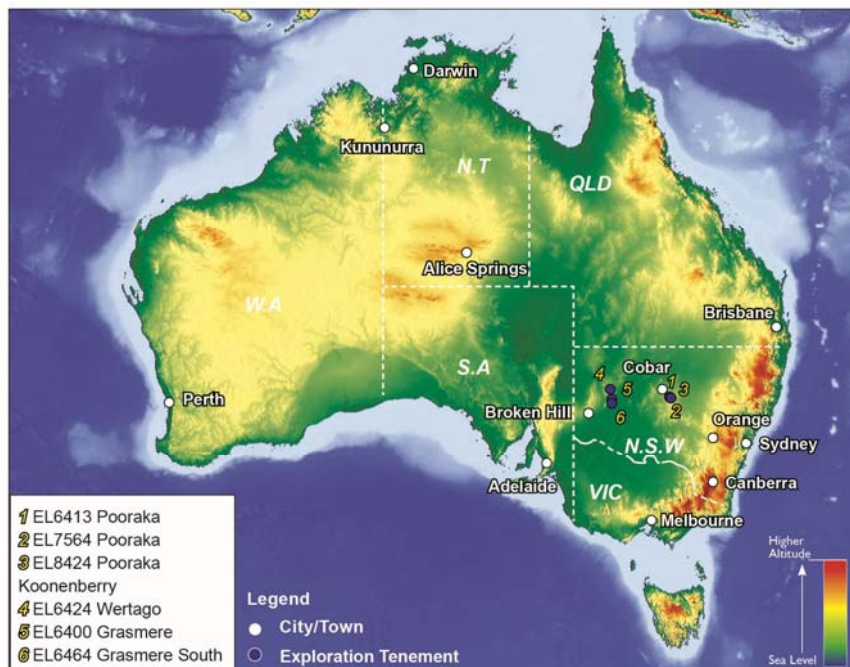




## ACTIVITIES REPORT - JUNE QUARTER 2016

### SUMMARY

- **Koonenberry ELs 6400, 6424 and 6464**
  - Deep drilling of gravity targets within EL 6424 planned for later in 2016.
  - Annual Reports for ELs 6400, 6464 and 6424 submitted in March Quarter have been accepted by the Department.
  
- **Pooraka ELs 6413 and 7564 plus new EL8424:**
  - Drilling of the 2 main TDEM targets within joined ELs 6413 and 7564 is planned for later in 2016.
  - Renewal Justification Statement and Annual Reports for EL 7564 submitted to the Department of Primary Industries (“DPI”). Renewal is sought for another 2 years with area reduction from 7 to 4 units. Annual Report for EL 6413 also submitted, and both Annual Reports have been accepted by the Department.



