Arunta Resources Limited

ABN 73 089 224 402

Half-year Financial Report - 31 December 2013

Arunta Resources Limited
Corporate directory
31 December 2013

Directors	Neil Biddle *Executive Chairman* Angus Edgar *Executive Director* Adrien Wing *Non-Executive Director*
Company secretary	Adrien Wing
Registered office	Level 14 31 Queen Street Melbourne VIC 3000
Principal place of business	Level 14 31 Queen Street Melbourne VIC 3000
Share register	Security Transfers Registrars 770 Canning Highway Applecross WA 6153
Auditor	Advantage Advisors Audit Partnership Level 7 114 William Street Melbourne VIC 3000
Solicitors	Quinert Rodda & Associates Suite 1, Level 6 50 Queen Street Melbourne, VIC 3000
Stock exchange listing	Arunta Resources Limited shares are listed on the Australian Securities Exchange (ASX code: AJR)
Website:	www.aruntaresources.com.au

Arunta Resources Limited
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Hatches Creek Tungsten Project, NT (Arunta: 100%)

The Hatches Creek Project is located 360km north-east of Alice Springs in the Davenport Mineral Province and encompasses the historical Hatches Creek Tungsten Field (Figure 1). The potential of Hatches Creek has recently been reassessed and upgraded by the Company in light of the exceptional market fundamentals of tungsten – with tungsten concentrates currently in strong demand and attracting historically high prices – as well as the ability to gain exploration access to the area.

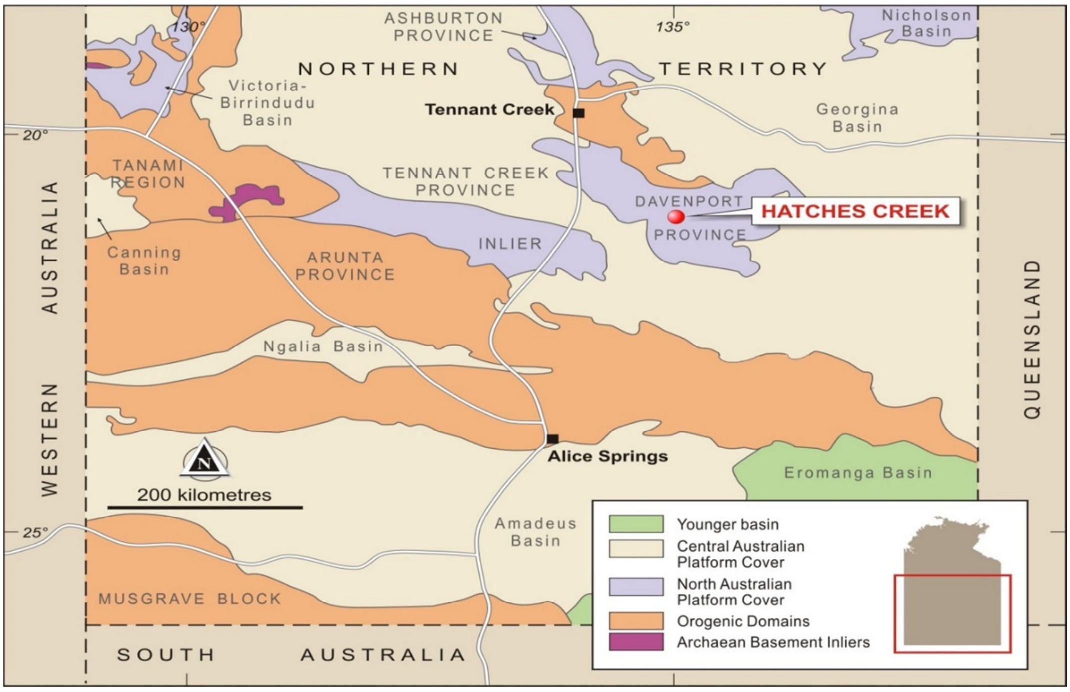

Figure 1 - Location of Hatches Creek Tungsten Field

During the December Quarter a native title access meeting was held with the Central Land Council and representatives of the Alyawarr people, traditional owners of the Hatches Creek Area. The Hatches Creek exploration licenses 22912 and 23462 lie on Aboriginal freehold land (Anurrente ALT). The meeting held over two days was very successful and access for exploration fully supported.

Reconnaissance work was completed and nine of the main prospects (Figure 2) were visited and sampled over seven days. A total of 56 samples were collected (15 rock chip and 41 bulk samples). All samples were GPS located (GDA94 datum in zone 53). The bulk rock samples were collected from mullock dumps and creeks adjacent to historical workings. Samples contained significant visible wolframite mineralisation, mullock dumps and creeks adjacent to historical workings. Samples contained significant visible wolframite mineralisation.

