

AUSMON RESOURCES LIMITED

ABN 88 134 358 964

Half-Year Financial Report

31 December 2017

CONTENTS

Corporate Directory	2
Review of Operations	3
Directors' Report	10
Auditor's Independence Declaration	11
Independent Auditor's Review Report	12
Directors' Declaration	14
Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Condensed notes to Consolidated Financial Statements	19

CORPORATE DIRECTORY

Directors

Boris Patkin – Chairman
John Q Wang – Managing Director
Eric W Y M Sam Yue – Executive Director
(appointed 25 October 2017)
Ray Shaw – (resigned 25 October 2017)

Company Secretary

Eric W Y M Sam Yue

Registered Office

World Tower
Suite 1312
87-89 Liverpool Street
Sydney NSW 2000
Telephone: 61 2 9264 6988
Facsimile: 61 2 9283 7166
Email: office@ausmonresources.com.au

Website

www.ausmonresources.com.au

Share Registry

Boardroom Pty Limited
Level 12
255 George Street
Sydney NSW 2000
Telephone: 61 2 9290 9600
Facsimile: 61 2 9279 0664

Home Stock Exchange

ASX Limited
Exchange Centre
20 Bridge St

Sydney NSW 2000

ASX Code: AOA

Solicitors

Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Auditors

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

REVIEW OF OPERATIONS

SUMMARY

CORPORATE

- The Board composition changed following the appointment of Mr Eric W Y M Sam Yue on 25th October 2017 and the resignation of Dr Raymond Shaw on the same day.
- Mr Eric W Y M Sam Yue was also appointed Company Secretary and Chief Financial Officer on 25th October 2017 in replacement of Mr John Wang who remains as Managing Director.
- At the Annual General Meeting held on 27 November 2017 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 26 February 2018.
- At the general meeting held on 8 February 2018 at the request of a shareholder, shareholders approved the removal of Grant Thornton Audit Pty Ltd as auditor of the Company and approved the appointment of Stantons International Audit and Consulting Pty Ltd as auditor of the Company
- At the general meeting held on 8 February 2018 shareholders approved the issue within 3 months of up to 175 million fully paid ordinary shares in accordance with ASX Listing Rule 7.1. At the date of this report the shares have not been issued.
- At the general meeting held on 8 February 2018 shareholders approved the issue of 5,000,000 fully paid ordinary shares at \$0.007 per share and the provision of 5 year interest free loan of \$35,000 to acquire those shares to each of the Directors Messrs Boris Patkin, John Wang and Eric Sam Yue under the Ausmon Employee Incentive Plan 2016. The shares were issued on 9 February 2018.
- On 9 March 2018, the Company raised \$243,000 from the sale of Employee Incentive Plan shares.

EXPLORATION

Koonenberry EL 6400, NSW

EL 6400 has been renewed with 65% area reduction, for 2 years to 1 April 2019. The potential of in-situ Cu (copper) leaching-extraction of existing JORC Code (2004) resource at Grasmere-Peveril is under consideration.

Pooraka ELs 6413, 7564 and 8424, NSW

- EL 6413 (Pooraka 1) has been renewed for 2 years to 17 May 2019. EL 8424 (Pooraka 3) is renewed until 17 February 2019, and EL 7564 (Pooraka 2) until 17 June 2018. These 3 ELs cover possible WNW strike extensions of the Canbelago gold mine directly to the south, and also cover the Gilmore Suture.
- Drilling planned for the June quarter to test possible WNW strike extensions of the Canbelago gold mine directly to the south.

On the retirement of Mr Moeskops as the Company's consultant geologist in the December quarter, exploration work activities have focused on the handing over of the project files to and briefing of Mr Joe Schifano who has been appointed to advise the Company on exploration. No field activities have been carried out during the half-year.

