



24 October 2018

## ACTIVITIES REPORT – SEPTEMBER QUARTER 2018

### SUMMARY

- **NSW Stirling Vale Exploration Area in EL 8747 (100% interest).**

- Historic diamond hole drilled in 1995 was relogged and assayed for Cobalt analysis. Results were encouraging indicating potential to host ore grade mineralisation.
- Land access agreement with landholders signed.
- A field trip was completed to prepare for the first stage of the exploration program.
- Second field trip completed in October 2018.

- **QLD Greenvale Cobalt-Nickel Exploration Areas in EPM 26813, EPM 26814 EPM 26815 (100% interests).**

In October 2018, “Notices to Progress” have been received from the Queensland Government Department of Natural Resources and Mines (“QLD Department”) for the 3 EPMs. Grant of the EPMs can be expected soon.

- **QLD Mount Tewoo Nickel Cobalt Manganese Exploration Areas in EPM 26764 (100% interests).**

An objection lodged during the Native Title Notification period was resolved to open the way for the grant of the permit.

- **Appointment of Mr Mark Derriman as Chief Technical Officer to manage the Company’s exploration strategy and program.**

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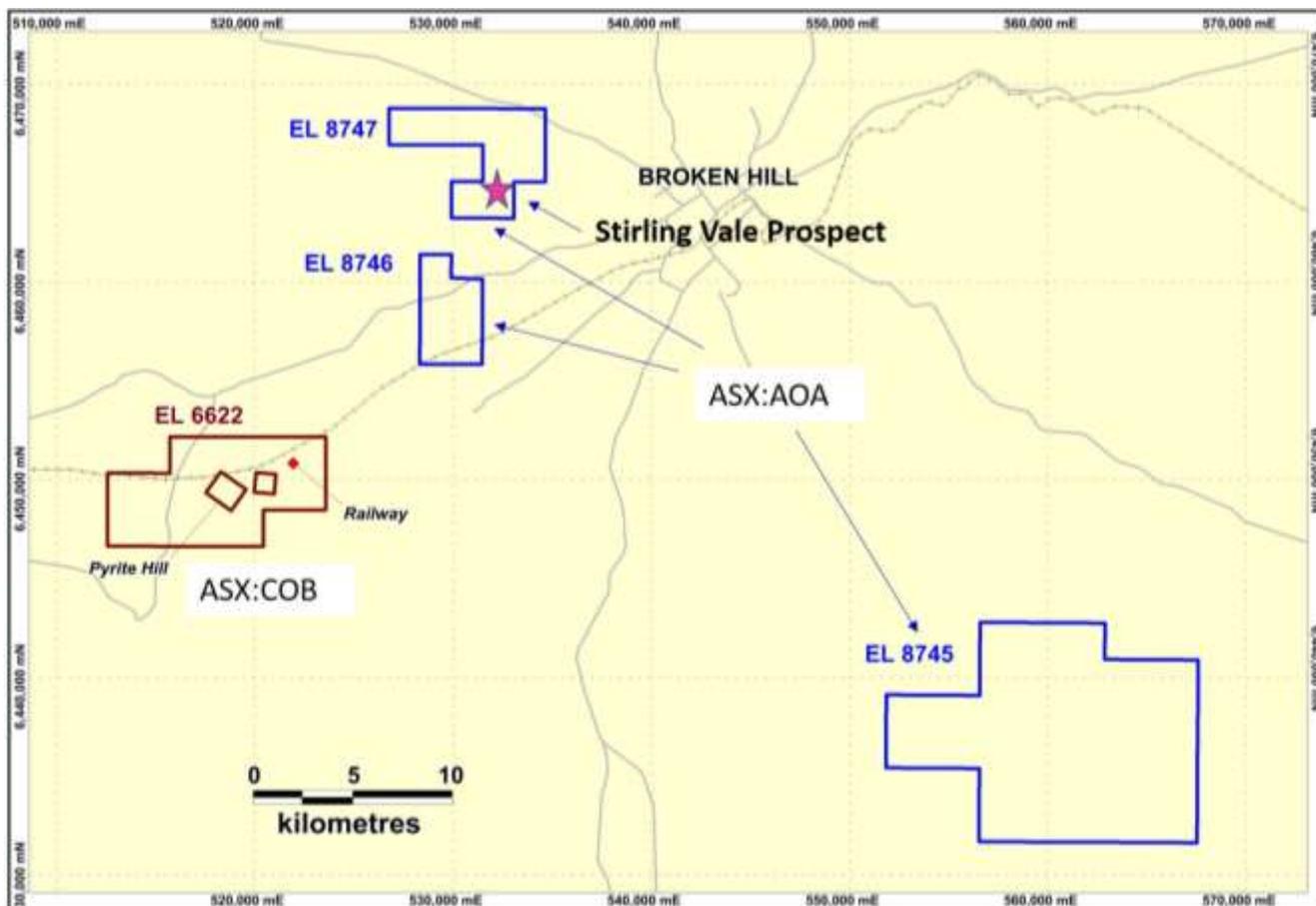
**Location of Licences (EL) and Application Permits (EPM)**

*Figure 1*

## NSW: BROKEN HILL EXPLORATION AREAS

### ***ELs 8745, 8746 and 8746 near Broken Hill in NSW – 100% interest Cobalt and Base Metals Exploration***

On 15 May 2018, EL 8745 and EL 8746 were granted for 6 years to 15 May 2024 under the tenements applications ELA 5637 and ELA 5638 respectively, and on 24 May 2018, EL 8747 was granted for 6 years to 24 May 2024 under the application ELA 5639, by the NSW Government Planning and Environment Department (“NSW Department”). The 3 ELs cover an area of approximately 174 km<sup>2</sup>.

