



ACTIVITIES REPORT – JUNE QUARTER 2018

SUMMARY

- **Acquisition of new exploration areas**

NSW: Broken Hill Cobalt and Base Metals Exploration Areas - 100% interests in EL 8745, EL 8746 and EL 8747 (formerly ELA 5637, ELA 5638 and ELA 5639).

QLD: Greenvale Cobalt-Nickel Exploration Areas - 100% interests in EPM 26813, EPM 26814 and EPM 26815.

Mount Tewoo Nickel-Cobalt-Manganese Exploration Areas - 100% interests in EPM 26764.

- **NSW Exploration Licences 8745, 8746 and 8747 (formerly ELA 5637, 5638 and 5639)**

Granted and Native Title confirmed extinguished, except for two small lots in EL 8747 which will not be accessed.

- **NSW EL 8747**

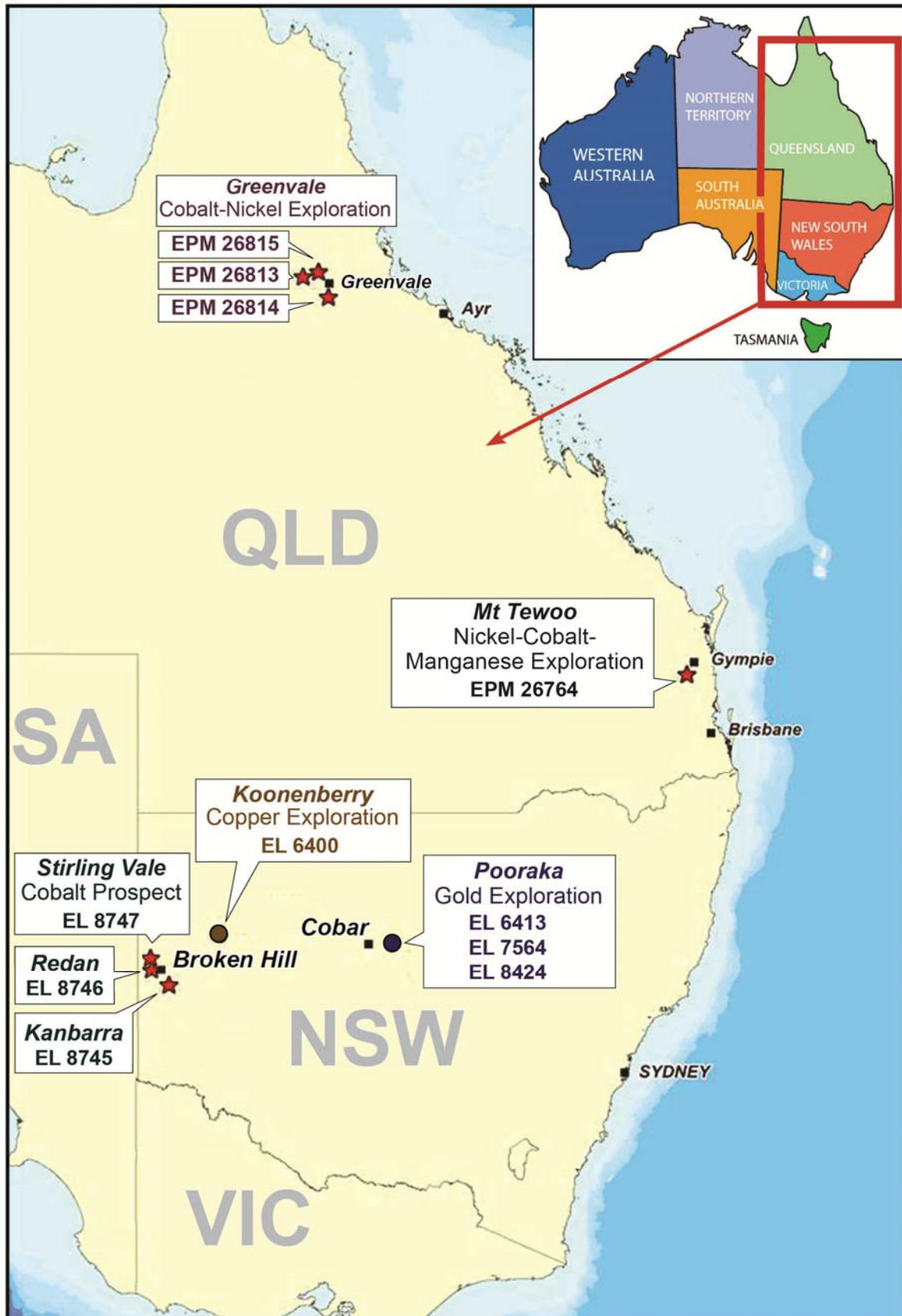
In July 2018,

- Historic diamond hole drilled in 1995 was relogged and assayed for Cobalt analysis;
- After a meeting with the landholders, land access agreement has been signed by new landholders for execution by the Company;
- Field trip completed for preparation of first stage of the exploration program for the September quarter.

- **QLD EPM 26813, EPM 26814 EPM 26815 and EPM 26764**

Grant of the permits awaited after end of Native Title Notification period in next quarter.





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

Figure 1

ACQUISITION OF NEW BASE METALS PTY LTD WITH NEW AREAS PROSPECTIVE FOR COBALT

On 5 May 2018, the Company acquired New Base Metals Pty Ltd (“NBM”) following a due diligence review that started on execution of a Binding Terms Sheet announced on 9 April 2018.

NBM has 3 groups of cobalt and base metals prospective areas with 100% interests in 7 licence applications in New South Wales and Queensland as follows (see *Figure 1*):

NSW: Broken Hill Cobalt-Nickel Exploration Areas – ELA 5637, ELA 5638 and ELA 5639;

(Post acquisition of NBM, those ELAs were granted under EL 8745, EL 8746 and EL 8747)

