



ARUMA RESOURCES LIMITED

ABN 77 141 335 364

INTERIM FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2013**

ARUMA RESOURCES LIMITED

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ARUMA RESOURCES LIMITED

CORPORATE INFORMATION

Directors

Paul Boyatzis (Non-Executive Chairman)
Peter Schwann (Managing Director)
Ki Keong Chong (Non-Executive Director)

Company Secretary

Phillip MacLeod

Registered office

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ABN: 77 141 335 364

Auditors

Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
Perth WA 6000
Australia

Solicitors

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe WA 6011
Australia

Share Register

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009
Australia

ASX Code

Ordinary shares - AAJ

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

The directors of Aruma Resources Limited ("Aruma") submit herewith the financial report of Aruma Resources Limited and its subsidiary ("Consolidated entity" or "Group") for the half-year ended 31 December 2013. 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:

Name(s)	
Mr. P. Boyatzis	Non-Executive Chairman
Mr. P. Schwann	Managing Director
Mr. K. K. Chong	Non-Executive Director

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

Review of operations

Overview

Aruma is a focussed West Australian based gold exploration company which has several prospective project areas within the Eastern Goldfields region of Western Australia. Inclusive of several tenements which are still under application, Aruma's tenement package now totals approximately 600km².

➤ Glandore project

- Drilling results confirm new gold trends
- Second phase drilling results include 2m at 3.5g/t Au and 2m at 2.55g/t Au
- Lease areas over Lake Yindarlgooda have been assessed by the ACMC as not being a mythical site
- PoW submitted for Lake area drilling

➤ Glandore Regional Hub project

- Geochemical programs carried out on Clinker Hill

➤ Jundee South project

- Geochemical survey defines Bismuth anomaly over gold areas
- RC drilling completed for 900m in six holes
- 6m (from 52m) at 3.44g/t Au (including 1m at 15.62g/t Au) in MRC10
- 16m (from 12m) at 1.22g/t Au in MRC11

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

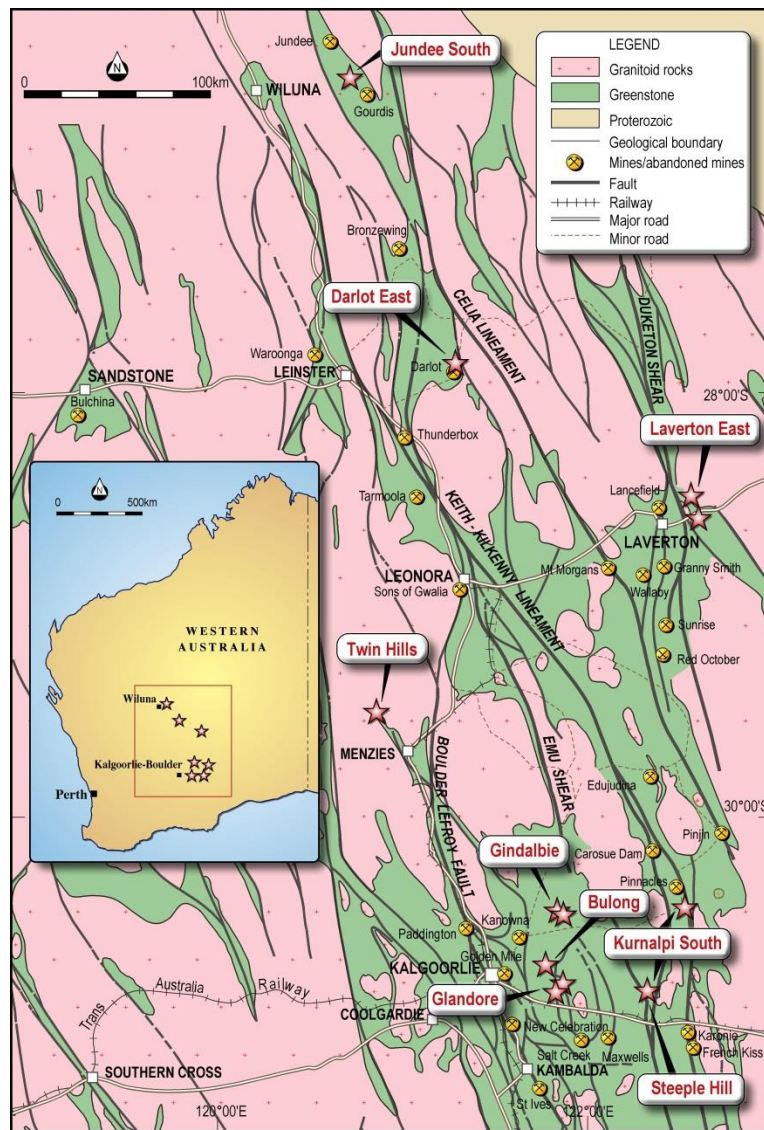


Figure 1 Aruma exploration areas in Western Australia

Aruma Resources Limited ("Aruma", "the Company") has three advanced gold exploration projects, Glandore, Glandore Hub and Jundee South, located near proven gold producing centres of the Eastern Goldfields of Western Australia, which is considered to be both highly prospective for gold as well as highly amenable for the development and exploitation of new deposits. The next quarter's exploration program has been designed to prioritise scheduled drilling of the Glandore and Clinker Hill leases.