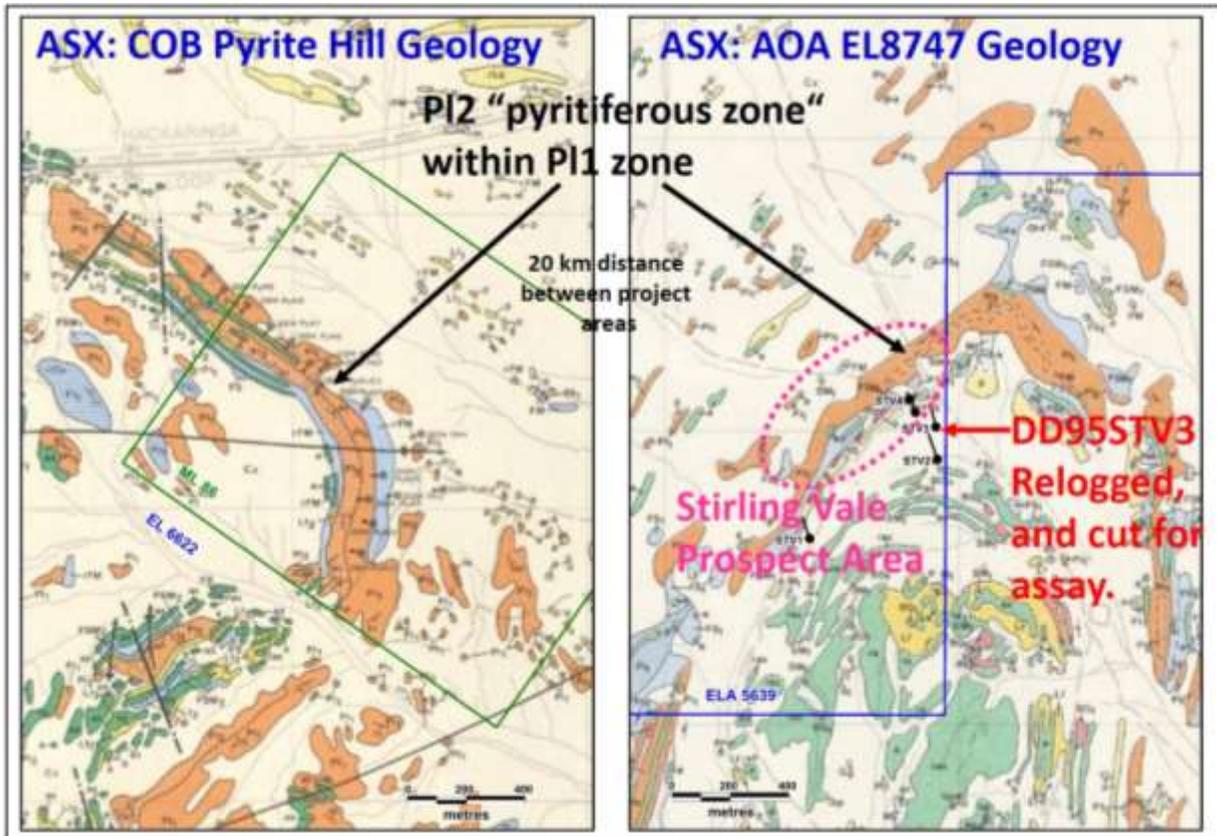


***Figure 2: Location of ELs near Broken Hill with Stirling Vale Cobalt Prospect within EL 8747***

In June 2018, the NSW Department has confirmed that there is sufficient evidence that Native Title has been extinguished within ELs 8745, 8746 and 8747 except for 2 lots containing a track that runs along the northern part of the EL 8747. Those 2 small lots are of no interest as the Company is unlikely to explore along that track.

The Company was able to access the Department of Planning and Environment – Resources and Energy Broken Hill Core Library to geologically relog and sample historic diamond hole DD95STV3 that was drilled on historic EL 3500, now covered in part by EL 8747 at Broken Hill.

The only diamond hole was drilled in 1995 by Pasminco Exploration in joint venture with Aberfoyle Resources into the Stirling Vale Synform targeting base and precious metals. Cobalt was not originally targeted. The diamond hole was never cut for assay despite numerous geologically logged observations of sulphide mineralization being described, and the hole was eventually offered for historical storage at the Broken Hill Core Library. The Stirling Vale Synform appears to bear similar geology to Cobalt Blue's (ASX:COB) Pyrite Hill Geology with the "PI2" pyritic bearing horizon present, as shown below by the black arrows in Figure 3. The Stirling Vale Synform is located 20 kms north east of Cobalt Blue's Thackaringa deposit in EL 6622, and 10 kms west of Broken Hill.



**Figure 3: Geological similarities of Stirling Vale Prospect with Cobalt Blue's Cobalt Deposits\***

\*{Source of Geology Maps: NSW Geological Survey "Thackaringa" 1:25k Map (1977) for COB; and "Broken Hill" 1:25k (1979) for AOA}.