QLD: Greenvale Cobalt-Nickel Exploration Areas – EPM 26813, EPM 26814 and EPM 26815; and

Mount Tewoo Nickel-Cobalt-Manganese Exploration Areas – EPM 26764

Technical Consultants engaged by the Company reviewed and advised on historical exploration work undertaken by previous operators in the 7 licence application areas from data available at the NSW Department of Planning and Environment - Resources and Energy (“NSW Department”) and the QLD Department of Natural Resources and Mines (“QLD Department”).

The Company assessed that the NBM licence applications offer exposure to nickel-cobalt, gold and base metal exploration areas worthy for further new exploration work having regards to the activities and success of other current operators in developing cobalt mining projects within a few kilometres from the tenements.

The following were taken into account by the Company:

- **Broken Hill Exploration Areas** – 20 kms to Thackaringa Cobalt Project (EL 6622, near Broken Hill in NSW) where Cobalt Blue Holdings Ltd has announced a major cobalt resource upgrade and maiden JORC Code 2012 resource estimate as well as partnership with multinational conglomerate LG International (see ASX:COB announcements). Recent exploration (Cobalt Blue Holdings Ltd and Broken Hill Prospecting Ltd) has demonstrated that the Broken Hill region is highly prospective for pyritiferous cobalt deposits. The Broken Hill region is also highly prospective for stratabound cobalt deposits.
- **Greenvale Exploration Areas** - 20 kms from Sconi Project in QLD, considered as one of the most advanced cobalt projects in Australia operated by Australian Mines Limited (see ASX:AUZ announcements).

- **Mount Tewoo Exploration Areas** - 32 kms strike of potential host rock of Cobalt Nickel Laterite east of Mt. Cobalt in QLD operated by Aus Tin Mining Ltd (see ASX:ANW announcements).