The Company is committed to its strategy of efficient exploration to confirm or disprove potential targets, with a view to developing a gold production hub centred on its flagship Glandore Project.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

EASTERN GOLDFIELDS	Glandore Hub	- Glandore project - 40km east of Kalgoorlie-Boulder - Status - drilled on Western anomalies with data interpretation completed - Eastern anomalies exploration in discussion with East Group (CEG) - PoW on Lake Area submitted for 120 air core holes
		- Gindalbie project - 60km north-east of Kalgoorlie-Boulder - Geochemical follow-up on lease completed - Status – to be relinquished
		- Clinker Hill Lease - 35 km east of Kalgoorlie-Boulder - Status – granted and geochemical sampling confirms anomalies
	Regional Projects	- Jundee South project - 20km south of Jundee Mine - Status - RC drilling completed with strong mineralisation found - To be offered for JV or Sale
		- Laverton East project - 20km east of Laverton - Status - Paul Well (Northern) lease to be dropped

Table 1: Aruma leases

Glandore project

The initial geochemical survey at Steves Prospect defined the mineralisation as 350m long and up to 23m thick. The highly anomalous surface sampling contained values up to 20 g/t gold and visible gold in hand specimens. The second phase RC drilling at Glandore was done to follow up the 5m at 4.3g/t in GRC103 at Steves Prospect. The previously announced RC sample assays which included 5m at 4.3g/t Au from 60m in GRC103 are in Table 2. These are on a quartz vein system with associated carbonate lode style alteration.

RC	Dip/Az	GDA94	Depth	GDA94	Depth	Depth	g/t Au	Intercept m
Drillhole	Degrees	Easting	EOH	Northing	From	To	FA 30g	Down hole
GRC094	-60/270	390900	100	6595310	68	72	1.35	4
GRC100	-60/60	390548	100	6595374	22	23	1.38	1
GRC103	-60/240	390472	100	6595573	60	65	4.31	5
GRC105	-60/220	390432	100	6595641	62	65	2.61	3
GRC106	-60/240	390457	100	6595602	64	66	2.56	2
GRC117	-60/270	390648	100	6595328	19	21	1.21	2
GRC119	-60/270	390661	100	6595201	16	17	1.18	1

Table 2: Gold intersections >1.0 g/t Au from RC drilling at Steves Prospect

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DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

Glandore project (continued)

The intersections define the mineralisation and can be traced over 450m and are open to the north and south. No estimate has been attempted of true thickness.

The mineralisation in the new holes continues the mineralisation to the north and south and it is still open in both directions. Although the "economic intersections" (>1 g/t Au) are not thick, the "mineralised zones" (>0.1g/t Au) are between 4 and 10m thick, with an average of over 7m and is listed below in Table 3.

RC	Dip/Az	GDA94	GDA94	Depth	Depth	Depth	g/t Au	Intercept m
Drillhole	Degrees	Easting	Northing	EOH m	From	To	FA 30g	Down hole
GRC094	-60/270	390900	6595310	100	68	72	1.35	4
GRC100	-60/60	390548	6595374	100	22	28	0.50	6
GRC103	-60/240	390472	6595573	100	59	69	2.31	10
GRC105	-60/220	390432	6595641	100	57	66	1.01	9
GRC106	-60/240	390457	6595602	100	63	73	0.82	10
GRC117	-60/270	390648	6595328	100	17	24	0.56	7
GRC119	-60/270	390661	6595201	100	14	21	0.45	7

Table 3: Significant mineralised intersections that include >1.0 g/t Au at Steves Prospect

The above mineralisation is mainly in the western area of Steves Prospect, with GRC94 being located 350m east of the main line. During the period a complete re-appraisal of the total lease package at Glandore was completed, with emphasis on the data from the last 6 months of intensive drilling and associated studies. By using the PIMA scanning of chips, Fluid Flow Modelling data and the HyMap information, a better understanding of the Glandore project and surrounding leases was gained.

The definition of several lines of mineralisation at Steves Prospect is now apparent, and with the Grunts line still to be followed up, the potential of the Glandore discoveries keeps increasing. Figure 2 below shows the Fluid Flow trends as unbroken red lines with the drill defined mineralisation trends as the dashed red lines.

The understanding of the local controls on mineralisation will be enhanced by the compilation of all the data, and re-interpretation of the models from all data sources. The timing of this activity will also be effective in controlling expenditure in the current equity market conditions.

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DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

Glandore project (continued)

