



ARUMA RESOURCES LIMITED

ABN 77 141 335 364

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED

31 DECEMBER 2022



ARUMA RESOURCES LIMITED

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ARUMA RESOURCES LIMITED

CORPORATE INFORMATION

Directors

James Moses (Non-Executive Chairman)

Glenn Grayson (Managing Director)

Peter Schwann (Non-Executive Director)

Brett Smith (Non-Executive Director)

Company secretary

Phillip MacLeod

Registered office

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Cottesloe WA 6011

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Principal place of business

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ABN: 77 141 335 364

ASX code

Ordinary shares - AAJ

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Solicitors

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Share register

Advanced Share Registry Services

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ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

The directors of Aruma Resources Limited ("Aruma") submit herewith the interim financial report of Aruma Resources Limited and its subsidiaries ("Consolidated entity" or "Group") for the half-year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

James Moses	Non-Executive Chairman (appointed 1 August 2022)
Glenn Grayson	Managing Director (appointed 20 January 2023)
Mr. P. Schwann	Non-Executive Director (appointed 20 January 2023)
	Managing Director (retired 20 January 2023)
Brett Smith	Non-Executive Director (appointed 1 August 2022)
Mr. P. Boyatzis	Non-Executive Chairman (retired 9 November 2022)
Dr Mark Elliott	Non-Executive Director (retired 1 August 2022)

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 2022 ("half-year").

Aruma is a Western Australian gold and lithium-focused exploration company. It has four strategically located gold projects in the Pilbara and Norseman regions. The Company also continued to focus on exploring the Mt Deans Lithium-Rubidium Project, in the lithium corridor of south-eastern WA.

Highlights

- *Mt Deans Lithium Project: 21 hole - 1,409m RC drilling program completed – high-grade lithium and rubidium results returned*
- *Salmon Gums Gold Project: results from diamond core drilling program delivered an interpreted major expansion of greenstone belt – to in-excess of 75km²*
- *Melrose Gold Project: maiden 48 hole - 4,784m RC drilling program completed - anomalous gold intersected*
- *Saltwater Project: Re-appraisal of project highlights REE potential – REE prospectivity to be pursued*

During the half-year, Aruma completed drilling programs, and reported results, at the Mt Deans Project near Norseman and the Melrose Gold Project in the Pilbara region of WA. The drilling at Mt Deans returned high-grade lithium-rubidium intersections. In addition, results from a diamond drilling program at the Salmon Gums Gold Project near Norseman were also reported, which indicated that the greenstone belt that runs through the Project area may extend to a width of 2-3km. This potentially expands the Project's target zone from 15km² to greater than 75km².

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

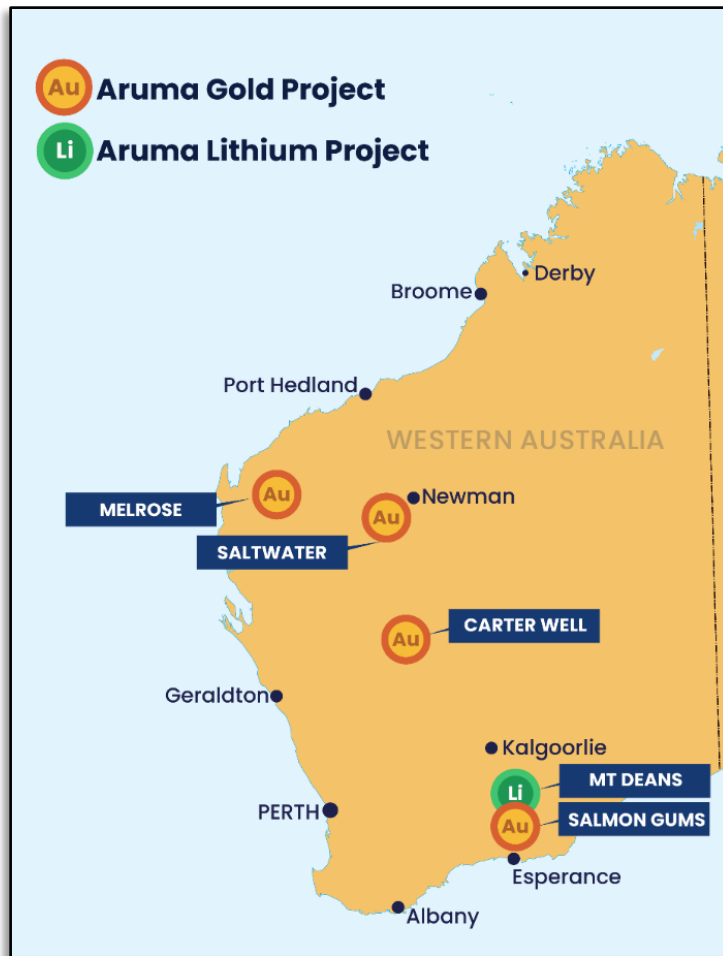


Figure 1: Aruma's Project Locations

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Mt Deans Lithium Project, Norseman, WA

The Mt Deans Project encompasses Prospecting Licence P63/2063 and covers an area of 1.44km² in the Mt Deans pegmatite field, which is part of the Eastern Goldfields Terrane of the Yilgarn Craton. The Project is located approximately 170 kilometres south of the major regional centre of Kalgoorlie, and approximately 10 kilometres south of the mining town of Norseman (*Figure 2*).