**Figure 1 – List of Licences and their Locations in New South Wales, Australia**

AUSMON RESOURCES LIMITED ABN 88 134 358 964

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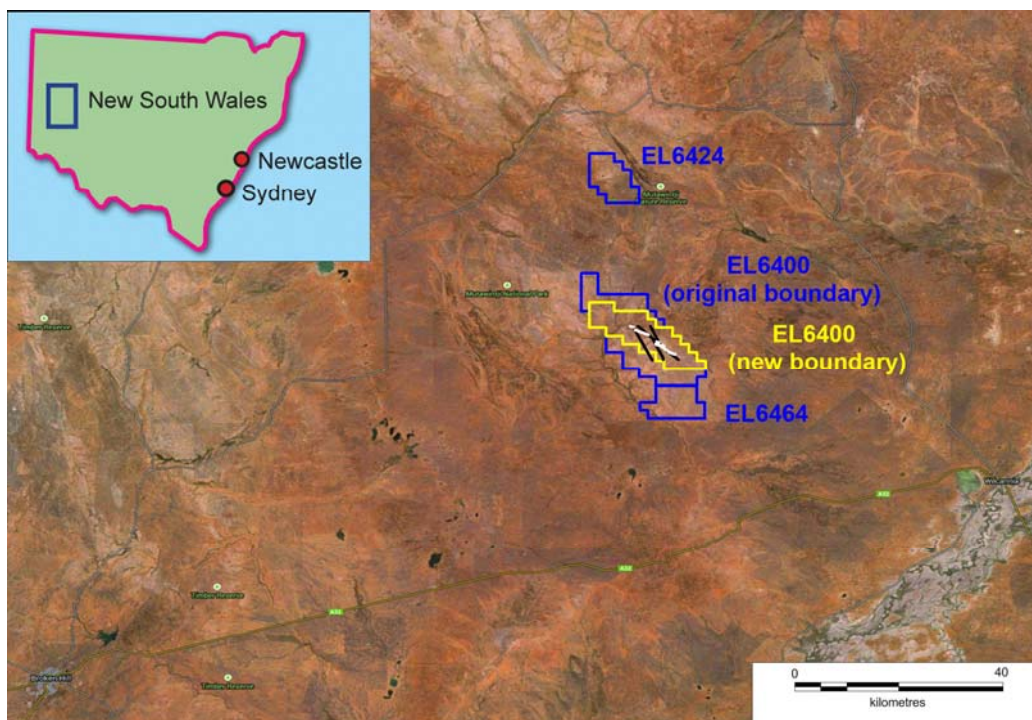
Tel: 61 2 9264 6988 Fax: 61 2 9283 7166 Email: [office@ausmonresources.com.au](mailto:office@ausmonresources.com.au)

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

The Group holds a 100% interest in 3 ELs covering a total area of 299 sq kms in the highly prospective and under-explored Koonenberry Belt of Western NSW, near Broken Hill.



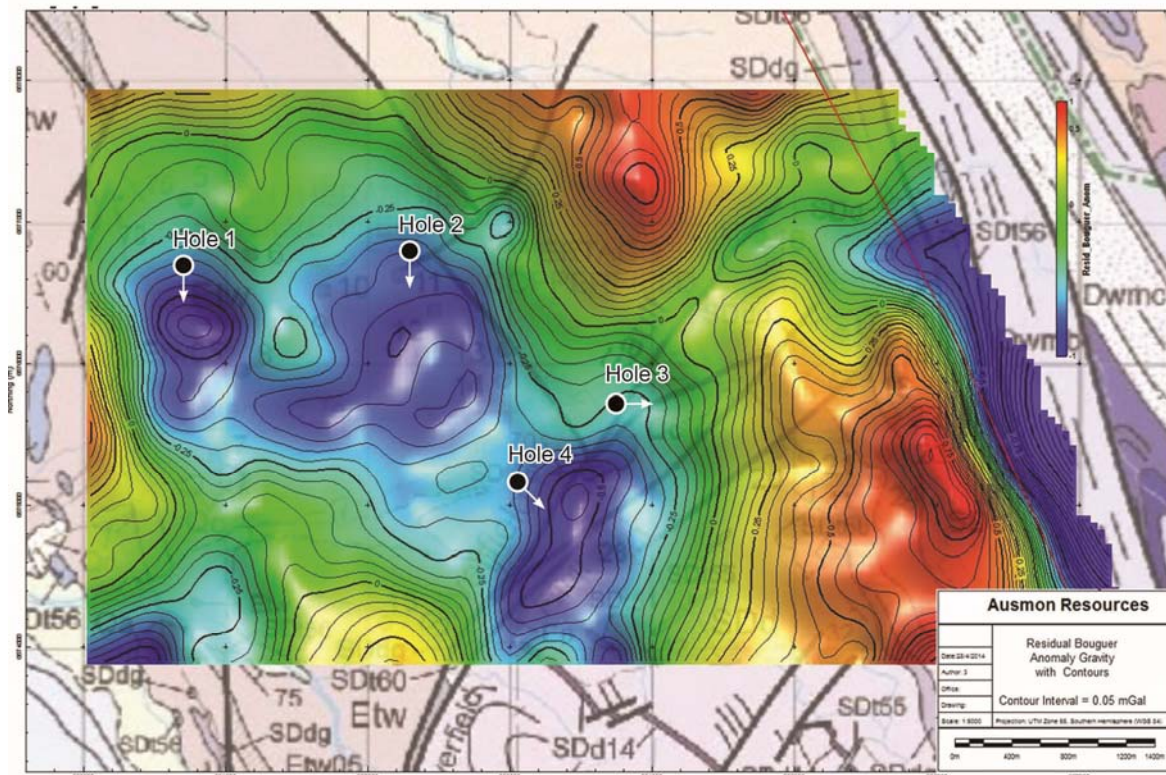
**Figure 2 - Locations of Koonenberry Exploration Licences**