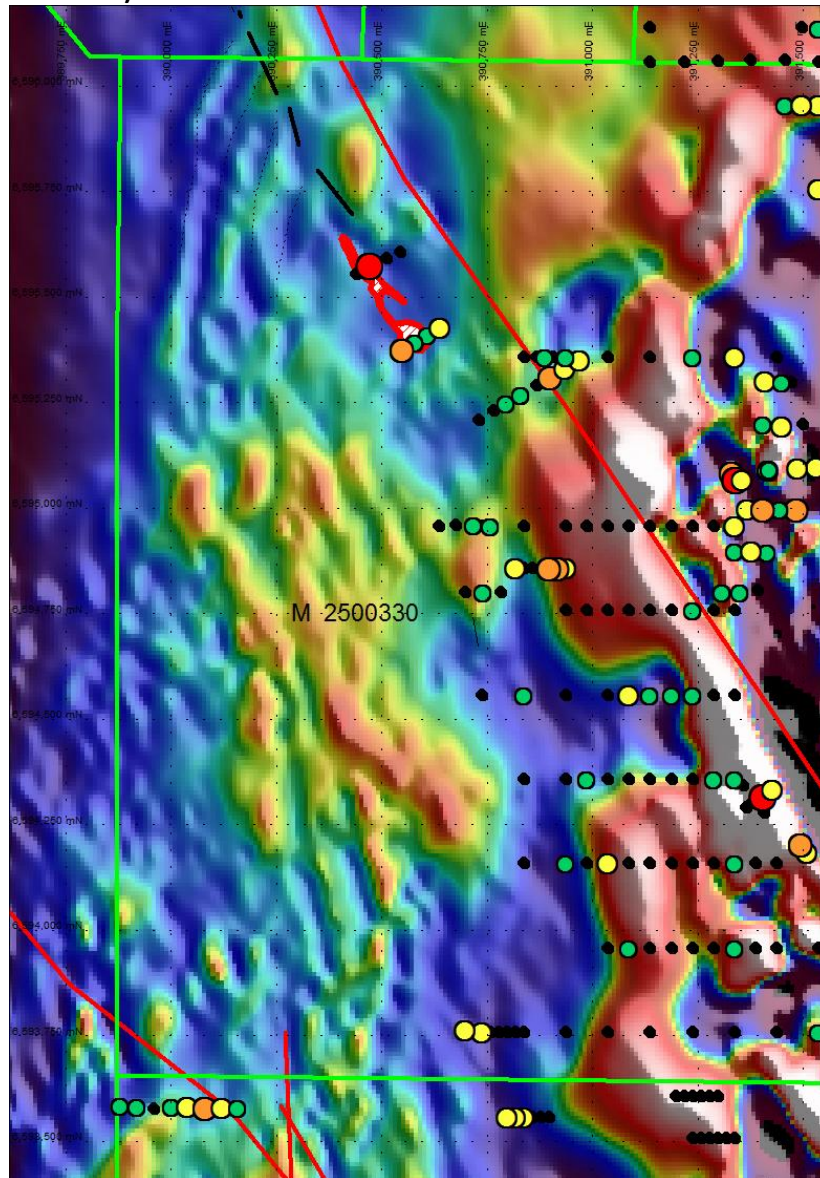


Figure 2: Aruma Resources' Steves Prospect showing magnetics with drill results (Dots) and anomaly trendlines (Lines 1 and 2, West and East respectively) (Au in holes = Red >5g/t, Orange >1g/t, Yellow >0.5g/t Au, Green>0.1g/t)

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DIRECTORS' REPORT (CONTINUED)

Review of operations (continued) Glandore project (continued)

