses		(16,110)	(17,265)
Share-based payments expenses	3	(101,966)	-
Other expenses		(78,461)	(60,925)
Loss from operating activities		(203,710)	(1,153,072)
Loss before income tax expense		(203,710)	(1,153,072)
Income tax benefit/(expense)		-	-
Loss after income tax for the period		(203,710)	(1,153,072)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of financial assets		(3,000)	(6,000)
Other comprehensive income/(expense) for the period		(3,000)	(6,000)
Total comprehensive loss for the period		(206,710)	(1,159,072)
Loss per share			
Basic and diluted loss per share (cents per share)		Nil cents	(0.73) cents

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

		CONSOLIDATED	
		31 December 2023	30 June 2023
	Note	\$	\$
Current assets			
Cash and cash equivalents		2,075,961	3,154,923
Trade and other receivables		1,196,328	108,075
Term deposit investments		73,640	70,730
Other financial assets		30,000	33,000
Other current assets		48,615	43,085
Total current assets		3,424,544	3,409,813
Non-current assets			
Plant and equipment		52,476	53,260
ROU assets		15,896	26,492
Total non-current assets		68,372	79,752
Total assets		3,492,916	3,489,565
Current liabilities			
Trade and other payables		239,239	125,762
ROU lease liability		17,114	21,807
Provisions		52,247	49,881
Total current liabilities		308,600	197,450
Non-current liabilities			
ROU lease liability		-	5,880
Total non-current liabilities		-	5,880
Total liabilities		308,600	203,330
Net assets		3,184,316	3,286,235
Equity			
Issued capital	4	22,582,145	22,749,263
Reserves	5	761,054	760,907
Accumulated losses		(20,158,883)	(20,223,935)
Total equity		3,184,316	3,286,235

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	CONSOLIDATED	
	Half-year ended	Half-year ended
	31 December 2023	31 December 2022
	\$	\$
Cash flows from operating activities		
Proceeds from Government grants	-	837,176
Interest received	58,220	7,386
Interest paid	(1,427)	(1,248)
Payments for exploration and evaluation	(561,589)	(1,456,036)
Payments to suppliers and employees	(560,159)	(902,929)
Net cash used in operating activities	(1,064,955)	(1,515,651)
Cash flows from investing activities		
Transfer to Term Deposit	-	(70,000)
Acquisition of plant and equipment	(6,258)	(4,434)
Net cash used in investing activities	(6,258)	(74,434)
Cash flows from financing activities		
Proceeds from issue of shares	40,000	-
Share issue costs	(37,176)	-
ROU lease repayments	(10,573)	(4,752)
Net used in financing activities	(7,749)	(4,752)
Net increase decrease in cash and cash equivalents	(1,078,962)	(1,594,837)
Cash and cash equivalents at the beginning of the half-year	3,154,923	4,701,408
Cash and cash equivalents at the end of the half-year	2,075,961	3,106,571

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

Consolidated	Issued capital	Share-based payment reserve	Fair value reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2022	20,659,111	774,782	4,125	(17,178,691)	4,259,327
Profit/(loss) for the half-year	-	-	-	(1,153,072)	(1,153,072)
Other comprehensive income/(expense)					
Movement in the fair value of financial assets	-	-	(6,000)	-	(6,000)
Total comprehensive (loss)/profit for the half-year	-	-	(6,000)	(1,153,072)	(1,159,072)
Balance at 31 December 2022	20,659,111	774,782	(1,875)	(18,331,763)	3,100,255
Balance at 1 July 2023	22,749,263	774,782	(13,875)	(20,223,935)	3,286,235
Profit/(loss) for the half-year	-	-	-	(203,710)	(203,710)
Other comprehensive income/(expense)					
Movement in the fair value of financial assets	-	-	(3,000)	-	(3,000)
Total comprehensive (loss)/profit for the half-year	-	-	(3,000)	(203,710)	(206,710)
Expiry of options	-	(268,762)	-	268,762	-
Issue of options to Directors	-	101,966	-	-	101,966
Issue of options to Lead Manager	(169,943)	169,943	-	-	-
Issue of shares for cash	40,000	-	-	-	40,000
Share issue costs	(37,175)	-	-	-	(37,175)
Balance at 31 December 2023	22,582,145	777,929	(16,875)	(20,158,883)	3,184,316

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The Company, Aruma Resources Limited and its subsidiaries, Aruma Exploration Pty Ltd and Augustus Mining Pty Ltd, are domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated. The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's 30 June 2023 Annual Report.

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

Financial position

The interim financial report is prepared on a going concern basis.

