AUSMON RESOURCES LIMITED

ABN 88 134 358 964

Half-Year Financial Report
31 December 2018

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CORPORATE DIRECTORY

CONTENTS

Corporate Directory	2
Review of Operations	3
Directors' Report	19
Auditor's Independence Declaration	20
Independent Auditor's Review Report	21
Directors' Declaration	23
Consolidated Statement of Profit or Loss and Other Comprehensive Income	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Cash Flows	27
Condensed notes to Consolidated Financial Statements	28

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CORPORATE DIRECTORY

Directors
Boris Patkin – Chairman
John Q Wang – Managing Director
Eric W Y M Sam Yue – Executive Director

Company Secretary
Eric W Y M Sam Yue

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ASX Code: AOA

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1 Farrer Place
Sydney NSW 2000

Auditors
Stantons International Audit and
Consulting Pty Ltd
22 Pitt Street
Sydney NSW 2000

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REVIEW OF OPERATIONS

SUMMARY

CORPORATE

- Mr Mark Derriman was appointed Chief Technical Officer on 15 August 2018 to manage the Group's exploration strategy and program.

- At the Annual General Meeting held on 25 October 2018 shareholders approved the issue within 3 months of up to 150 million fully paid ordinary shares in accordance with ASX Listing Rule 7.1. The shares have not been issued by the expiry of the 3 months on 24 January 2019.

- At the Annual General Meeting held on 25 October 2018 shareholders approved the issue of a total of 13,000,000 fully paid ordinary shares at a deemed issue price $0.006 to the Directors Messrs Boris Patkin, John Wang and Eric Sam Yue in settlement of director's fees owing to them for the 6 months period ended on 31 August 2018. The shares were issued on 29 October 2018.

EXPLORATION

NSW Cobalt and Base Metals Exploration Areas in ELs 8745, 8746 and 8747 near Broken Hill (100% interest).

- **EL 8747 Stirling Vale**
  - Historic diamond core hole drilled in 1995 was relogged and assayed for cobalt. Results were encouraging indicating potential to host ore grade mineralisation.
  - Land access agreement with landholders signed.
  - A first field trip was completed in the September 2018 quarter to prepare for the first stage of the exploration program.
  - Second field trip, was completed in October 2018 and possible work programs discussed with the Stirling Vale landholder.

- Field based exploration planned to commence in quarter ending June 2019 after completion of detailed studies of available data from the 3 ELs and avoiding the period of summer heat in the region.

QLD Greenvale Cobalt-Nickel Exploration Areas in EPMs 26813, 26814 and 26815 (100% interest).

- In November 2018, the Queensland Government Department of Natural Resources and Mines ("QLD Department") granted the 3 EPMs for a period of 5 years to November 2023. Field based exploration planned to commence in quarter ending June 2019 after completion of detailed studies of available data from the 3 EPMs.

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REVIEW OF OPERATIONS (continued)

QLD Mount Tewoo Nickel Cobalt Manganese Exploration Area in EPM 26764 (100% interest).

- Notice received that decision on the grant of the tenement will be made by QLD Department following payment of $9,355.40 for the first year rental by 27 March 2019. The tenement areas to be predominantly exclusive of Native Title.

NSW Koonenberry Copper Exploration Area EL 6400 (100% interest).

- Information has been provided to certain parties who were interested to investigate the possibilities of in-situ leaching process for extraction of copper within the EL. The potential is still under consideration and requires further research by the Company. The Company has commenced the process of renewing EL 6400 for a further 2 years to April 2021.

NSW Pooraka 3 Gold Exploration Area EL 8424 (100% interest).

- A renewal application for the Pooraka EL for a period of 2 years was lodged in December 2018 with the Department of Planning and Environment ("NSW Department"). In March 2019, the NSW Department has issued a notice of proposed decision to renew the EL to 17 February 2021.

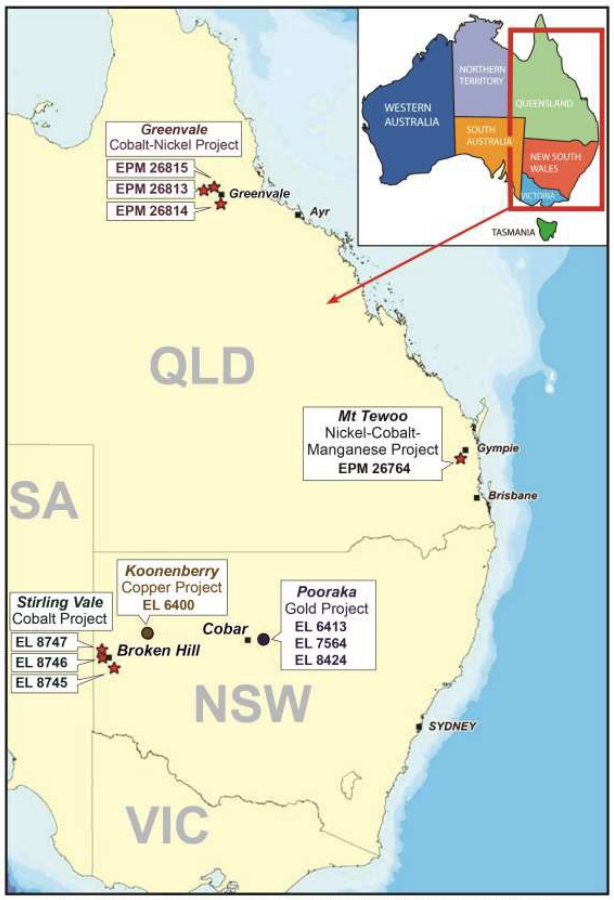

Figure ***ralia***
Location of Licences (EL) and Application Permits (EPM)
EPM 26764 is an a… 100% ownership

NSW: BROKEN HILL EXPLORATION AREAS

REVIEW OF OPERATIONS (continued)

ELs 8745, 8746 and 8747 near Broken Hill in NSW – 100% interest
Cobalt and Base Metals Exploration

In May 2018, EL 8745, EL 8746 and EL 8747 were granted for 6 years to May 2024 by NSW Department. The 3 ELs cover an area of approximately 174 km^2.