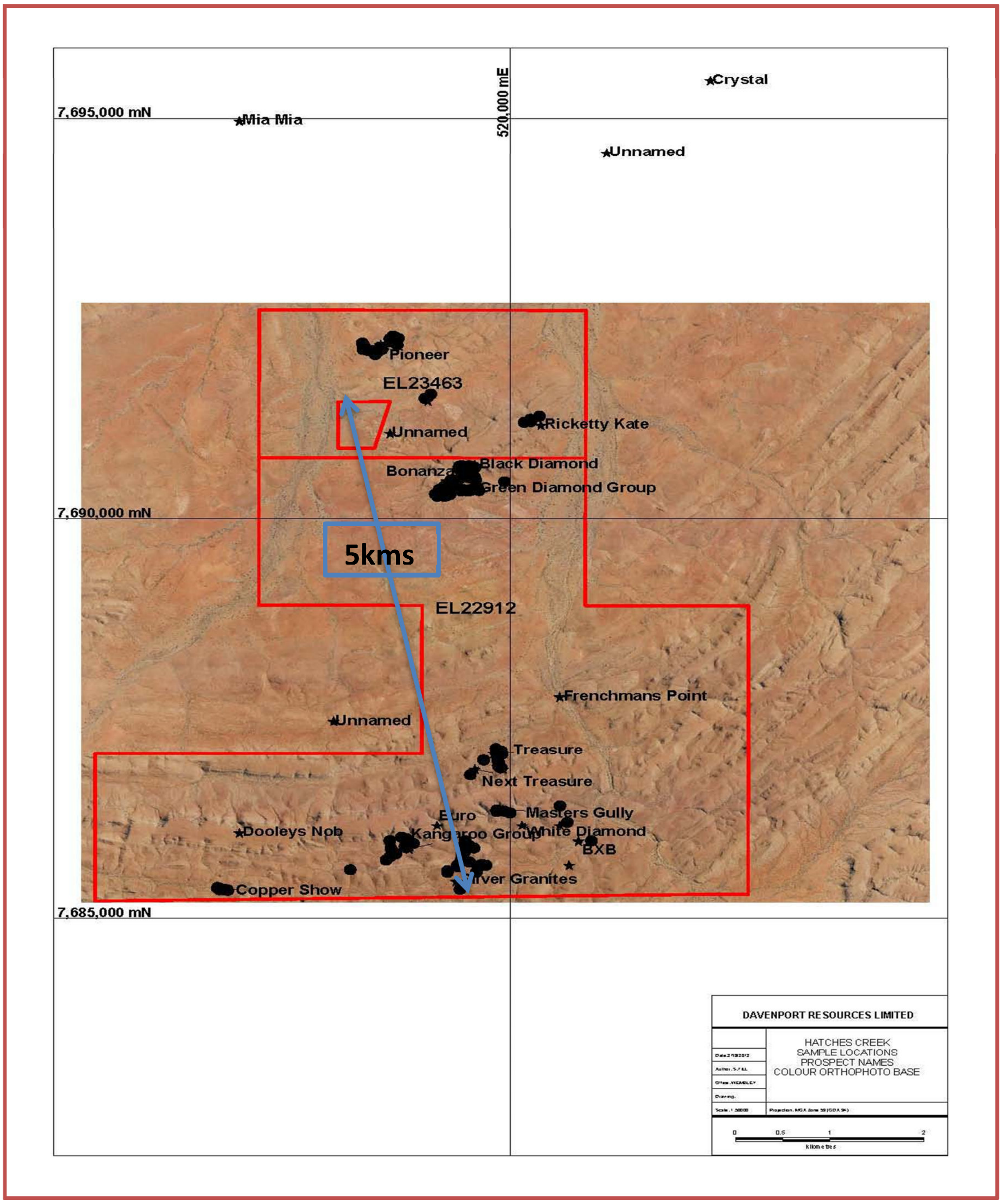

Figure 2 - 1:500,000 Colour Orthophotograph of the Hatches Creek Mineral Field and major prospects within EL 22912 and EL23463 overlain in red

Hatches Creek Mineral Field

The Hatches Creek tenements (EL 22912 and EL 23462) cover the historical Hatches Creek mining field, which was known as the Hatches Creek Wolfram Field, within which numerous underground mines exploited quartz veins containing wolframite and to lesser extent scheelite, bismuth and copper oxides mostly to the water table or just below it. Mining of alluvial and elluvial deposits containing wolframite, gold and copper also occurred.

The total recorded production from the Hatches Creek Wolfram Field has been approximately 2,839.85 tonnes of wolfram and scheelite concentrates, worth approximately A$100 million at today's prices. In addition some bismuth concentrates and copper ore have been produced.

In June 1956 the following mines were producing: Pioneer, Endurance, Black Diamond, Green Diamond, Hen and Chickens, Masters Gully, Hit or Miss Extended, Hit or Miss, and several other lodes on the Hit or Miss lease, Silver Granites, Kangaroo, Lady Hamilton and Copper Show. In addition, prospectors were active on the Kangaroo Group.

In 1958 the field closed and has remained virtually untouched until the present day. Several companies have held the tenements since this time with a predominantly gold focus however exploration has been limited.

Pioneer Mine Area

The Pioneer workings are the most significant in the Hatches Creek field; numerous lodes strike easterly and dip 45-65 degrees to the south. Numerous mullock dumps as well as battery sands occur adjacent to the Pioneer Mine. The workings extend to at least 65m below surface and strong mineralisation has been recorded in government drilling (EB Jenson 1961). Visible wolfram was noted in many of the quartz rock chip samples. Historically the Pioneer mine produced wolfram, scheelite, bismuthinite, gold and minor copper. The recorded average grade run of mine ore was 2.5% WO3. Eight bulk samples (15-20kg) were taken at various locations.

Figure 3 – Photograph of the Pioneer headframe in the background, Old Battery site and tailings in the foreground

Black and Green Diamond Group

The Black and Green Diamond workings are part of what is historically known as the Central Group. These workings are located approximately 2kms south east of the Pioneer Group. The workings lie on a north west trending hill known as Wolfram Hill.

Tungsten mineralisation in the Hatches Creek region occurs in narrow quartz veins (up to 1.5m thick and extending up to 200m in individual lenses) hosting exceptionally high grade tungsten as wolframite crystals several centimetres in length. At Black and Green Diamond Group's workings, virtually all veins visited at old prospects and exploration pits had visible wolframite evident. Eleven (11) bulk samples and four (4) rock chip samples were taken. The area has significant potential for alluvial and hard rock mining operations.

Copper mineralisation was evident at numerous locations also associated with quartz veining occurring as malachite and/or azurite. High grade copper mineralisation was evident at the Green Diamond Prospect where quartz vein mullock from deeper parts of the workings exhibited massive sulphide veining containing bornite and chalcopyrite.

