



ARUMA RESOURCES LIMITED

ABN 77 141 335 364

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2020

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ARUMA RESOURCES LIMITED

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ARUMA RESOURCES LIMITED

CORPORATE INFORMATION

Directors

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

Company secretary

Phillip MacLeod

Registered office

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Cottesloe WA 6011
Australia

Principal place of business

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ABN: 77 141 335 364

ASX code

Ordinary shares - AAJ

Auditors

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Level 2, 267 St Georges Terrace
Perth WA 6000
Australia

Solicitors

Fairweather Corporate Lawyers
Unit 2, 589 Stirling Highway
Cottesloe WA 6011
Australia

Share register

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

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 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

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

Directors were in office for the entire period unless otherwise stated

REVIEW OF OPERATIONS

Exploration

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 2020 ("half-year").

Aruma is an Australian gold and lithium explorer. It has three strategically located gold projects in Western Australia, which cover a total area of 1,208km², and one in the Lachlan Fold Belt in New South Wales, which covers 372km². Aruma's project portfolio also includes the 100%-owned Mt Deans Lithium-Tantalum project near Norseman in south-east WA.

Highlights

- *Results from maiden 4,518m RC drilling completed at Saltwater Gold Project in Pilbara region of WA indicate the potential discovery of a new gold camp extending over a 4km strike length*
- *Melrose Gold Project area in the Pilbara region expanded, and all Exploration Licence Applications (ELAs) recommended for approval*
- *ELAs at Capital Gold Project near Goulburn in NSW granted in January 2021*
- *Company successfully completed a Placement to raise \$2.7m before issue costs – strong cash balance at half-year's end of approximately \$3.49m*
- *Sale of Slate Dam-Trojan Project to Black Cat Syndicate completed for all-cash consideration of \$500,000*

During the half-year the Company continued to focus on its portfolio of prospective Australian gold projects, all of which are strategically located in active gold domains. Works included the completion of a maiden drill program at the Saltwater Project in the Pilbara region of WA, the expansion of the Melrose Project, also in the Pilbara, and the granting of the exploration licences at the Capital Project in the Goulburn region of NSW (subsequent to the reporting date).

Aruma also completed the rationalisation of its 100%-owned gold project portfolio with the sale of the Slate Dam, Trojan and Clinker Hill gold projects in WA's goldfields district and the disposal of the Beowulf and Kopai gold projects, also in the goldfields.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)



Figure 1: Aruma's Australian gold projects

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Tenement	Project	State	Status	Applied	Granted	Area km ²	Totals km ²
E52/3816	Saltwater	WA	Granted	15/04/2020	1/07/2020	19	
E52/3818	Saltwater	WA	Granted	17/04/2020	1/07/2020	172	
E52/3825	Saltwater	WA	Granted	5/05/2020	5/07/2020	122	
E52/3830	Saltwater	WA	Granted	12/05/2020	5/07/2020	57	
E52/3846	Saltwater	WA	Granted	1/07/2020	1/09/2020	98	
E52/3852	Saltwater	WA	Granted	7/08/2020	8/10/2020	60	
E52/3854	Saltwater	WA	Granted	7/08/2020	8/10/2020	120	
E52/3857	Saltwater	WA	Granted	14/08/2020	14/10/2020	57	706
ELA08/3183	Melrose	WA	Pending	20/04/2020		25	
ELA08/3184	Melrose	WA	Pending	20/04/2020		16	
ELA08/3188	Melrose	WA	Pending	21/04/2020		44	
ELA08/3210	Melrose	WA	Pending	27/05/2020		32	
ELA08/3219	Melrose	WA	Pending	4/06/2020		66	
ELA08/3244	Melrose	WA	Pending	10/08/2020		13	
ELA08/3280	Melrose	WA	Pending	20/10/2020		66	
ELA47/4362	Melrose	WA	Pending	21/04/2020		16	
ELA47/4414	Melrose	WA	Pending	22/07/2020		6	285
E63/2037	Scotia South	WA	Pending	21/05/2020		217	217
ELA5955	Capital	NSW	Pending	22/04/2020	13/01/2021	48	
ELA5956	Capital	NSW	Pending	22/04/2020	13/01/2021	156	
ELA5987	Capital	NSW	Pending	8/06/2020	12/01/2021	168	372
Grand Total							1580

Table 1: Aruma's gold project details (shaded areas are in the current half).

Saltwater Gold Project, WA

During the half-year Aruma commenced and completed a 4,518m maiden reverse circulation (RC) drilling program at the Saltwater Gold Project, in the Pilbara region of Western Australia (Refer ASX announcements, 24 November 2020 and 17 December 2020).

Assay results were announced in the current half-year. Fourteen out of 40 holes (35%) intersected highly anomalous gold, greater than 0.3g/t Au (ASX announcement, 17 February 2021).

The results were highly encouraging and extended over a strike length of 4 kilometres. They indicated the discovery of a possible new gold camp at the Saltwater Ring Structure, a large 60km² magnetic ring structure that sits within E52/3818 at Saltwater, as shown in Figure 2. This ring structure will be investigated by further drilling.

This initial drilling program focused on outcropping areas on the western end of the Saltwater Ring Structure, and a total of 40 drill holes were completed in this program.

Thirty one holes targeted the old mining area within the Saltwater Project for 3,618m of drilling over four short, closer-spaced lines, as shown in Figure 3. Nine holes for 900 metres of step-out drilling, over two lines of drilling, was also completed. This targeted areas of the Nanjilgardy Fault under cover (Figure 3).