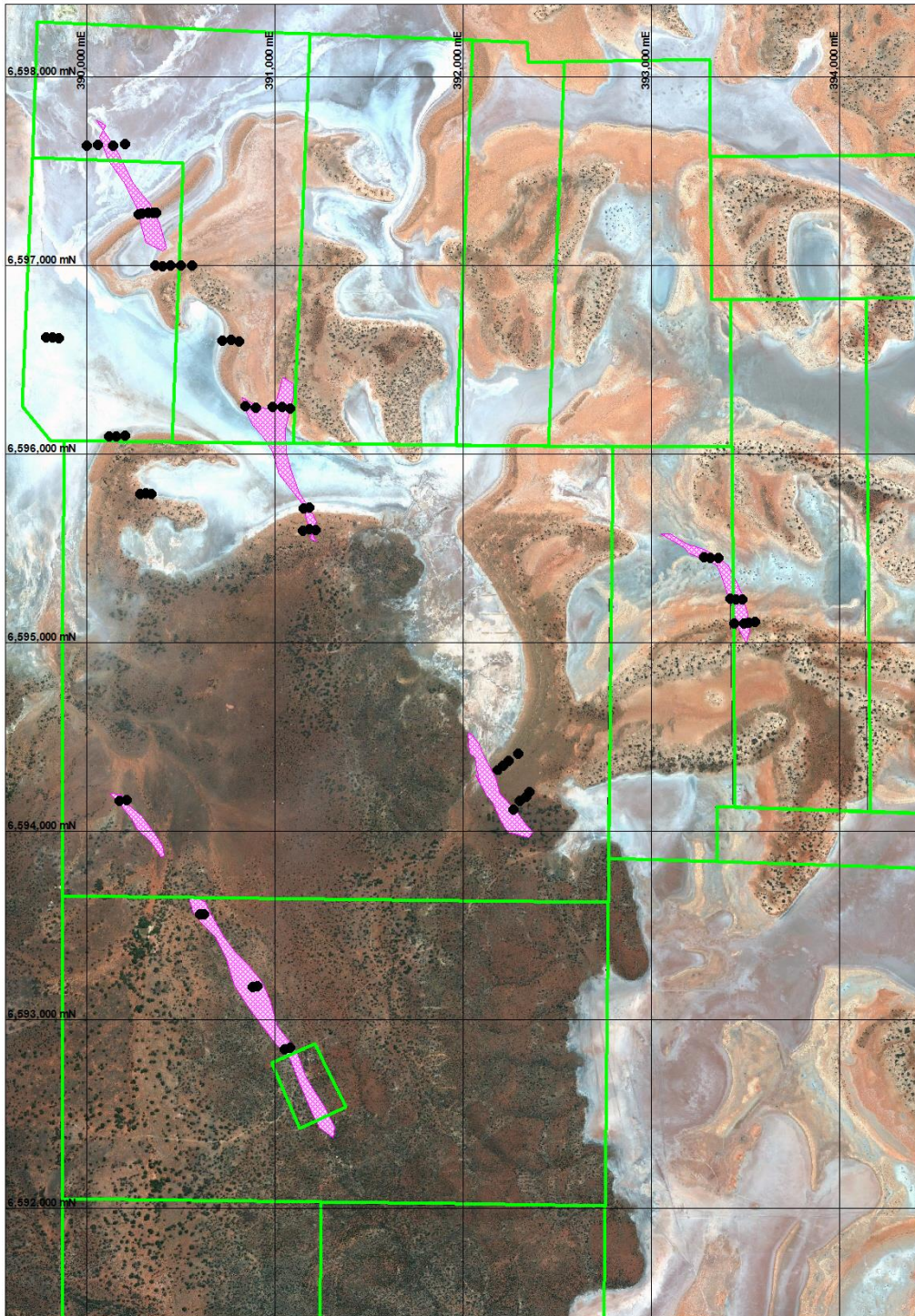


Figure 3: Aruma Resources' Glandore Project showing new drill targets (Pink solids) from the Fluid Flow Study and the Steves Prospect trend (Yellow dashed) on the Google Earth image. (Lease boundaries are in green).

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

Gindalbie Project

The initial drilling at the Gindalbie project was completed in following up 25.84g/t Au assay results and visible gold being found on location. The drilling consisted of 12 RC holes for 1,020m and the results show a large number of anomalous gold mineralisation around the Lady Lauren quartz veins.

RC	Dip/Az	GDA94	GDA94	Depth	Depth	Depth	Intercept	g/t Au
Drillhole	Degrees	Easting	Northing	EOH m	From	To	m	FA 30g
LLRC01	60/180	389881	6640518	100	14	15	1	1.21
LLRC02	60/180	389878	6640539	100	68	69	1	1.75
LLRC04	60/180	389901	6640539	100	20	21	1	1.24
					24	27	3	1.07

Table 4: Significant (>1.0g/t Au) gold intersections at Lady Lauren

The anomalous intersections are listed in Table 4 above and include 4 results greater than 1g/t Au. These results are to be followed up by soil sampling and potential further drilling in order to further map the extent of the gold anomalies found at the Lady Lauren quartz veins.

The last activity was a regional soil sampling program to investigate some broad geochemical and HyMap anomalies. No significant anomalies were discovered and the area is to be relinquished or returned to the JV partner.

Jundee South project

The Jundee South RC drilling was carried out in the September quarter after heritage approval was secured. This consisted of 900m to define the mineralisation to a depth of 100m to 150m depth. This drilling intersected the fresh rock mineralisation which has helped the understanding of the trends for exploration for the rest of the lease.

The Jundee South project (E53/1461) is located 60km east of Wiluna and 25km south of the Jundee mine. The 2011/2012 RAB programs consisted of 2,562m of RAB in 75 vertical drill holes following up previously identified soil anomalies that had not been drilled. One soil sample result produced a 16.5g/t Au value in the area near the current Western Area of mineralisation (Normandy Mining Limited, 1992).

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

Jundee South project (continued)

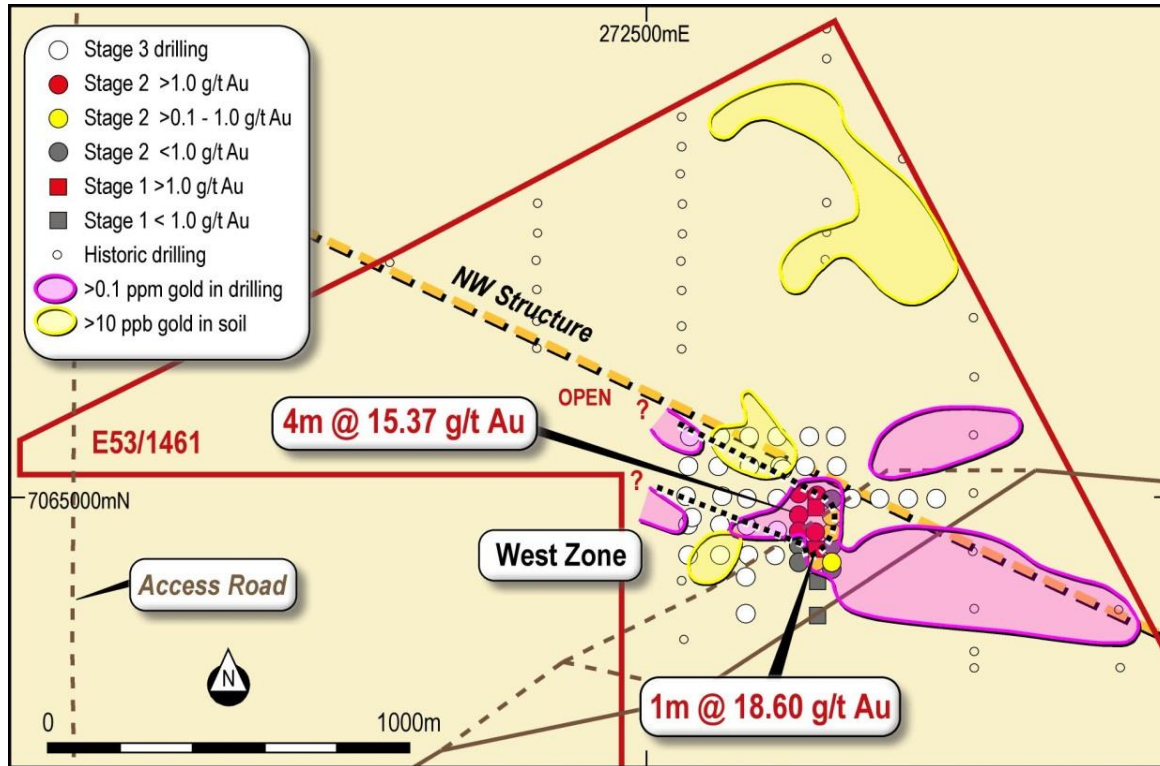


Figure 4 Drilling location plan with geochem and drilling anomalies and the RC target area as a blue ellipse

The west northwest trending structure can be seen in Figure 4 and reflects the structures that control the mineralisation at the nearby Gourdis and Vause deposits. The complete tenement area has been evaluated again using geochemistry, structure and the HyMap/Magnetics in light of this discovery. The focus in the short term will be to investigate bedrock mineralisation at the Western Area to evaluate the thick and high grade mineralisation reported previously.