**Note:** Line of mineralization – white; Faults- black

**EL 6400:** This EL is of principal interest as it contains the Grasmere-Peveril Cu-Zn-(Ag) deposits, which contain a significant indicated and inferred JORC Code 2004 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 g/t Ag. Indicated: 3.02 mt grading 1.15% copper, 0.3% Zn, 0.06 g/t Au and 2.53 g/t Ag). Information relating to the mineral resource was prepared and first reported in accordance with the JORC Code 2004 in 2006. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was reported in 2006.

Following the completion of 9 RC percussion holes in early 2015 (seeking WNW extensions to the Grasmere-Peveril line of lode), no new work was undertaken, other than submission of the 2015/16 Annual Report to the Department, in April 2016. That Annual Report has been accepted by the Department. Examination of drilling data suggested that future work to locate possible WNW extensions to the Grasmere-Peveril line of lode would involve drilling about 10 to 20 holes of 80m to 100m length, close spaced RAB or RC percussion holes, along two SW running lines near Wilandra station. There is no immediate plan for that work and new capital will be required to fund it. However, the Group plans to meet its work commitment under the licence to maintain its currency.

**EL 6424:** This EL covers the Wertago copper diggings and Nutherungie silver field, where a detailed gravity survey in 2014 outlined several gravity lows (possible porphyry intrusions) considered by the Group to be worthy of deep drilling (see Figure 3).



**Figure 3 - Proposed Drill Holes in EL 6424**  
**Note:** Anomalous (gravity low) target areas shown in purple



The silver field is suspected to be the epithermal zone above a concealed porphyry (Cu-Ag-Au) intrusive system, which would express as gravity lows. Regional gravity data revealed a broad gravity high over the silver field, but the detailed survey revealed several gravity lows, with interpreted intrusion tops (crowns) lying at relatively shallow depths (ie 250m -270m, and 320m) in the central-western part of the EL. The original plan was to test those with 2 steep drill holes (Holes 1 & 2) of 400m and 450m length, but after consideration a third gravity low, in the Silverfield fault zone, was also deemed a worthy target, and the plan now is to test that target (Hole 4) plus the larger of the two above mentioned targets (Hole 2) with 2 steeply inclined, RC pre-collared diamond holes, each of about 450m length. The silver field deposits are also of interest, since they were abandoned at shallow depths shortly after discovery. For example one shallow digging, proximal to Wertago was abandoned in silver-rich galena (PbS) veins. That digging represents a possible stand-alone RC-drilling target (Hole 3 in Figure 3) because at the analogous Silverton silver field, near Broken Hill, similar mineralization does persist to depth. All proposed drilling is planned for later in 2016 subject to funding. However, the Group plans to meet its work commitment under the licence to maintain its currency.

**EL 6464.** No work has been undertaken on this EL during the quarter. The Annual Report submitted in the March Quarter was accepted by the DPI. The Group will not seek to renew this EL when it expires on 18 September 2016 as the Group will be focusing on the other 2 ELs in Koonenberry which are assessed to be with lesser exploration risks.