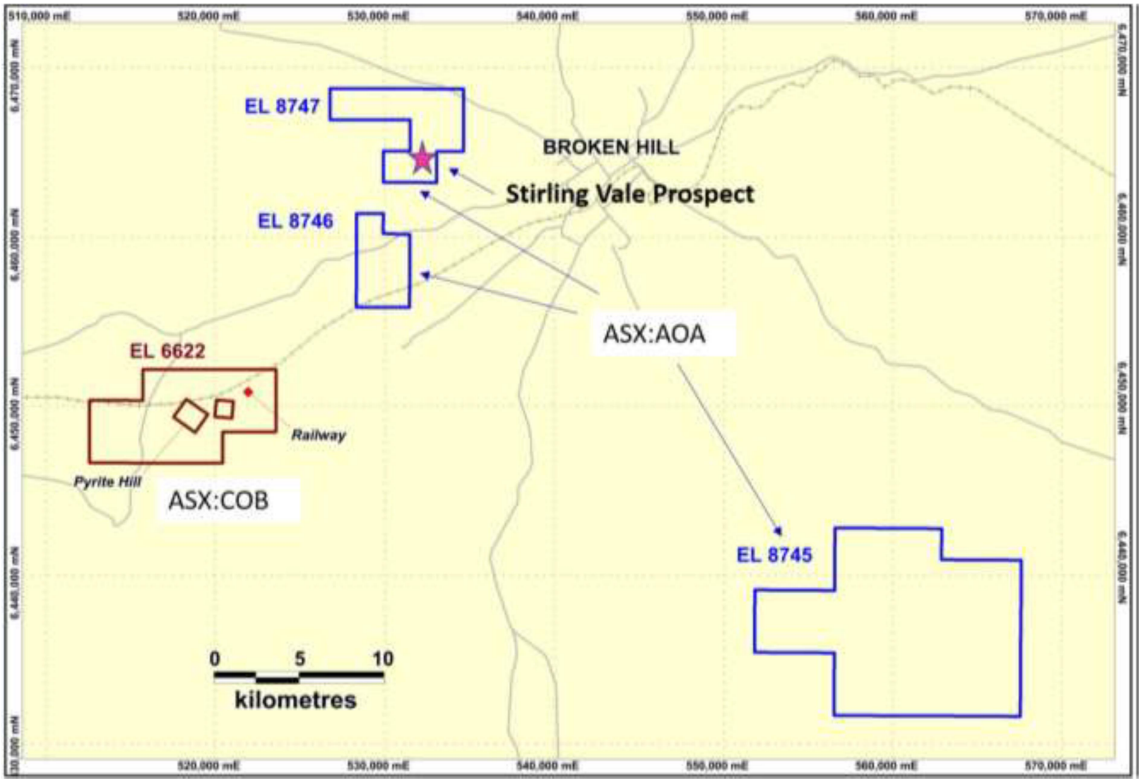

Figure 2: Location of ELs near Broken Hill with Stirling Vale Cobalt Prospect within EL 8747

EL 8747

The Company had accessed 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. That only diamond hole was drilled in 1995 by Pasminco Exploration in joint venture with Aberfolye 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 "Pl2" pyritic bearing horizon present, as shown below by the black arrows in Figure 3. Cobalt Blue has been reporting positive results for that area. 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.

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REVIEW OF OPERATIONS (continued)

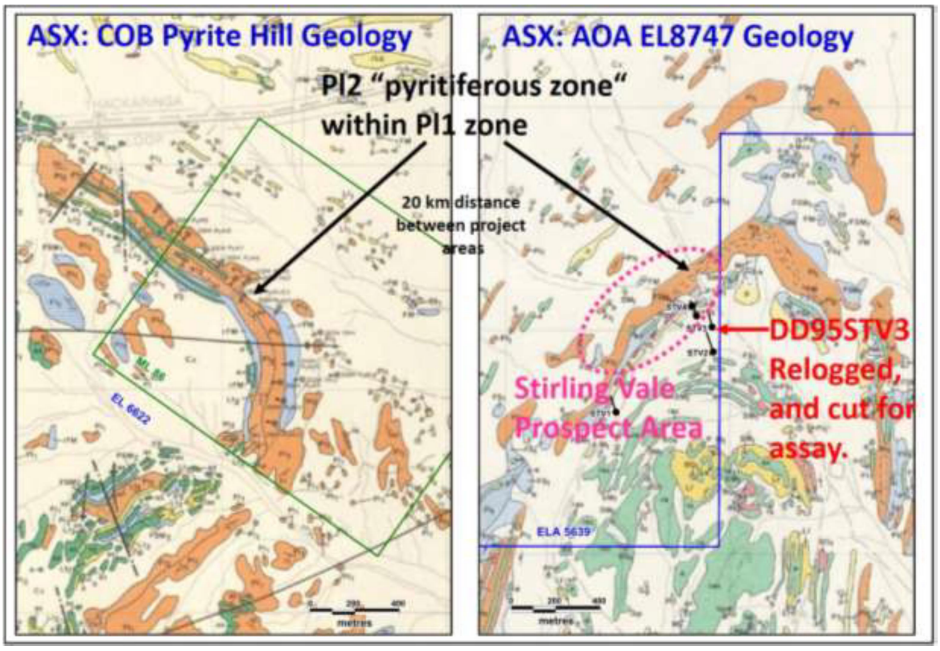

Figure 3: Geological similarities of Stirling Vale Prospect with Cobalt Blue's Cobalt Deposits*

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

The Company's geologist consultant had relogged the entire hole and had cut 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. An extensive pryitiferous 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 submitted for cobalt analysis at the Intertek Laboratory in Adelaide.

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

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REVIEW OF OPERATIONS (continued)

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 relogged.

2. Two zones of Broken Hill Type Lode Unit type have been identified from 51.5 to 52.7metres (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.

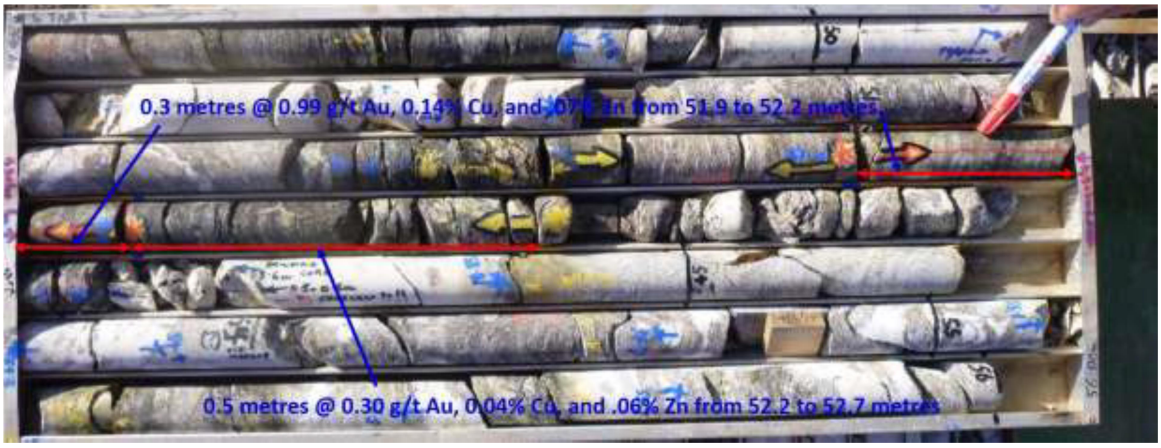

Figure 6: Mineralised quartz gahnite bearing BHT Lode Zone 1 from 51.5 to 52.7 metres.