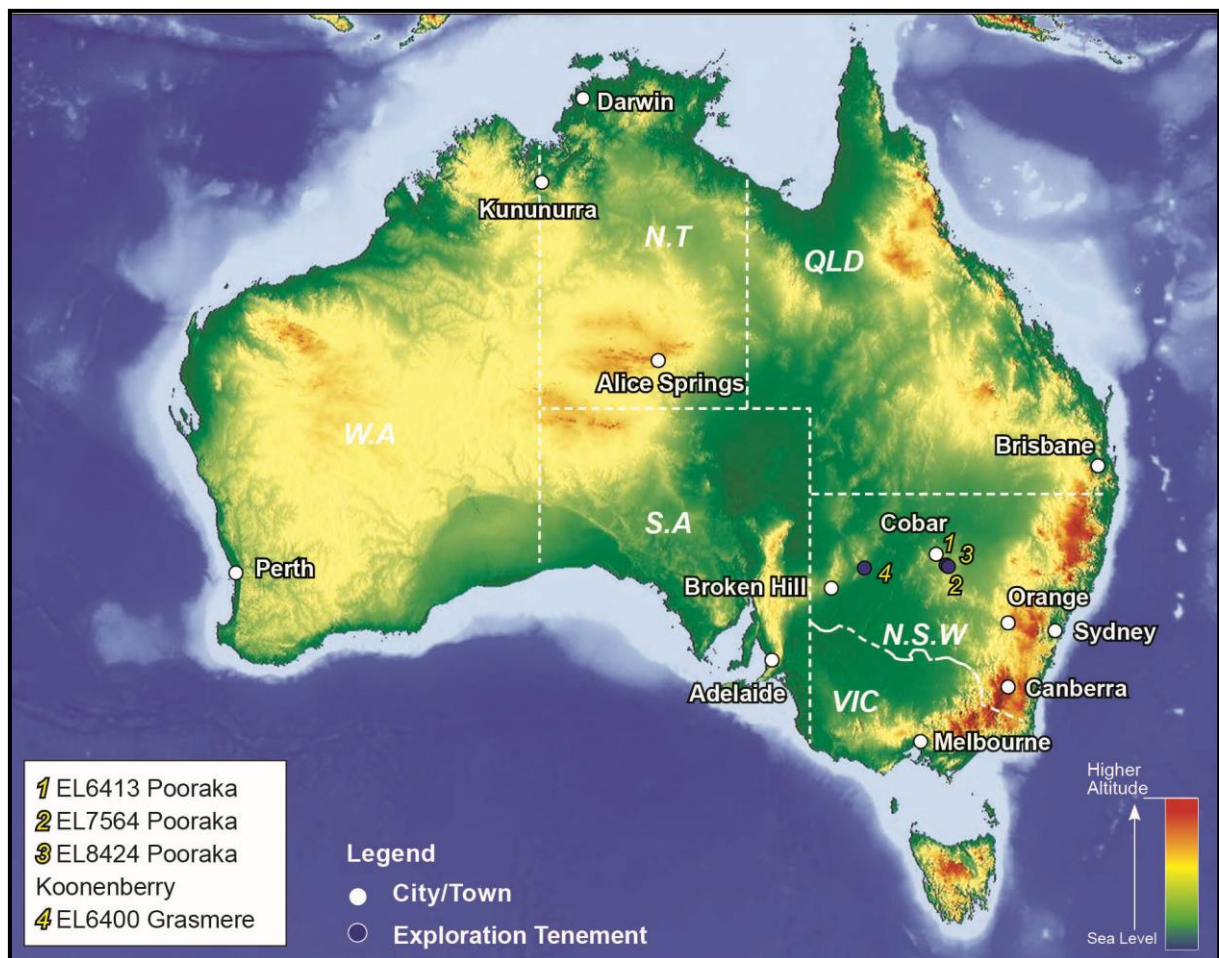


Figure 1 – List of Licences and their Locations in New South Wales, Australia

ACTIVITIES IN THE KOONENBERRY BELT

ELs 6400 NSW - 100% interest

Copper-Zinc-(Silver) Exploration

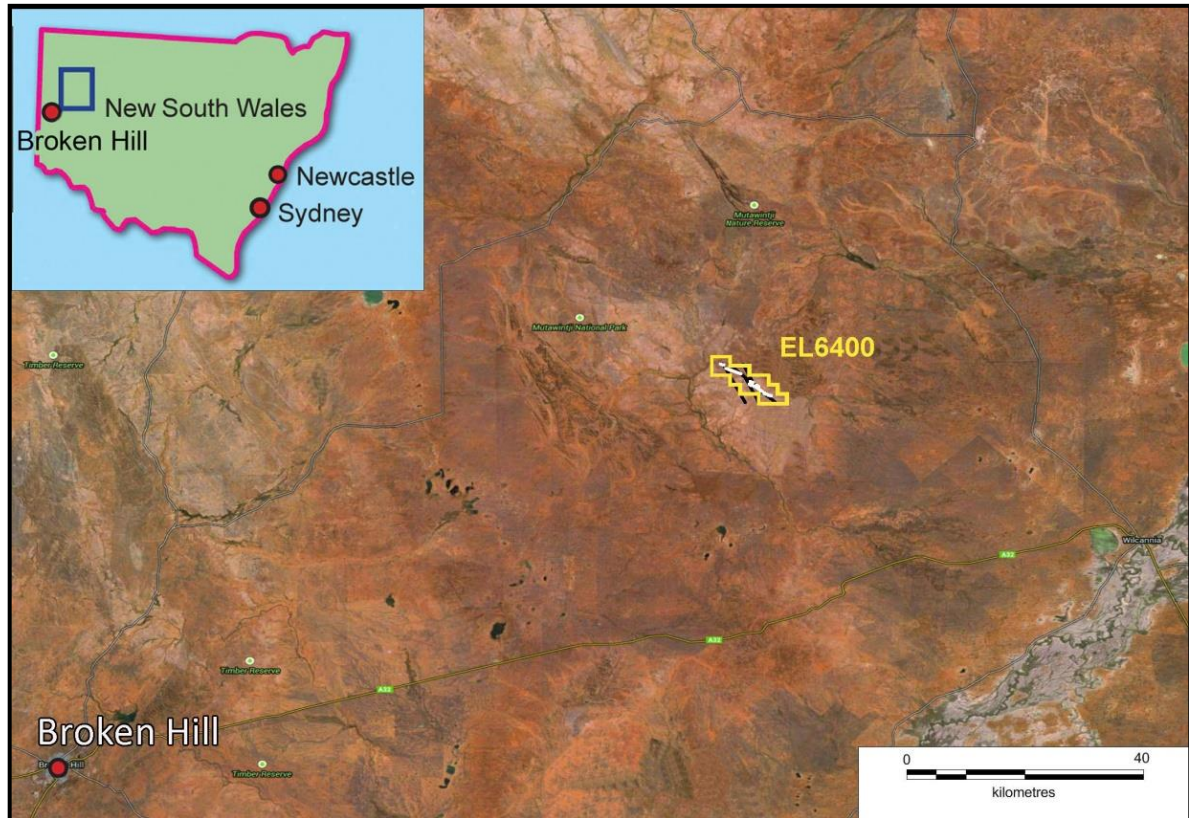


Figure 2 – Location of Current Koonenberry Exploration Licence EL 6400

Note: Line of mineralization – white; Faults- black

EL 6400: This EL has been renewed, with 65% area reduction to 17 units, for 2 years to 1 April 2019. It is of principal interest to the Company as it covers 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 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.

Following unsuccessful attempts in early 2015 to locate WNW extensions to the line of lode (9 RC percussion holes drilled) the Company is now considering the potential of in-situ leaching (“ISL”) techniques to extract Cu from known lodes. ISL of copper was first undertaken in China around 980 AD, and probably as early as 200 BC. Copper is usually leached using acid (sulfuric acid or hydrochloric acid), then recovered from solution by solvent extraction-electro-winning (SX-EW) or by chemical precipitation, e.g. using iron as a precipitant. Ores most amenable to ISL include the copper carbonates malachite and azurite, the oxide tenorite, and the silicate chrysocolla. Other copper minerals, such as the oxide cuprite and the sulfides chalcocite and chalcopyrite require addition of oxidizing agents such as ferric sulfate and/or oxygen (air) to the leachate before the minerals can be

fully dissolved. In some situations, oxidation can be speeded up by introduction of the bacteria *Thiobacillus ferrooxidans* which feeds directly on sulfide minerals.

Copper ISL is normally undertaken by stope leaching where broken low-grade ore is leached in a current or former underground mine. Leaching can also take place in backfilled stopes or caved areas. By 1994 ISL of copper was reported at some 16 mines in arid parts of the USA. The most successful was the San Manuel mine in Arizona where ISL was initially used on waste solutions from underground mining, but later improved using the well-to-well recovery method. That method has since been applied to many other copper deposits in Arizona. At the San Manuel Mine by 1996 with over 900 leach wells installed, annual recovered copper production reached 15,000t of metal at an operational cost of about \$900/t. ISL also has the benefit of having a low environmental impact, with little infrastructure and capital investment required.