At the balance date, the Group had an excess of current assets over current liabilities of \$3,115,944 (30 June 2023: \$3,212,363).

Subsequent to the reporting date the Company received \$1,146,363 in respect of a 2023 R&D tax incentive refund.

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

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ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Judgements and Key Estimates

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

In preparing this interim financial report the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the 30 June 2023 Annual Report.

(a) Research & development tax concession

The Company lodged a claim for a refund under the R&D tax concession scheme for 2023 and received \$1,146,363 subsequent to the half-year ended 31 December 2023 (31 December 2022: \$837,176).

(b) Share-based payment transactions

Equity settled transactions:

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

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

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

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

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

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

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ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Exploration and evaluation

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

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

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

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

(d) Issued capital

Ordinary shares

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

2. REVENUE & OTHER INCOME

	6 months to 31 December 2023	6 months to 31 December 2022
	\$	\$
R&D tax incentive	1,146,363	837,176
Interest received	58,611	39,261
	<u>1,204,974</u>	<u>876,437</u>

ARUMA RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

3. SHARE-BASED PAYMENTS

On 18 August 2023 at a general meeting of the Company, shareholders approved the issue of 9,000,000 unlisted incentive options to directors. The options have an exercise price of 10.0 cents and an expiry date of 30 June 2025. The expense recognised during the half-year is \$101,966 (31 December 2022: \$nil).

At the same meeting shareholders approved the issue of 15,000,000 unlisted options to GAB Capital for services rendered in the placement of shares in June 2023. The terms and conditions of the issue are the same as those options issued to directors. The expense recognised during the half-year is \$169,943 (31 December 2022: \$nil).

The inputs to the valuation of options granted during the half-year were:

Dividend yield	0%
Expected volatility	180%
Risk-free interest rate	3.89%
Expected life of option	2.87 years
Exercise price	10.0 cents
Grant date share price	3.8 cents

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

4. ISSUED CAPITAL

	31 December 2023	30 June 2023
	\$	\$
<i>Issued and paid up capital</i>		
Fully paid ordinary shares	22,582,145	22,749,263
	6 months to	12 months to
	31 December 2023	30 June 2023
	Number	Number
<i>Movements in fully paid shares on issue</i>		
At beginning of period	196,201,851	156,961,503
Shares issued for cash	689,655	39,240,348
Balance at end of period	196,891,506	196,201,851
<i>Movements in unlisted options on issue</i>		
At beginning of period	9,066,669	28,511,111
Issue of options to directors/consultants	24,000,000	-
Expiry of options during the period	(2,066,669)	(19,444,442)
Balance at end of period	31,000,000	9,066,669

ARUMA RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

5. RESERVES

	6 months to 31 December 2023	12 months to 30 June 2023
	\$	\$
<i>Share-based payment reserve</i>		
Balance at beginning of period	774,782	774,782
Issue of options during the period	271,909	-
Lapse of options during the period	(268,762)	-
Balance at end of period	777,929	774,782
<i>Fair value reserve</i>		
Balance at beginning of period	(13,875)	4,125
Movement in fair value of available-for-sale financial assets	(3,000)	(18,000)
Balance at end of period	(16,875)	(13,875)

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.

Fair value reserve

This reserve is 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 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.

6. COMMITMENTS

The Group has no other commitments other than those disclosed at 30 June 2023.

7. CONTINGENT ASSETS & LIABILITIES

In the opinion of the directors there were no contingent assets or liabilities at the date of this report (30 June 2023: nil).

8. SEGMENT INFORMATION

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

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

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

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

ARUMA RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

9. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date the Company received \$1,146,363 under the R&D tax incentive scheme for 2023.

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

10. RELATED PARTIES

Transactions with directors and director-related entities continue to be in place. For details on these arrangements, please refer to the 30 June 2023 annual report.

The Company paid Non-executive Chairman, James Moses the sum of \$21,550 (31 December 2022: \$16,585) inclusive of GST for communications and investor relations services on commercial terms. No other related party transactions were entered into during the half year ended 31 December 2023.

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ARUMA RESOURCES LIMITED

DIRECTORS' DECLARATION

For the half-year ended 31 December 2023

In the Directors' opinion:

1. The attached condensed consolidated interim financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2023 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the period from 1 July 2023 to 31 December 2023.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



James Moses
Non-Executive Chairman
Perth, 14th March 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aruma Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Aruma Resources Limited (the 'Company') and its controlled entities (collectively referred as the 'Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors Responsibilities for the Half-Year Financial Report

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

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Accordingly, we do not express an audit opinion.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay

Rafay Nabeel

Audit Director

14 March 2024

Perth

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