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

Aruma views the Mt Deans Project as being highly prospective for lithium minerals, as well as rubidium, tantalum and rare earth element (REE) minerals. Previous exploration identified swarm pegmatites over a strike length of 1 kilometre.



Figure 2: Mt Deans Project location plan in the eastern goldfields Lithium corridor

Aruma completed a 21 hole - 1,409m reverse circulation (RC) drilling program (to depths of 40m-120m) during the half-year. Drilling infilled and extended lithium and high-grade rubidium mineralisation defined in Aruma's previous drilling at Mt Deans, and in a subsequent rock chip sampling program. See *Figure 3* for drill hole locations.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Mt Deans Lithium Project, Norseman, WA (continued)

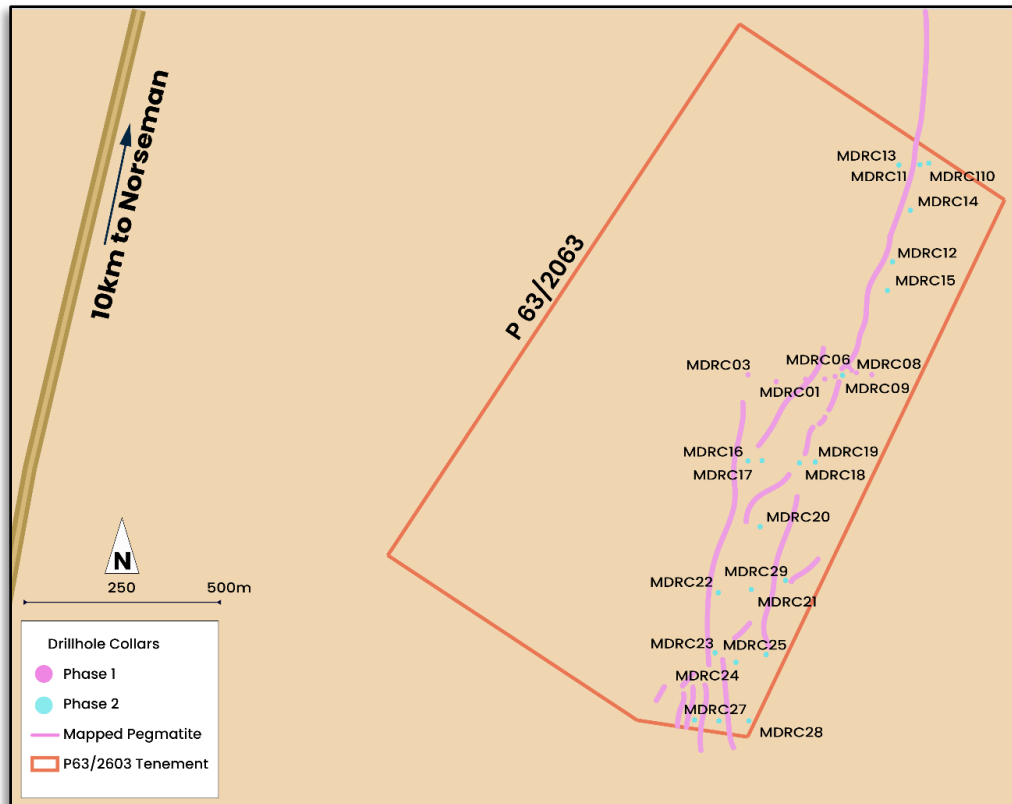


Figure 3: Mt Deans drillhole locations along the interpreted pegmatite

Assay results were reported plus results from an additional seven historic holes, which were re-assayed.

The program returned lithium-rubidium grades in excess of 2%, with a total of 12 intersections with grades in excess of 1.5% lithium-rubidium, of varying widths. Also of note, was the high potassium values (up to 3.6% K₂O) with significant caesium (up to 0.6% Cs) and tin-tantalum (600ppm Sn and 700ppm Ta)

Drillhole MDRC0011 intersected a pegmatite of approximately 5 metres true width, with consistent high-grade (1.13%) Li₂O. The composited interval for this pegmatite is 8m @ 1.89% Li₂O and Rb₂O.

Drillhole MDRC0009 intersected a contact zone of altered mafic host rock and pegmatitic material. This zone is interpreted to be a mineralised alteration zone (alteration zone) on the contact between intrusive pegmatites and the mafic country rock. Within MDRC0009, the alteration zone was intersected over 32 metres downhole (at plus 0.8% Li₂O+Rb₂O), including two higher grade zones of 9m @ 1.23% Li₂O and Rb₂O and 5m @ 1.05% Li₂O and Rb₂O.

