AUSMON RESOURCES LIMITED
AND CONTROLLED ENTITY

ABN 88 134 358 964

Half-Year Financial Report
31 December 2013

CONTENTS

CORPORATE DIRECTORY

Directors
John Q Wang – Acting Chairman
Gang (Gary) Zheng
Liubao Qian

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AOAO (options)

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Auditors
Grant Thornton Audit Pty Ltd
Level 17
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REVIEW OF OPERATIONS

SUMMARY

Exploration

- Koonenberry ELs 6464 and 6424 have been renewed with 50% area reduction to September 2016 and May 2015 respectively. EL 6400 was renewed with no area reduction to March 2015. Drill targets on suspected WNW extensions to the Grasmere-Peveril line of lode were inspected, imaged, and applications to drill submitted to the Department of Primary Industry ("DPI"). RC-percussion drilling is planned for the March 2014 quarter. A gravity survey over Koonenberry EL 6424 (covers the Wertago copper diggings and Nutherungie silver field) is planned for the June 2014 quarter. This work may include one or 2 RC-percussion holes into a recently recognized silver target.

- Due to cropping no work was undertaken on Cumnock EL 6417, near Orange. This EL was recently renewed with 50% area reduction to May 2015. The retained area, proximal to Gumble, remains a prime target for skarn-type Cu-Zn-Sn-Ag-Au deposits, and several targets are planned to be tested by RC percussion drilling in 2014.

- Pooraka EL 6413, near Cobar, was recently renewed with 50% area reduction to May 2015. EL 6413 joins EL 7564 (Pooraka A) which is due for renewal in June 2014. These ELs are proximal to, and on strike from, the Mt Boppy gold-copper deposits, and contain several drill ready targets.

Corporate and Financial

- On 26th September 2013, the Company raised $300,000 by private placement of 10,000,000 fully paid ordinary shares at $0.03 per share to fund exploration.
- Mr Qian who subscribed for the full amount of the placement became a substantial shareholder with 11.8% of the Company's issued capital and joined the Board with special responsibility for exploration and mining projects.

- King M Fan ceased to be a Director and Chairman on 29 November 2013 when he was not re-elected to the Board at the Annual General Meeting held on that date.

- On 26 February 2014, the Company raised $200,000 by private placement of 20,000,000 fully paid ordinary shares at $0.01 per share to fund exploration and working capital.