The significance of the RAB results was that the mineralisation was defined over a 400m by 100m zone and the high grade thick zones are located in a 40m wide by 100m long initial target. This is shown in Table 5 below.

Hole	Easting	Northing	Total Interval m (EOH)	Average g/t Au
JSR033	272960	7065040	17 (55)	1.87
JSR034	272958	7064978	12 (50)	6.58
JSR035	272960	7064941	10 (50)	1.53
JSR037	273000	7064940	3 (46)	1.43

Note: All holes vertical and assays by Fire Assay 50g

Table 5: Thick and high grade mineralisation in the RAB area

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DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

Jundee South project (continued)

The significance of the RC results are again the shallow depths (from 11m), thickness (12 to 16m), high grades (6m at 3.44g/t Au including 1m at 15.62g/t Au) in MRC10 and it is open to the west. The mineralisation is in several rock types indicating a LODE system, with associated quartz, sulphides and carbonates. The gold mineralisation is detailed in Table 6 and will be scanned with PIMA to map the alteration and mineralisation style before embarking on more drilling programs.

RC	Dip/Az	GDA94	GDA94	Depth	Depth	Depth	Average	Intercept
Drillhole	Degrees	Easting	Northing	EOH m	From	To	g/t Au	m
MRC01	-60/090	273068	7064820	120	96	106	0.12	10
MRC02	-60/090	273024	7064819	121	91	102	0.13	11
MRC03	-60/090	272984	7064819	120	85	92	0.24	7
					98	115	0.18	17
MRC04	-60/090	272945	7064818	115	82	101	0.18	19
MRC05	-60/090	272906	7064817	121	94	101	0.18	7
MRC08	-60/090	272982	7064899 inc	120	24	37	0.67	13
					33	37	1.81	4
					34	36	3.45	2
MRC10	-60/065	272947	7064947 inc	120	5	15	0.46	10
					11	12	1.60	1
					47	59	1.85	12
					52	58	3.44	6
					52	53	15.30	1
MRC11	-60/330	272980	7064977 inc	180	14	30	1.22	16
					16	19	3.15	3
MRC12	-60/330	272949	7064955 inc	180	36	41	0.83	5
					38	40	1.40	2
MRC13	-60/330	272915	7064931 inc	180	49	52	0.51	3
					49	50	1.09	1

Table 6: Intersections at Jundee South Project greater than 0.1g/t Au

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

Glandore Hub project

The Glandore Hub project is located in a 60km radius of the Glandore project. The possibility of satellite projects within easy trucking distance is a policy common to several successful producers (such as Integra Mining Limited, Silver Lake Resources Limited [now merged] and Saracen Mineral Holdings Limited) in the area.