Further details of results from this drilling are provided in ASX announcements of 23 November 2022 and 11 January 2023.

Conceptual Project Development Pathway

Based on the positive results from its drilling and exploration activities at Mt Deans, Aruma commenced assessing the potential to identify micaceous pegmatites with high-grade (>1.5% Li₂O and Rb₂O) Lithium-Rubidium-Cesium-Potassium ore, which could potentially be capable of being concentrated (using simple froth flotation/gravity circuits) to produce a saleable lithium-potassium concentrate, with rubidium and caesium by-products - plus possible tin and tantalum gravity concentrates.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Mt Deans Lithium Project, Norseman, WA (continued)

This potential development pathway is currently at the conceptual stage, and the Company will update the market on any material progress.

Salmon Gums Gold Project, Norseman, WA

The Salmon Gums Gold Project comprises two Exploration Licences, EL63/2037 and EL63/2122, and Exploration Licence Application ELA63/2303, over a total area of 360km². The Project is located approximately 200 kilometres south of the major regional centre of Kalgoorlie, and approximately 60 kilometres south of the mining town of Norseman. It is situated 30 kilometres south and along strike, in the same stratigraphy, as Pantoro Limited's (ASX: PNR) high-grade Scotia Gold Project.

During the half-year, Aruma reported results from a two hole, 701m diamond drilling program at the Salmon Gums Project. This drilling was designed to provide a deeper geological understanding of the Project and generate core samples for definition of rock types, mineralisation types, metallurgy and stratigraphy, along with gold grades and controls.

The assay results from this drilling returned anomalous zones of gold, and, significantly, core samples from the drilling re-defined what were previously interpreted as granites to be sediments (*Figure 4*).

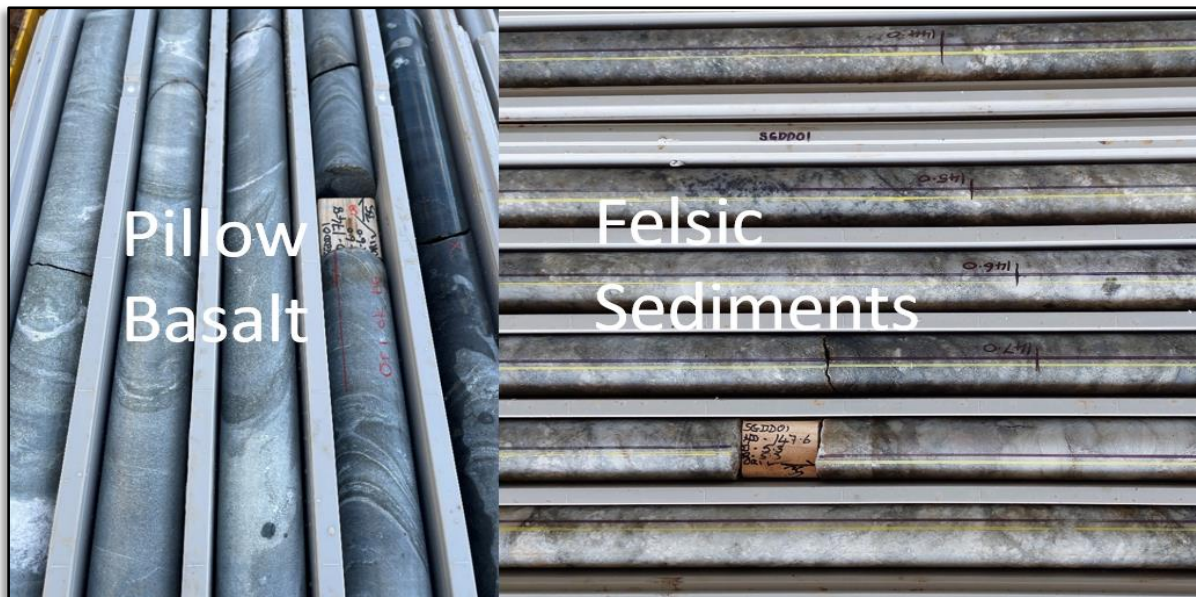


Figure 4: The intersected volcanoclastics of the Woolyeener Formation in SGDD01

This resulted in an interpreted expansion of the width of the greenstone at Salmon Gums to in excess of 3km along a strike length of more than 25km – expanding the interpreted greenstone footprint to more than 75km².

The core exhibits characteristics of the regional greenstone with a corresponding lack of granite and intrusives. Data from the core has opened-up the potential for the Salmon Gums Project to host multiple horizons similar the major Scotia gold project to the north.

This major interpreted expansion of the greenstone area warrants a dual exploration approach at the Project. This will incorporate detailed, targeted exploration on the Iris-Thistle trends over an area of 10km² plus a regional assessment utilising known high-grade zones as signature patterns for other gold targets over the wider Project area.