The Acquisition Terms

Following the signing of the Binding Terms Sheet announced on 9 April 2018, the Company paid the vendor a non-refundable amount of \$40,000 and raised \$280,000 from the vendor and its nominees with the issue of 40 million fully paid ordinary shares at \$0.007 per share which is equal to the volume weighted average price per share in the 5 days prior to the announcement when the shares traded on the ASX. The amount raised will be applied to exploration and working capital.

On the signing of the definitive acquisition agreement on 5 May 2018 the Company issued 25 million fully paid ordinary shares to the vendor (escrowed voluntarily for 6 months until 6 November 2018) and the balance of 25 million shares in 7 instalments to be issued as each exploration licence is granted by the Government. Those share issues totaling 50 million are within the 15% limit allowed for issue of shares without shareholders' approval under the Australian Securities Exchange ("ASX") Listing Rule 7.1.

The vendors and their related parties have right to collectively subscribe for up to 50% of any equity capital raising, excluding under any entitlement offer, share purchase plan, employee incentive plan or dividend reinvestment plan, conducted by the Company for the period of 12 months after the execution of the definitive acquisition agreement, i.e. until 4 May 2019.

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 km².

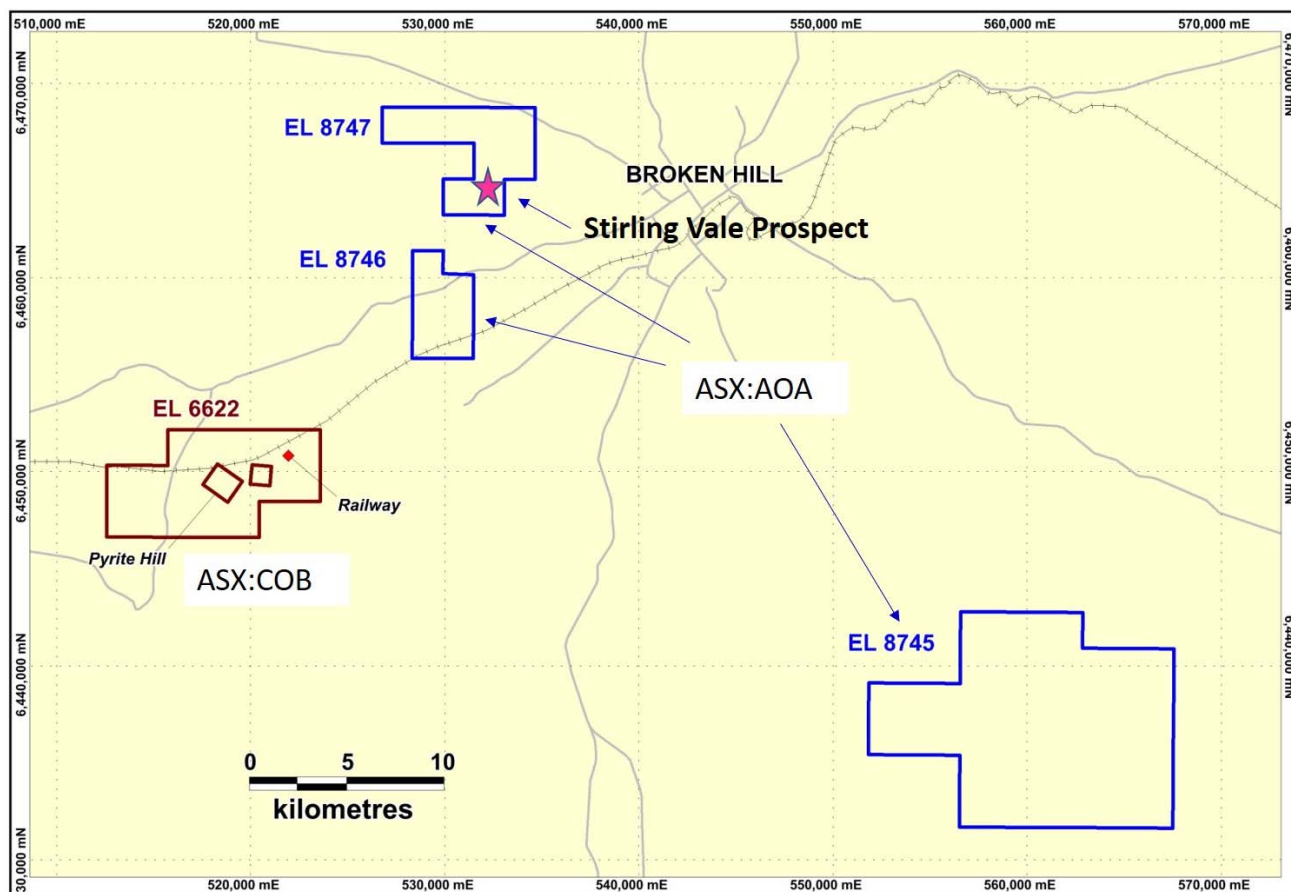


Figure 2: Location of ELs near Broken Hill with Stirling Vale Cobalt Prospect within EL 8747

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 bare 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.

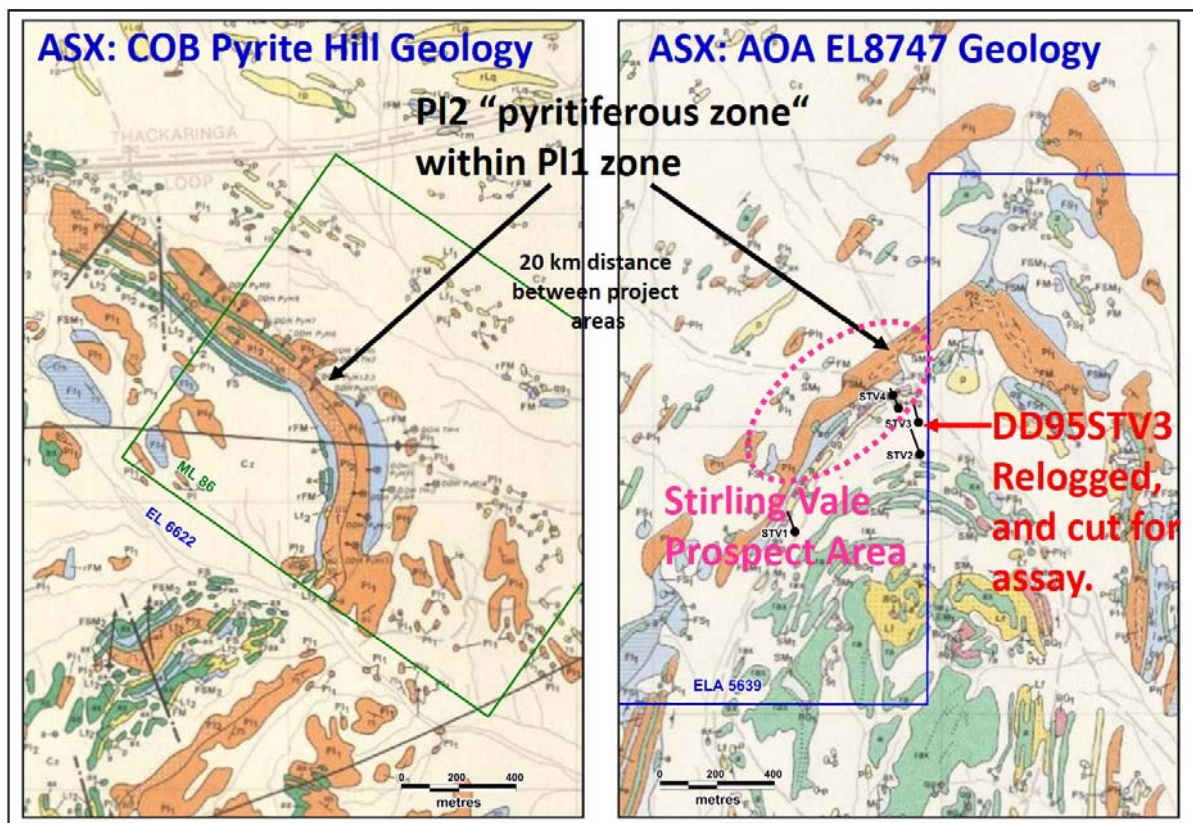


Figure 3: Geological similarities of Stirling Vale Prospect with Cobalt Blue's Cobalt Deposits*