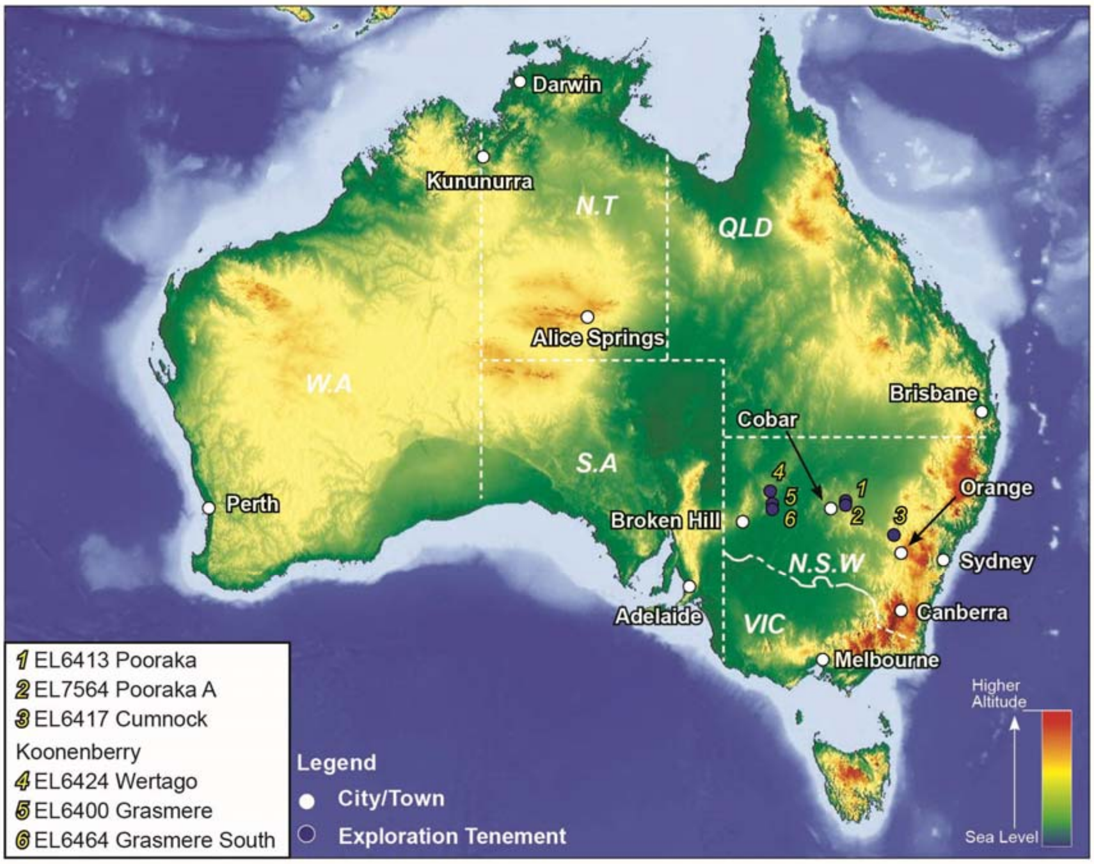

Figure 1: Licence Locations in New South Wales, Australia

ACTIVITIES IN THE KOONENBERRY BELT – Copper-Zinc-(Silver) and Gold Exploration
ELs 6400, 6464, and 6424 - NSW (100%)

The Company holds a 100% interest in 3 ELs covering a total area of 510 sq kms in the highly prospective and under-explored Koonenberry Belt of Western NSW, near Broken Hill. During the Quarter the DPI confirmed renewal of ELs 6424 & 6464 with 50% area reduction, and EL 6400 with 100% retention.

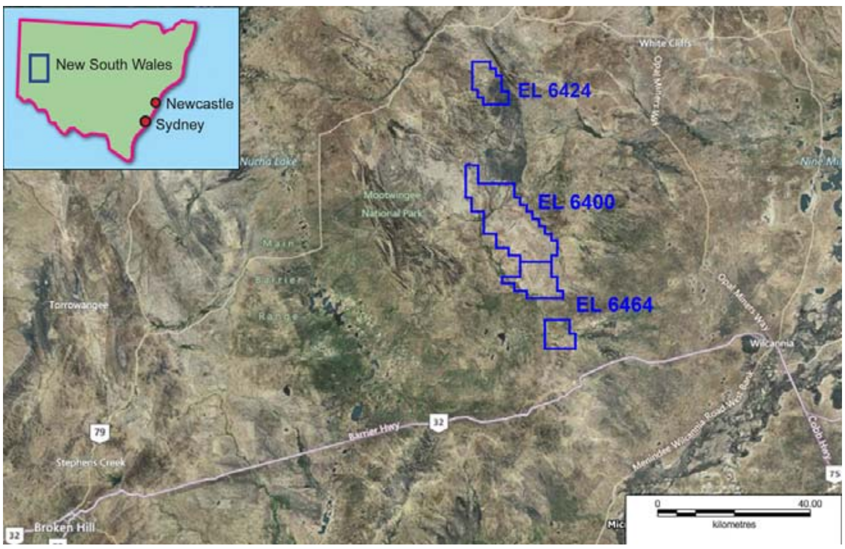

Figure 2 - Location map of Koonenberry Exploration Licences

EL 6400 is of principal interest as it contains the Grasmere- Peveril Cu-Zn-(Ag) deposits, which contain a significant indicated and inferred JORC compliant resource of 5.75mt @ 1.03% Cu, 0.35% Zn, 2.3g/t Ag and 0.05g/t Au (Inferred: 2.73 mt grading 0.9% Cu, 0.4% Zn, .04 g/t Au and 2.05 gt Ag. Indicated: 3.02 mt grading 1.15% copper, 0.3% Zn, 0.06 g/t Au and 2.53 g/t Ag). In late 2011 detailed (1:1000 scale) fault delineation and lithological mapping led to discovery of a probable new, south-east displaced, fault bounded slice of the line of lode, roughly one km north of the Company's June 2011 drilling targets. Lithological, fault line, and aeromagnetic evidence also pointed to further extensions to the west-north-west. Mapping and prospecting has continued to locate new features, including narrow, late stage, cross-cutting veins presenting at surface as silicified ironstones. Portable XRF (Niton) field testing of these has detected the presence of Cu and Zn, as is also the case in Grasmere-Peveril line of lode. The expectation is that the recently located line of lode will turn out to be wider and/or more Cu rich than at Grasmere or Peveril. In July 2013, a field trip was made to check the strongly suspected WNW extension which express at surface as lines of gypsum bearing sink holes associated with high Cu soil anomalies. Since then targets have been honed and application has been made to test these targets at depth in 3 locations (see Figure 3) using close spaced RC-percussion drilling. Drilling is planned for the March 2014 quarter, weather permitting.