Aruma has program of works (PoW) approval for up to 20,000 metres of drilling at the Saltwater Project and further phases of drilling will be planned to follow-up the initial drill program.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

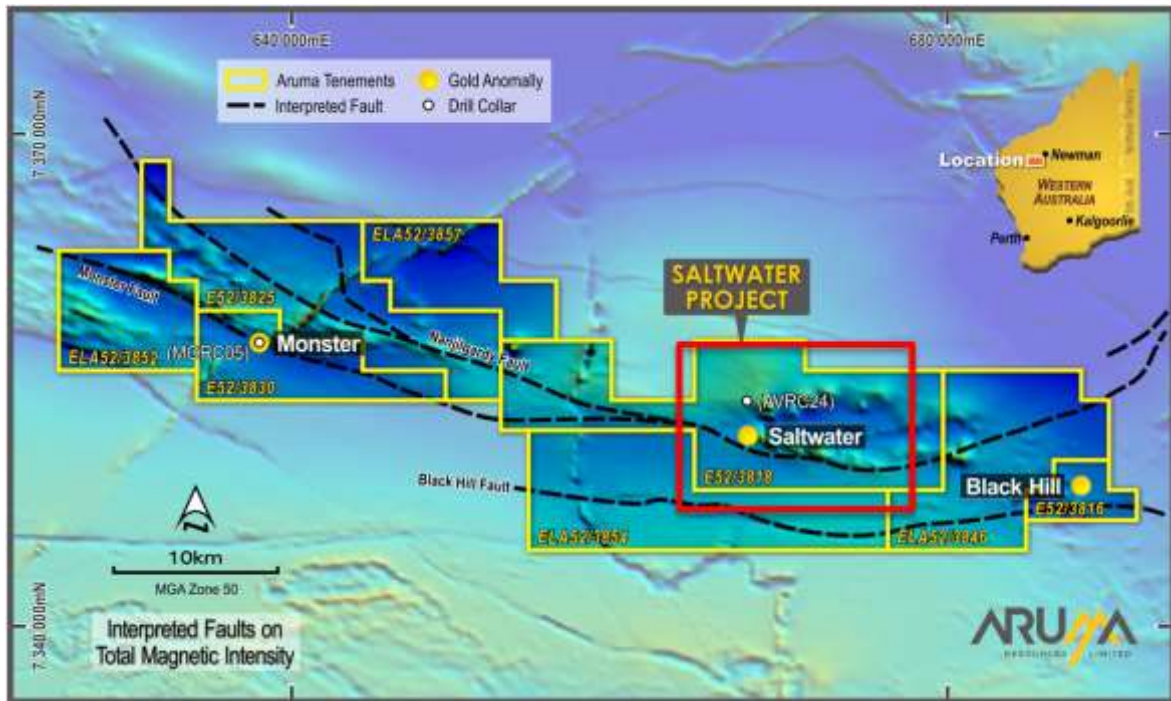


Figure 2: Aruma's Saltwater Project area on TMI magnetics - drill target area outlined in red.