In the case of the Grasmere-Peveril line of lode the 600+ existing drill holes could be selectively re-entered (cleaned out) and used as leach wells or extraction wells. The leach wells would introduce an oxygenated acidic leaching liquid with a fine suspension of quartz grains, into the lodes under sufficient pressure to frack them and deposit quartz grains in cracks as the propping agent. Oxygen would react with the abundant contained pyrite, and, in the presence of the aqueous leach liquid, should rapidly produce ferric sulfate and additional sulfuric acid, which would speed up dissolution of chalcopyrite. The reaction is exothermic (generates heat) which also enhances the process. In the unlikely event that acid leaching was found to be difficult ammonia-oxygen leaching could be used.

The Grasmere-Peveril mineralization exhibit a number of features that appear efficacious for ISL extraction of copper, using sulphuric acid. Firstly, the ore consists largely of broken and fractured pyrite grains, with chalcopyrite and lesser sphalerite conveniently located in cracks and crevices between pyrite grains. Hydraulic fracking should preferentially open those cracks and crevices, and the abundant pyrite, when oxidized, should produce new (additional) sulphuric acid. The low proportion of acid reactive carbonate minerals (gangue) in the ore means that acid would not be consumed reacting with non-sulphide minerals. The consistent sulphide mineralogy all along the 5 km line of lode means that once an ISL acid extraction process is optimized in one area, it can then be applied in all other areas.

The retained units of the renewed EL cover the line of lode and immediate environs. Bench test metallurgical studies are to be first carried out to be followed with field studies, including hydrogeological assessments, as part of a preliminary feasibility assessment of using ISL to commercially exploit the Grasmere-Peveril mineralization.

Following positive outcomes from the studies, the Company will begin scoping commercial application of ISL of the existing JORC Code (2004) resource which is not suitable for conventional mining and treatment due to the small scale, narrow shoots, remote location and high capital costs.

No field activities have been carried out during the half-year.

ACTIVITIES NEAR COBAR

Pooraka ELs 6413, 7564 and 8424 – NSW - 100% interest Gold, Silver and Base Metal Exploration

Contiguous ELs 6413, 8424 & 7564 (Figure 3) at Pooraka, 50 km east of Cobar, contain several gold and base metal target areas gleaned from earlier exploration results. Due to the extent and thickness of magnetic palaeo channels, aeromagnetic data were noted to be of limited use, so in 2014, the Company 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 Figure 3). 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 considered by geotechnical advisers to the Company to be very encouraging. At T1, Langbein - Langbein West target area a broad formational conductive zone was detected, however a small discreet strong conductor (open to the east) was detected proximal to where the Company's 2009 RC-percussion drilling encountered low grade mineralization in bedrock. Lying directly on strike from the nearby historic Mt Boppy gold-base metal mine at Canbelego, this became a significant drill target. In the T2/T3, Mc Guinness - Mc Guinness North, target area, which takes in the Gilmore Suture, a large strong, discreet, north running 1200m x 800m conductor, was also outlined. This was interpreted to be most probably caused by hidden low-grade sulphide concentrations.