In the case of EL 6424, which covers the Wertago copper diggings and Nutherungie silver field, a detailed (250 station) gravity survey is now planned for mid-2014. The silver field is strongly suspected to represent the epithermal cap above a concealed porphyry (Cu-Mo-Au) system, which itself should express as gravity high. Regional data have already revealed a broad gravity high over the silver field. This high needs to be honed in more detail to assist with selection of a deep drill target. The Company has asked the DPI to fund half the cost of a deep diamond drill hole and that proposal is being considered. The silver field is of interest in its own right, because when the White Cliffs opal field was suddenly discovered in the 1890s, Nutherungi miners deserted their shallow diggings, which remain untested at depth to this day. These include one shallow digging, proximal to Wertago, which the Company's technical consultants recently noted was abandoned in valuable silver-rich galena (PbS). That digging represents a good RC-drilling target, because in the (analogous) Silverton silver field, near Broken Hill, similar mineralization does persist to depth.

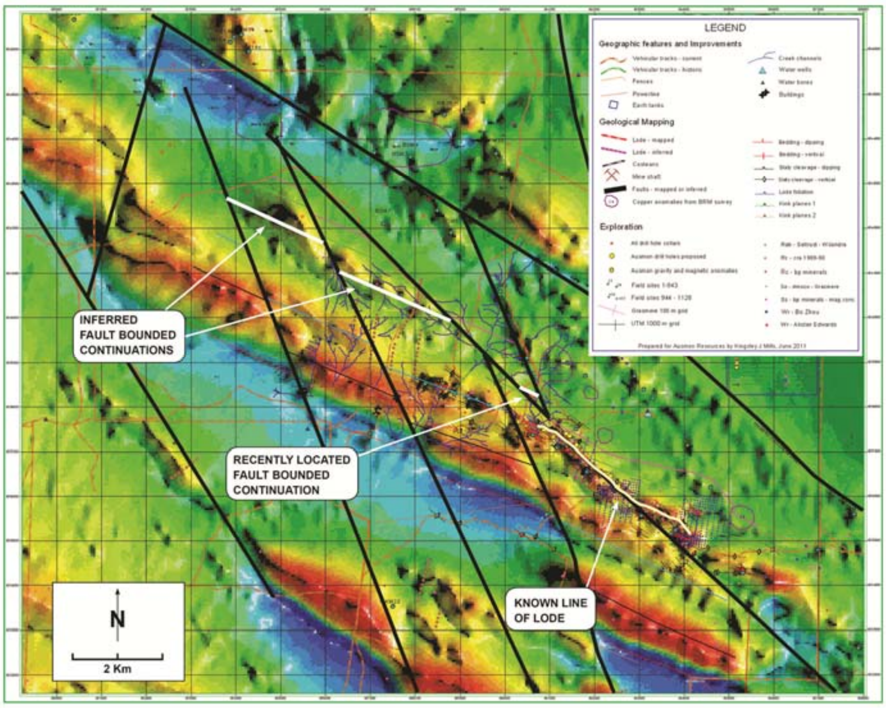

Figure 3 - EL 6400 – Probable WNW Extension to Grasmere Peverill Line of Lode

ACTIVITIES NEAR ORANGE- Gold, Silver and Base Metal Exploration

EL 6417-Cumnock- NSW (100%)

Drilling in prior periods considerably upgraded the potential of the Gumble sub-area within EL 6417. In particular “Anomaly A” (2 RC holes drilled in August 2011) was noted to be part of an extensive skarn system (caused by mineralising fluids from granitic intrusions reacting with limestones and associated country rocks) which is evident over 500+ metres. Elements concentrated are the same as those noted in the nearby (historic) Delaney’s Dyke diggings i.e. Cu, Zn, Ag-Au, and Sn. Another 11 similar anomalies, labeled B to L, remain to be tested by RC percussion drilling (see Figure 4). Most targets occur within the prospective Kabadah Formation.