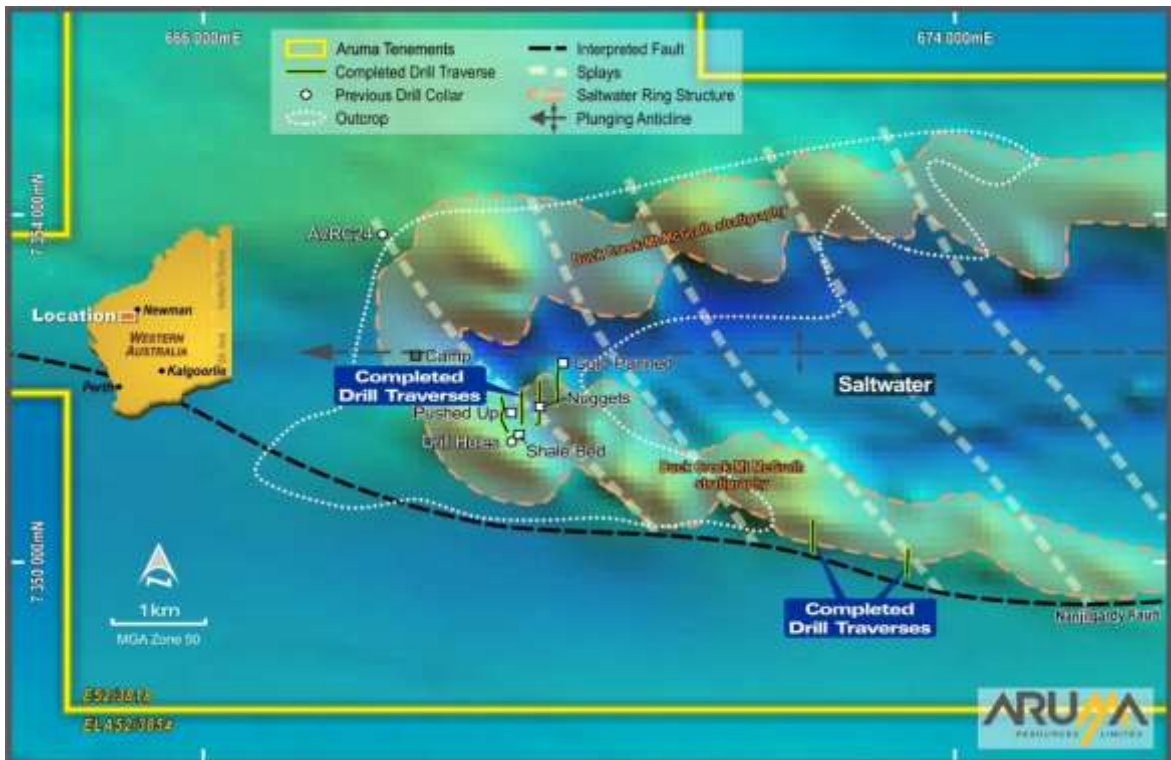


Figure 3: Drilling (from Figure 1) on the TMI magnetics for the current Saltwater drill program showing the target Duck Creek-Mt McGrath stratigraphy as the shaded anticline.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Figure 3 shows the rationale behind the Saltwater drilling program, with the western drill lines located over the historic gold area, and the eastern lines positioned over the splay and Nanjilgardy Fault under cover. The western splay coincides with the AVRC24 anomaly, alteration and historic nuggets. The eastern splay, which was drilled after the main historic area, targeted the initial regional areas of deep weathering and paleochannels.

Melrose Gold Project, WA

Aruma completed mineral mapping and Aster Conductivity studies at the Melrose Gold Project during the half-year (Refer ASX announcements, 20 October 2020 and 27 October 2020). The data from this work reinforced the interpreted alteration within the project area, consistent with the Company's exploration model.

As a result of the positive outcomes of the mapping and conductivity studies, the Company applied for a new Exploration Licence (ELA08/3280), over anomalous areas in the north of Project area which is detailed in Figure 5.

With the addition of the new ELA, the Melrose Project now consists of nine exploration licences covering a total area of 285km², situated adjacent to Northern Star Resources' (ASX: NST) Paulsens Gold Mine, as is shown in Figure 4 below.

All exploration licences have been recommended for approval at the Melrose Project. Once granted, Aruma will commence on-ground exploration and drilling at the Project. Details of proposed works programs will be announced in due course.

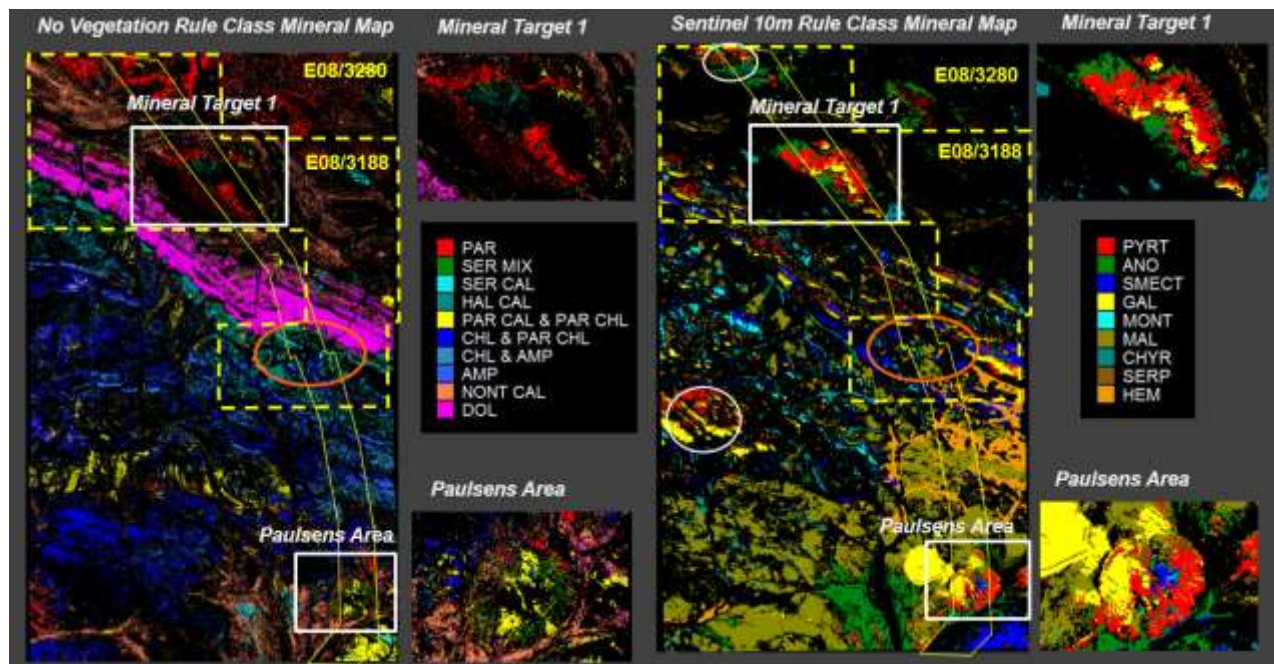


Figure 4: Mineral mapping Vs Sentinel mapping over the study area showing the main lease E08/3188. Vegetation removal filters in mineral mapping showed more of the chlorite in the area and detail in the jog area of the ARUMA corridor of interest (orange ellipse).

Figure 4 (above) shows strong similarity between the mineral mapping at Northern Star Resources' Paulsens project area and Aruma's Target 1 at the Melrose Project.