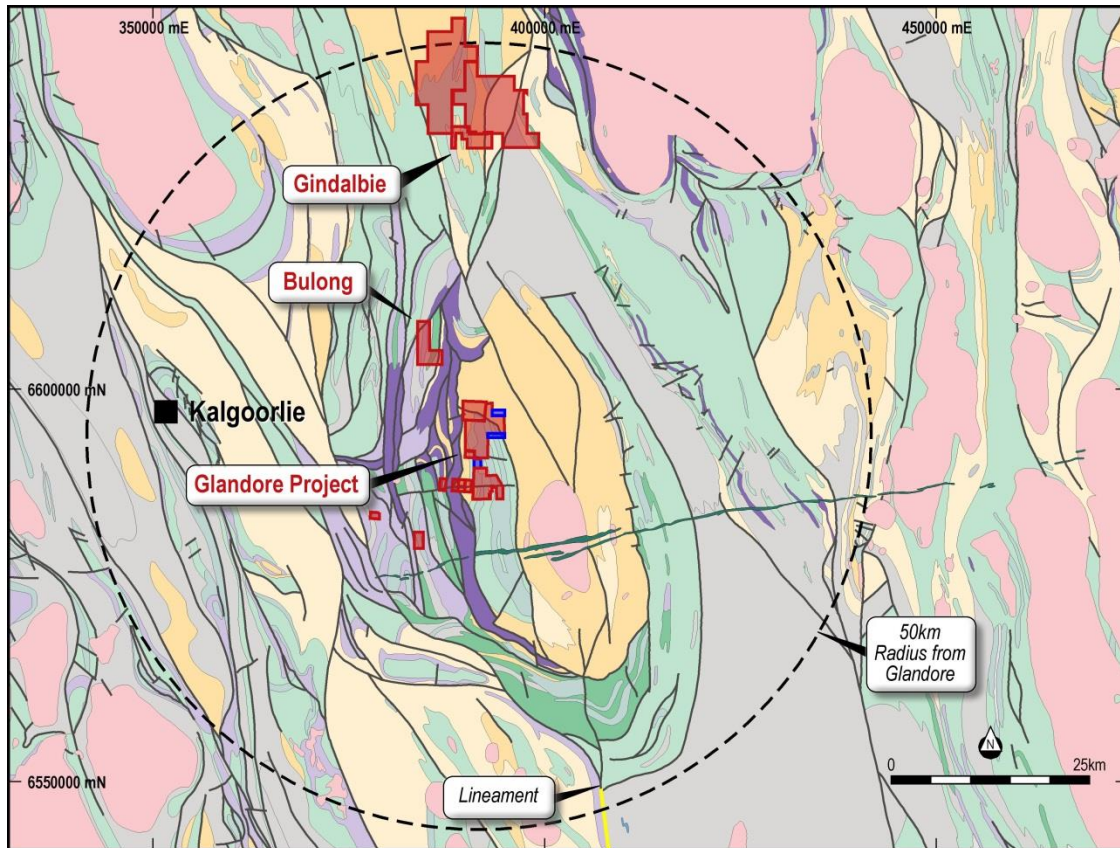


Figure 5: Glandore Hub current leases and main focus area

The main leases that are advanced are Glandore and Gindalbie. The eastern leases have been dropped or surrendered. There are interesting anomalies in historical data being found at Bulong and the South-West PLs below Glandore at Clinker Hill. This fits with the aim of investigating the Salt Creek- Majestic Structure.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

Geochemical surface sampling

Three large scale surface sampling programs have been conducted over Aruma's projects to follow up previously identified anomalies and to investigate new targets generated through the review of historical data.

Jundee South

The primary target at Jundee South was the previously drilled Marks prospect. The geochemical analysis of this area is vital in understanding the mineralisation of not only the prospect but the wider area.

The analysis of the historical data and interpretation of the HyVista Hyperspectral data identified several key targets in the south of the tenement. With this area being significantly underexplored the potential is high. These samples were taken at 100m intervals and the results were received in the New Year.

No gold anomalism was found in this latest sampling exercise, but the bismuth anomalies have defined areas of gold anomalism that are suspected to be associated with carbonation associated with broad scale alteration often associated with gold. These will be useful in planning the next exploration programs and reappraising the tenements.

Gindalbie

The geochemical surface sampling completed at Gindalbie followed up drill results at Lady Lauren prospect and investigated anomalism identified through HyVista. Lady Lauren prospect sampling was conducted over a tight 50m x 50m grid.

Areas that had minimal historical sampling or drilling were also targeted so a complete data package for the tenement could be compiled. These were sampled on wider grids from 100m x 100m to 200m x 200m.

Very low gold anomalism was found in this latest sampling exercise, with the associated copper values reflecting the gold anomalism. It is suspected to be associated with sulphides associated with gold.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