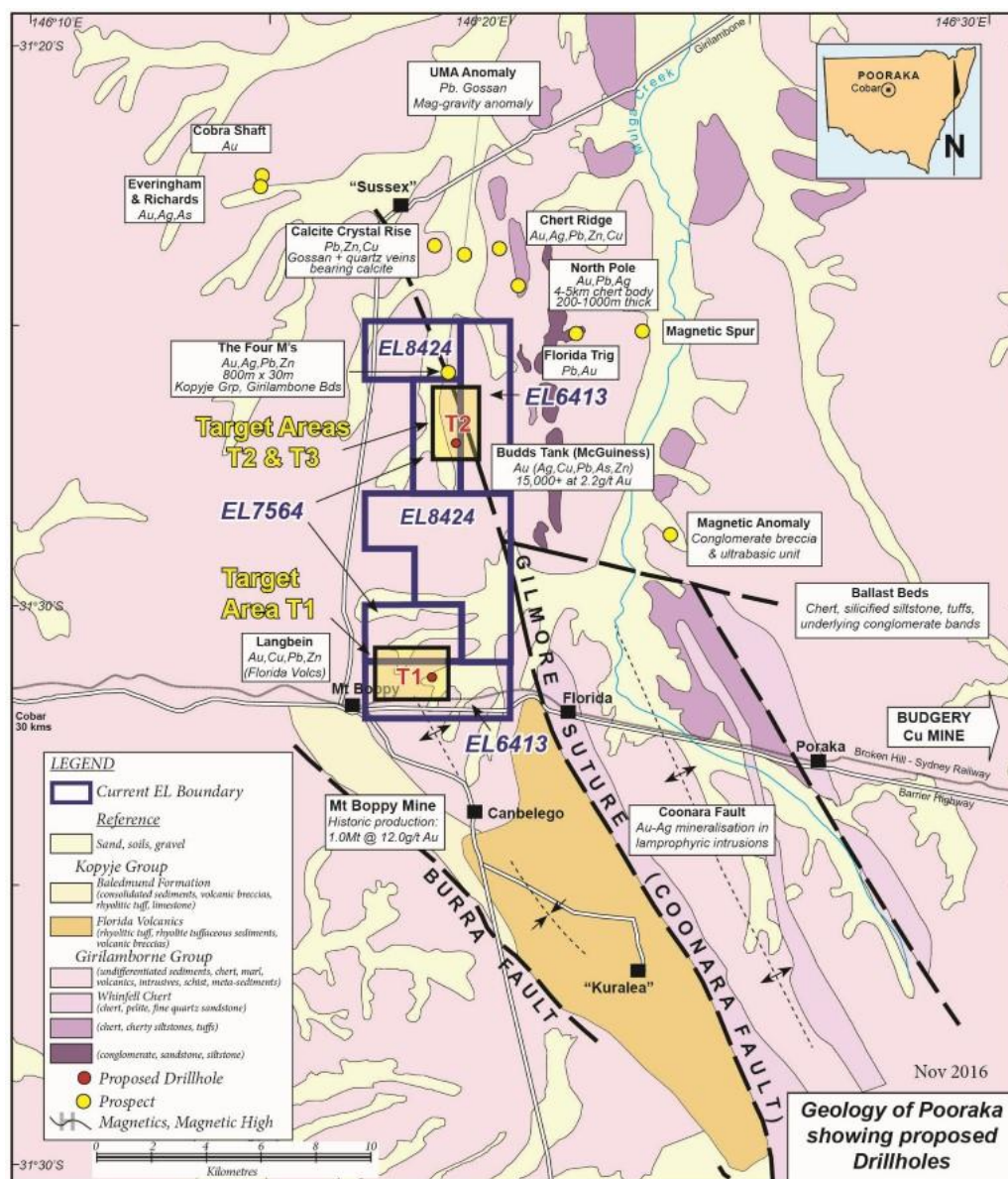


Figure 3 – Geology and Prospect Locations - Pooraka Project

Responses from the two conductor targets were modelled in 2016 by the Company's geophysical consultant, who also designed 2 deep, inclined, RC percussion holes to test the nature of their conductivities (Figure 4).