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Salmon Gums Gold Project, Norseman, WA (continued)

Subsequent to the half-year, Aruma conducted an airborne high resolution magnetic survey and ground gravity survey. The results will be used to scope the full extent of the Salmon Gums Greenstone and enhance the lithological and structural understanding at the Thistle and Iris prospects. These outcomes will be used in defining drill targets for further drilling, planned for the first half of 2023.

Melrose Gold Project

The Melrose Project is located immediately adjacent to the Paulsens Gold Project (acquired by Black Cat Syndicate (ASX: BC8) from Northern Star Resources (ASX: NST)) in the Pilbara region of WA (*Figure 5*).

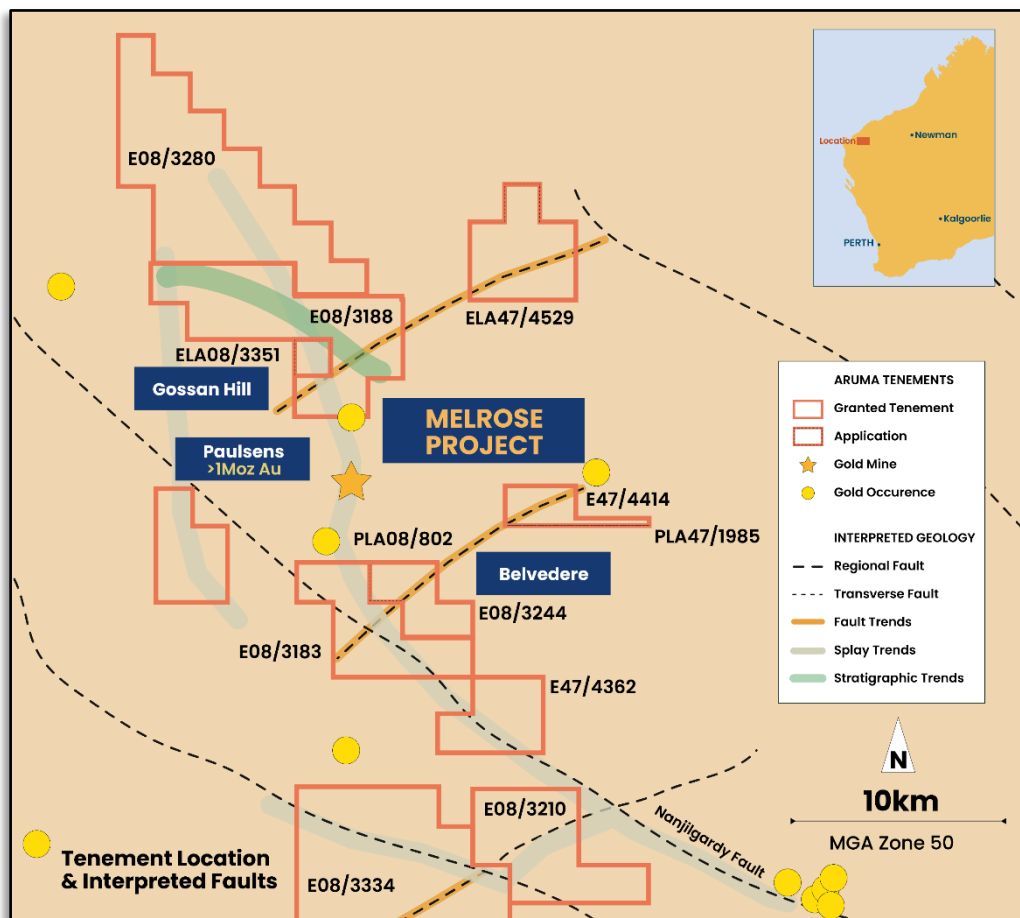


Figure 5: Melrose Gold Project location

During the half-year, Aruma completed its maiden drilling program at the Melrose Project. The program consisted of 48 reverse circulation (RC) holes (to depths of around 100 metres) for 4,784 metres, on 10 lines of drilling, targeting the priority Gossan Hill Prospect, 5 kilometres north of the Paulsens Gold Mine.

Drilling was designed to define gold grades and controls on mineralisation along with lithology, mineralisation types, metallurgy and stratigraphy.

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

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Melrose Gold Project (continued)

The drilling results confirmed the intersected low-grade mineralised host to be on a contact with the coarse greywacke, a fine siliceous sulphidic siltstone (*Figure 6*). The contact Aruma investigated in its drilling is on a shale-dolomite contact, similar to the Mt Olympus and Paulsens gold projects in the region. Further details on the drilling results are provided in ASX announcement of 20 December 2022.