REVIEW OF OPERATIONS (continued)

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.

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REVIEW OF OPERATIONS (continued)

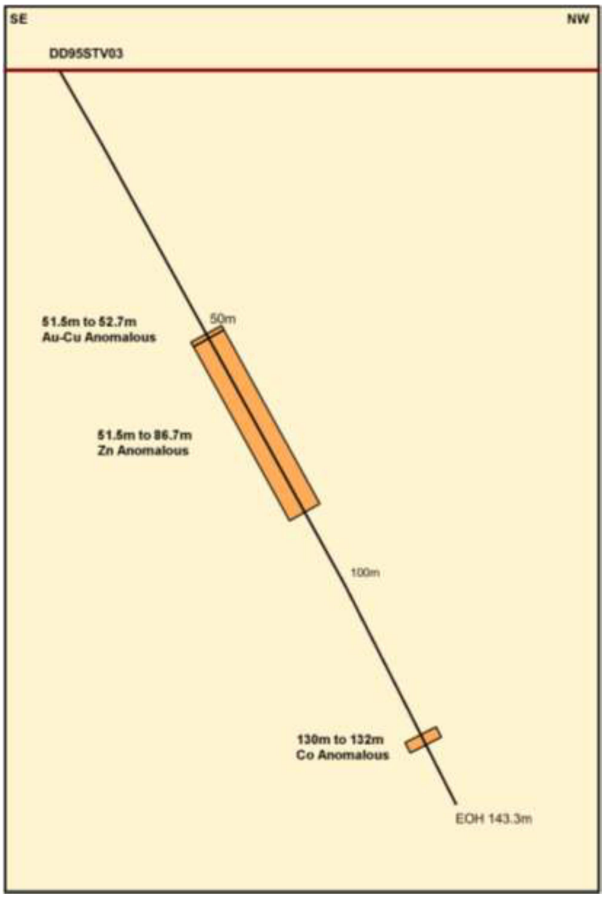

Figure 8: DD95STV3 Anomalous cobalt, gold, and zinc zones

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

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REVIEW OF OPERATIONS (continued)

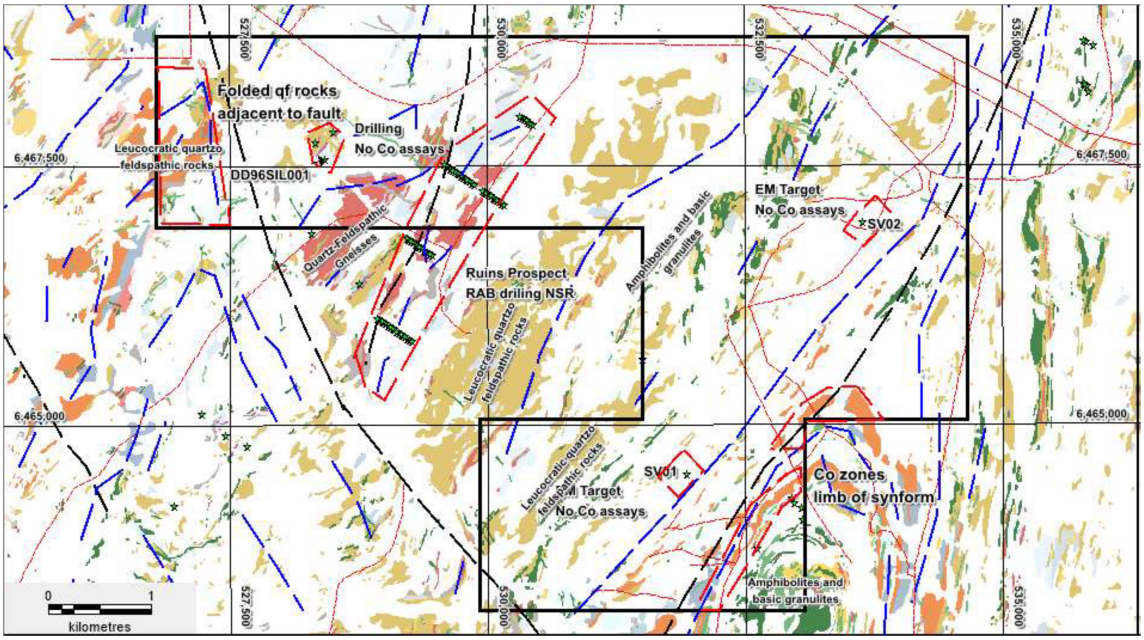

Figure 10: Outcrop geology showing target zones(red outlines) for future exploration and historical drilling as green stars

In addition to the cobaltiferous pyrite zone "PI2" located on the limb of the Stirling Vale Synform (Figure 10 lower right of tenement) 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

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REVIEW OF OPERATIONS (continued)

EL 8746

This tenement is located to the south of EL 8747 (Figure 2) and as is shown in Figure 12 comprises in excess of 60% transported cover sediments which will reduce the effectiveness of surficial geochemical exploration of which there has been very little. Figure 13 shows an aeromagnetic image with the transported cover sediments overlain and shown in a faint hatching. The known mineral occurrences (Cu and Pb) adjacent to EL 8746 are also shown and in many instances are associated with linear magnetic highs (Figure 13). As can be seen on Figure 13 many linear magnetic features are hidden by recent cover sediments. Before any further surficial geochemical sampling is contemplated a program of regolith mapping will be completed and in certain cases shallow (<10m) interface drilling will be used to get a geochemical signature of the cover's geological units.