*{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 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.

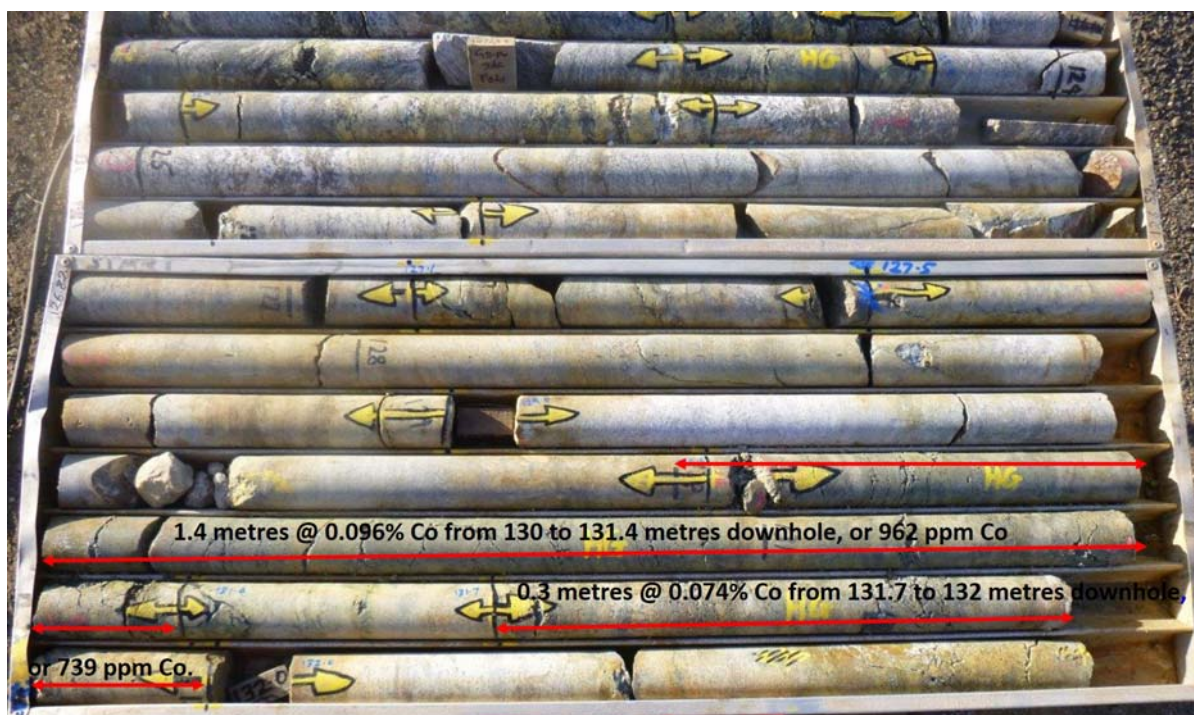


Figure 5: Pyrite zone in DD95STV3 from around 123 to 133 metres being relogged.

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.