Figure 4 – Photograph of the Green Diamond group workings and associated alluvials

Figure 5 – Photograph of selected coarse wolfram sample HCR011 from Green Diamond group of workings

Hit or Miss Group

The Hit or Miss Group are part of the southern group of workings and are located approximately 5kms from the Pioneer Mine.

Other than the obvious wolframite mineralisation, significant molybdenite was noted in mullock at the “Hit or Miss” group of workings near Chinaman’s shaft. The workings are associated with one of the largest veins noted to date although numerous other parallel vein sets occur at the prospect. Alluvial material here has significant potential. A number of steep sided gullies and creeks drain into the Hit or Miss area with minor historic mine workings evident on the side of hills. Masters Gully and Silver Granite is included in the group.

Treasure Group

The Treasure Group workings cover an extensive area that occupies two valleys and the sides of the adjacent hills in the central part of the Hatches Creek Wolfram Field. The Treasure Group also boasted a general store, a generator shed and large living quarters and office, the ruins of which are still evident.

Treasure Group workings appear to exhibit the purest quartz-wolfram lode with minimal copper, molybdenum or other mineralisation evident. Historical production grades here were the highest in the field with an average head grade of 4% WO3.

Figure 6 – Photograph of the Treasure Gully group workings

Copper Show Group

The "Copper Show" workings were also located and are worthy of some follow up work as the main lode is easily traceable in later costeans that have been excavated. Along with the ubiquitous wolframite mineralisation the main lode exhibits significant malachite and azurite. The prospect area is relatively flat lying surrounded by hills.

Figure 7 – Photograph of Mullock dumps at Copper Show

Metallurgical test program for the Hatches Creek Samples

Bulk sample testing for the recovery of Tungsten is underway at Nagrom Pty Ltd laboratory in Perth. Assaying will also include copper, molybdenum, silver and gold. Mullock and alluvial samples around the main lodes will be:

- Crushed to P100 2mm and riffle split each crushed sample
- ½ split Head Analysis
- Reserve - Remainder of each sample reserved for jigs or tabling to determine a flow sheet for recovery of tungsten

All samples will be analysed for WO3, Sn, Fe2O3, MnO, SiO2, Al2O3, TiO2, CaO, MgO, As, P, S, Mo, Cu, Bi, Au, Ag and LOI1000.

Full results are expected from this work in the first quarter of 2014.

Southern Cross Bore Gold-Copper Project, NT (Arunta: 100%)

During the September and December Quarters Arunta continued to progress exploration at its Southern Cross Bore Project ('SXB').

SXB is located 75km from Alice Springs, Northern Territory, in the heart of the emerging Arunta IOCG Province (Figure 8). Being ideally located close to developed infrastructure, the Company is able to access essential exploration services quickly and cheaply.

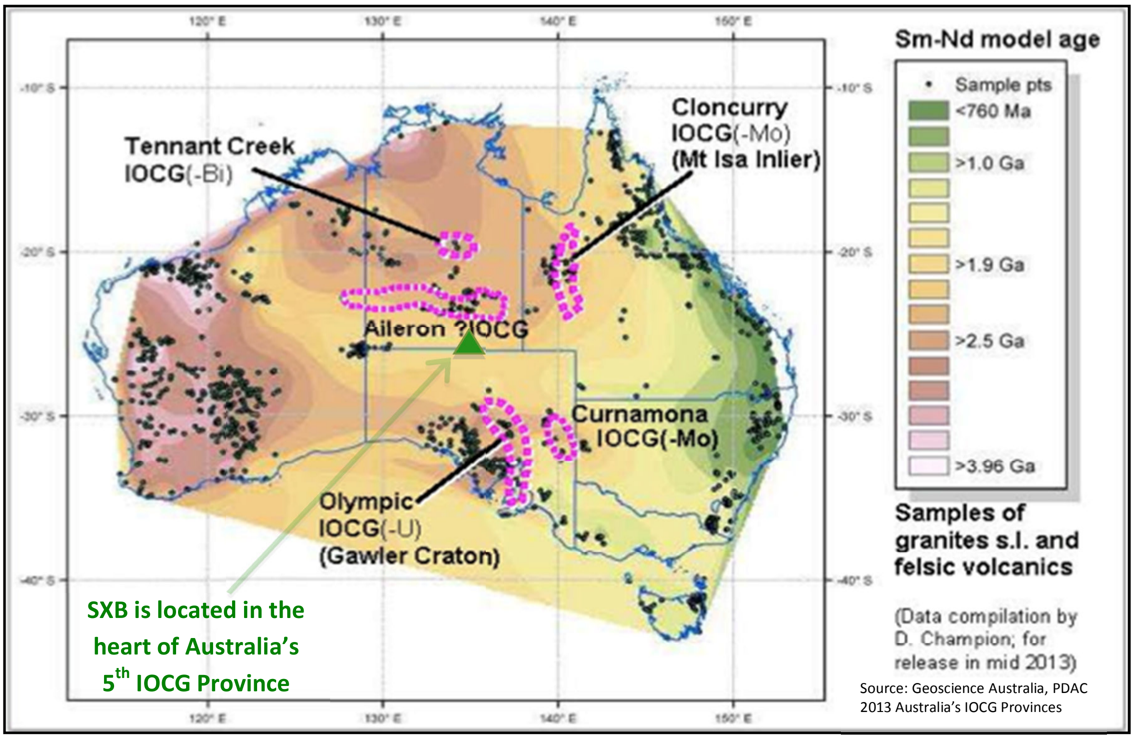

Figure 8 – SXB Project Location

As a result of the work undertaken during the past six months the Company has significantly improved its understanding of the potential source of the mineralisation which is expressed strongly at surface. The exploration is now focussed on a tightly targeted, deep exploration program to test primary rock mineralisation beneath the dominant, regional-scale shear zone running through the Project.