The Company engaged a locally based and highly experienced geological consultant, Wolfgang Leyh, at Broken Hill to relog the entire hole and to cut any geologically significant intersections for analysis. A total of 51 samples were cut and sent for analysis covering 42.1 prospective metres. The relogging has revealed two significant findings:

1: Firstly, an extensive pyritiferous zone from 108.6 metres to the end of hole at 143.3 metres has been identified (open at depth). The zone from 108.6 to 126.2 metres has been visually estimated to contain up to 10% pyrite. The zone from 126.2 to 143.3 metres has been visually estimated to contain up to 25% pyrite (see *Figure 4*). This total intersection of 34.7 metres were cut and transported to the Intertek Laboratory in Adelaide and submitted for cobalt analysis.



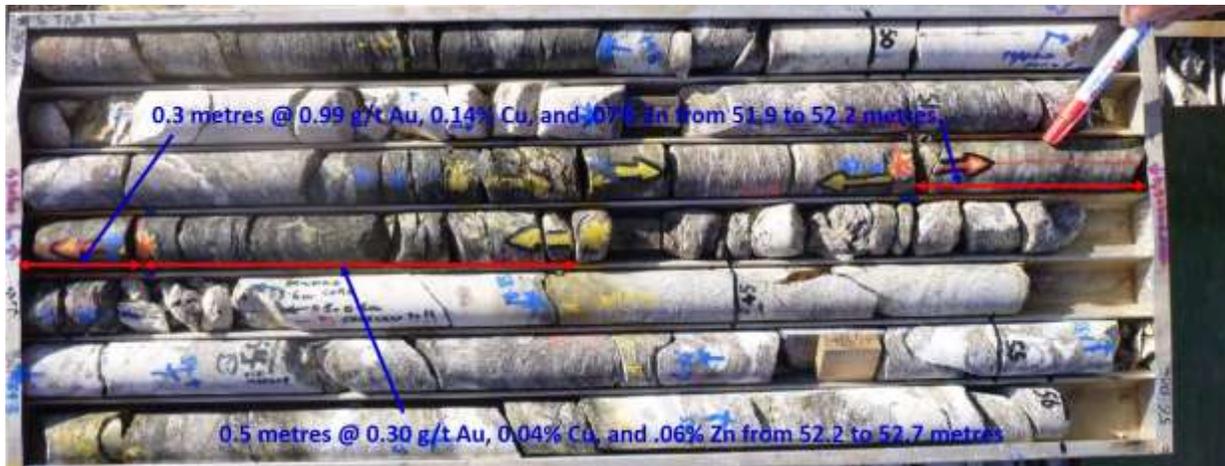
***Figure 4: An example of the strongly pyritic (potentially cobaltiferous) bands in albitic gneiss in DD95STV3.***

Figure 5 is a photo of the core tray from DD95STV3 showing the diamond core from around 123 to 133 metres with the yellow hue of pyrite sulphide bands visible throughout this core section.



**Figure 5: Pyrite zone in DD95STV3 from around 123 to 133 metres being relogged.**

2: Secondly, two zones of Broken Hill Type Lode Unit type have been identified from 51.5 to 52.7 metres (0.7m wide) and from 85.5 to 86.9 metres (1.4m wide). See Figures 6 and 7 respectively. These were submitted for gold and base metal analyses.



**Figure 6: Mineralised quartz gahnite bearing BHT Lode Zone 1 from 51.5 to 52.7 metres.**



**Figure 7: Mineralised garnet & BIF bearing BHT Lode Zone 2 from 85.5 to 86.9 metres.**

In mid-July 2018 the Company received encouraging results for cobalt and base and precious metals from the assaying of historic diamond hole DD95STV3.

Best cobalt results include:

- **1.4 metres @ 0.096% Co from 130 to 131.4 metres downhole, or 962 ppm Co.**
- **0.3 metres @ 0.074% Co from 131.7 to 132 metres downhole, or 739 ppm Co.**