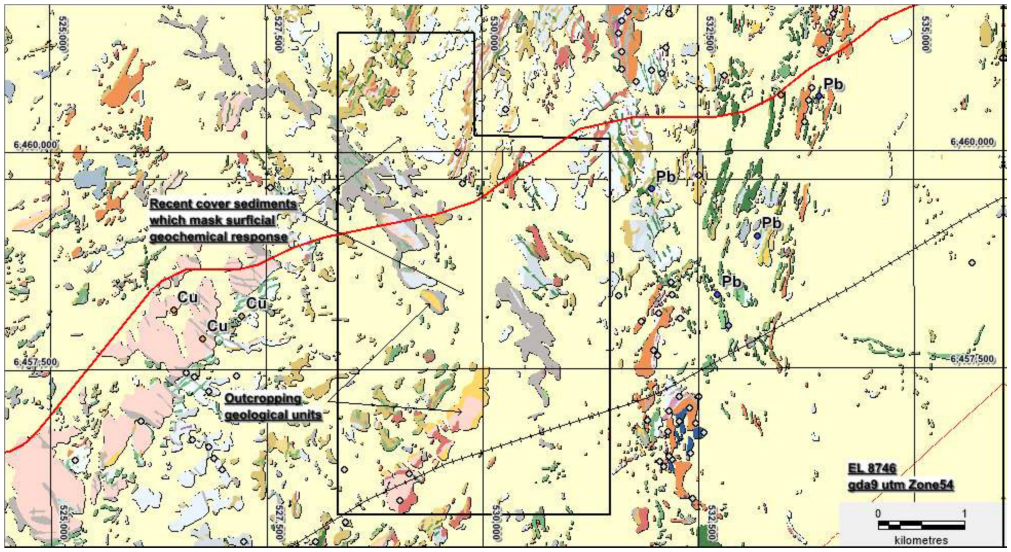

Figure 12: EL 8746 showing areas if outcropping geology and recent cover sediments

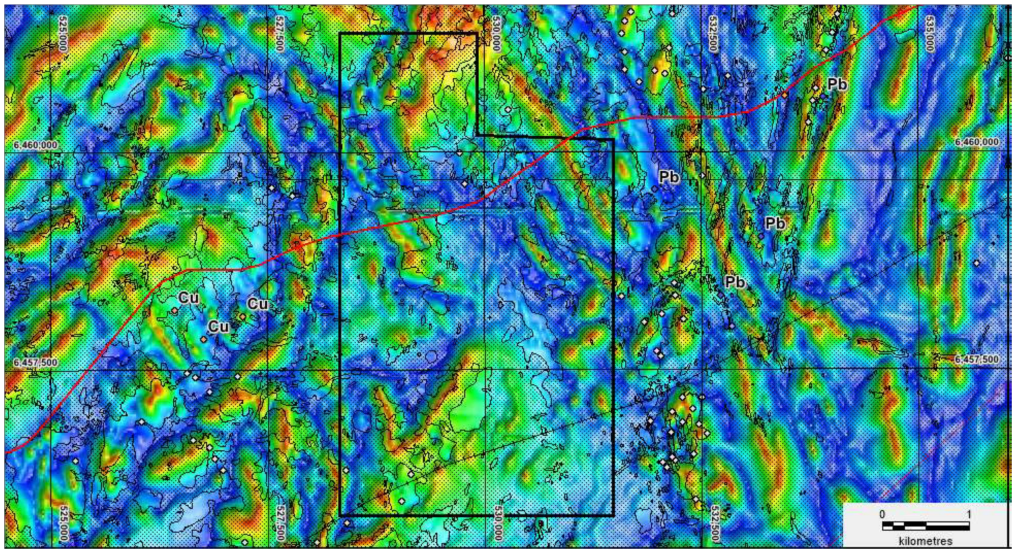

Figure 13: EL 8746 showing areas of recent cover sediments overlaid on aeromagnetics

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REVIEW OF OPERATIONS (continued)

EL 8745

This licence is located 30 km south east of Broken Hill with more extensive recent cover than the other two Broken Hill licenses. Figure 14 shows the extent of outcropping geology as coloured polygons and areas where the cover sediments are generally <2 m in thickness. In other areas the thickness of cover sediment can be in excess of 50 m. A broad structural interpretation of the aeromagnetics has been completed and target areas based on a combination of known structures and likely thin depositional cover. These areas will form part of the Phase 1 field exploration program.

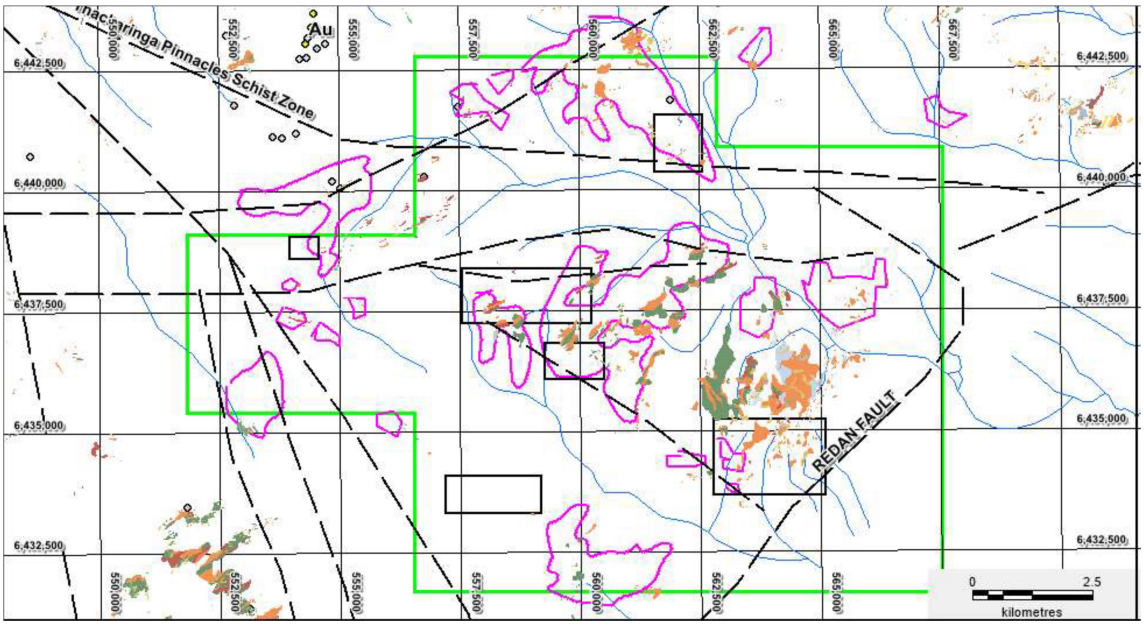

Figure 14: EL 8745 showing areas of outcropping geology and recent cover sediments with aeromagnetic structures and target areas (boxes)

Planned Exploration Work near Broken Hill

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 calcrete 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 of $46,000 will be fulfilled. The Company intends to invite potential joint partners to participate in the future drilling programs to share the risks and minimise the Company's cash outlays and therefore equity capital raisings.