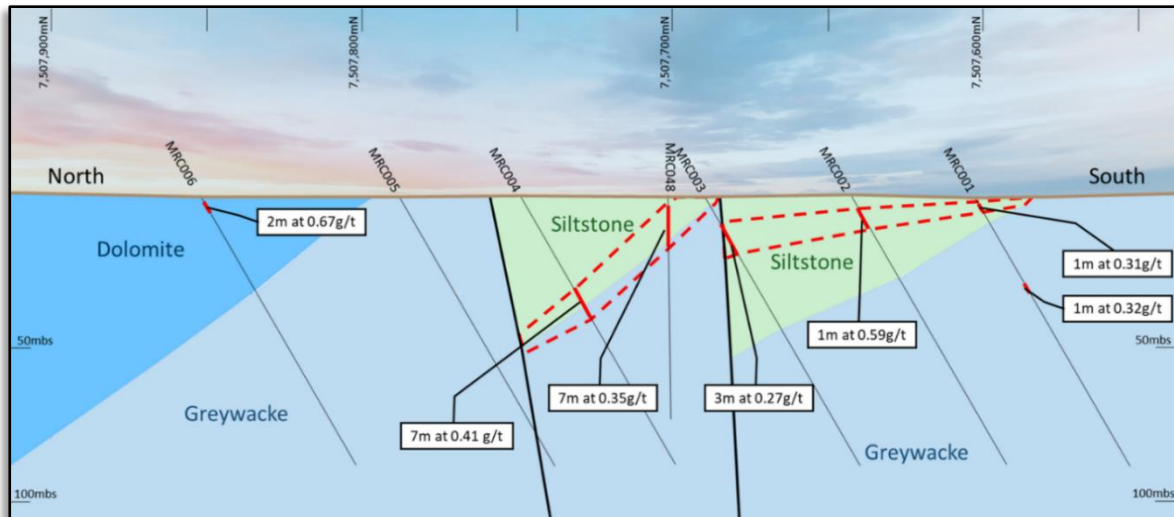


Figure 6. Gossan Hill cross section looking east through 420600mE (GDA94 z50) showing lithology and the late cross-cutting mineralised structure and highlighting anomalous results. (Note: MRC048 is off section by ~30m; Red polygons are oxidised shale-siltstone)

Aruma also expanded the Melrose Project area via the award of the balloted exploration licence, E08/3499, which comprises 7 blocks over a 20km² area.

Saltwater Gold Project

The Saltwater Project consists of four granted Exploration Licences (EL52/3818, EL52/3846, and EL52/3857) over a total area of 450km². It is situated approximately 100 kilometres south-west of the regional mining centre of Newman, and to the south-east of Aruma's Melrose Project, in the Pilbara region of WA (*Figure 7*).

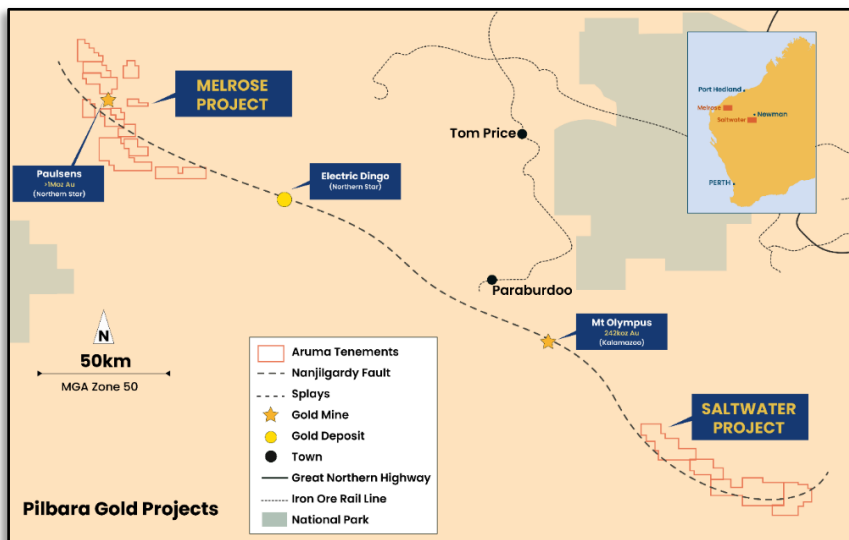


Figure 7: The Saltwater Gold Project location, south-east of the Melrose Project in Pilbara region of WA

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Saltwater Gold Project (continued)

Subsequent to the half-year, Aruma reported plans to pursue the rare earth elements (REE) potential at the Saltwater Project. It plans to undertake a targeted fieldwork program, designed to position Aruma with a first mover advantage in what is an emerging REE province.

Aruma has identified an interpreted REE lithology extending over a total linear target in excess of 80 kilometres of prospective shales (as shown in the red line in Figure 8). This is supported by mapped outcrop identified in a reconnaissance site visit. It plans to undertake a surface sampling program, with samples to be sent for laboratory analysis. Subject to results, a geophysical survey and mapping program will be carried out, to define targets for a REE-focused drill program.