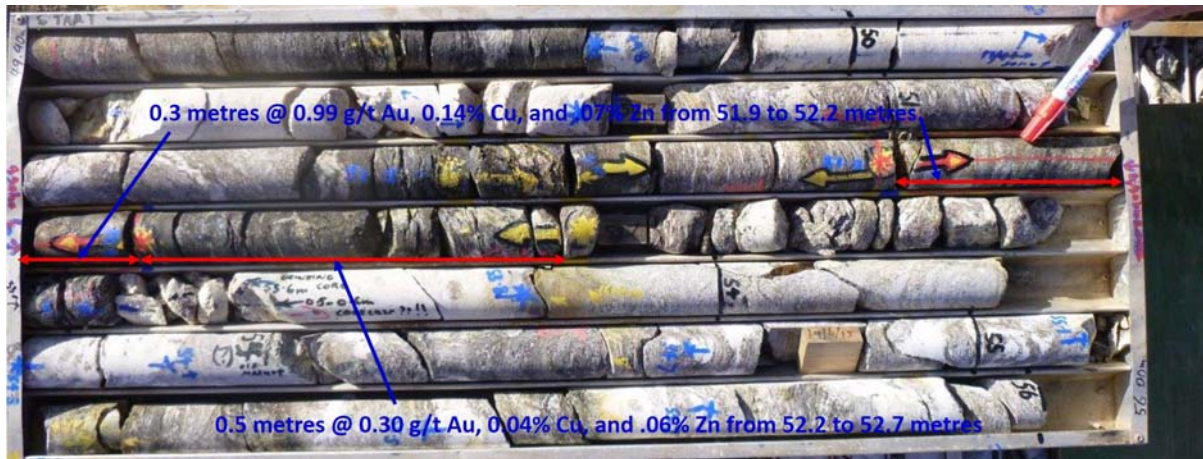


Figure 6: Mineralised quartz gahnite bearing BHT Lode Zone 1 from 51.5 to 52.7 metres.

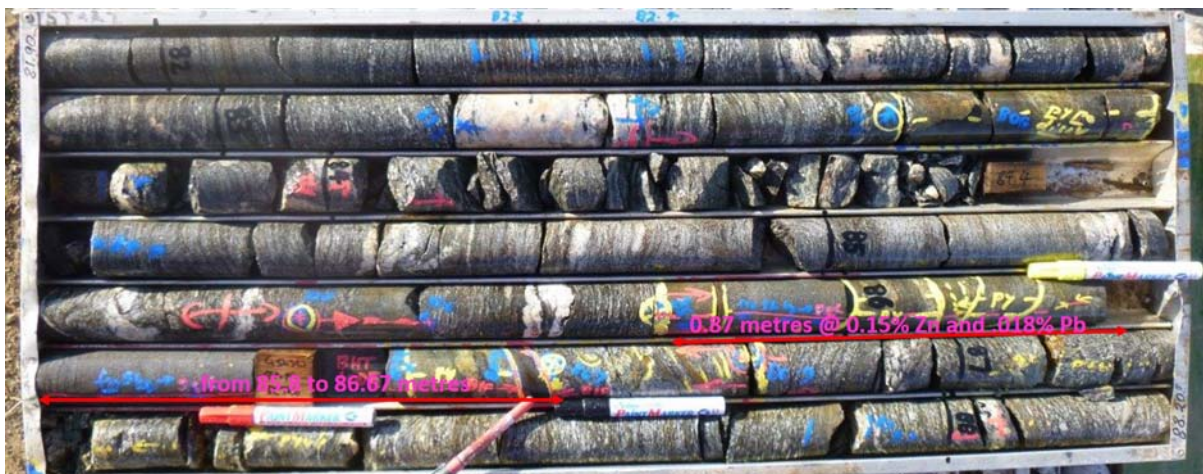


Figure 7: Mineralised garnetite & BIF bearing BHT Lode Zone 2 from 85.5 to 86.9 metres.

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.