The DPI has confirmed renewal of EL 6417 with 50% area reduction to 15 May 2015. Since mineralization is of the skarn type the presence of magnetite is expected and a detailed analysis of historic aeromagnetic data is continuing to hone 2 or 3 better targets for RC-percussion drilling in mid-2014. To date only Anomaly A has been drilled and that work yielded very encouraging results (see earlier reports).

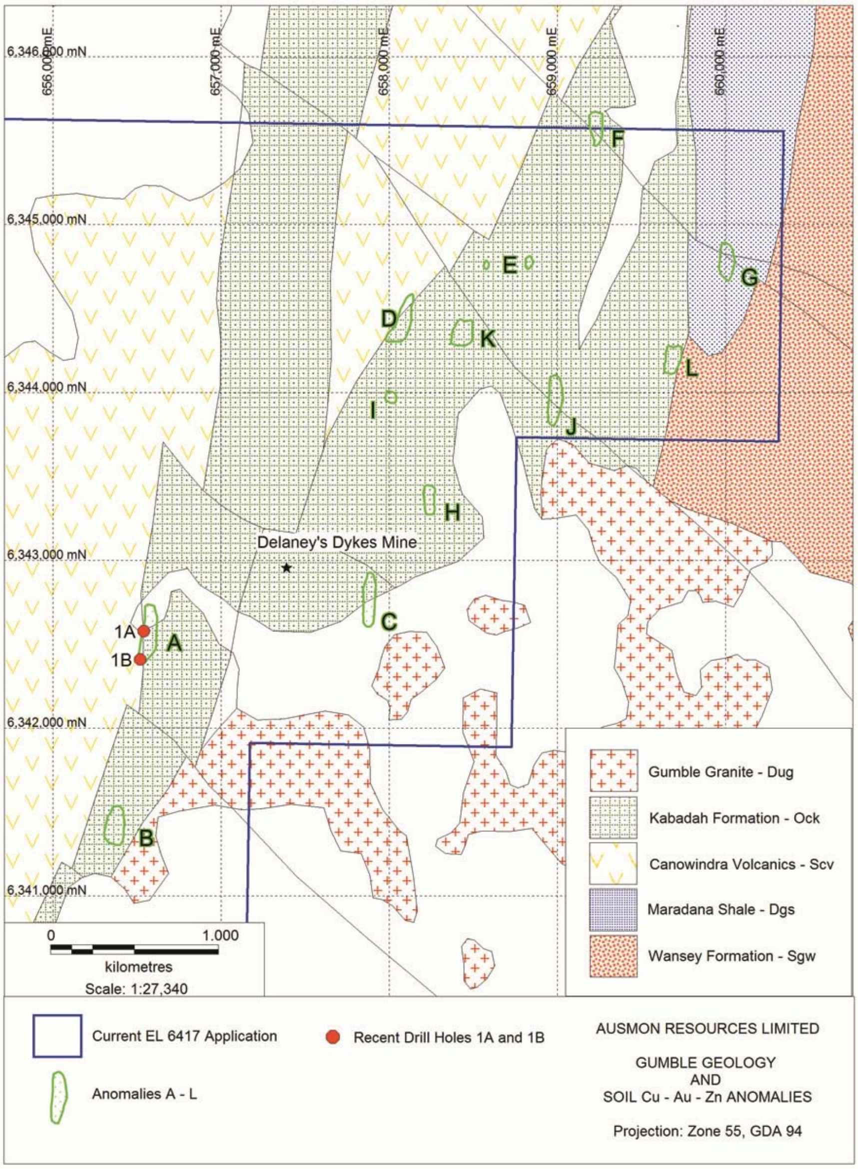

Figure 3 – EL 6417 - Gumble Geology and Soil Cu-Au-Zn Anomalies

ACTIVITIES NEAR COBAR - Gold, Silver and Base Metal Exploration

ELs 6413 and 7564 – NSW (100%)

Joined ELs 6413 & 7564, located at Pooraka, 50 km east of Cobar, contain several drill ready gold and base metal targets gleaned from the Company's prior periods' exploration work. Much of these two highly prospective ELs is hidden beneath deep magnetic overburden, and the Company is currently seeking joint venture partners to participate in funding a Sky-TEM or similar geophysical survey to locate conductors with signatures resembling those seen at Cobar and at the nearby Canbelego gold-copper-zinc mine.