The mineral mapping from the Sentinel imagery shows a similar mapping of mineral distribution as seen in the AMS mineral maps. Mineral names may vary between the types of mapping, but this helps define alteration. The Paulsens area and Target 1 area show similar mineral units, also highlighting other similar areas (in white circles).

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

The new lease (E08/3280) was applied for to cover these anomalous areas to the north which exhibit similar features of outcrop and alteration.

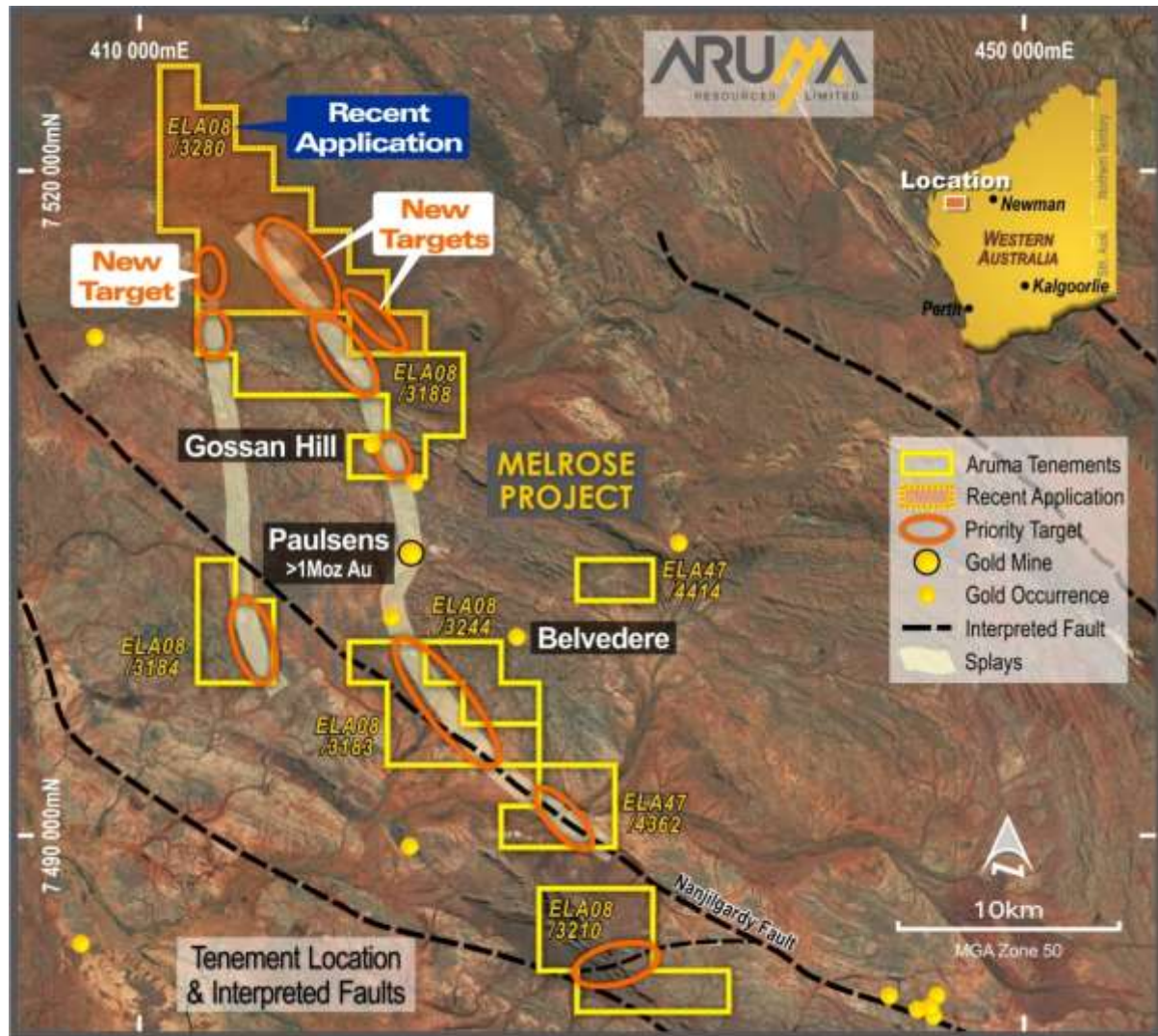


Figure 5: The new lease E08/3280 over anomaly extensions

Figure 5 (above) shows the extension of the Paulsens Corridor into the new lease with the alteration like the Paulsens and Target 1 alteration pattern. The area was available and the new lease was a natural and extremely valuable extension to the current project area.

REVIEW OF OPERATIONS (CONTINUED)

Scotia South Gold Project, WA

The Scotia South Gold Project encompasses Exploration Licence Application ELA63/2037 and covers an area of 217km². It is located approximately 200 kilometres south of the major regional centre of Kalgoorlie, and approximately 60 kilometres south of the mining town of Norseman.