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REVIEW OF OPERATIONS (continued)

QLD: GREENVALE COBALT- NICKEL EXPLORATION AREAS

EPMs 26813, 26814 and 26815 near Greenvale - 100% interest.

EPM 26813, EPM 26814 and EPM 26815 (*see Figure 1 and Figure 15*) were granted in November 2018 for a 5-year period to November 2023. They cover a total area of approximately 276 km^2 and are strategically located 20-50 kms from the reportedly most advanced cobalt project in Australia (ASX: AUZ ''Sconi'' ML10368). Sconi has attracted an offtake agreement from SK Innovation, a very large battery supplier and one of the largest companies listed on the Korean Stock Exchange and has been declared a Prescribed Project by the Queensland Government that will assist it fast tracking future development. A project like Sconi near the Company's EPMs will be helpful for future project development should the Company's exploration be successful within its EPMs.

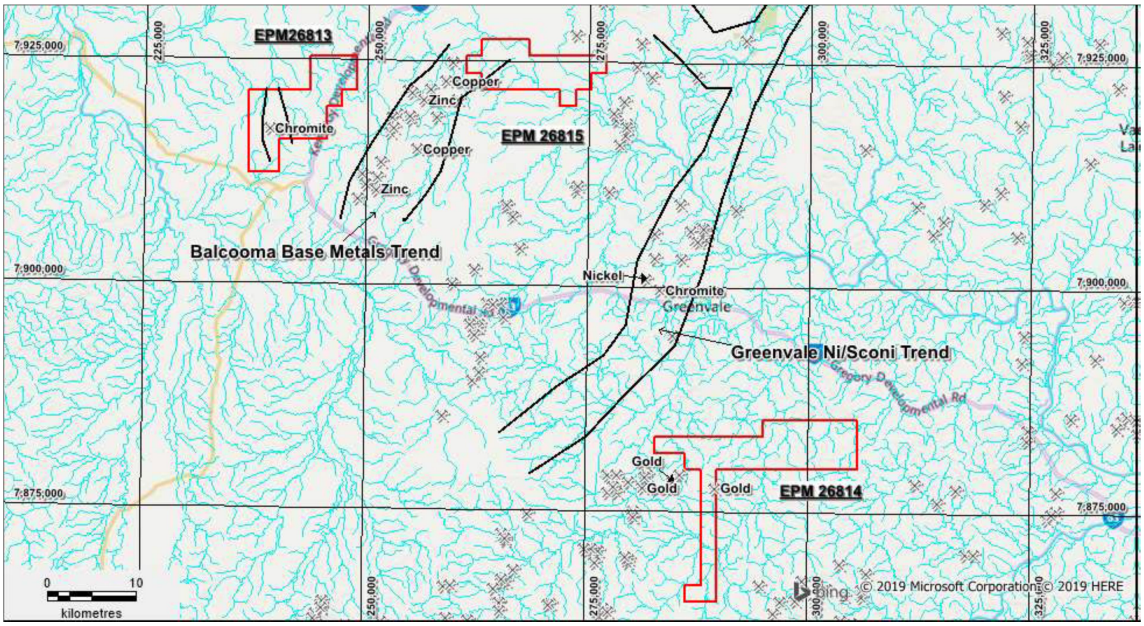

Figure 15: Greenvale Exploration Areas granted EPMs

The Greenvale tenements are located in a highly mineralised region of North Queensland adjacent to the regionally significant Greenvale Ni and Sconi Co/Sc trend with a chromite mineral occurrence located within EPM 26813 (QLD Department's data base). In addition, EPM 26815 is located along the Balcooma base metal trend that has produced several Cu/Zn mines. EPM 26814 is located adjacent to several historical gold workings.

Planned Exploration Work near Greenvale

Initial field work will involve surface geological mapping and geochemical sampling targeting Sconi style Co mineralisation, chromite and nickel (Greenvale type) associated with ultramafic rocks, Balcooma VMS base metal mineralisation and vein hosted gold. These zones will then be the focus of ground based geophysical surveys in order to define drill targets.

The total minimum work expenditure commitment for the first year is $60,000 for all 3 permits and will be fulfilled with current cash resources.

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REVIEW OF OPERATIONS (continued)

QLD: MOUNT TEWOO NICKEL COBALT MANGANESE EXPLORATION AREA

EPM 26764 Application near Gympie - 100% interest.

The Mount Tewoo Nickel Cobalt Manganese Exploration Areas comprise the EPM 26764 application covering an area of approximately 178 km^2 located 25 km south-west of Gympie, and 30 km south-east of Kilkivan (*see Figure 16*). 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. At the end of February 2019, the Company has received a notice advising
that decision on the grant of the tenement will be made by QLD Department following payment of $9,355.40 for the first year rental by 27 March 2019. The tenement areas to be granted to be predominantly exclusive of Native Title.

The licence is applied for a period of 5 years and the total minimum work expenditure commitment for the first year is $41,000 which can be fulfilled with current cash resources.

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 17*).
- is in an area with similar geology to Pembroke and Mt Cobalt where nickel sulphide and oxide nickel-cobalt mineralisation have been discovered.

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REVIEW OF OPERATIONS (continued)