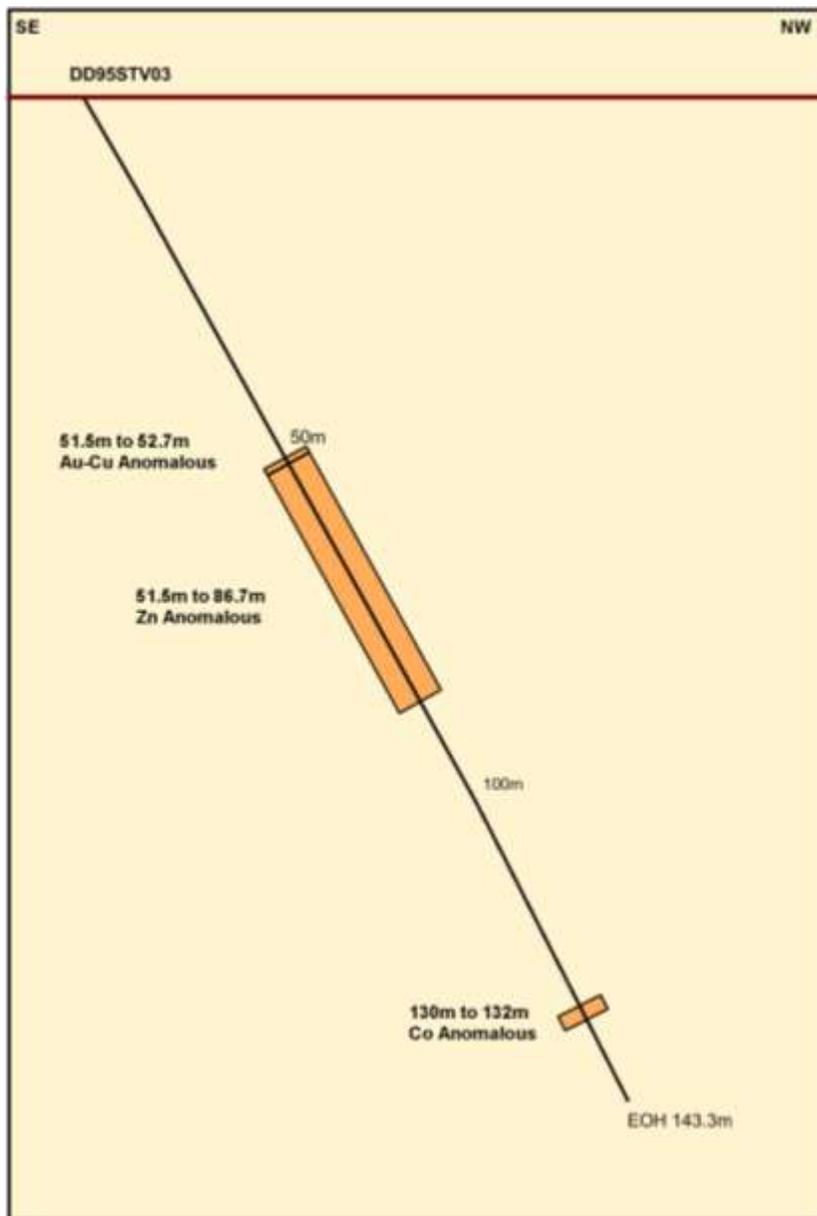
The first zone of geologically interpreted Broken Hill Lode Unit type rocks from 51.9 to 52.7 metres downhole returned:

- **0.3 metres @ 0.99 g/t Au, 0.14% Cu, and 0.07% Zn from 51.9 to 52.2 metres downhole.**
- **0.5 metres @ 0.30 g/t Au, 0.04% Cu, and 0.06% Zn from 52.2 to 52.7 metres downhole.**

Best results from the second zone of geologically interpreted Broken Hill Lode unit type rocks returned 0.87 metres @ 0.15% Zn from 85.8 to 86.67 metres downhole. The interval from 51.5 to 86.7metres averaged 460 ppm zinc over 35.2 metres.

See Figure 8 for the drill hole plot of anomalous cobalt and base and precious metal intersections for DD95STV3.

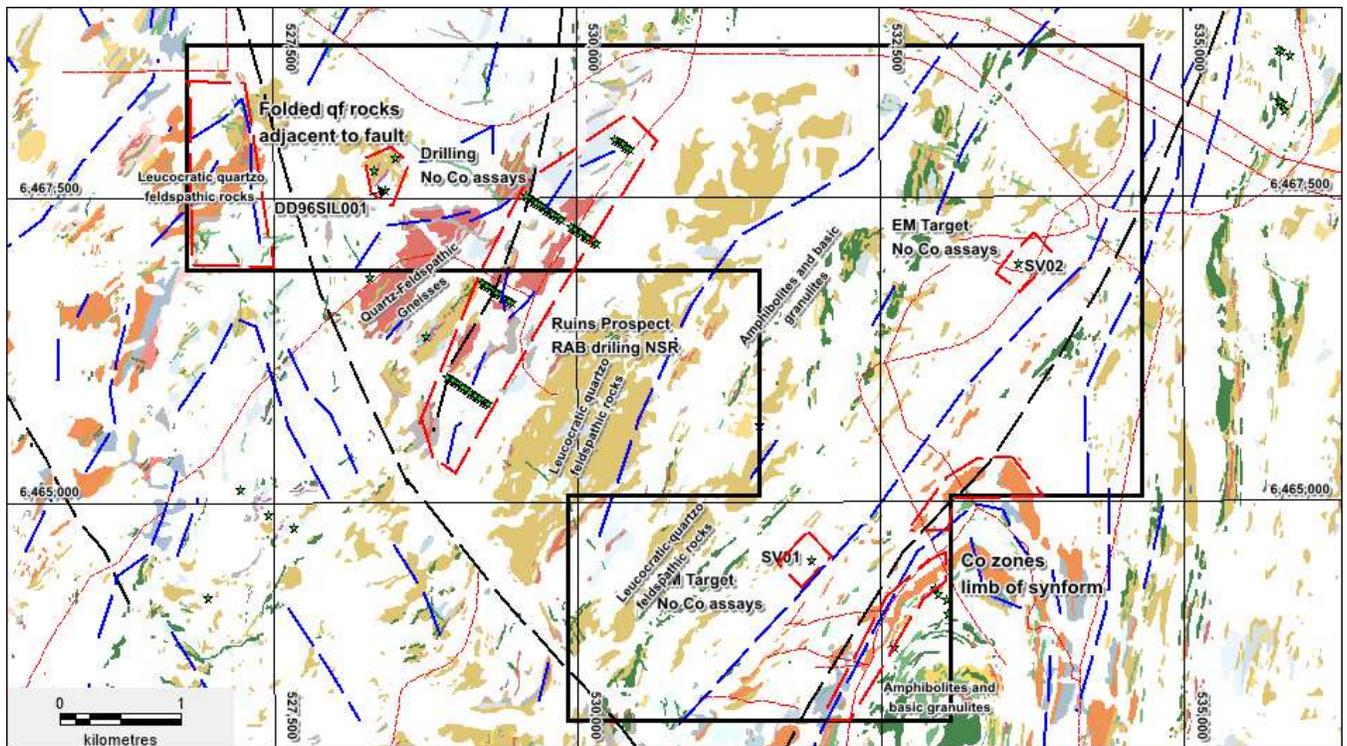
These assay results provide the impetus to fast track exploration as hole DD95STV3 is located 300 metres to the south of the Stirling Vale Prospect that will be the target of cobalt exploration. Both the cobalt, gold and base metal results indicate that the EL 8747 Stirling Vale Prospect has the potential to host ore grade mineralisation.