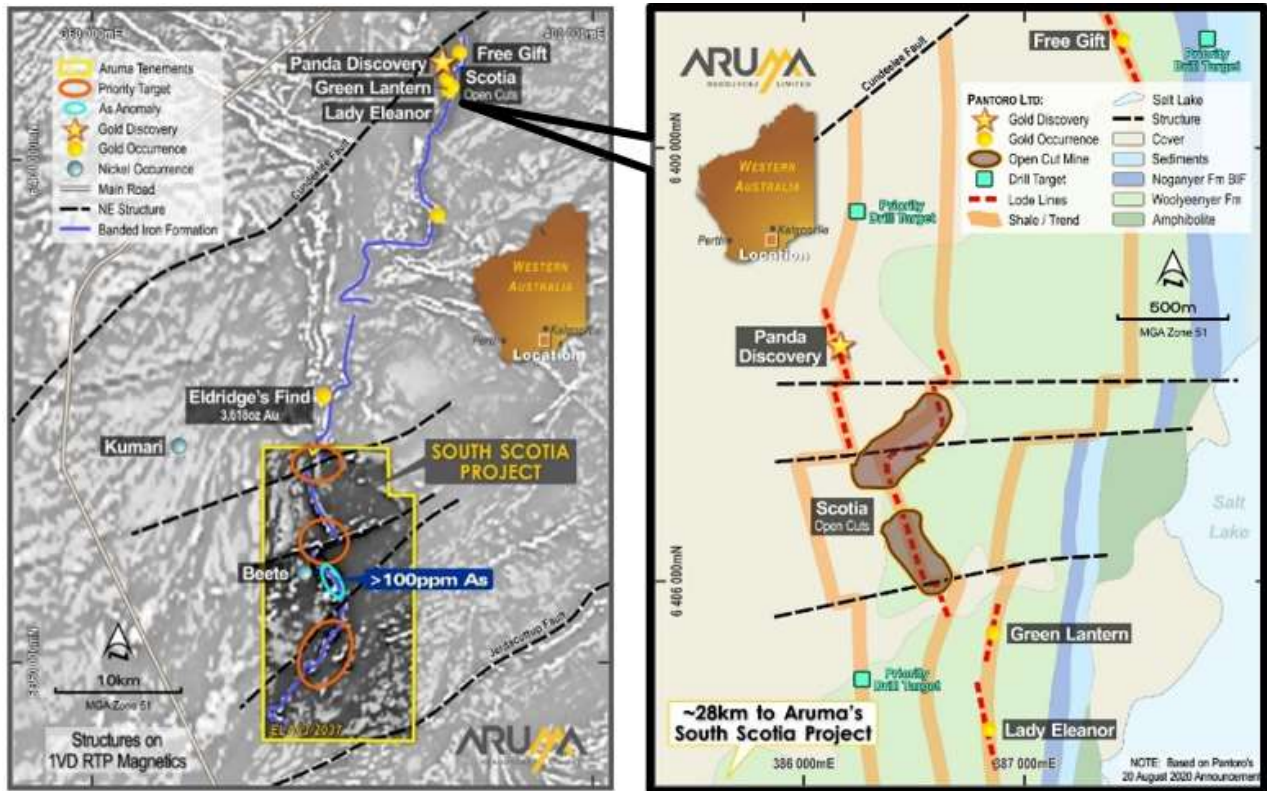


Figure 6: Aruma's Scotia South Project on 1VD RTP magnetics showing gold occurrences with stratigraphy continuity (left) with the stratigraphic layers that contain the mineralisation at Pantoro's (ASX:PNR) Scotia Project.

The project is strategically located on a 20km strike extension of the prospective stratigraphy magnetic signature that hosts Pantoro Limited's (ASX: PNR) Panda gold discovery at the Scotia Mining Centre, within the Norseman Gold Project (Refer PNR, ASX announcement, 21 May 2020) – and the very high-grade Eldridge's Find gold mine, immediately north of Aruma's Scotia South project area (Figure 6).

The Scotia South application area has not been drilled for gold but exhibits alteration and quartz veining in the lease area.

Aruma's initial assessment of the project has identified three priority drill targets (circled in Figure 6), which will be the focus of the Company's first phase of exploration at Scotia South. It plans to test these initial targets with RAB drilling and follow-up RC drilling after the granting of the exploration licence, which is anticipated in the next half-year, after granting and harvest time, as the tenement is within a wheat and sheep farming area.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Capital Gold Project, NSW

The Capital Gold Project is located within the Lachlan Fold Belt in the Goulburn region of NSW and comprises three Exploration Licences EL9022 (ELA5955), EL9023 (ELA5956) and EL9027 (ELA5987) totaling 372km².

A site visit and stakeholder meetings were successfully completed in October 2020.

Subsequent to the reporting date, all exploration licences at the project were granted, on 12 and 13 January 2021. These licences are current for three years. Aruma will now make plans for its maiden exploration program at the Capital project, and details of proposed works will be announced in due course.