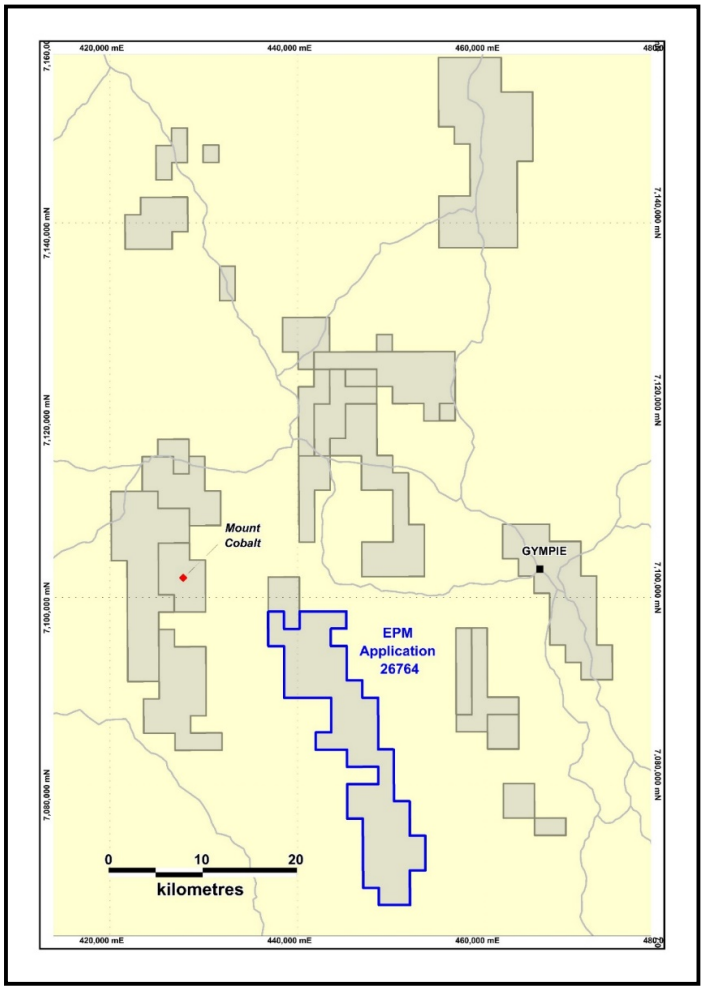

Figure 16: Mt Tewoo EPM application 26764 south east of ANW's Mt Cobalt Project

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REVIEW OF OPERATIONS (continued)

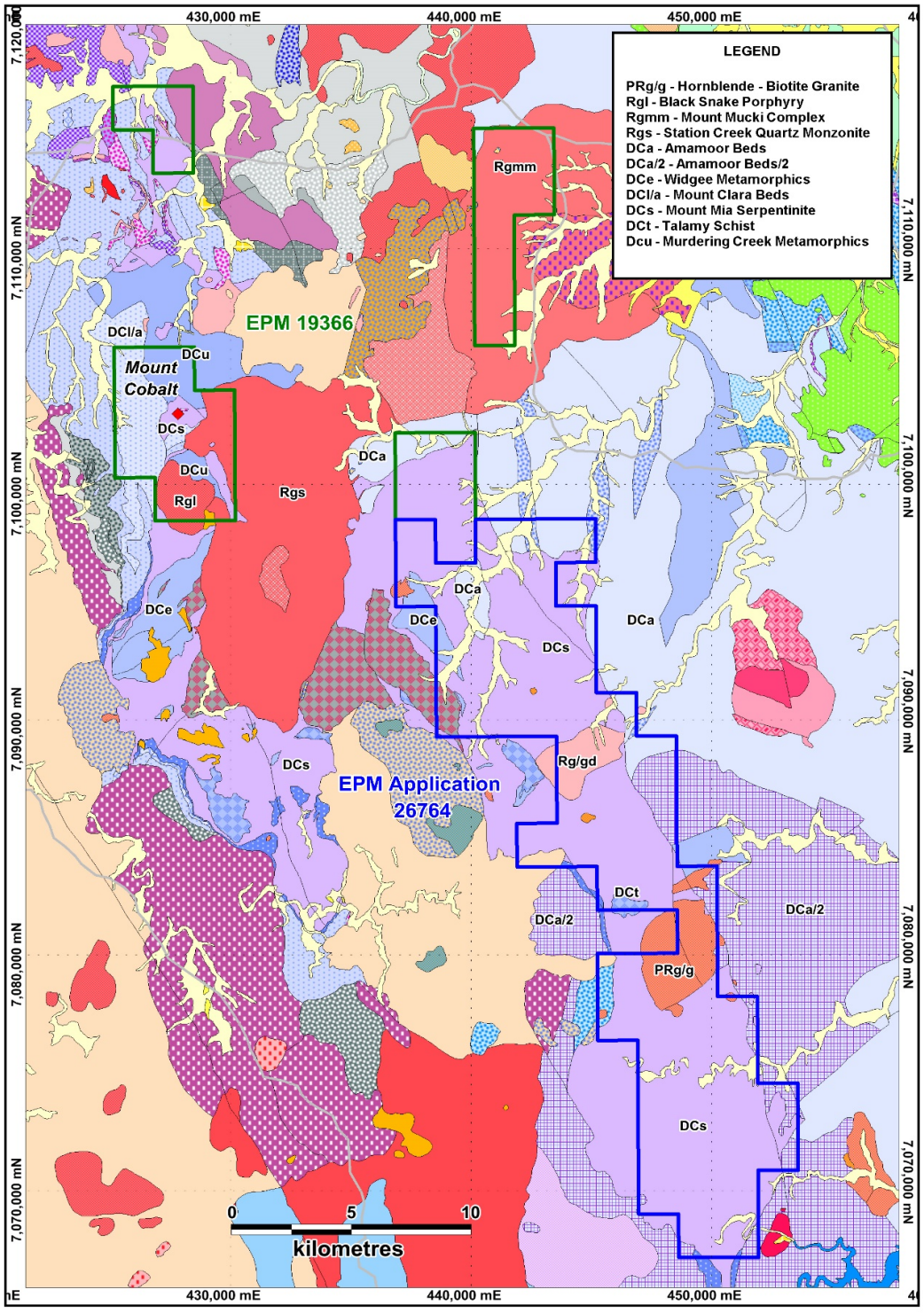

Figure 17: EPM Application 26764 geology map

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REVIEW OF OPERATIONS (continued)

KOONENBERRY COPPER EXPLORATION AREA

EL 6400 NSW – 100% interest
Copper - Zinc - (Silver) Exploration

This EL covers the Grasmere-Peveril Cu-Zn-(Ag) deposits (Figure 18), 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.

The Company has shared proprietary information with certain parties to investigate the possibilities of an in situ leaching process for the extraction of the copper. The potential is still under consideration and requires further research by the Company. It is the Company's intention to seek joint venture partners to share the risks and costs of the project and renew the tenement for a further 2 years until 2021.