**ACTIVITIES NEAR COBAR**  
**Gold, Silver and Base Metal Exploration**  
***ELs 6413, 7564 and 8424 – NSW (100% interest)***

Joined ELs 6413, 7564 and 8424 (formerly ELA 5203) (Figure 4). at Pooraka, 50 km east of Cobar, contain several gold and base metal target areas gleaned from earlier exploration. Due to the extent and thickness of magnetic palaeo channels aeromagnetic data were noted to be of limited use, so in 2014, it was decided to undertake a ground based EM survey to seek hidden conductors. Target areas were chosen using bedrock geochemical data and historic air-core/RC drilling data. Those data highlighted two sub-areas: T1, Langbein - Langbein West and T2/T3, Mc Guinness - McGuinness North (see Figures 4 and 5). During April and May 2015, a ground based 200m X 200m geophysical survey was undertaken over the two target areas using the time domain electromagnetic (TDEM) technique.





TDEM data were processed to define anomalies caused by conductors. Using CSIRO/AMIRA computer programs targets data were further analysed to ascertain geometry-depth, orientation, thickness - and electrical properties. The results were very encouraging. At T1, Langbein - Langbein West target area - a broad formational conductive zone was detected, however a small discreet conductor (open to the east) was detected proximal to where the Company's 2009 RC-percussion drilling encountered low grade mineralization in bedrock. This is a significant drill target lying directly on strike from the nearby historic Mt Boppy gold mine at Canbelego.

In the T2/T3, Mc Guinness - Mc Guinness North - target areas, which take in the Gilmore Suture, a large, strong, discreet, north running 1200m X 800m conductor has been gleaned. This is most probably due to hidden sulphide concentrations. The conductor was modelled and outlined by the Group's geophysical consultant (See Figure 6).

The two above described TDEM conductors will need to be tested at depth using RC percussion drilling, which is planned for later in 2016.

New EL 8424 (8 units) covers ground between ELs 7564 & 6413 and covers possible extensions to known TDEM anomalies. EL 8424 was granted for 3 years from February 17<sup>th</sup> 2016.

Renewal Justification Statement for EL 7564 submitted to the DPI sought another 2 years with area reduction from 7 to 4 units.





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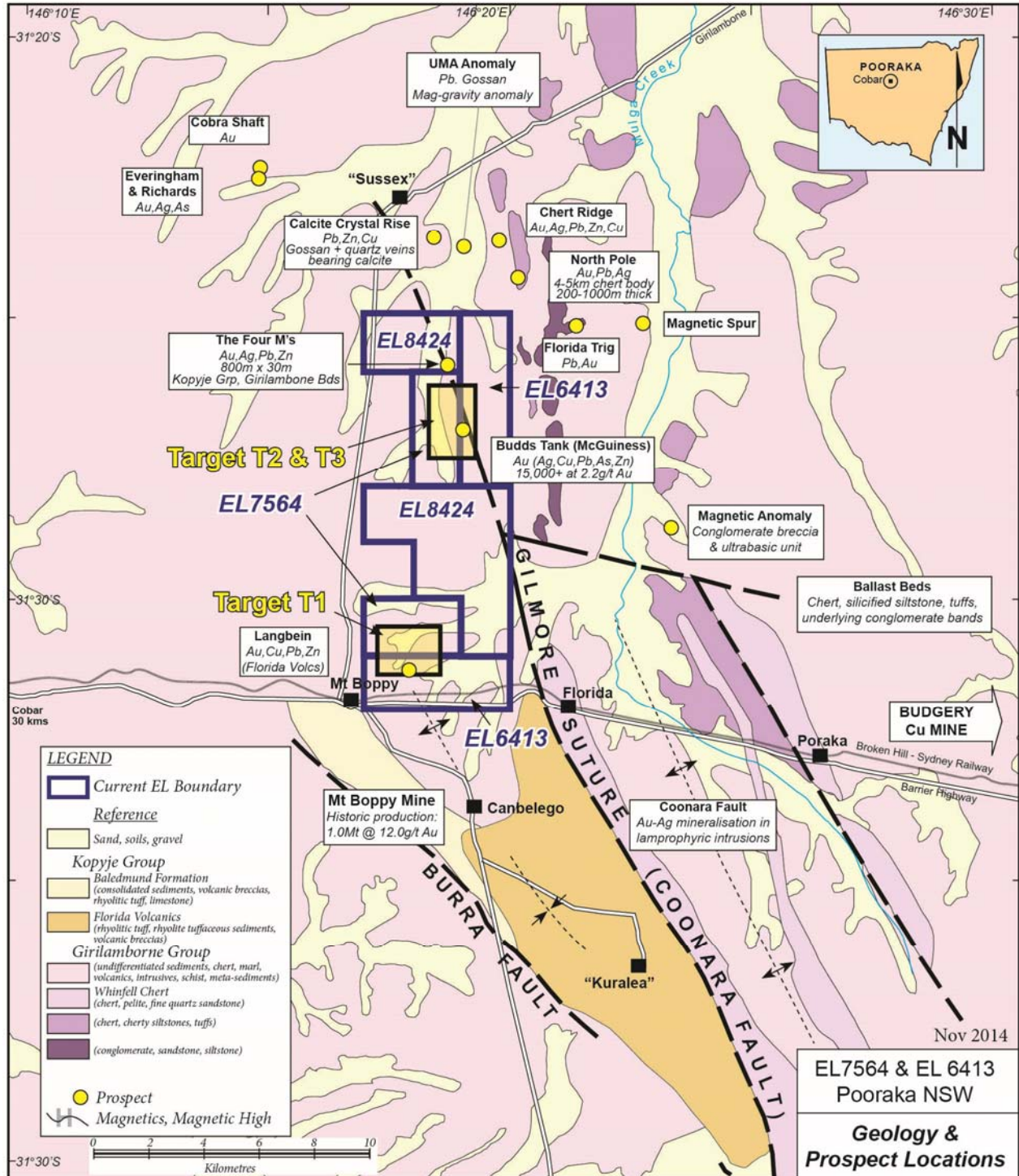