Mt Deans Lithium-Tantalum Project, Norseman WA

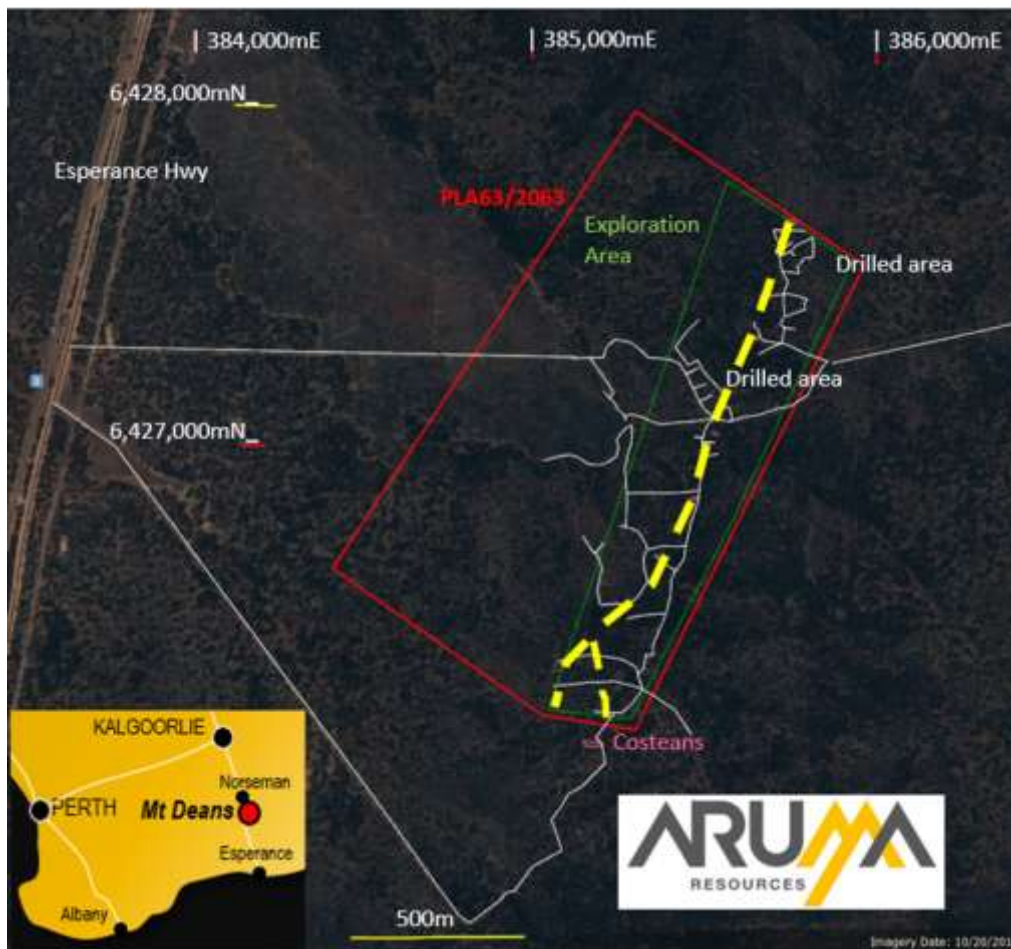


Figure 7: Mt Deans Lithium Tantalite lease with pegmatite outcrops in yellow

The Mount Deans pegmatite field is located approximately 10km south of Norseman, in the Eastern Goldfields Terrane of the Yilgarn Craton (Figure 7).

The Mount Deans tenement (P63/2063) was granted after Environmental and Exploration Plans were accepted for exploration on a timber reserve covering the bottom half of the lease. With the grant of the tenement, an agreement with Lithium Australia NL (ASX: LIT) came into effect, which was subsequently withdrawn, and Aruma now has 100% ownership of the project area.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Aruma holds a positive view of the lithium potential of the lease area with previous work having identified swarm pegmatites over 1km in length. The very high tantalum (Ta) and rare earth elements (REE) together with proximity to the Esperance Highway and Railway add to the prospectivity of the lease.

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

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

Projects Summary

Region	Location	Project	Status
WA EASTERN GOLDFIELDS	Norseman Projects	Mt Deans Lithium	Granted 100% interest
		South Scotia gold	awaiting grant
WA	Nanjilgardy	Melrose Gold	awaiting grant
PILBARA	Nanjilgardy	Saltwater Gold	Drilling 4,518m completed, Assays received in February 2021
NSW LACHLAN FOLD BELT	St George Fault	Capital Gold	Granted 100% interest

Table 2: Gold Project Status and Activity Table

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

Competent Person's Statement

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

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Forward Looking Statement

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



Aruma Resources Limited is a proud supporter and member of the Association of Mining and Exploration Companies, 2021

Corporate

The Group incurred an after-tax loss for the half-year ended 31 December 2020 of \$810,128 (31 December 2019: after tax profit \$69,597). The Group held a cash balance at 31 December 2020 of \$3,488,858 (30 June 2020: \$1,057,493).

During the half-year the Company completed tranche 2 of a capital raising, through the issue of 5,866,667 shares at an issue price of 6 cents per share raising a total \$352,000 before issue costs. The shares were issued on 29 July 2020 and the funds raised were for ongoing exploration of Aruma's existing gold projects including the newly secured Pilbara tenements, evaluation of the Capital Gold project, costs of raising capital and general working capital. The Company also issued 4,444,444 unlisted options attaching to the 2 tranche placement (1 option for every 3 shares). The options are exercisable at 15 cents expiring 31 July 2022.

During the half-year the Company also completed the Placement of 45 million shares at an issue price of 6 cents per share to raise \$2.7 million before issue costs. The shares are accompanied by a one for three attaching option. The 15 million attaching options have an exercise price of 15 cents and an expiry date of 31 July 2022. The funds raised were for the accelerated exploration of the Company's strategically located portfolio of Australian gold projects, including its flagship Pilbara projects – the granted Saltwater gold project and the Melrose project, the costs of issue and ongoing working capital.

At a general meeting held on 23 July 2020 shareholders approved the issue of 333,333 shares to vendors to acquire the share capital of Augustus Mining Pty Ltd which owns the Capital gold project in the Goulburn region in New South Wales.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

At a general meeting held on 29 September 2020 shareholders approved a resolution to issue 200,000 shares and attaching options to related parties of a director of the Company in the last Placement on the same terms as all other parties. At the same meeting shareholders approved the issue of 1,933,333 options to Directors and consultants. The options have an exercise price of 10.5 cents and an expiry date of 30 September 2023.