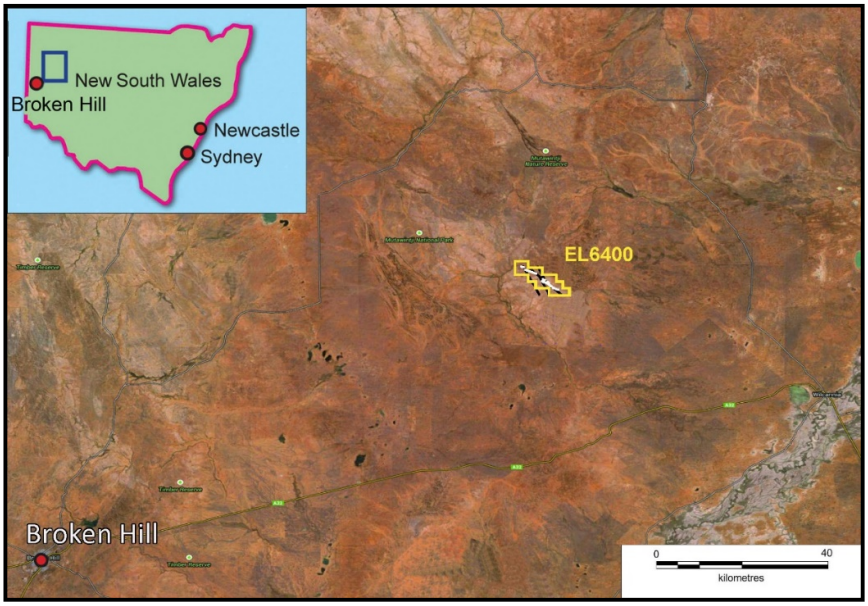

Figure 18 – Location of Current Koonenberry Exploration Licence EL 6400

POORAKA GOLD EXPLORATION AREA

Pooraka ELs 6413 and 8424 near Cobar – NSW - 100% interest
Gold, Silver and Base Metal Exploration

EL 6413, 50 km east of Cobar, contain several gold and base metal target areas gleaned from earlier exploration results. It is the intention of the Company to renew the tenement for a further 2 years.

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REVIEW OF OPERATIONS (continued)

A renewal application for EL 8424 for a period of 2 years to February 2021 was lodged in December 2018 with the NSW Department. In March 2019, the NSW Department has issued a notice of proposed decision to renew the EL to 17 February 2021.

LICENCES STATUS

The minerals tenements held at the end of the December 2018 reporting period and acquired or disposed of during that period and their locations are as follows:

Tenement	Area Name	Location	Beneficial Interest	Status
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, Renewal application for 2 years lodged and Notice of proposed decision to renew has been received from NSW Department
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%	Expiry on 5 November 2023
EPM 26814	Greenvale	QLD	100%	Expiry on 5 November 2023
EPM 26815	Greenvale	QLD	100%	Expiry on 5 November 2023
EPM 26764	Mt Tewoo	QLD	100%	Permit Application acquired on 5 May 2018 and awaiting grant. Notice of decision on the grant to be made has been received from QLD Department.

EPMs 26813, 26814 and 26815 were granted in November 2018.

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

(The information in the report above that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled by Mr Mark Derriman, who is the Company's Chief Technical Officer and a member of The Australasian Institute of Geoscientists (1566)..

Mr Mark Derriman has sufficient experience that is relevant to the style of mineralisation 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, Exploration Targets 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.)

DIRECTORS' REPORT

The Directors of Ausmon Resources Limited submit the financial report of the consolidated group for the half-year ended 31 December 2018.

Directors

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

Boris Patkin Non-Executive Chairman
John Q Wang Managing Director
Eric Sam Yue Executive Director

Operating Results

The operating loss of the Group for the half-year ended 31 December 2018 was $204,030 (2017: loss $236,989).

Review of Operations

A review of operations for the half-year ended 31 December 2018 is set out on pages 3 to 17.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 19 of this financial report and forms part of this Directors' Report.

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

John Q Wang
Director

Dated this 15th day of March 2019

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15 March 2019

Board of Directors
Ausmon Resources Limited
World Tower
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Sydney NSW 2000

Dear Sirs

RE: AUSMON RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ausmon Resources Limited.

As Audit Director for the review of the financial statements of Ausmon Resources Limited for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik
Director

Liability limited by a scheme approved
under Professional Standards Legislation

Member of Russell Bedford International

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ausmon Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2018 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, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Ausmon Resources Limited (the consolidated entity). The consolidated entity comprises both Ausmon Resources Limited (the Company) and the entities it controlled 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 (including the Australian Accounting Interpretations) 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 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 2018 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

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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*, has been provided to the directors of Ausmon Resources Limited on 15 March 2019.

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 2018 and of its performance for the half-year ended on that date; and

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 3b) of the financial report, which describes the effects of the financial report being prepared on a going concern basis. As at 31 December 2018, Ausmon Resources Limited had working capital of $786,937 and had incurred a loss for the half year of $204,030.

The ability of Ausmon Resources Limited to continue as a going concern is subject to the successful recapitalisation of Ausmon Resources Limited. In the event that the Board is not successful in recapitalising the Company and in raising further funds, Ausmon Resources Limited may not be able to pay its debts as and when they become due and may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts different to those stated in the financial report. Our conclusion is not modified in respect of this matter

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
15 March 2019

DIRECTORS' DECLARATION

In the opinion of the Directors of Ausmon Resources Limited:

1. The consolidated financial statements and notes of Ausmon Resources Limited are in accordance with the Corporations Act 2001, including:

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

   b) giving a true and fair view of its financial position as at 31 December 2018 and of its performance for the half-year ended on that date.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

John Q Wang
Director

Dated this 15th day of March 2019

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Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Half-Year Ended 31 December 2018

	Note	31 December 2018 $	31 December 2017 $
Revenue			
Interest income		2,461	2,701
		2,461	2,701
Expenses			
Employee benefits expense		(19,929)	(19,929)
Impairment of exploration and evaluation expenditure		-	(15,953)
Projects costs		(7,473)	-
Other expenses	5	(179,089)	(203,808)
Loss before income tax expense		(204,030)	(236,989)
Income tax expense		-	-
Loss for the period		(204,030)	(236,989)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Loss for the period attributable to members of the Parent Entity		(204,030)	(236,989)
Total comprehensive loss for the period attributable to members of the Parent Entity		(204,030)	(236,989)
Loss per share			
Basic and diluted loss per share	6	(0.04 cents)	(0.07 cents)

The accompanying notes form part of this financial report.