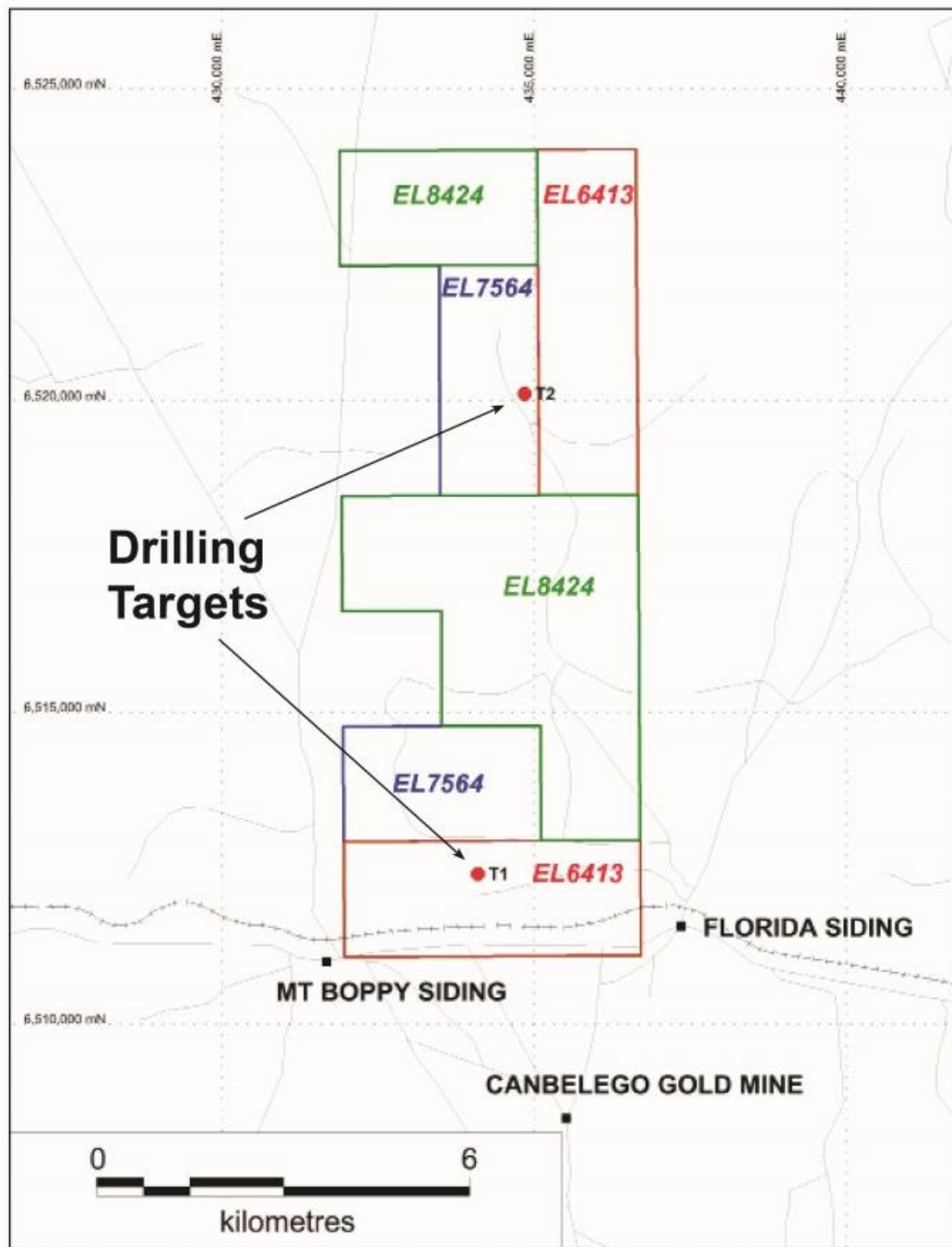


Figure 4 – Pooraka ELs showing Drill Holes 1 and 2

Hole 1 (150m) was drilled and sampled on 18 and 19 March 2017. Hole 2 was drilled on 28 March 2017, and sampled on 28 and 29 March 2017. Sampling of both holes was at 1m intervals, During April 2017 the 290 samples were analyzed for key elements- Au, Ag, Cu, Pb, Zn, As, and S.

Assessment: The results were received from the laboratory in early May 2017 and reported in the June Quarter Activities Report in July 2017. Weak anomalism was evident over 7 intervals, or zones. Unexpectedly, the conductors turned out to be formational in origin (caused by saline, clay-rich rocks) and not related to sulphide-gold mineralization.

In both holes, the TDEM anomalies closely align to the clay-rich zones which in the field were observed to be quite saline (to taste & also clays flocculated (settled quickly) in fresh water when wet sieving). Salt water bearing clay-rich zones would be highly conductive. Also, they are sandwiched between non-conductive, non-permeable rocks (shales and volcanic rocks). The strong suspicion is that in areas where this occurs at detectable depths (20m to 200m) it can create convincing, but spurious, TDEM anomalies, described by geophysicists as “strong formational anomalies”, which in some situations can mimic low grade sulphide anomalies.

The findings cast doubt on the cost effectiveness of the TDEM geophysical technique to locate hidden low-grade sulphides at Pooraka, but it does not follow that similar targets are the result of similar strong formational anomalies. Other deep targets (bedrock Au anomalies) are known in the McGuinness-Buds Tank area (Sub-Area 2/3). At that location earlier explorers (1986-1992) discovered significant inferred shallow Au resource in three pods to a depth of 12m. Also, at Langbein West (Sub-Area 1) the Company’s early (2010) bedrock sampling (shallow air core drilling) detected bedrock Au anomalies. The Company is planning the more cost effective method of using RC drilling in the June Quarter.