Clinker Hill

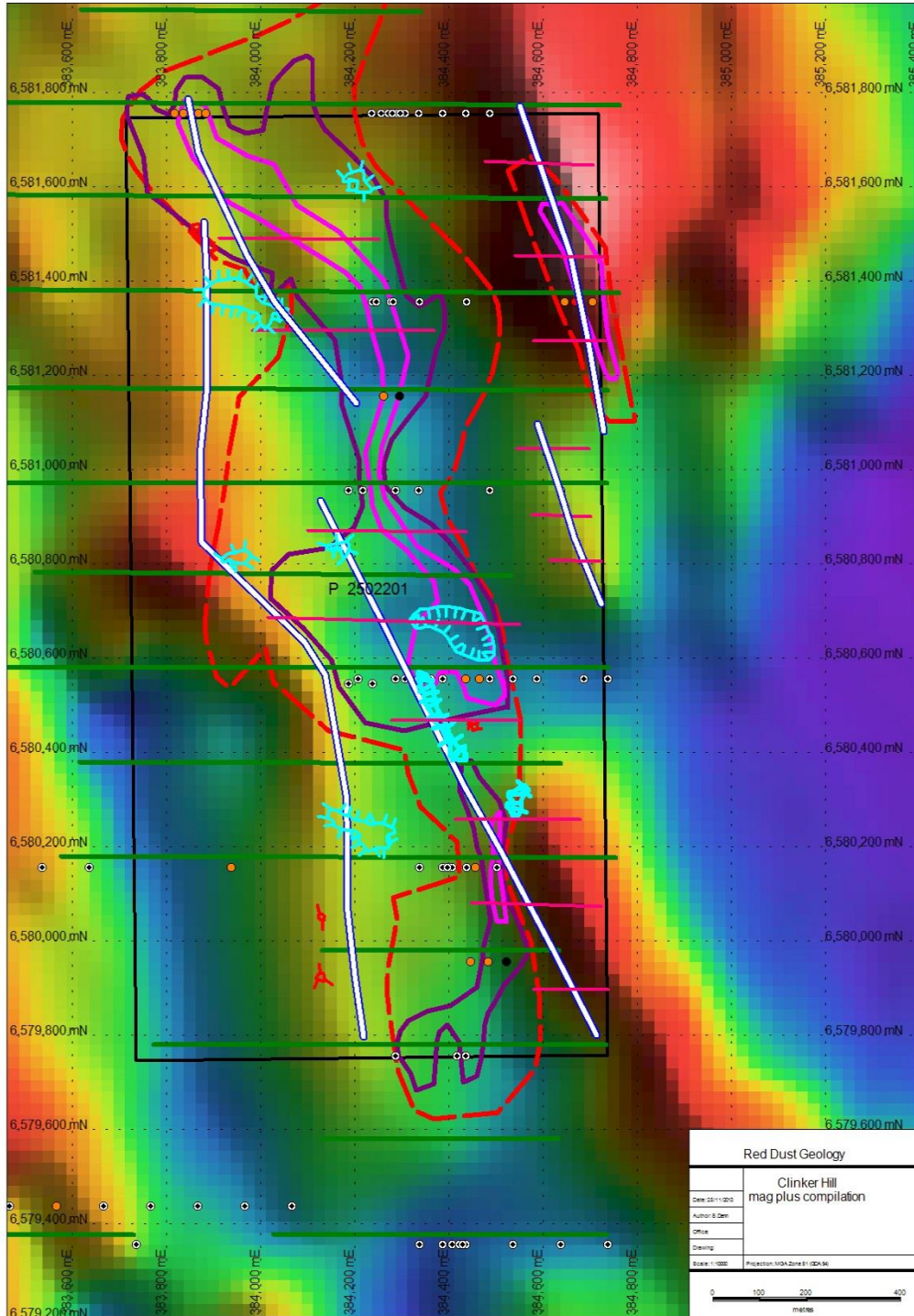


Figure 6: P25/2201 Lease plan on magnetics with gold anomalies, trends and sample lines

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

Clinker Hill (continued)

Clinker Hill is one of Aruma's regional prospects located within the Glandore Hub. The sampling program on this lease was designed to investigate trends, structures and anomalies identified through magnetic surveys from the historical data. Targeted structures can be seen above.

The sampling program was carried out in December and the results received just before this report was written indicate several zones of anomalism up to 135 ppb. These will be investigated further in the coming months.

Planned exploration activity

Glandore

- PoW submitted for large scale drill program on Lake Yindarlgooda. The program will test all fluid flow targets. 3,000m of aircore drilling will be carried out by a lake rig requiring no site preparations.

Jundee South

- JV discussions are to be undertaken and Native Title negotiations are to resume.

All of Aruma's Projects have strong gold indicators and proven high grade potential. The ongoing work comprises:

- PoW for drilling six targets defined by Fluid Flow and extension of Steves Prospect trend
- Options over Gindalbie and Twin Hills leases have been allowed to lapse
- Reappraisal of Laverton East leases
- The Company is funded for the next 12 months of exploration activity with cash and cash equivalents of \$2.33m at 31 December 2013

Other Projects

In addition to its current projects in Western Australia, Aruma continues to evaluate potential project opportunities both locally and overseas.

Rehabilitation

During the March 2014 quarter all of Aruma's leases, where drilling has occurred, will be rehabilitated.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Peter Schwann who is a Fellow of the Australasian Institute of Mining and Metallurgy and Chartered Professional (Geology). 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 Reserves'. Mr Schwann consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The information in this report that relates to Exploration Results is extracted from the December 2013 Quarterly Activities Report lodged with ASX on 30 January 2014 and corrected on 12 February 2014 and is available to view on the Company website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

The Group incurred an after tax loss for the half-year ended 31 December 2013 of \$322,156 (2012: \$466,390).

Corporate

The Company has submitted a claim for \$636,552 before costs under the 2013 Research & Development Tax Incentive Program. A similar claim in 2012 realised \$376,507 before costs.

EVENTS SUBSEQUENT TO THE BALANCE DATE

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

ARUMA RESOURCES LIMITED

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Nexia Perth Audit Services 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 18 and forms part of the directors' report for the half-year ended 31 December 2013.

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

A handwritten signature in black ink, appearing to be 'P Schwann', with a long horizontal line extending to the right.

P Schwann
Managing Director

Perth, 13th March 2014

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Aruma Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 31 December 2013, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in 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.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani CA, B. ENG
Director

Perth
13 March 2014

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Note	CONSOLIDATED	
		Half-year ended 31 Dec 2013	Half-year ended 31 Dec 2012
		\$	\$
Revenue from continuing operations	1(a)	636,552	250,984
Exploration expenditure expensed as incurred		(409,848)	(440,739)
Impairment of exploration assets		(190,000)	-
Depreciation		(1,953)	(2,590)
Non-Executive Directors' fees		(51,000)	(51,000)
Employee benefits		(123,487)	(116,595)
Legal and professional fees		(122,557)	(21,972)
Occupancy expenses		(18,526)	(17,635)
Share options expense		-	(17,885)
Travel expenses		(4,702)	(5,153)
Other expenses		(86,356)	(88,040)
Loss from operating activities		(371,877)	(510,625)
Financial income		49,721	44,255
Financial expenses		-	(20)
Net financing income		49,721	44,235
Loss before income tax expense		(322,156)	(466,390)
Income tax benefit/(expense)		-	-
Loss for the period		(322,156)	(466,390)
Total comprehensive loss for the period		(322,156)	(466,390)
Loss per share			
Basic and diluted loss per share (cents per share)		(0.25) cents	(0.59) cents

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

		CONSOLIDATED	
		31 Dec 2013	30 Jun 2013
	Note	\$	\$
Current assets			
Cash and cash equivalents		802,649	1,702,347
Trade and other receivables		682,375	110,524
Term deposit investments		1,532,515	1,500,000
Other current assets		24,209	10,246
Total current assets		3,041,748	3,323,117
Non-current assets			
Plant and equipment		13,169	15,122
Deferred exploration expenditure		256,969	446,447
Total non-current assets		270,138	461,569
Total assets		3,311,886	3,784,686
Current liabilities			
Trade and other payables		179,927	344,939
Provisions		67,800	53,432
Total current liabilities		247,727	398,371
Total liabilities		247,727	398,371
Net assets		3,064,159	3,386,315
Equity			
Issued capital	2	8,175,511	8,175,511
Reserves	3	95,389	95,389
Accumulated losses		(5,206,741)	(4,884,585)
Total equity		3,064,159	3,386,315