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Consolidated Statement of Financial Position

As At 31 December 2018

	Note	31 December 2018 $	30 June 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		785,104	1,003,067
Trade and other receivables		9,972	22,498
Financial assets		12,500	12,500
Prepayments		12,115	-
TOTAL CURRENT ASSETS		819,691	1,038,065
NON-CURRENT ASSETS			
Financial assets		67,500	60,000
Exploration and evaluation expenditure		992,956	913,389
TOTAL NON-CURRENT ASSETS		1,060,456	973,389
TOTAL ASSETS		1,880,147	2,011,454
CURRENT LIABILITIES			
Trade and other payables		32,754	62,031
TOTAL CURRENT LIABILITIES		32,754	62,031
TOTAL LIABILITIES		32,754	62,031
NET ASSETS		1,847,393	1,949,423
EQUITY			
Issued capital	8	13,317,736	13,215,736
Reserves		464,770	464,770
Accumulated losses		(11,935,113)	(11,731,083)
TOTAL EQUITY		1,847,393	1,949,423

The accompanying notes form part of this financial report.

Consolidated Statement of Changes In Equity

For The Half-Year Ended 31 December 2018

	Issued capital $	Option reserve $	Accumulated losses $	Total $
Balance at 1 July 2017	11,377,032	357,770	(11,139,343)	595,459
Total comprehensive loss for the period	-	-	(236,989)	(236,989)
Balance at 31 December 2017	11,377,032	357,770	(11,376,332)	358,470
Balance at 1 July 2018	13,215,736	464,770	(11,731,083)	1,949,423
Total comprehensive loss for the period	-	-	(204,030)	(204,030)
Transactions with owners in their capacity as owners				
Issue of share capital	102,000	-	-	102,000
Balance at 31 December 2018	13,317,736	464,770	(11,935,113)	1,847,393

The accompanying notes form part of this financial report.

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Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2018

	31 December 2018 $	31 December 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(113,010)	(89,368)
Interest received	2,461	2,700
Net cash outflow from operating activities	(110,549)	(86,668)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(99,914)	(17,103)
Payments for security deposits	(7,500)	-
Proceeds from refund of security deposits	-	10,000
Net cash outflow from investing activities	(107,414)	(7,103)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash inflow from financing activities	-	-
Net (decrease) in cash held	(217,963)	(93,771)
Cash and cash equivalents at the beginning of period	1,003,067	566,364
Cash and cash equivalents at the end of period	785,104	472,593

The accompanying notes form part of this financial report.

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Notes to Financial Statements For the Half-Year Ended 31 December 2018

Note 1 – Nature of Operations

The principal activities of the Group consist of carrying out exploration in minerals tenements with a focus on gold, silver, copper, cobalt, nickel and other base metals.

Note 2 – General Information and Basis of Preparation

The condensed interim consolidated financial statements ('the interim financial statements') are for the six months ended 31 December 2018 and are presented in Australian dollar ($), which is the functional currency of the Parent Company. These general purpose 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*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2018 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001.*

The interim financial statements have been approved and authorised for issue by the Board of Directors on 15 March 2019.

Note 3 – Significant accounting policies

(a) Accounting policies

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

The Group has reviewed all of the new and amended Accounting Standards and Interpretations that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018. It has been determined that there is no material impact of the new and revised Accounting Standards and Interpretations on its business.

The Group has not early adopted new Accounting Standards and Interpretations that are not yet mandatory in this reporting period. No significant impact on the Group's financial performance or position is expected when they are adopted.

(b) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to pay its debts as and when they become due and payable. At balance date the Group had current assets of $819,691 including total cash of $785,104, current liabilities of $32,754 and has incurred a net loss of $204,030 in the period. In addition, the Group has an unfulfilled expenditure requirement under its exploration licences of $142,000 for the next 12 months.

The Directors have reviewed the cash flow forecast for the next twelve months including consideration of unfulfilled expenditure requirement and other committed expenses and have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. If for any reason, the Group is unable to continue as a going concern, then this could have an impact on the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

Notes to Financial Statements For the Half-Year Ended 31 December 2018 (continued)

Note 4 – Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018.

Note 5 – Other expenses from ordinary activities

	31 December 2018 $	31 December 2017 $
Audit fees	7,821	7,000
Consulting and professional fees	24,044	66,030
Directors' and management fees	96,540	99,956
Listing expenses	28,302	15,322
Office accommodation	5,200	5,200
Registry fees	6,287	5,666
Insurance	5,363	-
Other	5,532	4,634
	179,089	203,808

Note 6 – Loss per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Parent Company as the numerator i.e. no adjustments to profits were necessary for the six-month period to 31 December 2018 and 2017.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	6 months to 31-Dec-2018	6 months to 31-Dec-2017
Weighted average number of shares used in basic earnings per share	528,376,920	346,639,343
Effects of dilution	-	-
Weighted average number of shares used in diluted earnings per share	528,376,920	346,639,343

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Notes to Financial Statements For the Half-Year Ended 31 December 2018 (continued)

Note 7 – 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 8 – Share Capital

	6 months to 31 December 2018		6 months to 31 December 2017	
	Number	**$**	**Number**	**$**
Fully Paid Ordinary shares				
Balance at beginning of period	518,353,627	13,215,736	346,639,343	11,377,032
Shares issued during the period:				
- for payment of Directors' fees[1]	13,000,000	78,000	-	-
- For payment of supplier services	4,000,000	24,000	-	-
- deferred shares issued on acquisition of New Base Metals Pty Ltd[2]	10,714,288	-	-	-
Balance at end of period	546,067,915	13,317,736	346,639,343	11,377,032

[1] The shares were for payment of Directors' fees amounting to $78,000 following approval of shareholders at the Annual General Meeting held on 25 October 2018.

[2] The deferred shares were issued on 6 November 2018 on the grant of exploration licences EPM 26813, EPM 26814 and EPM 26815 held by New Base Metals Pty Ltd.

At balance date there were 21,100,000 Employee Incentive Plan ("EIP") shares in issue. Loans owing on the EIP shares were $149,000.

Note 9 - Commitments

Exploration Expenditure Commitments

The expenditure commitments to maintain and renew rights to tenure in exploration licences as at 31 December 2018 have not been provided for in the financial statements and are due:

	31 December 2018 $	30 June 2018 $
Within twelve months	142,000	205,000
Twelve months or longer and not longer than 5 years	1,323,000	517,000
Longer than five years	255,000	255,000
	1,720,000	977,000

Notes to Financial Statements For the Half-Year Ended 31 December 2018 (continued)

Note 10 - Contingent Liabilities

At balance date, the Group has no contingent liabilities.

Note 11 – Events after Balance Date

In the opinion of the Directors, no items, transactions or events of a material or unusual nature have arisen in the interval between the end of the financial period and the date of this report which have 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 subsequent financial years.

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