Johnnies Reward Prospect

Results were received during the December Quarter from two diamond holes (geotechnical hole 13JRRCD040 and an extension of previous hole 12JRRC009), with assays pending for hole JRRCD036, which was drilled to 272.5m and designed to intersect Johnnie's Reward mineralisation between 200m and 230m.

Hole 13JRRCD040 was completed between previously successful holes 12JRRC001 (24m @ 4.19g/t Au and 0.33% Cu from 79m) and 12JRRC004 (34m @ 3.83g/t Au and 0.44% Cu from 63m) and was drilled to 135m with orientated NQ size drill core from 60m.

Hole 13JRRCD040 returned an outstanding thick gold-copper intercept: 35.5m @ 3.44g/t Au, 0.45% Cu and 4.42g/t Ag from 67.7m down-hole.

Drill-hole 12JRRC009, completed in 2012, intersected 7m @ 1.12g/t Au and 0.33% Cu from 117m down-hole and ended in mineralisation; diamond tail 12JRRC009 EXT was drilled as part of the recent program to extend this hole a further 26m from 156m to 182m in the footwall.

Gold mineralisation was noted between 167m and 168m (1m at 0.21g/t Au, 0.16% Cu and 1g/t Ag), and broad low-grade silver was evident between 156.5m to 175m (18.5m @ 1.71g/t Ag).

Black Angus Prospect

RC drilling over the Black Angus soil geochemical anomaly, located 1.5km north of the Johnnie's Reward prospect, was completed in July 2013 (17 holes totaling 1,000m).

Results confirmed the presence of broad zones of anomalous gold-silver and base metals in an extensively sheared contact between the Upper and Lower Cadney Metamorphics comprising calc-silicate-biotite-garnet gneiss and marble in the footwall and hanging wall respectively. The 20m-40m wide sheared contact is a strongly weathered quartz-sericite schist that has been mapped at surface over a 4km strike length and remains strongly open to the south and north-west.

The contact is a major structural zone that is geochemically anomalous in precious and base metals with numerous surface gossans located along its strike length.

The sheared contact has been interpreted by Arunta to be the likely source of the Johnnie's Reward intrusive. The shear zone is also linked to the Pinnacles, a series of very high-grade quartz copper carbonate veins located 800m to the east by a series of fractures which have likely acted as transfer zones for the copper mineralisation.

The RC drilling intersected a broad base metal copper-lead-zinc anomalism within a deeply weathered quartz sericite altered sheared unit in the footwall to the gold mineralisation in drill lines 1 to 4. It was postulated that mineralisation has been substantially leached from the weathered zone and the economic target at Black Angus is in the primary zone of the sheared system.

Diamond drill-hole 13BARCD038 was drilled to intersect the shear zone at a depth of 180 to 250m, south-east of drill Line 3 (Figure 9).

The quartz-sericite-goethite-hematite shear was intersected at 157.8m. Core recovery from this depth was poor and the hole collapsed from 166m (Figure 10) and was eventually abandoned at 168m.

Elevation in copper, zinc, bismuth and arsenic was noted in assays received from 157.5m to 159.1m down-hole and increasing grades of anomalism from surface strongly support this zone being a key target for base-metal VMS or carbonate replacement style of mineralisation. The gold, copper, zinc and arsenic soil anomaly at Black Angus is continuous and open, extending over a 4km strike length from Black Angus, through the Wagyu prospect, and to the south-east of Johnnie's Reward, which is the current limit of the geochemistry grid and surface mapping.

The anomalies are aligned with a major north-west, south-east structure interpreted as the contact between the Upper and Lower Cadney Metamorphics. The contact is strongly sheared along the hiatus in sedimentation, i.e. the contact between essentially arenaceous or possibly volcanic derived metamorphics and a carbonate (shallow marine) dominated sequence.

This geology, structure and associated geochemistry all provide an ideal setting for exhalative VMS- style mineralisation.

Johnnie's Reward is categorized as an IOCG magnetite style of mineralisation that plunges north-east towards the Black Angus-Wagyu shear. The priority target in this area (6km by 10km) is a potentially buried VMS (similar to the Kidman Resources' Home of Bullion prospect) or a haematic IOCG deposit associated with a major structure.