**Figure 8: DD95STV3 Anomalous cobalt, gold, and zinc zones**



**Figure 9: Outcropping PI2 Zone left and hand specimen of pyritic chert right**



**Figure 10: Outcrop geology showing target zones for future exploration and historical drilling as green stars**

In addition to the cobaltiferous pyrite zone “PI2” located on the limb of the Stirling Vale Synform (Figure 10 lower right of tenement) the tenement is also prospective for Broken Hill style massive Zn+/Pb,Ag mineralisation as is currently being mined at Broken Hill. In a field visit to EL8747 several occurrences of Zn gossan were noted between drillholes SV01 and SV02 near the eastern margin of the tenement (Figure 10).



***Figure 11: Hand specimens of ferruginous Zn gossan within EL8747***

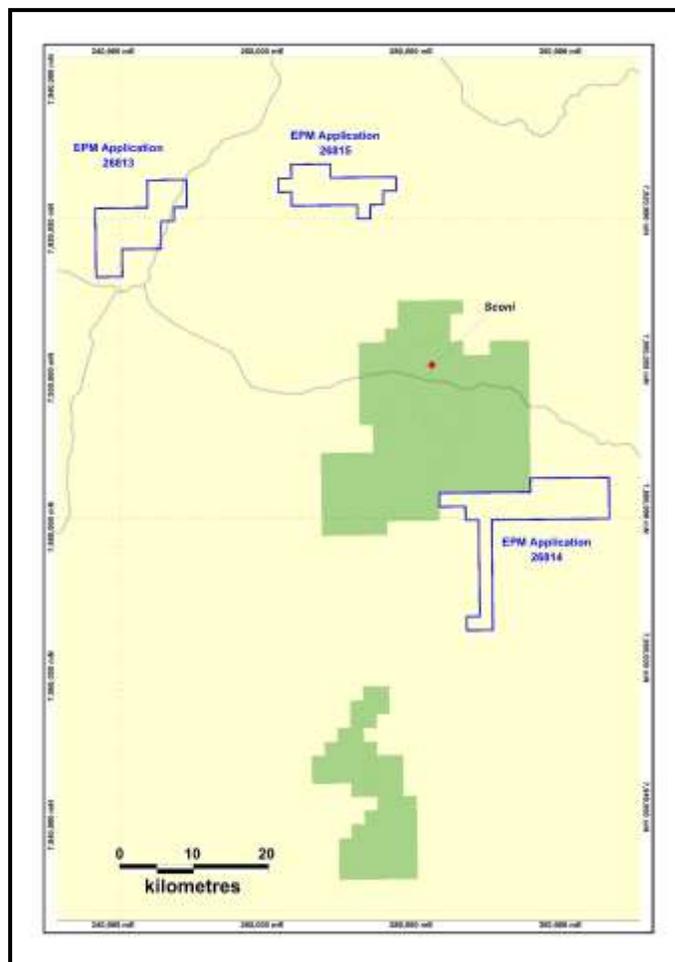
### **Planned Exploration Work**

Initial field work will involve surface geological and regolith mapping along zones prospective for cobaltiferous pyrite and massive zinc (Broken Hill style) style mineralisation. In conjunction targeted calcreted sampling will be carried out across the target zone to assist in delineation of mineralised zones. These zones will then be the focus of ground based geophysical surveys in order to define drill targets. The Company presently has sufficient funds for the early stage of the work. The minimum total expenditure work commitment for the first year of the 3 ELs is \$46,000.

## QLD: GREENVALE COBALT- NICKEL EXPLORATION AREAS

The 3 EPM applications (100% interests) – EPM 26813, EPM 26814 and EPM 26815 (see *Figure 1 and Figure 12*) cover a total area of approximately 276 km<sup>2</sup> and are strategically located 20-50 kms from the reportedly most advanced cobalt project in Australia (ASX: AUZ “Sconi” ML10368). Sconi has recently attracted an offtake agreement from SK Innovation, a very large battery supplier and one of the largest companies listed on the Korean Stock Exchange. Each permit is applied for a period of 5 years and the total minimum work expenditure commitment for the first year is \$60,000 for all 3 permits.