EL 7564 is current, and is due for renewal in June 2014. EL 6413 has been renewed with 50% area reduction, until May 2015. Retention of this EL is based on recent technical re-evaluation of data resulting in an upgrade in prospectivity.

NEW PROJECTS

During the half year the Company has continued to seek new projects for investment with cornerstone partners in China with the objective to spur growth and generate income but no worthy projects have been identified.

In November 2011, the Company had announced its agreement with Jiangsu Datang International Jintan ("Jiangsu") setting out the framework for the parties to jointly develop a gas-fired thermoelectric co-generation power project ("Jintan Project") in Jiangsu Province in China to supply power to the Jintan Economic Development Zone. It was intended that the Company participates as a minority partner in the total Jintan Project with the percentage of equity yet to be determined.

The Jintan Project consists of the construction in two phases of a 1,200 MW gas-fired thermoelectric co-generation power plant. The Jintan Project also includes the construction of a natural gas pipeline to transport gas from the supplier to the power plant.

No material financial commitment or expenditure has been made by the Company to date and the agreement is subject to condition precedents to be achieved before proceeding to a transaction. The conditions precedent are the securing of supply of gas for the Jintan Project under applicable quotas in China and obtaining government approvals applicable for this type of project. The conditions precedent appear unachievable despite well intended efforts and therefore the participation of the Company in the Jintan Project is very unlikely to occur unless some new circumstances arise. Any participation in such a project would be subject to Australian Securities Exchange's consideration of applicable Listing Rules, including Listing Rule 11.1.

Glossary

Ag - silver	g/t - gram per tonne
Au - gold	km - kilometre
As - arsenic	m - metre
Cu - copper	ppb - parts per billion
O_2 - oxide	ppm - parts per million
Pb - lead	
Sn - tin	
Zn - zinc	

(The information in the report above that relates to Exploration Results is based on information compiled by Dr Pieter Moeskops, the principal of Agaiva Holdings Pty Ltd and a member of The Australasian Institute of Mining and Metallurgy.

Dr Moeskops has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Moeskops consents to the inclusion in this report of matters based on his information in the form and context in which it appears.)

CORPORATE AND FINANCIAL

Corporate

Mr Qian joined the Board with special responsibility for exploration and mining, particularly to oversee the use of the capital raised for exploration in New South Wales exploration licences.

King M Fan ceased to be a Director and Chairman on 29 November 2013 when he was not re-elected to the Board at the Annual General Meeting held on that date.

In December 2013, the Company moved office and employment of office staff was terminated to reduce office and administration costs to the minimum.

Funding

On 26 September 2013, the Company issued 10,000,000 fully paid ordinary shares at $0.03 per share raising $300,000. The shares were placed with Mr Qian who became a substantial shareholder with 11.8% of the Company's issued capital prior to his appointment to the Board.

To undertake exploration activities while the Company has no revenue producing assets, the Company requires regular injection of funds and the level of activities is dictated by the funds that are available. Currently the Company has only budgeted for the exploration expenditure that satisfies the minimum licence commitments and the financial position of the Company allows.

The absence of guarantee in sourcing new funds for the Company's future activities presents doubts on the Company's ability to continue as a going concern and to be able to realise its assets and discharge its liabilities in the normal course of business. This going concern issue is further discussed below, is detailed in Note 1 to the Financial Statements and is subject to emphasis in the auditor's report

To continue the exploration activities and to meet its financial commitments as and when they fall due the Company will be pursuing sources of finance that include:

- Undertaking further capital raisings.
- Selling part of the Company's interests in its exploration licences and entering into joint ventures for the potential development of the projects.
- Obtaining debt finance.

On 26 February 2014, the Company raised $200,000 by private placement of 20,000,000 fully paid ordinary shares at $0.01 per share.