Figure 4 – Geology and Prospect Locations-- Pooraka Project

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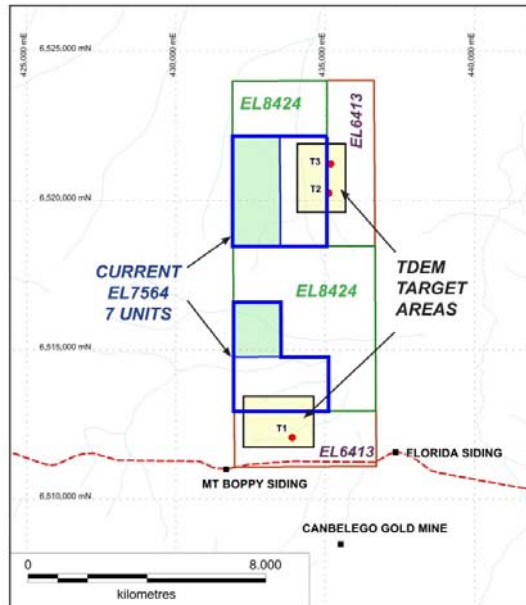




# AUSMON RESOURCES LIMITED

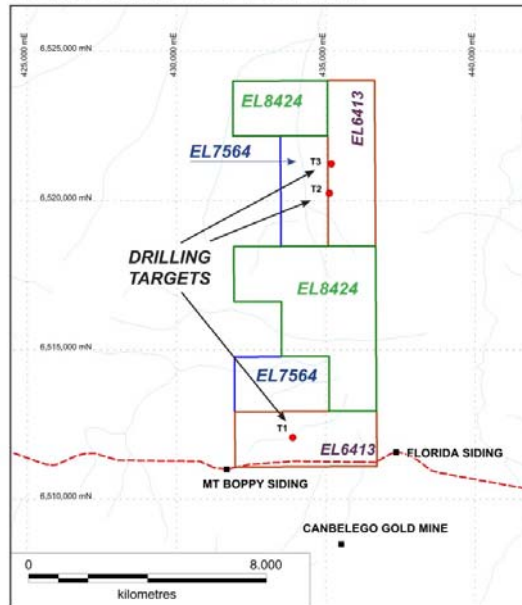
## RENEWAL JUSTIFICATION STATEMENT (RJS) EL7564