“Notices to Progress” have been received in October 2018 from the QLD Department for the applications of EPM 26813, EPM 26814 and EPM 26815. The Company is required to make payment for the first year rental (total of \$13,710) and the financial assurance (total of \$7,500) prior to the Department making decision on the grant of the 3 permits. The Company can expect the tenements to be granted soon for exploration work to commence.



**Figure 12: Greenvale Exploration Areas EPM applications north west and south east of SCONI Project, QLD.**

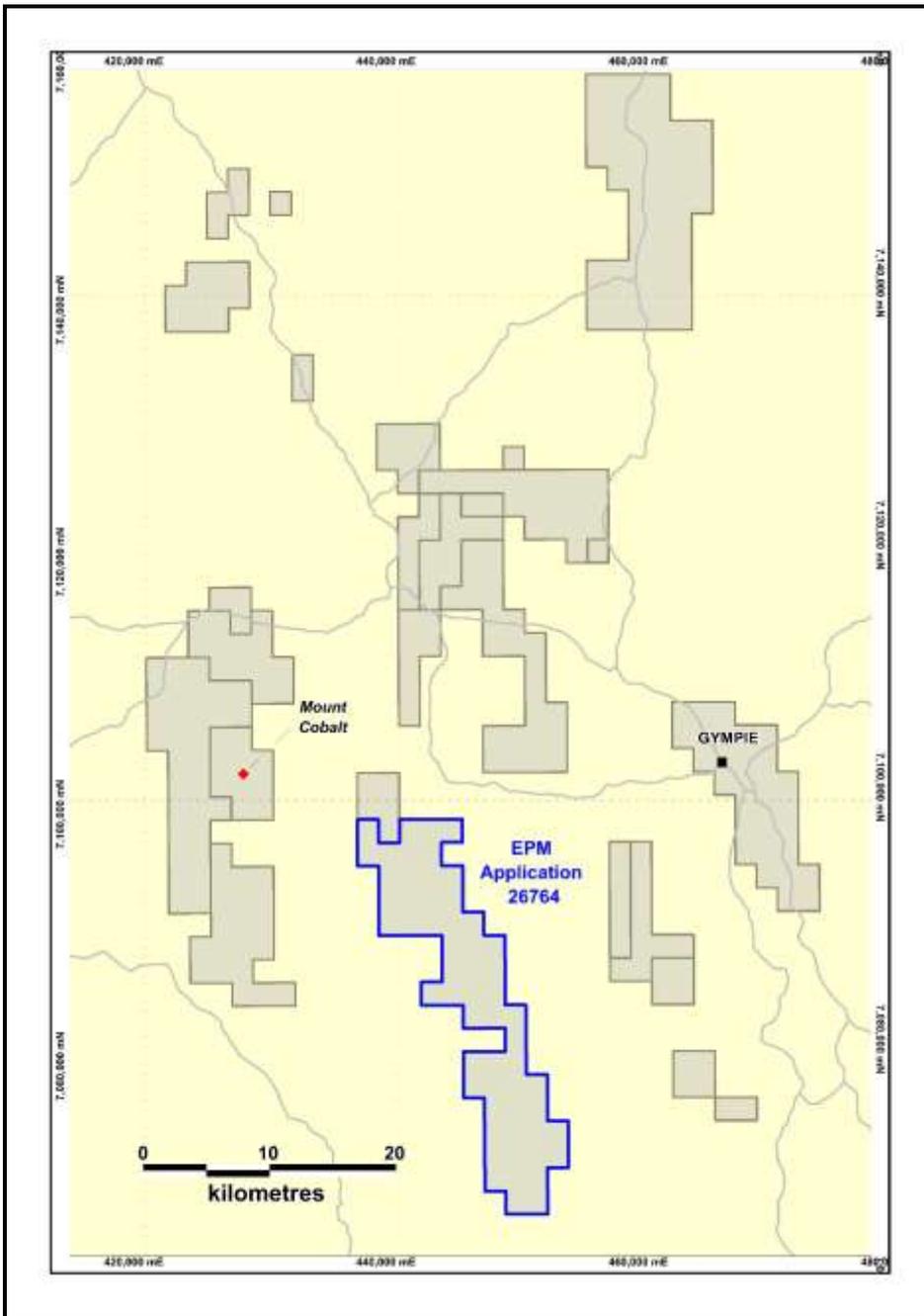
## **QLD: MOUNT TEWOO NICKEL COBALT MANGANESE EXPLORATION AREAS**

The Mount Tewoo Nickel Cobalt Manganese Exploration Areas comprise the EPM 26764 application (100 interest) covering an area of approximately 178 km<sup>2</sup> located 25 km south-west of Gympie, and 30 km south-east of Kilkivan (see *Figure 13*). During the Native Title Notification period that ended on 11 August 2018 an objection was lodged by the Kabi Kabi First Nation. The Company agreed to exclude access for exploration in a relatively small area that may be subject to Native Title Claim in order to expedite the process of the application. The Company expects a Notice to Progress to be received soon as a precursor to the grant of the permit.

The licence is applied for a period of 5 years and the total minimum work expenditure commitment for the first year is \$41,000.

The EPM 26764 application:

- is 15 km south-east of Aus Tin Mining's (ASX: ANW) Mt Cobalt Nickel-Cobalt deposit and Pembroke Nickel Sulphide discovery in EPM 19366;
- covers approximately 32 kms of prospective Mount Mia Serpentinite, a potential host rock for nickel-cobalt mineralisation similar to that discovered by Aus Tin Mining (ASX: ANW) (see *Figure 14*).
- is in an area with similar geology to Pembroke and Mt Cobalt where nickel sulphide and oxide nickel-cobalt mineralisation have been discovered.