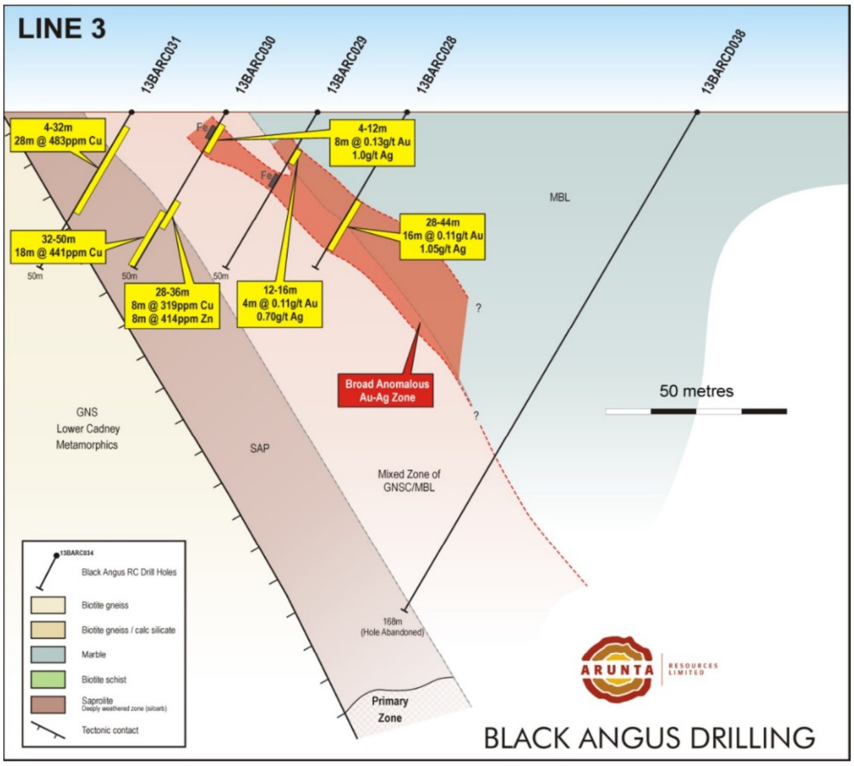

Figure 9 – Black Angus Drilling Line 3

Figure 10 – Core from 156.8-165.8m downhole 13BARCD038

VTEM PLUS Geophysics Survey

An extensive airborne EM and magnetic survey was completed over the Company's SXB Project in late October 2013. The survey comprised 320 line kilometres and was flown on 150m spaced lines at a nominal receiver height of 35m. The survey was designed to identify deep-seated EM conductor zones representing potential accumulations of sulphide mineralisation to assist in drill targeting.

The EM data over the project area identified three (3) conductive anomalies. The first highly conductive localised anomaly is centred over the Johnnies Reward prospect. The other two conductive anomalies are much larger and have a broader response. The first is in the north-eastern corner of the survey block, and the anomaly is located along a curved magnetic feature which appears to wrap around the conductive target. This anomaly's footprint is 1000 metres wide by 1600 metres in strike length. The second conductor is located in the southern section of the block data from the survey is currently being, and lies along a north-south magnetic feature and is possibly made up of multiple conductors.

Geophysical Interpretation

Southern Geoscience Corporation is completing full processing of the airborne EM and magnetic data, to enhance structural and lithological information and aid in the identification of targets. This is completed by a line-by-line assessment of the data, including EM anomaly picking, delineation of conductor axes and identification and prioritisation of drilling targets. Some 2D modelling of anomalies may also be involved utilising fully attributed GIS files of anomalies, conductor axes and targets. A detailed report documenting the results is due in February 2014.

Arunta Resources Limited
Directors' report
31 December 2013

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Arunta Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2013.

Directors
The following persons were directors of Arunta Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Neil Biddle (Executive Chairman)
Angus Edgar (Executive Director)
Adrien Wing (Non-Executive Director)
Martin Ralston (Resigned on 30 July 2013)

Principal activities
During the financial half-year the principal continuing activities of the consolidated entity consisted of:
- investment in and development of mineral exploration assets

Review of operations
The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $588,942 (31 December 2012: $1,262,610).

Please refer to the detailed half-year report which follows this Directors' report.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Angus Edgar
Director

6 March 2014
Melbourne

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ARUNTA RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2013 there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Advantage Advisors

James Ridley

ADVANTAGE ADVISORS AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS

JAMES RIDLEY
PARTNER

Dated in Melbourne on this 6th day of March 2014.

General information

The financial report covers Arunta Resources Limited as a consolidated entity consisting of Arunta Resources Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Arunta Resources Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Arunta Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 14
31 Queen Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 6 March 2014. The directors have the power to amend and reissue the financial report.

Arunta Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2013

	Note	Consolidated 31/12/13 $	Consolidated 31/12/12 $
Revenue from continuing operations	3	69,662	631,276
Expenses			
Administration and corporate expenses		(100,206)	(103,102)
Employee benefits expense		(311,188)	(198,217)
Legal and professional fees		(95,088)	(101,423)
Depreciation and amortisation expense		(3,641)	(2,219)
Impairment of assets		18,667	-
Impairment of receivables		-	(110,000)
Other expenses		(45,717)	(182,186)
Advertising and marketing		(54,412)	(73,430)
Occupancy costs		(67,019)	-
Loss before income tax expense from continuing operations		(588,942)	(139,301)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(588,942)	(139,301)
Loss after income tax benefit from discontinued operations	4	-	(1,123,381)
Loss after income tax expense for the half-year		(588,942)	(1,262,682)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Loss on the revaluation of available-for-sale financial assets, net of tax		-	(19,333)
Foreign currency translation		-	4,329
Other comprehensive income for the half-year, net of tax		-	(15,004)
Total comprehensive income for the half-year		(588,942)	(1,277,686)
Loss for the half-year is attributable to:			
Non-controlling interest		-	(72)
Owners of Arunta Resources Limited		(588,942)	(1,262,610)
		(588,942)	(1,262,682)
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		-	(72)
Owners of Arunta Resources Limited		(588,942)	(1,277,614)
		(588,942)	(1,277,686)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Arunta Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2013

	Note	Consolidated 31/12/13 $ Cents	Consolidated 31/12/12 $ Cents
Earnings per share from continuing operations attributable to the owners of Arunta Resources Limited			
Basic earnings per share	14	(0.107)	(0.050)
Diluted earnings per share	14	(0.107)	(0.050)
Earnings per share for loss attributable to the owners of Arunta Resources Limited			
Basic earnings per share	14	(0.107)	(0.457)
Diluted earnings per share	14	(0.107)	(0.457)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Arunta Resources Limited
Statement of financial position
As at 31 December 2013