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 2013**

	CONSOLIDATED	
	Half-year ended 31 Dec 2013	Half-year ended 31 Dec 2012
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	-	27,203
Interest received	53,969	41,486
Interest paid	-	(20)
Payments for exploration and evaluation	(653,381)	(516,742)
Payments to suppliers and employees	(267,249)	(264,957)
Net cash used in operating activities	(866,661)	(713,030)
Cash flows from investing activities		
Transfer to term deposit investment	(32,515)	-
Payment of stamp duty on exploration asset	(522)	-
Net cash used in investing activities	(33,037)	-
Net increase/(decrease) in cash and cash equivalents	(899,698)	(713,030)
Cash and cash equivalents at the beginning of the period	1,702,347	2,329,897
Cash and cash equivalents at the end of the period	802,649	1,616,867

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 2013**

Consolidated	Issued capital	Share based payment reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2012	5,837,880	-	(3,052,388)	2,785,492
Loss for the period	-	-	(466,390)	(466,390)
Total comprehensive loss for the period	-	-	(466,390)	(466,390)
Issue of share options	-	17,885	-	17,885
Balance at 31 December 2012	5,837,880	17,885	(3,518,778)	2,336,987
Balance at 1 July 2013	8,175,511	95,389	(4,884,585)	3,386,315
Loss for the period	-	-	(322,156)	(322,156)
Total comprehensive loss for the period	-	-	(322,156)	(322,156)
Balance at 31 December 2013	8,175,511	95,389	(5,206,741)	3,064,159

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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, AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The Company, Aruma Resources Limited and its subsidiary, Aruma Exploration Pty Ltd, are domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the financial year ended 30 June 2013.

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

Adoption of new and revised Accounting Standards

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

New and revised Standards and amendments thereof effective for the current half-year that are relevant to the Group include:

- AASB 10 Consolidated Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 11 Joint Arrangements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 12 Disclosure of Interests in Other Entities and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 127 Separate Financial Statements (2011) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 128 Investments in Associates and Joint Ventures (2011) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised Accounting Standards (continued)

- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities

The effects of applying these standards are described below.

- AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

- AASB 11 Joint Arrangements

AASB 11 replaces AASB 131 Interests in Joint Ventures and the guidance contained in a related interpretation, Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

Previously, AASB 131 Interests in Joint Ventures contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly). Each joint operation accounts for the assets and liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised Accounting Standards (continued)

During the period, the Company did not hold investments in joint arrangements and consequently, the new standard did not have any impact in the interim financial report.

- AASB 12 Disclosure of Interests in Other Entities

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 will result in more extensive disclosures in the consolidated financial statements. However, this has not resulted in any changes to the interim financial report.

- AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Management has considered the requirements of AASB 13 and has concluded that there is no impact on the interim financial report

- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to AASB 7 “Disclosures – Offsetting Financial Assets and Financial Liabilities’ for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

Significant Accounting Judgements and Key Estimates

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

In preparing this half-year report the significant judgements made by management in applying the Consolidated entity’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2013.

(a) Research & Development tax concession

The Company has lodged a claim for a refund under the R&D tax concession scheme for 2013 and has recognised an amount refundable of \$636,552 as per the draft return.

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. ISSUED CAPITAL

	31 December 2013 \$	31 December 2012 \$
<i>Issued and paid up capital</i>		
Fully paid ordinary shares	8,175,511	5,837,880
	31 December 2013 Number	31 December 2013 \$
<i>Movements in fully paid shares on issue</i>		
At beginning of period	129,304,167	8,175,511
Balance at end of period	129,304,167	8,175,511

3. RESERVES

	31 December 2013 \$	31 December 2012 \$
Share based payment reserve		
Balance at beginning of period	95,389	-
Issue of options to employee and contractor	-	17,885
Balance at end of period	95,389	17,885

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

4. COMMITMENTS

	31 December 2013 \$
COMMITMENTS	
Exploration Expenditure Commitments	
Minimum exploration expenditure:	
Not later than 1 year	468,060
Later than 1 year but not later than 5 years	1,872,240
	<u>2,340,300</u>
Operating Lease Commitments	
Not later than 1 year	25,192
Later than 1 year but not later than 5 years	-
	<u>25,192</u>

5. CONTINGENT LIABILITIES

In the opinion of the directors, other than the matter disclosed above, there were no contingent liabilities at the date of this report.

6. 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 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 FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

7. EVENTS AFTER THE BALANCE DATE

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

8. 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 2013 annual financial report. No other related party transactions were entered into during the half year ended 31 December 2013.

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

ARUMA RESOURCES LIMITED

DIRECTORS' DECLARATION

In the Directors' opinion:

- 1 the financial statements and notes set out on pages 19 to 28 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, 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 2013 and of its performance for the half-year ended on that date of the consolidated entity; and
- 2 there are reasonable grounds to believe that Aruma Resources Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'P. Schwann', with a long horizontal line extending to the right.

P. Schwann
Managing Director

Perth, 13th March 2014

Independent Auditor's Review Report to the members of Aruma Resources Limited

Report on the Interim Financial Report

We have reviewed the accompanying half-year financial report of Aruma Resources Limited (the "Company") and its controlled entity (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entity it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Interim 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 and the *Corporations Act 2001*. This responsibility includes: establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aruma Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the period ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani CA, B. ENG
Director

Perth
13 March 2014