**Figure 13: Mt Tewoo EPM application 26764 south east of ANW's Mt Cobalt Project.**

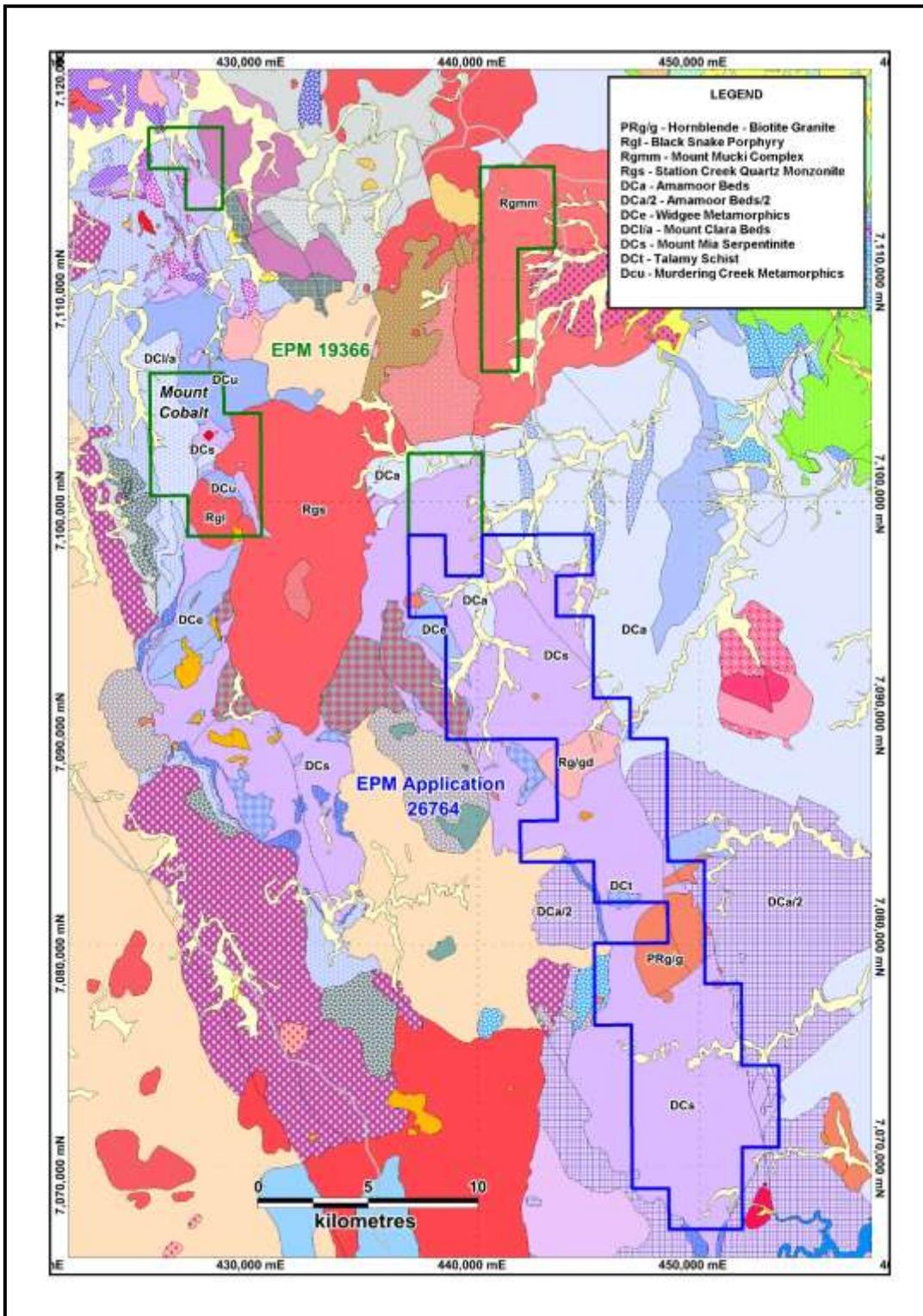


Figure 14: EPM Application 26764 geology map.