On 7 October 2020 wholly-owned subsidiary Aruma Exploration Pty Ltd entered into an agreement for the sale of the Slate Dam project for a cash consideration of \$500,000.

The Company held its annual general meeting on 27 November 2020 at The Celtic Club, 48 Ord Street, West Perth, Western Australia and all resolutions were passed by poll.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date at a general meeting held on 13 January 2021 shareholders approved the consolidation of capital on a 15 for 1 basis effective 14 January 2021.

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

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Elderton Audit Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 14 and forms part of the directors' report for the half-year ended 31 December 2020.

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

On behalf of the Directors



P Schwann

Managing Director

Perth, 16th March 2021

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 2020, I declare that, to the best of my knowledge and belief, there have been:

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

Elderton Audit Pty Ltd
Elderton Audit Pty Ltd

Nicholas Hollens
Nicholas Hollens
Managing Director

16 March 2021

Perth

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	CONSOLIDATED	
		Half-year ended	Half-year ended
		31 December 2020	31 December 2019
		\$	\$
Revenue & other income	2	431,429	550,822
Exploration expenditure expensed as incurred		(414,008)	(230,233)
Depreciation		(2,632)	(3,854)
Non-executive directors' fees		(52,500)	(22,500)
Employee benefits		(199,963)	(61,756)
Legal and professional fees		(93,483)	(87,140)
Occupancy expenses		(18,400)	(10,800)
Share-based payments expenses	3	(268,762)	-
Travel expenses		(702)	(641)
Other expenses		(191,107)	(64,301)
(Loss)/profit from operating activities		(810,128)	69,597
(Loss)/profit before income tax expense		(810,128)	69,597
Income tax benefit/(expense)		-	-
(Loss)/profit after income tax for the period		(810,128)	69,597
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of financial assets		32,000	-
Other comprehensive income for the period		32,000	-
Total comprehensive (loss)/profit for the period		(778,128)	69,597
(Loss)/earnings per share			
Basic and diluted earnings/(loss) per share (cents per share)		(0.94) cents	0.15 cents

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

		CONSOLIDATED	
		31 December 2020	30 June 2020
	Note	\$	\$
Current assets			
Cash and cash equivalents		3,488,858	1,057,493
Trade and other receivables		96,812	61,723
Other financial assets		105,600	73,600
Other current assets		17,854	6,986
Total current assets		3,709,124	1,199,802
Non-current assets			
Plant and equipment		20,004	16,551
Exploration & evaluation expenditure	4	123,000	305,000
Total non-current assets		143,004	321,551
Total assets		3,852,128	1,521,353
Current liabilities			
Trade and other payables		313,858	97,076
Deposits		-	13,200
Provisions		68,709	25,930
Total current liabilities		382,567	136,206
Non-current liabilities			
Provisions		-	289,590
Total non-current liabilities		-	289,590
Total liabilities		382,567	425,796
Net assets		3,469,561	1,095,557
Equity			
Issued capital	5	16,320,895	13,437,525
Reserves	6	299,362	67,804
Accumulated losses		(13,150,696)	(12,409,772)
Total equity		3,469,561	1,095,557

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 2020**

	CONSOLIDATED	
	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
Cash flows from operating activities		
Cash receipts from customers	-	30,746
Proceeds from Government grants	182,829	444,818
Interest received	599	260
Payments for exploration and evaluation	(624,697)	(236,634)
Payments to suppliers and employees	(494,971)	(276,071)
Net cash used in operating activities	(936,240)	(36,881)
Cash flows from investing activities		
Proceeds from tenement sales	500,000	-
Acquisition of plant and equipment	(6,085)	-
Net cash provided by investing activities	493,915	-
Cash flows from financing activities		
Proceeds from share issues	3,038,800	260,000
Share issue costs	(165,110)	(18,400)
Net cash from financing activities	2,873,690	241,600
Net increase in cash and cash equivalents	2,431,365	204,719
Cash and cash equivalents at the beginning of the half-year	1,057,493	664,302
Cash and cash equivalents at the end of the half-year	3,488,858	869,021

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 2020**

Consolidated	Issued capital	Share-based payment reserve	Fair value reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	12,793,884	133,712	-	(12,192,896)	734,700
Profit/(loss) for the half-year	-	-	-	69,597	69,597
Total comprehensive profit/(loss) for the half-year	-	-	-	69,597	69,597
Issue of shares, net of transaction costs	241,600	-	-	-	241,600
Balance at 31 December 2019	13,035,484	133,712	-	(12,123,299)	1,045,897
Balance at 1 July 2020	13,437,525	69,204	(1,400)	(12,409,772)	1,095,557
Profit/(loss) for the half-year	-	-	-	(810,128)	(810,128)
Other comprehensive income					
Movement in fair value of financial assets	-	-	32,000	-	32,000
Total comprehensive (loss)/profit for the half-year	-	-	32,000	(810,128)	(778,128)
Share-based payments		268,762			268,762
Issue of shares, net of transaction costs	2,883,370	-	-	-	2,883,370
Lapse of options during the half-year	-	(69,204)	-	69,204	-
Balance at 31 December 2020	16,320,895	268,762	30,600	(13,150,696)	3,469,561

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 2020

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 August 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 2020 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 \$3,326,557 (30 June 2020: \$1,063,596).