	Note	Consolidated 31/12/13 $	Consolidated 30/06/13 $
Assets			
Current assets			
Cash and cash equivalents	6	359,787	409,368
Trade and other receivables		161,929	252,423
Other		12,603	18,996
Total current assets		534,319	680,787
Non-current assets			
Loan receivables		-	698
Available-for-sale financial assets	7	32,000	61,833
Property, plant and equipment		20,899	24,539
Exploration and evaluation	8	2,235,135	1,284,364
Goodwill	5	252,490	-
Deferred tax		12,662	-
Total non-current assets		2,553,186	1,371,434
Total assets		3,087,505	2,052,221
Liabilities			
Current liabilities			
Trade and other payables		47,649	156,541
Employee benefits		14,850	14,268
Provisions		12,000	12,000
Total current liabilities		74,499	182,809
Total liabilities		74,499	182,809
Net assets		3,013,006	1,869,412
Equity			
Issued capital	9	27,985,848	26,253,312
Reserves	10	150,000	150,000
Accumulated losses		(25,122,842)	(24,533,900)
Equity attributable to the owners of Arunta Resources Limited		3,013,006	1,869,412
Total equity		3,013,006	1,869,412

The above statement of financial position should be read in conjunction with the accompanying notes

Arunta Resources Limited
Statement of changes in equity
For the half-year ended 31 December 2013

	Contributed	Reserves	Accumulated losses	Non-controlling interest	Total equity
	$	$	$	$	$
Consolidated					
Balance at 1 July 2012	24,175,681	1,059,273	(23,309,549)	(47,565)	1,877,840
Profit/(loss) after income tax expense for the half-year	-	-	(1,262,610)	(72)	(1,262,682)
Other comprehensive income for the half-year, net of tax	-	(15,004)	-	-	(15,004)
Total comprehensive income for the half-year	-	(15,004)	(1,262,610)	(72)	(1,277,686)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	1,518,558	-	-	-	1,518,558
Lapse of options	-	(579,780)	579,780	-	-
Disposal of investments	-	(345,646)	-	-	(345,646)
Balance at 31 December 2012	25,694,239	118,843	(23,992,379)	(47,637)	1,773,066

	Contributed	Reserves	Accumulated losses	Non-controlling interest	Total equity
	$	$	$	$	$
Consolidated					
Balance at 1 July 2013	26,253,312	150,000	(24,533,900)	-	1,869,412
Loss after income tax expense for the half-year	-	-	(588,942)	-	(588,942)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(588,942)	-	(588,942)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (Note 8)	1,732,536	-	-	-	1,732,536
Balance at 31 December 2013	27,985,848	150,000	(25,122,842)	-	3,013,006

The above statement of changes in equity should be read in conjunction with the accompanying notes

Arunta Resources Limited
Statement of cash flows
For the half-year ended 31 December 2013

	Note	Consolidated 31/12/13 $	Consolidated 31/12/12 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		63,313	1,128,931
Payments to suppliers and employees (inclusive of GST)		(540,560)	(1,548,419)
Grants received		-	5,689
Interest received		3,627	6,867
Interest and other finance costs paid		-	(758)
Net cash used in operating activities		(473,620)	(407,690)
Cash flows from investing activities			
Payments for exploration and evaluation	8	(418,154)	(210,715)
Proceeds from sale of investments		51,275	479,456
Loans from/(to) related and other parties		-	(110,000)
Net cash (used in)/from investing activities		(366,879)	158,741
Cash flows from financing activities			
Proceeds from issue of shares		844,000	840,000
Payments for capital raising costs		(53,082)	(41,442)
Repayment of borrowings		-	(49,900)
Net cash from financing activities		790,918	748,658
Net (decrease)/increase in cash and cash equivalents		(49,581)	499,709
Cash and cash equivalents at the beginning of the financial half-year		409,368	324,566
Cash and cash equivalents at the end of the financial half-year	6	359,787	824,275

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2013 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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going concern

For the six months ended 31 December 2013, the consolidated entity incurred a loss of $588,942 (2012 : $1,262,682) and incurred negative cash flows from operational of $473,620 (2012 : $407,690).

At 31 December 2013 the consolidated entity's current assets exceeded its current liabilities by $459,820 (30 June 2013 : $497,978).

The Company has a history of successful capital raisings and has raised $844,000, before costs of $53,082, during the six months ended 31 December 2013. In addition, the Company has also issued 32,595,250 shares to settle debts owing to creditors amounting to $281,618. Under ASX listing rules Chapter 7, the consolidated entity has the ability to issue up to 25% of new securities in a twelve month period without requiring shareholder approval and the directors of the consolidated entity will consider further capital raisings to fund operational cash flows.

On 26 July 2013, the Company acquired 100% of the Southern Cross Bore Project which also includes 100% ownership of the historic Hatches Creek Tungsten Project. The potential of Hatches Creek has recently been reassessed by the Company in light of the exceptional market fundamentals of tungsten. The Company intends to fast-track exploration activities at Hatches Creek with a view to establishing a JORC 2012 compliant resource in the near-term and investigating opportunities to bring this advanced project into production in the near future.

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding and the group's ability to effectively manage its operations and working capital requirements, the directors believe that the consolidated entity will continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business at the amounts stated in the financial statements.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income
The consolidated entity has applied AASB 2011-9 amendments from 1 January 2013. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycles' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation.

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 January 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements
The consolidated entity has applied AASB 11 from 1 January 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 from 1 January 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interest in Joint Ventures' and Interpretation 112 "Consolidation – Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 January 2013. The standard does not prescribe when to use fair value. Instead it provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The consolidated entity has applied AASB 119 and its consequential amendments form 1 January 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised)
AASB 128 Investments in Associates and Joint Ventures (Reissued)
The consolidated entity has applied AASB 127 and AASB 128 from 1 January 2013, which have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12.