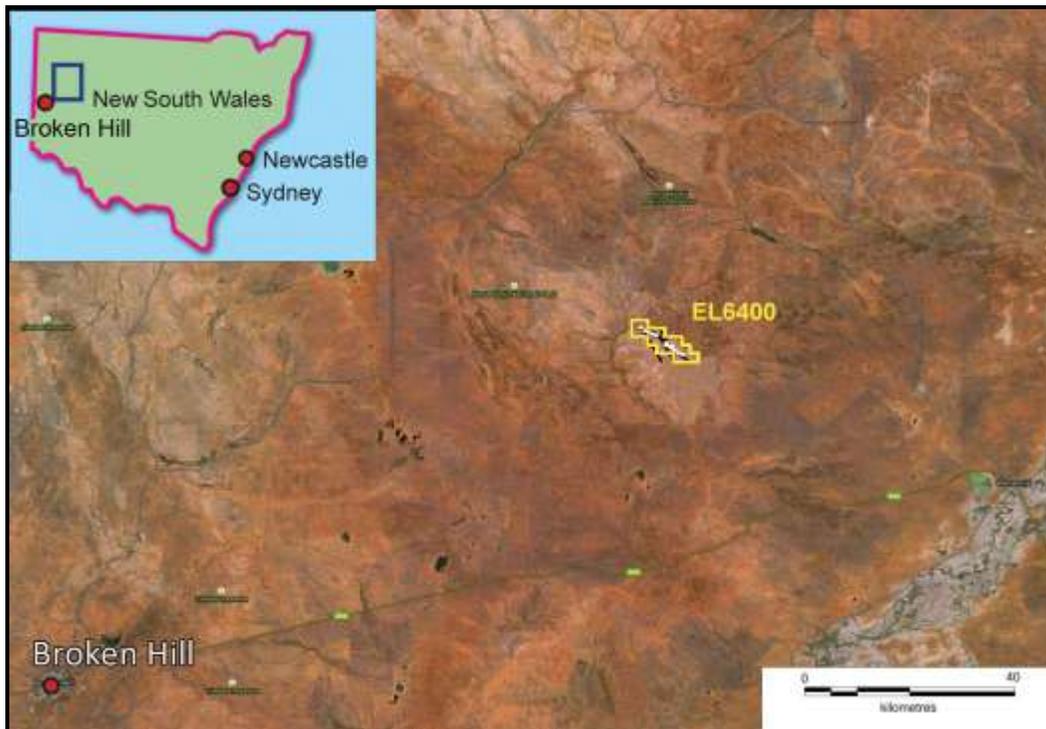
## KOONENBERRY COPPER EXPLORATION AREA

### *EL 6400 NSW – 100% interest*

### **Copper - Zinc - (Silver) Exploration**

This EL covers the Grasmere-Peveril Cu-Zn-(Ag) deposits (Figure 15), 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 this 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. Exploration to date has not achieved an increase in that resource.

No field activities have been carried out during the quarter.



**Figure 15 – Location of Current Koonenberry Exploration Licence EL 6400**  
**Note: Line of mineralization – white; Faults- black**

**POORAKA GOLD EXPLORATION AREA**  
**Pooraka ELs 6413 and 8424 – NSW - 100% interest**  
**Gold, Silver and Base Metal Exploration**

EL 6413 at Pooraka, 50 km east of Cobar, contain several gold and base metal target areas gleaned from earlier exploration results.

No field activities have been carried out during the quarter.

**LICENCES STATUS**

Minerals tenements and applications for tenements held at 30 September 2018 and acquired or disposed of during the quarter and their locations are as follows:

<b>Tenement</b>	<b>Area Name</b>	<b>Location</b>	<b>Beneficial Interest</b>	<b>Status</b>
EL 6400	Koonenberry	NSW	100%	Expiry on 1 April 2019
EL 6413	Pooraka 1	NSW	100%	Expiry on 17 May 2019
EL 8424	Pooraka 3	NSW	100%	Expiry on 17 February 2019
EL 8745	Kanbarra	NSW	100%	Expiry on 15 May 2024
EL 8746	Redan	NSW	100%	Expiry on 15 May 2024
EL 8747	Stirling Vale	NSW	100%	Expiry on 24 May 2024
EPM 26813	Greenvale	QLD	100%	Permit Application acquired on 5 May 2018 and awaiting grant
EPM 26814	Greenvale	QLD	100%	Permit Application acquired on 5 May 2018 and awaiting grant
EPM 26815	Greenvale	QLD	100%	Permit Application acquired on 5 May 2018 and awaiting grant
EPM 26764	Mt Tewoo	QLD	100%	Permit Application acquired on 5 May 2018 and awaiting grant

*(The information in the report above that relates to Exploration Results is based on information compiled by Mr Mark Derriman, who is the Company's Consultant Geologist and a member of The Australian Institute of Geoscientists (1566).*

*Mr Mark Derriman 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Mark Derriman consents to the inclusion in this report of matters based on his information in the form and context in which it appears.)*

**Eric Sam Yue**  
**Company Secretary**

## 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, 01/05/13, 01/09/16

**Name of entity**

AUSMON RESOURCES LIMITED

**ABN**

88 134 358 964

**Quarter ended ("current quarter")**

30 SEPTEMBER 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(39)	(39)
(b) development		
(c) production		
(d) staff costs	(23)	(23)
(e) administration and corporate costs	(54)	(54)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (GST, New Project)	4	4
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(111)</b>	<b>(111)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
	(a) Security deposit refund		
	(b) Security deposit paid		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,003	1,003
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(111)	(111)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>892</b>	<b>892</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	12	11
5.2	Call deposits	880	992
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>892</b>	<b>1,003</b>

**6. Payments to directors of the entity and their associates**

<b>Current quarter \$A'000</b>
------------------------------------

6.1 Aggregate amount of payments to these parties included in item 1.2

19
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6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

- Office rent contribution to a related entity of Managing Director John Wang
- Directors' management fees

**7. Payments to related entities of the entity and their associates**

<b>Current quarter \$A'000</b>
------------------------------------

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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

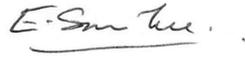
<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	200
9.2 Development	
9.3 Production	
9.4 Staff costs	25
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>275</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Director/Company secretary)

Date: 24 October 2018

Print name: .....ERIC W Y M SAM YUE.....

**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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.