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 2020. 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.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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 2020 Annual Report.

(a) Research & development tax concession

The Company lodged a claim for a refund under the R&D tax concession scheme for 2020 and received \$162,038 during the half-year ended 31 December 2020 (31 December 2019: \$444,818).

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.

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 interests 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.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period. Which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above) , or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(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.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 2020	6 months to 31 December 2019
	\$	\$
Sale of exploration project	298,000	105,745
Reversal of prior year accrual*	(50,000)	-
R&D tax incentive	162,038	444,817
Government cashflow boost	20,792	-
Interest received	599	260
	<u>431,429</u>	<u>550,822</u>

*At 30 June 2020 Aruma accrued an instalment of \$50,000 due on the sale of a tenement. The purchaser withdrew from the agreement and Aruma retained the interest in the tenement.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

3. SHARE-BASED PAYMENTS

On 29 September 2020 at a general meeting of the Company, shareholders approved the issue of 31,000,000 unlisted options to directors and consultants. The options have an exercise price of 17.55 cents and an expiry date of 30 September 2023. The expense recognised during the half-year is \$268,762 (31 December 2019: nil).

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

Dividend yield	0%
Expected volatility	178%
Risk-free interest rate	0.17%
Expected life of option	3 years
Exercise price	17.55 cents
Grant date share price	15 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. EXPLORATION & EVALUATION EXPENDITURE

	6 months to 31 December 2020 \$	12 months to 30 June 2020 \$
Balance at beginning of period	305,000	425,000
Sale of exploration assets*	(202,000)	-
Acquisition of exploration assets by issue of shares (refer Note 6)	20,000	-
Impairment of exploration assets	-	(120,000)
Balance at end of period	123,000	305,000

*On 7 October 2020 wholly-owned subsidiary Aruma Exploration Pty Ltd entered into an agreement for the sale of the Slate Dam project for a cash consideration of \$500,000 realising a profit of \$298,000.

ARUMA RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

5. ISSUED CAPITAL

	Restated 31 December 2020 \$	Restated 30 June 2020 \$
<i>Issued and paid up capital</i>		
Fully paid ordinary shares	16,320,895	13,437,525
	6 months to 31 December 2020 Number	12 months to 30 June 2020 Number
<i>Movements in fully paid shares on issue</i>		
At beginning of period	54,760,927	43,827,594
Shares issued to acquire subsidiary	333,333	-
Shares issued for cash	50,866,667	10,933,333
Balance at end of period	105,960,927	54,760,927
<i>Movements in unlisted options on issue</i>		
At beginning of period	533,333	800,000
Issue of free attaching options during period	19,444,443	-
Issue of options to directors/consultants	2,066,667	-
Lapse of options during period	(533,333)	(266,667)
Balance at end of period	21,511,110	533,333

Subsequent to the balance date at a general meeting of the Company shareholders approved a 15 for 1 consolidation of capital.

6. RESERVES

	6 months to 31 December 2020 \$	12 months to 30 June 2020 \$
<i>Share-based payment reserve</i>		
Balance at beginning of period	69,204	133,712
Issue of options to directors/consultants	268,762	-
Lapse of options during the period	(69,204)	(64,508)
Balance at end of period	268,762	69,204
<i>Fair value reserve</i>		
Balance at beginning of period	(1,400)	-
Movement in fair value of available-for-sale financial assets	32,000	(1,400)
Balance at end of period	30,600	(1,400)

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.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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.

7. ACQUISITION OF SUBSIDIARY

On 23 July 2020 at a general meeting of the Company shareholders approved the acquisition of 100% of the share capital of Augustus Mining Pty Ltd ("Augustus") for a consideration comprising 333,333 (post consolidation) ordinary shares of the Company.

The amounts recognised in respect of the identifiable assets acquired are set out below:

	\$
Exploration licences ELA 5955/5956	<u>20,000</u>
Total consideration	<u>20,000</u>

Satisfied by:	\$
Equity instruments (333,333 shares of the Company)	<u>20,000</u>
Total consideration transferred	<u>20,000</u>

The fair value of the 333,333 ordinary shares issued as part of the consideration paid for Augustus was determined on the basis of the closing price of the shares on the date of approval by shareholders, being 23 July 2020.

There was no cash outflow arising on acquisition.

8. COMMITMENTS

The Group has no other commitments other than those disclosed at 30 June 2020.

9. CONTINGENT ASSETS & LIABILITIES

In the opinion of the directors there were no contingent assets or liabilities at the date of this report (30 June 2020: nil).

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

10. 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.

11. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date at a general meeting held on 13 January 2021 shareholders approved the consolidation of capital on a 15 for 1 basis effective 14 January 2021.

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

12. 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 2020 annual report.

The Company paid an entity related to Managing Director, Peter Schwann the sum of \$6,295 (31 December 2019: \$2,174) inclusive of GST for vehicle hire on commercial terms. No other related party transactions were entered into during the half year ended 31 December 2020.

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

ARUMA RESOURCES LIMITED

DIRECTORS' DECLARATION

For the half-year ended 31 December 2020

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 2020 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 2020 to 31 December 2020.
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



P. Schwann

Managing Director

Perth, 16th March 2021

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 consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 financial position as at 31 December 2020 and of its 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.

Responsibility of Management for the 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 Responsibility for the Review of the 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 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Nicholas Hollens

Nicholas Hollens

Managing Director

16 March 2021

Perth

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