No field activities have been carried out during the half-year.

LICENCES STATUS

The minerals tenements held at the end of the December 2017 reporting period and acquired or disposed of during that period and their locations are as follows:

Tenement	Project Name	Location	Beneficial Interest	Expiry
EL 6400	Koonenberry	NSW	100%	1 April 2019
EL 6413	Pooraka 1	NSW	100%	17 May 2019
EL 7564	Pooraka 2	NSW	100%	17 June 2018
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 reporting period.

(The information in the report above that relates to Exploration Results is based on information compiled by Mr Joe Schifano, the principal of Geo Joe Pty Ltd and a member of The Australasian Institute of Mining and Metallurgy.

Mr Schifano 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 2004 and 2012 Editions of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Schifano 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 2017.

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 (appointed on 25 October 2017)
Ray Shaw	Executive Director (resigned on 25 October 2017)

Operating Results

The operating loss of the Group for the half-year ended 31 December 2017 was \$236,989 (2016: loss \$2,102,801).

Review of Operations

A review of operations for the half-year ended 31 December 2017 is set out on pages 3 to 9.

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 11 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 13th day of March 2018

AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia
Level 2, 1 Walker Avenue
West Perth WA 6005
Australia
Tel: +61 8 9481 3188
Fax: +61 8 9321 1204
ABN: 84 144 581 519
www.stantons.com.au

13 March 2018

Board of Directors
Ausmon Resources Limited
World Tower
Suite 1312
87-89 Liverpool Street
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 2017, 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

INDEPENDENT AUDITOR'S REVIEW REPORT

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia
Level 2, 1 Walker Avenue
West Perth WA 6005
Australia
Tel: +61 8 9481 3188
Fax: +61 8 9321 1204
ABN: 84 144 581 519
www.stantons.com.au

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 2017, 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 2017 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.

INDEPENDENT AUDITOR'S REVIEW REPORT *continued*

Stantons International

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 13 March 2018.

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 2017 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 2017, Ausmon Resources Limited had working capital of \$315,305 and had incurred a loss for the half year of \$236,989.

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
13 March 2018

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 2017 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 13th day of March 2018

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For The Half-Year Ended 31 December 2017**

	Note	31 December 2017 \$	31 December 2016 \$
Revenue			
Interest income		2,701	1,720
		<u>2,701</u>	<u>1,720</u>
Expenses			
Employee benefits expense		(19,929)	(17,231)
Exploration and evaluation expenditure written off		(15,953)	(1,757,396)
Share-Based Payment		-	(239,690)
Other expenses	5	(203,808)	(90,204)
Loss before income tax expense		(236,989)	(2,102,801)
Income tax expense		-	-
Loss for the period		<u>(236,989)</u>	<u>(2,102,801)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Loss for the period attributable to members of the Parent Entity		<u>(236,989)</u>	<u>(2,102,801)</u>
Total comprehensive loss for the period attributable to members of the Parent Entity		<u>(236,989)</u>	<u>(2,102,801)</u>
Loss per share			
Basic and diluted loss per share	6	<u>0.07 cents</u>	<u>0.76 cents</u>

The accompanying notes form part of this financial report.

Consolidated Statement of Financial Position

As At 31 December 2017

	31 December 2017 \$	30 June 2017 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	472,593	566,364
Trade and other receivables	15,804	6,758
Financial assets	-	10,000
Prepayments	-	588
TOTAL CURRENT ASSETS	<u>488,397</u>	<u>583,710</u>
NON-CURRENT ASSETS		
Financial assets	42,500	42,500
Exploration and evaluation expenditure	665	-
TOTAL NON-CURRENT ASSETS	<u>43,165</u>	<u>42,500</u>
TOTAL ASSETS	<u>531,562</u>	<u>626,210</u>
CURRENT LIABILITIES		
Trade and other payables	173,092	30,751
TOTAL CURRENT LIABILITIES	<u>173,092</u>	<u>30,751</u>
TOTAL LIABILITIES	<u>173,092</u>	<u>30,751</u>
NET ASSETS	<u>358,470</u>	<u>595,459</u>
EQUITY		
Issued capital	11,377,032	11,377,032
Reserves	357,770	357,770
Accumulated losses	(11,376,332)	(11,139,343)
TOTAL EQUITY	<u>358,470</u>	<u>595,459</u>

The accompanying notes form part of this financial report.