Note 1. Significant accounting policies (continued)

AASB 2012-2 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The consolidated entity has applied AASB 2012-5 from 1 January 2013. The amendments affect five Australian Accounting Standards as follows; Confirmation that repeat application of AASB 1 (IFRS 1) First-time Adoption of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039
The consolidated entity has applied AASB 2011-9 amendments from 1 January 2013. The amendments remove reference in AASB 1048 following the withdrawal of Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments
The consolidated entity has applied AASB 2012-10 amendments from 1 January 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Note 2. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into two operating segments: Mining & exploration and management services. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation and amortisation (segment result) and profit before income tax.

The information reported to the CODM is on at least a monthly basis.

Note 2. Operating segments (continued)

Operating segment information

Consolidated - 31/12/13	Mining & Exploration $	Management services $	Intersegment eliminations/ unallocated $	Total $
Revenue				
Sales to external customers	-	-	-	-
Intersegment sales	-	-	-	-
Total sales revenue	-	-	-	-
Grant revenue	-	-	-	-
Other revenue	-	69,662	-	69,662
Total revenue	-	69,662	-	69,662
EBITDA	-	(603,968)	-	(603,968)
Depreciation and amortisation				(3,641)
Impairment of assets				18,667
Loss before income tax expense				(588,942)
Income tax expense				-
Loss after income tax expense				(588,942)
Assets				
Segment assets	2,500,287	587,218	-	3,087,505
Total assets				3,087,505
Liabilities				
Segment liabilities	-	74,499	-	74,499
Total liabilities				74,499

Note 2. Operating segments (continued)

Consolidated - 31/12/12	Mining & Exploration $	CLTNet (Discontinued) $	Digital Music (Discontinued) $	Management services $	Intersegment eliminations/ unallocated $	Total $
Revenue						
Sales to external customers	-	220,727	828,625	-	-	1,049,352
Intersegment sales	-	-	-	137,149	(137,149)	-
Total sales revenue	-	220,727	828,625	137,149	(137,149)	1,049,352
Grant revenue	-	-	209,601	-	-	209,601
Other revenue	-	-	166	411,878	-	412,044
Total revenue	-	220,727	1,038,392	549,027	(137,149)	1,670,997
EBITDA	-	37,674	(23,075)	(176,730)	87,990	(74,141)
Depreciation and amortisation						(2,525)
Impairment of assets						(1,186,016)
Loss before income tax expense						(1,262,682)
Income tax expense						-
Loss after income tax expense						(1,262,682)
Assets						
Segment assets	1,137,244	284,715	378,311	1,676,523	(692,253)	2,784,540
Total assets						2,784,540
Liabilities						
Segment liabilities	-	1,190,284	744,817	366,414	(1,290,041)	1,011,474
Total liabilities						1,011,474

Note 3. Revenue

	Consolidated 31/12/13 $	Consolidated 31/12/12 $
From continuing operations		
Sales revenue		
Professional services revenue	-	220,727
Other revenue		
Interest	3,574	6,625
Gain on sale of investment	2,775	306,458
Other revenue	63,313	97,466
	69,662	410,549
Revenue from continuing operations	69,662	631,276

Note 4. Discontinued operations

Description
On 4 February 2013, Valleyarm Digital Ltd and Music Services Asia Pte Ltd ceased to be subsidiaries of Arunta Resources Limited. For this reason they have been disclosed as discontinued operations.

The $1,100,000 impairment of investments recognised below is in relation the consolidated entity's investment in Digistore Solutions International Pty Ltd. Refer to Note 7 for further details.

Financial performance information

	Consolidated 31/12/13 $	Consolidated 31/12/12 $
Digital music sales	-	800,952
Grants received	-	209,601
Professional services revenue	-	29,002
Interest	-	166
Total revenue	-	1,039,721
Administration and corporate expenses	-	(317,950)
Employee benefits expense	-	(478,349)
Advertising and marketing	-	(54,679)
Legal and professional fees	-	(41,323)
Impairment of receivables	-	(86,016)
Depreciation and amortisation expense	-	(306)
Impairment of investments	-	(1,100,000)
Other expenses	-	(83,721)
Finance costs	-	(758)
Total expenses	-	(2,163,102)
Loss before income tax expense	-	(1,123,381)
Income tax expense	-	-
Loss after income tax benefit from discontinued operations	-	(1,123,381)

Cash flow information

	Consolidated 31/12/13 $	Consolidated 31/12/12 $
Net cash used in operating activities	-	(73,814)
Net cash used in investing activities	-	-
Net cash from financing activities	-	61,946
Net increase/(decrease) in cash and cash equivalents from discontinued operations	-	(11,868)

Note 5. Acquisition of controlled entity

On 26 July 2013, the Company issued 60,000,000 shares (1.1 cents per share) valued at $660,000 which was approved by shareholders of Arunta Resources Limited at 2012 Annual General Meeting as consideration for gaining a 100 percent interest in the Southern Cross Bore Project resulting in the acquisition of Davenport Resources Pty Ltd, which is the sole owner and holder of Southern Cross Bore Project tenements.

The goodwill is attributable to the high prospect contains in the historical Hatches Creek mining field where numerous exploited quartz veins containing wolframite, a tungsten mineral.