The Saltwater Project was originally pegged by Aruma for its gold prospectivity, and its exploration at the Project to date has been gold-focused, and has included two phases of reverse circulation (RC) drilling within a targeted area of the Project.

The Company undertook an assessment of historic exploration within the Project area, which revealed REE, base metals, gold and uranium results from previous explorers in the Saltwater region. This included extremely high assays results, up to 11% rare earths by U308 Limited in 2010, in grab samples (refer open file WAMEX report A88669). Other REE occurrences have been recorded at Saltwater in drill holes and surface samples.

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

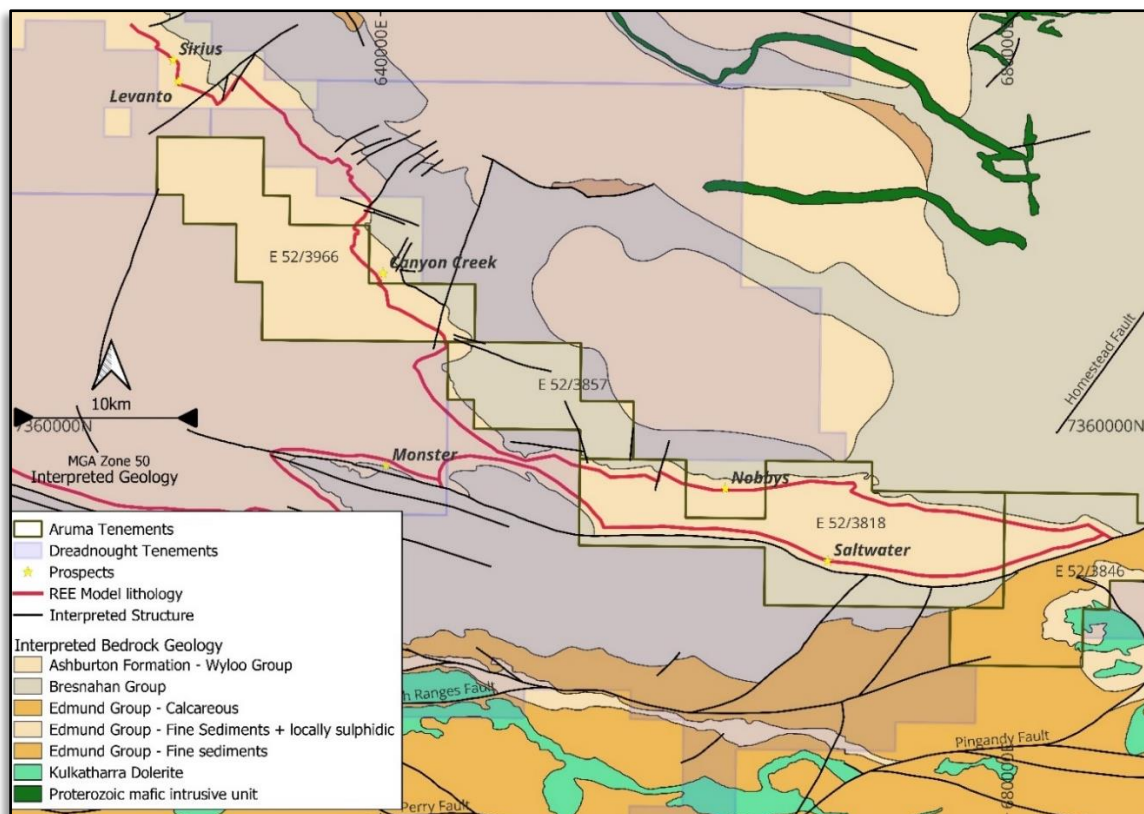


Figure 8. Saltwater Project showing interpreted target close to the Wyloo - Bresnahan unconformity (on GSWA 500,000 scale geologic mapping)

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Carter Well Gold Project

Aruma expanded its portfolio of gold exploration assets during the half via the pegging of the Carter Well Gold Project (ELA E58/590), east of Mt Magnet in the Murchison region in WA (ASX announcement, 6 July 2022). The Carter Well Project is located 75 kilometres east of Mt Magnet, and north of the Windimurra Intrusive Complex. It covers an area 294km² and represents a potential new Greenfields gold opportunity, interpreted to exhibit characteristics consistent with Aruma's sediment-hosted gold model.

Projects Summary

Table 1: Gold Project Status and Activity Table

Region	Location	Project	Status
WA EASTERN	Norseman	Mt Deans Lithium	Drilled and results announced
GOLDFIELDS	Projects	Salmon Gums gold	New close spaced magnetics completed
WA	Nanjilgardy	Melrose Gold	Drilled and results announced
PILBARA	Nanjilgardy	Saltwater Gold	Reappraisal on new geophysics and Rare Earth opportunity
WA Murchison FOLD BELT	Windsor Fault	Carter Well	Data Assembly and field inspection

Competent Person's Statement

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

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

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Corporate

The Group incurred an after-tax loss for the half-year ended 31 December 2022 of \$1,153,072 (31 December 2021: after tax loss \$1,320,810). The Group held a cash balance at 31 December 2022 of \$3,176,688 (30 June 2022: \$4,701,408).