Performance

During the half year the group incurred net losses of $294,878 which included $126,000 of Directors' fees for the year ended 30 June 2013 paid with 4,200,000 fully paid ordinary shares as approved by shareholders at the Annual General Meeting held on 29 November 2013.

Financial Position

Total equity increased to $3,003,233 from $2,872,111 primarily as a result of the share issues raising $300,000 in September 2013.

Cash at 31 December 2013 was $305,286 (30 June 2013: $229,971) whereas current assets was $330,938 (30 June 2013: $257,474) made up substantially of cash.

Current liabilities was $27,042 (30 June 2013: $52,936) reduced as creditors have been paid off from cash during the period.

Cash Flows
Operating activities resulted in net outflow of $183,766 (2012: outflow $165,711) as the Group is still in the exploration phase with no revenue. This outflow was funded from existing cash on hand.

STRATEGY AND PROSPECTS FOR FUTURE

The Group proposes to continue its mineral exploration program in Australia and search for new projects. However, no indication as to likely results in the future can be given due to the uncertainties usually associated with exploration activities and new projects. Future financial performance will be driven by success in following:

- exploration for copper at Koonenberry;
- gold exploration near Cobar and Orange; and
- new projects.

To carry out those above activities the Company will require funding which may be by farmout of interests or equity capital. The method of funding will be determined at the appropriate time as part of the group's capital management in maintaining a capital structure that minimises the cost of capital and benefits all shareholders.

GOING CONCERN

At 31 December 2013, the Group had committed expenditure under its exploration licences of $336,000 for the next 12 months.

Although the Group is still planning to undertake exploration activities on its various tenements, it has currently only budgeted for those amounts that satisfy the committed exploration expenditure and that the financial position of the Group allows. Consistent with the nature of the Group's activities, the continuing viability of the Group and its ability to continue as a going concern, its ongoing investment of funds into exploration project and ability to meet its commitments as and when they fall due is dependent upon one or a combination of the following alternatives:

- Undertaking further capital raisings.
- Selling part of the Company's interests in its exploration licences and entering into joint ventures for the potential development of the projects.
- Obtaining debt finance.

The directors are however confident of the Group's ability to obtain additional funding.

As a result of these matters, there is material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The review opinion for the half year ended 31 December 2013 therefore includes an emphasis of matter in this regard. For further details please refer to Note 1 of the half year financial report.

DIRECTORS' REPORT

The Directors of Ausmon Resources Limited submit the financial report of the consolidated group for the half-year ended 31 December 2013.

Directors

The names of Directors who held office during or since the end of the half-year are:

John Q Wang – Acting Chairman
Gang (Gary) Zheng
Liubao Qian (appointed 26 September 2013)

King M Fan was a Director during the half-year and ceased to be a Director on 29 November 2013 when he was not re-elected to the Board at the Annual General Meeting held on that date.

Operating Results

Total comprehensive loss for the half-year ended 31 December 2013 was $294,878 (2012: loss $372,765)

Review of Operations

A review of operations for the half-year ended 31 December 2013 is set out on pages 3 to 9.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 11, and forms part of this report.

This report is signed in accordance with a resolution of the Board of Directors.

John Q Wang
Director

Dated this 12th day of March 2014

Grant Thornton

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Auditor's Independence Declaration
To The Directors of Ausmon Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Ausmon Resources Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P J Woodley
Partner - Audit & Assurance

Sydney, 12 March 2014

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Independent Auditor's Review Report
To the Members of Ausmon Resources Limited

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

Directors' responsibility for the half-year financial report

The directors of Ausmon Resources Limited 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 controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 half-year 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 Ausmon 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.

Independence

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

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 Ausmon 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of $294,878 and has expenditure requirements under its exploration licences of $336,000 for the next 12 months. These conditions, along with other matters as set forth in Note 1, 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, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P J Woodley
Partner - Audit & Assurance

Sydney, 12 March 2014

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 15 to 22 are in accordance with the Corporations Act 2001, including:

    a) complying with Accounting Standards AASB 134: Interim Financial Reporting; and

    b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.