Details of the acquisition are as follows:

	Acquiree's carrying amount $	Fair Value $
GST receivable	4,227	4,227
Exploration leases	532,617	532,617
Trade and other payables	(135,833)	(135,833)
Loans	(6,163)	(6,163)
Income tax benefit for losses incurred till 30 June 2013	-	12,662
Net assets acquired	394,848	407,510
Goodwill		252,490
Acquisition-date fair value of the total consideration transferred		660,000
Representing:		
Arunta Resources Limited shares issued to vendor		660,000

Note 6. Current assets - cash and cash equivalents

	Consolidated 31/12/13 $	30/06/13 $
Cash at bank and on hand	359,787	409,368

Reconciliation to cash and cash equivalents at the end of the financial half-year
Cash at bank and on hand is reconciled to cash and cash equivalents at the end of the financial half-year in the statement of cash flows as follows:

	Consolidated 31/12/13 $	31/12/12 $
Cash and cash equivalents	359,787	822,584
Cash and cash equivalents - classified as held for sale	-	1,691
Balance as per statement of cash flows	359,787	824,275

Note 7. Non-current assets - available-for-sale financial assets

	Consolidated	
	31/12/13	**30/06/13**
	$	**$**
Listed shares in Australian listed entity - at fair value	32,000	61,833
	32,000	61,833

Reconciliation
Reconciliation of the fair values at the beginning and end of the current financial half-year are set out below:

	Consolidated	
	31/12/13	**30/06/13**
	$	**$**
Opening fair value	61,833	1,668,644
Additions	-	99,800
Disposals	(48,500)	(518,644)
Revaluation increments	18,667	-
Revaluation decrements	-	(87,967)
Impairment of assets	-	(1,100,000)
Closing fair value	32,000	61,833

During the period the company disposed of its investment in Mining Projects Group Limited and WCP Resources Limited. A gain of $2,775 has been recognised in the statement of profit or loss and other comprehensive income.

Note 8. Non-current assets - exploration and evaluation

	Consolidated	
	31/12/13	**30/06/13**
	$	**$**
Exploration and evaluation - at cost	2,247,797	1,284,364

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Exploration	**Total**
	$	**$**
Consolidated		
Balance at 1 July 2013	1,284,364	1,284,364
Additions	950,771	950,771
Balance at 31 December 2013	2,235,135	2,235,135

On 29 July 2013, the Company issued 60,000,000 shares (1.1 cents per share) valued at $660,000 as consideration for gaining a 100 percent interest in the Southern Cross Bore Project. Refer to Note 5 for further details.

The remaining additions of $418,154 related to preliminary work done in assessing the viability of the project.

Note 9. Equity - issued capital

	Consolidated		Consolidated	
	31/12/13 Shares	30/06/13 Shares	31/12/13 $	30/06/13 $
Ordinary shares - fully paid	645,782,408	447,687,155	28,165,848	26,253,312

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	01 Jul 2013	447,687,155		26,253,312
Acquisition of Southern Cross Bore Project	29 Jul 2013	60,000,000	$0.011	660,000
Issue of shares	08 Oct 2013	91,125,000	$0.008	729,000
Settlement of creditors costs	08 Oct 2013	14,131,250	$0.008	113,050
Settlement of creditors costs	18 Dec 2013	5,214,003	$0.012	62,568
Issue of shares	18 Dec 2013	14,375,000	$0.008	115,000
Settlement of creditors costs	18 Dec 2013	13,250,000	$0.008	106,000
Cost of capital raising				(53,082)
Balance	31 Dec 2013	645,782,408		27,985,848

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 10. Equity – reserves

	Consolidated	
	31/12/13 $	30/06/13 $
Share-based payments reserve	150,000	150,000
	150,000	150,000

	Share based payment $	Total $
Consolidated		
Balance at 1 July 2013	150,000	150,000
Revaluation - gross	-	-
Lapse of options	-	-
Balance at 31 December 2013	150,000	150,000

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 11. Equity – dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 12. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name of entity	Country of incorporation	31/12/13 %	30/06/13 %
Davenport Resources Pty Ltd	Australia	100.00	0.00

Note 13. Events after the reporting period

No other matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 14. Earnings per share

	Consolidated 31/12/13 $	Consolidated 31/12/12 $
Earnings per share from continuing operations		
Loss after income tax	(588,942)	(139,301)
Non-controlling interest	-	72
Loss after income tax attributable to the owners of Arunta Resources Limited	(588,942)	(139,229)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	549,153,997	276,038,873
Weighted average number of ordinary shares used in calculating diluted earnings per share	549,153,997	276,038,873
	Cents	**Cents**
Basic earnings per share	(0.107)	(0.050)
Diluted earnings per share	(0.107)	(0.050)

	Consolidated 31/12/13 $	Consolidated 31/12/12 $
Earnings per share from discontinued operations		
Loss after income tax attributable to the owners of Arunta Resources Limited	-	(1,123,381)

Note 14. Earnings per share (continued)

	Consolidated	
	31/12/13	**31/12/12**
	$	**$**
Earnings per share for loss		
Loss after income tax	(588,942)	(1,262,682)
Non-controlling interest	-	72
Loss after income tax attributable to the owners of Arunta Resources Limited	(588,942)	(1,262,610)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	549,153,997	276,038,873
Weighted average number of ordinary shares used in calculating diluted earnings per share	549,153,997	276,038,873
	Cents	**Cents**
Basic earnings per share	(0.107)	(0.457)
Diluted earnings per share	(0.107)	(0.457)

Arunta Resources Limited
Directors' declaration
31 December 2013

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

Angus Edgar

Director

6 March 2014
Melbourne

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ARUNTA RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Arunta Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half year or from time to time during the half year period.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 is free from material misstatement, whether due to fraud or error.

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 consolidated entity's financial position as at 31 December 2013 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*. As the auditor of Arunta Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ARUNTA RESOURCES LIMITED (Continued)

Independence
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Arunta Resources Limited on 6 March 2014, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Arunta Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) 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; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern
Without qualifying our review report, we draw attention to Note 1 in the financial report which indicates that the consolidated entity experienced operating losses and negative operating cash flows during the half-year ended 31 December 2013. These conditions, along with other matters as set forth in Note 1: Going Concern, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business.

Advantage Advisors

James Ridley

ADVANTAGE ADVISORS AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS

JAMES RIDLEY
PARTNER

Dated in Melbourne on this 6th March 2014.