Consolidated Statement of Changes In Equity **For The Half-Year Ended 31 December 2017**

	Issued capital \$	Option reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2016	10,928,388	118,080	(8,693,907)	2,352,561
Total comprehensive loss for the period	-	-	(2,102,801)	(2,102,801)
Transactions with owners in their capacity as owners				
Issue of share capital	536,710	-	-	536,710
Transaction costs	(88,066)	-	-	(88,066)
Employee incentive plan	-	239,690	-	239,690
Balance at 31 December 2016	11,377,032	357,770	(10,796,708)	938,094
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

The accompanying notes form part of this financial report.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2017

	31 December 2017 \$	31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(89,368)	(304,885)
Interest received	2,700	1,908
Net cash outflow from operating activities	<u>(86,668)</u>	<u>(302,977)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(17,103)	(16,910)
Proceeds from refund of security deposits	10,000	-
Net cash outflow from investing activities	<u>(7,103)</u>	<u>(16,910)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	536,710
Capital raising costs	-	(88,066)
Net cash inflow from financing activities	<u>-</u>	<u>448,644</u>
Net (decrease)/ increase in cash held	(93,771)	128,757
Cash and cash equivalents at the beginning of period	566,364	548,483
Cash and cash equivalents at the end of period	<u>472,593</u>	<u>677,240</u>

The accompanying notes form part of this financial report.

Notes to Financial Statements For the Half-Year Ended 31 December 2017

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 and other base metals and also seeking new projects.

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 2017 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 2017 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 13 March 2018.

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 considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

(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 \$488,397 including total cash of \$472,953, current liabilities of \$173,902 and has incurred a net loss of \$236,989 in the period. In addition, the Group has an unfulfilled expenditure requirement under its exploration licences of \$127,000 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.

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.

Notes to Financial Statements For the Half-Year Ended 31 December 2017 (continued)

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 2017.

Note 5 – Other expenses from ordinary activities

	31 December 2017	31 December 2016
	\$	\$
Audit fees	7,000	13,000
Consulting and professional fees	66,030	22,158
Directors' fees	99,956	30,000
Listing expenses	15,322	6,672
Office accommodation	5,200	5,400
Registry fees	5,666	5,746
Other	4,634	7,228
	<hr/> 203,808	<hr/> 90,204

Note 6 – Loss per share

Both the basic and diluted earnings per share have been calculated using the profit 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 2017 and 2016.

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-2017	6 months to 31-Dec-2016
Weighted average number of shares used in basic earnings per share	346,639,343	277,577,115
Effects of dilution	-	-
Weighted average number of shares used in diluted earnings per share	<hr/> 346,639,343	<hr/> 277,577,115

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.

Notes to Financial Statements For the Half-Year Ended 31 December 2017 (continued)**Note 8 - Commitments****Exploration Expenditure Commitments**

The expenditure commitments to maintain and renew rights to tenure in exploration licences as at 31 December 2017 have not been provided for in the financial statements and are due:

	31 December 2017	30 June 2017
	\$	\$
Within twelve months	149,000	50,000
Twelve months or longer and not longer than 5 years	124,000	50,000
	<hr/> 273,000	<hr/> 100,000

Note 9 - Contingent Liabilities

At balance date, the Group has no contingent liabilities.

Note 10 – 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 year 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 other than:

- On 24 January 2018, the Company issued 1,000,000 fully paid shares in the Company under the Ausmon Employee Incentive Plan 2016 at an issue price of \$0.008 and the provision of a loan of \$8,000 to acquire the shares;
- A general meeting of shareholders held on 8 February 2018 approved:
 - the removal of Grant Thornton Audit Pty Ltd as Auditor and the appointment of Stantons International Audit and Consulting Pty Ltd as Auditor;
 - the issue of 5,000,000 fully paid shares at \$0.007 per share and the provision of 5 year interest free loan to acquire those shares to each of the Directors Messrs Boris Patkin, John Wang and Eric W Y M Sam Yue under the Ausmon Employee Incentive Plan 2016. The shares were issued on 9 February 2018.
 - the issue within 3 months of up to 175,000,000 fully paid ordinary shares in accordance with ASX Listing Rule 7.1.
- On 9 March 2018, the Company raised \$243,000 from the sale of Employee Incentive Plan shares.