Board and Management

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

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

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

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

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

Details of the experience of new board and management appointments are provided in ASX announcements of 20 January 2023 and 22 July 2022)

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

Junior Minerals Exploration Incentive scheme

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

EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date Glenn Grayson was appointed as Managing Director replacing founding Managing Director, Peter Schwann who will remain on the Board as a Non-Executive Director.

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

ARUMA RESOURCES LIMITED

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Elderton Audit Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 15 and forms part of the directors' report for the half-year ended 31 December 2022.

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 'G Grayson', written over a light blue horizontal line.

G Grayson

Managing Director

Perth, 14th March 2023

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 2022, I declare that, to the best of my knowledge and belief, there have been:

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

Elderton Audit Pty Ltd
Elderton Audit Pty Ltd



Rafay Nabeel
Managing Director

14th March 2023

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

		CONSOLIDATED	
		Half-year ended	Half-year ended
		31 December	31 December
		2022	2021
	Note	\$	\$
Revenue & other income	2	876,437	459,238
Exploration expenditure expensed as incurred		(1,261,130)	(636,951)
Depreciation		(11,270)	(4,490)
Non-executive directors' fees		(75,775)	(54,000)
Employee benefits		(388,058)	(336,188)
Interest expenses		(1,248)	-
Legal and professional fees		(113,761)	(70,113)
Marketing & promotion		(100,077)	(70,495)
Occupancy expenses		(17,265)	(20,014)
Share-based payments expenses	3	-	(506,420)
Other expenses		(60,925)	(81,377)
Loss from operating activities		(1,153,072)	(1,320,810)
Loss before income tax expense		(1,153,072)	(1,320,810)
Income tax benefit/(expense)		-	-
Loss after income tax for the period		(1,153,072)	(1,320,810)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of financial assets		(6,000)	15,000
Other comprehensive income/(expense) for the period		(6,000)	15,000
Total comprehensive loss for the period		(1,159,072)	(1,305,810)
Loss per share			
Basic and diluted loss per share (cents per share)		(0.73) cents	(1.11) cents

The accompanying notes form part of these financial statements.

ARUMA RESOURCES LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	CONSOLIDATED	
		31 December 2022	30 June 2022
		\$	\$
Current assets			
Cash and cash equivalents		3,176,688	4,701,408
Trade and other receivables		158,834	57,012
Other financial assets		45,000	51,000
Other current assets		48,066	6,513
Total current assets		3,428,588	4,815,933
Non-current assets			
Plant and equipment		35,223	38,527
ROU assets		38,854	-
Total non-current assets		74,077	38,527
Total assets		3,502,665	4,854,460
Current liabilities			
Trade and other payables		204,260	425,536
ROU lease liability		20,519	-
Provisions		160,516	169,597
Total current liabilities		385,295	595,133
Non-current liabilities			
ROU lease liability		17,115	-
Total non-current liabilities		17,115	-
Total liabilities		402,410	595,133
Net assets		3,100,255	4,259,327
Equity			
Issued capital	4	20,659,111	20,659,111
Reserves	5	772,907	778,907
Accumulated losses		(18,331,763)	(17,178,691)
Total equity		3,100,255	4,259,327

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 2022**

	CONSOLIDATED	
	Half-year ended 31 December 2022 \$	Half-year ended 31 December 2021 \$
Cash flows from operating activities		
Proceeds from Government grants	837,176	458,677
Interest received	7,386	561
Interest paid	(1,248)	-
Payments for exploration and evaluation	(1,456,036)	(630,360)
Payments to suppliers and employees	(902,929)	(684,472)
Net cash used in operating activities	(1,515,651)	(855,594)
Cash flows from investing activities		
Transfer to Term Deposit	(70,000)	-
Acquisition of plant and equipment	(4,434)	(14,405)
Net cash used in investing activities	(74,434)	(14,405)
Cash flows from financing activities		
Proceeds from share issues	-	1,560,000
Share issue costs	-	(111,780)
ROU lease repayments	(4,752)	-
Net cash from financing activities	(4,752)	1,448,220
Net increase/(decrease) in cash and cash equivalents	(1,594,837)	578,221
Cash and cash equivalents at the beginning of the half-year	4,701,408	2,692,048
Cash and cash equivalents at the end of the half-year	3,106,571	3,270,269