FIG 1: WORK COMPLETED 2014-2016



**Blue outline:** CURRENT APPLICATION EL7564 (7 UNITS)  
**Green outline:** RELINQUISHED AREA EL7564 (3 UNITS)

FIG 2: WORK PROPOSED 2016-2018



**T1 - LANGBEIN/LANGBEIN WEST**  
**T2 - MC GUINNESS**  
**T3 - MC GUINNESS NORTH**

Figure 5- Drilling Targets at Pooraka

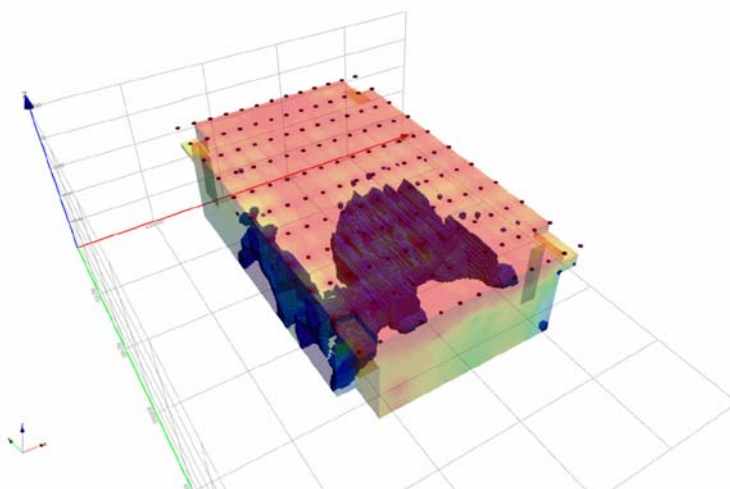


Figure 6 – View looking NE of a subsurface anomalous conductivity feature in Target Area 2/3  
Note: Top of conductor is about 200 m beneath the present day surface as shown in diagram

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## LICENCES STATUS

Pursuant to ASX Listing Rule 5.4.3 the Company reports as follows in relation to minerals tenements held at the end of the June 2016 quarter and acquired or disposed of during that quarter and their locations.

Tenement	Project Name	Location	Beneficial Interest	Expiry
EL 6400	Koonenberry	NSW	100%	31 March 2017
EL 6424	Koonenberry	NSW	100%	25 May 2017
EL 6464	Koonenberry	NSW	100%	18 September 2016
EL 6413	Pooraka 1	NSW	100%	16 May 2017
EL 7564	Pooraka 2	NSW	100%	17 June 2016 (under renewal application)
EL 8424	Pooraka 3	NSW	100%	17 February 2019

There were no other tenements acquired or disposed of or change in beneficial interests under farm-in or farm-out agreements during the quarter.

*(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 and 2012 Editions 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.)*

**John Wang**  
**Managing Director**

25 July 2016





## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

AUSMON RESOURCES LIMITED

ABN

88 134 358 964

Quarter ended ("current quarter")

30 JUNE 2016

### Consolidated statement of cash flows

	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(18)	(66)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	8
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - GST	-	16
<b>Net Operating Cash Flows</b>	<b>(38)</b>	<b>(175)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other -security deposit paid	-	(10)
1.12 Other -security deposit refund	-	30
<b>Net investing cash flows</b>	<b>-</b>	<b>20</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(38)</b>	<b>(155)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(38)	(155)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
<b>Net financing cash flows</b>			
<b>Net increase (decrease) in cash held</b>		(38)	(155)
1.20	Cash at beginning of quarter/year to date	586	703
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	548	548

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	5
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
<ul style="list-style-type: none"><li>- Office rent contribution to a related entity of Managing Director John Wang.</li><li>- Income tax return lodgement service fee to a related entity of Managing Director John Wang</li></ul>		

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

### Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	
4.3 Production	
4.4 Administration	50
<b>Total</b>	<b>100</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	226	234
5.2 Deposits at call	322	352
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>548</b>	<b>586</b>

### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	239,486,486	221,266,486		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )			
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
Company Secretary

Date: 25 July 2016

Print name: John Wang

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

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+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
  
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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