2. In the Directors' opinion 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 Board of Directors.

John Q Wang
Director

Dated this 12th day of March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Half-Year Ended 31 December 2013

	Note	31 December 2013 $	31 December 2012 $
Revenue			
Interest income		4,124	1,734
		4,124	1,734
Expenses			
Depreciation expense		(1,685)	(4,242)
Directors' fees		(126,000)	-
Employee benefits expense		(31,146)	(32,635)
Plant and equipment written off		(1,467)	-
Projects written off		-	(267,431)
Other expenses	2	(138,704)	(120,792)
Loss before income tax expense		(294,878)	(423,366)
Income tax expense		-	-
Loss for the period		(294,878)	(423,366)
Other comprehensive income			
Realised fair value gain on financial assets at fair value through other comprehensive income		-	50,601
Other comprehensive income for the period, net of tax		-	50,601
Total comprehensive loss for the period		(294,878)	(372,765)
Loss attributable to:			
- members of the Parent Entity		(294,878)	(423,366)
Total comprehensive loss attributable to:			
- members of the Parent Entity		(294,878)	(372,765)
Earnings per share			
Basic and diluted loss per share		0.37 cents	0.57 cents

The accompanying notes form part of this financial report.

Consolidated Statement of Financial Position

As At 31 December 2013

	Note	31 December 2013 $	30 June 2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		305,286	229,971
Trade and other receivables		15,652	17,503
Financial assets		10,000	10,000
TOTAL CURRENT ASSETS		330,938	257,474
NON-CURRENT ASSETS			
Financial assets		70,000	70,000
Plant and equipment		3,040	6,193
Exploration and evaluation expenditure		2,626,297	2,591,380
TOTAL NON-CURRENT ASSETS		2,699,337	2,667,573
TOTAL ASSETS		3,030,275	2,925,047
CURRENT LIABILITIES			
Trade and other payables		23,077	42,063
Provisions		3,965	10,873
TOTAL CURRENT LIABILITIES		27,042	52,936
TOTAL LIABILITIES		27,042	52,936
NET ASSETS		3,003,233	2,872,111
EQUITY			
Issued capital	4	9,943,076	9,517,076
Reserves		47,540	47,540
Accumulated losses		(6,987,383)	(6,692,505)
TOTAL EQUITY		3,003,233	2,872,111

The accompanying notes form part of this financial report.

Consolidated Statement of Changes In Equity

For The Half-Year Ended 31 December 2013

	Issued capital	Reserves: Option reserve	Reserves: Asset revaluation reserve	Accumulated losses	Total
	$	$	$	$	$
Balance at 1 July 2012	9,517,076	148,140	(2,043,471)	(4,033,912)	3,587,833
Total comprehensive income (loss) *for the period*	-	-	50,601	(423,366)	(372,765)
Transactions with owners in their capacity as owners					
Asset revaluation reserve transferred to accumulated losses	-	-	1,992,870	(1,992,870)	-
Balance at 31 December 2012	9,517,076	148,140	-	(6,450,148)	3,215,068
Balance at 1 July 2013	9,517,076	47,540	-	(6,692,505)	2,872,111
Total comprehensive loss for the period	-	-		(294,878)	(294,878)
Transactions with owners in their capacity as owners					
Issue of share capital	426,000	-	-	-	426,000
Balance at 31 December 2013	9,943,076	47,540	-	(6,987,383)	3,003,233

The accompanying notes form part of this financial report.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2013

	31 December 2013 $	31 December 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(187,892)	(167,445)
Interest received	4,124	1,734
Net cash outflow from operating activities	(183,768)	(165,711)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(40,917)	(19,087)
Proceeds from sale of available-for-sale financial assets	-	517,173
Proceeds from refund of security deposits	-	10,000
Payments for security deposits	-	(50,000)
Net cash (outflow)/inflow from investing activities	(40,917)	458,086
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	300,000	-
Net cash inflow from financing activities	300,000	-
Net increase in cash held	75,315	292,375
Cash and cash equivalents at the beginning of period	229,971	112,252
Cash and cash equivalents at the end of period	305,286	404,627

Non-cash financing activities – Note 4(a)

The accompanying notes form part of this financial report.

Notes to Financial Statements For the Half-Year Ended 31 December 2013

Note 1 - Basis of Preparation

These general purpose financial statements for the six months ended 31 December 2013 are presented in Australian dollar ($), which is the functional currency of the parent company. The interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Ausmon Resources Limited and its controlled entity (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The interim financial statements have been approved and authorised for issue by the board of Directors on 12 March 2014.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs.

Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 13 *Fair Value Measurement*; and
- AASB 119 *Employee Benefits* (September 2011)

The effects of applying these standards are described below.

AASB 10 Consolidated Financial Statements

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

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

Notes to Financial Statements For the Half-Year Ended 31 December 2013

AASB 11 Joint Arrangements
AASB 11 supersedes AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly Controlled Entities – Non-Monetary-Contributions by Venturers. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

There is no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

AASB 13 Fair Value Measurement
AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

AASB 119 Employee Benefits (September 2013)
AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. AASB 119:

- eliminates the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income
- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability
- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

The Group does not have any defined benefit plans. Therefore, these amendments will have no significant impact on the Group.

Going concern

There is a material uncertainty whether the Group will continue as a going concern and realise the value of its assets in the normal course of business and at the amounts stated in the financial report. The continuing viability of the Group and its ability to continue as a going concern and meet its commitments as and when they fall due is dependent upon one or a combination of the following alternatives:

- Undertaking further capital raisings.
- Selling part of the Company's interests in its exploration licences and entering into joint ventures for the potential development of the projects.
- Obtaining debt finance.

At balance date the Group has current assets of $330,938, current liabilities of $27,042 and has incurred a net loss of $294,878. In addition, the Group has an expenditure requirement under its exploration licences of $336,000 for the next 12 months.

Notes to Financial Statements For the Half-Year Ended 31 December 2013

The Directors believe the Group has sufficient funds to settle its debts as and when they become due and payable.

On that basis the Directors have prepared the interim financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the interim financial report at 31 December 2013. Accordingly, no adjustments have been made to the interim financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 2 – Other expenses from ordinary activities

	31 December 2013 $	31 December 2012 $
Audit fees	17,314	16,867
Consulting and professional fees	45,770	27,472
Listing expenses	16,166	21,460
Operating leases	19,877	24,132
Registry and ASX fees	6,882	6,310
Travel and accommodation	15,584	6,680
Foreign exchange costs	-	6,272
Other	17,111	11,599
	138,704	120,792

Note 3 – Operating segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group operates in one business segment being mineral exploration. All segments assets, segment liabilities and segment results relate to the one business segment and therefore no segment analysis has been prepared. This position has not changed from the prior period.

Note 4 – Equity securities issued

	31 December 2013		30 June 2013	
(a) Ordinary shares	**Number**	**$**	**Number**	**$**
Balance at beginning of half-year	74,499,125	9,517,076	74,499,125	9,517,076
Shares issued in funding for exploration and working capital	10,000,000	300,000	-	-
Shares issued to Directors*	4,200,000	126,000	-	-
Balance at end of half-year	88,699,125	9,943,076	74,499,125	9,517,076

*In December 2013, the Company issued 4,200,000 fully paid ordinary shares at a deemed value of $126,000 in payment of Director’s fees for the year ended 30 June 2013 as approved by shareholders at the Annual General meeting held on 29 November 2013.

Notes to Financial Statements For the Half-Year Ended 31 December 2013

(b) Options over unissued shares

Options exercisable at $0.80 each on or before 30 June 2014:	31 December 2013 Number	30 June 2013 Number
Listed		
Balance at beginning of half-year	33,750,000	33,750,000
Balance at end of half-year	33,750,000	33,750,000

Note 5 - Commitments

Exploration Expenditure Commitments

The expenditure commitments to maintain and renew rights to tenure in exploration licences as at 31 December 2013 have not been provided for in the financial statements and are due:

	31 December 2013 $	30 June 2013 $
Within twelve months	336,000	300,000
Twelve months or longer and not longer than 5 years	248,000	175,000
	584,000	475,000

The Group has obligations to restore land disturbed during exploration under the terms and conditions of the licences.

Note 6 - Contingent Liabilities

At balance date, the Group has no contingent liabilities.

Note 7 – Events after Balance Date

There has not arisen in the interval since 31 December 2013 and up to the date of this report, any matter that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years other than the following:

- On 26 February 2014, the Company raised $200,000 by private placement of 20,000,000 fully paid ordinary shares at $0.01 per share to fund exploration and working capital excluding payment of Directors' fees and expenses.
- EL6413 and EL6464 were successfully renewed post period end until 16 May 2015 and 18 September 2016 respectively.