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 2022**

Consolidated	Issued capital	Share-based payment reserve	Fair value reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	16,320,895	268,762	53,125	(13,937,007)	2,705,775
Profit/(loss) for the half-year	-	-	-	(1,320,810)	(1,320,810)
Other comprehensive income/(expense)					
Movement in the fair value of financial assets	-	-	15,000	-	15,000
Total comprehensive (loss)/profit for the half-year	-	-	15,000	(1,320,810)	(1,305,810)
Share-based payments	-	506,420	-	-	506,420
Issue of shares, net of transaction costs	1,448,220	-	-	-	1,448,220
Balance at 31 December 2021	17,769,115	775,182	68,125	(15,257,817)	3,354,605
Balance at 1 July 2022	20,659,111	774,782	4,125	(17,178,691)	4,259,327
Profit/(loss) for the half-year	-	-	-	(1,153,072)	(1,153,072)
Other comprehensive income/(expense)					
Movement in the fair value of financial assets	-	-	(6,000)	-	(6,000)
Total comprehensive (loss)/profit for the half-year	-	-	(6,000)	(1,153,072)	(1,159,072)
Balance at 31 December 2022	20,659,111	774,782	(1,875)	(18,331,763)	3,100,255

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 2022

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The Company, Aruma Resources Limited and its subsidiaries, Aruma Exploration Pty Ltd and Augustus Mining Pty Ltd, are domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated. The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's 30 June 2022 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 \$3,043,293 (30 June 2022: \$4,220,800).

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 2022. 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 2022

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 2022 Annual Report.

(a) Research & development tax concession

The Company lodged a claim for a refund under the R&D tax concession scheme for 2022 and received \$837,176 during the half-year ended 31 December 2022 (31 December 2021: \$458,677).

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 2022

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 2022

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 2022 \$	6 months to 31 December 2021 \$
R&D tax incentive	837,176	458,677
Interest received	39,261	561
	<u>876,437</u>	<u>459,238</u>

ARUMA RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

3. EXPLORATION & EVALUATION EXPENDITURE

	6 months to 31 December 2022 \$	12 months to 30 June 2022 \$
Balance at beginning of period	-	20,000
Sale of exploration assets	-	
Acquisition of exploration assets by issue of shares	-	
Impairment of exploration assets	-	(20,000)
Balance at end of period	-	-

The ultimate recoupment of acquisition costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

4. ISSUED CAPITAL

	31 December 2022 \$	30 June 2022 \$
<i>Issued and paid up capital</i>		
Fully paid ordinary shares	20,659,111	20,659,111

	6 months to 31 December 2022 Number	12 months to 30 June 2022 Number
<i>Movements in fully paid shares on issue</i>		
At beginning of period	156,961,503	105,961,503
Shares issued for cash	-	51,000,000
Balance at end of period	156,961,503	156,961,503
<i>Movements in unlisted options on issue</i>		
At beginning of period	28,511,109	21,511,109
Issue of options to directors/consultants	-	7,000,000
Expiry of options during the period	(19,444,472)	-
Balance at end of period	9,066,637	28,511,109
<i>Movements in performance rights on issue</i>		
At beginning of period		
Issue of performance rights to director	-	1,000,000
Lapse of performance rights to director	-	(1,000,000)
Balance at end of period	-	-

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

5. RESERVES

	6 months to 31 December 2022 \$	12 months to 30 June 2022 \$
<i>Share-based payment reserve</i>		
Balance at beginning of period	774,782	268,762
Issue of options/performance rights during the period	-	506,420
Lapse of options/performance rights during the period	-	(400)
Balance at end of period	774,782	774,782
<i>Fair value reserve</i>		
Balance at beginning of period	4,125	53,125
Movement in fair value of available-for-sale financial assets	(6,000)	(49,000)
Balance at end of period	(1,875)	4,125

Share-based payment reserve

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

Fair value reserve

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

6. COMMITMENTS

The Group has no other commitments other than those disclosed at 30 June 2022.

7. CONTINGENT ASSETS & LIABILITIES

In the opinion of the directors there were no contingent assets or liabilities at the date of this report (30 June 2022: nil).

8. SEGMENT INFORMATION

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

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

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

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

ARUMA RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

9. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date Glenn Grayson was appointed as Managing Director replacing founding Managing Director, Peter Schwann who will remain on the Board as a Non-Executive Director.

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

10. RELATED PARTIES

Transactions with directors and director-related entities continue to be in place. For details on these arrangements, please refer to the 30 June 2022 annual report.

The Company paid Managing Director, Peter Schwann the sum of \$7,864 (31 December 2021: \$13,946) inclusive of GST for vehicle hire on commercial terms. No other related party transactions were entered into during the half year ended 31 December 2022.

ARUMA RESOURCES LIMITED

DIRECTORS' DECLARATION

For the half-year ended 31 December 2022

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 2022 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 2022 to 31 December 2022.
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



G Grayson

Managing Director

Perth, 14th March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aruma Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Aruma Resources Limited (the 'Company') and its controlled entities (collectively referred as the 'Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the group financial position as at 31 December 2022 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.

Director's Responsibilities for the Half-Year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the group's financial position as at 31 December 2022 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



Rafay Nabeel

Managing Director

14th March 2023

Perth



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