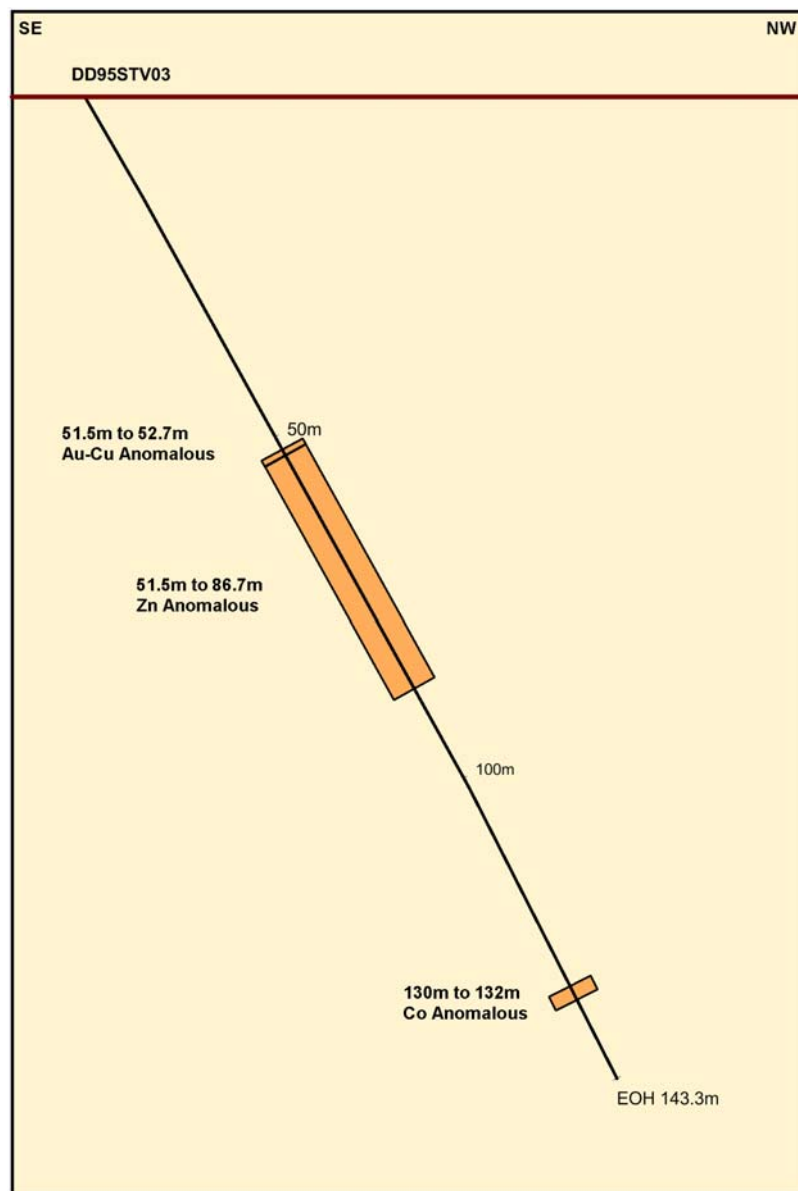


Figure 8: DD95STV3 Anomalous cobalt, gold, and zinc zones

Planned Exploration Work

In July 2018, the Company has met with the new landholders at the Stirling Vale Prospect within EL 8747 and an access agreement has been signed by the landholders for execution by the Company, allowing the Company to then conduct its first site visit. The Company will now start planning geological mapping fieldwork, field sampling, and consider geophysical surveys, with a view to developing targets at the Stirling Vale Synform for drilling. The Company intends to accelerate exploration work in this main area of interest in a staged approach having regards to capital management. 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 – EPM 26813, EPM 26814 and EPM 26815 (*see Figure 1 and Figure 9*) cover a total area of approximately 276 km² 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.

The applications have been advertised in relevant publications by NBM and no objections were reported to the QLD Department. In May 2018, the QLD Department approved the work program proposed in the applications and the Native Title Notification period started. That period will end on 25 August 2018 for EPM 26813 and 9 September 2018 for EPM 26814 and EPM 26815 after which a Notice to Progress from the QLD Department would be next step in the process to the grant of the permits.

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.

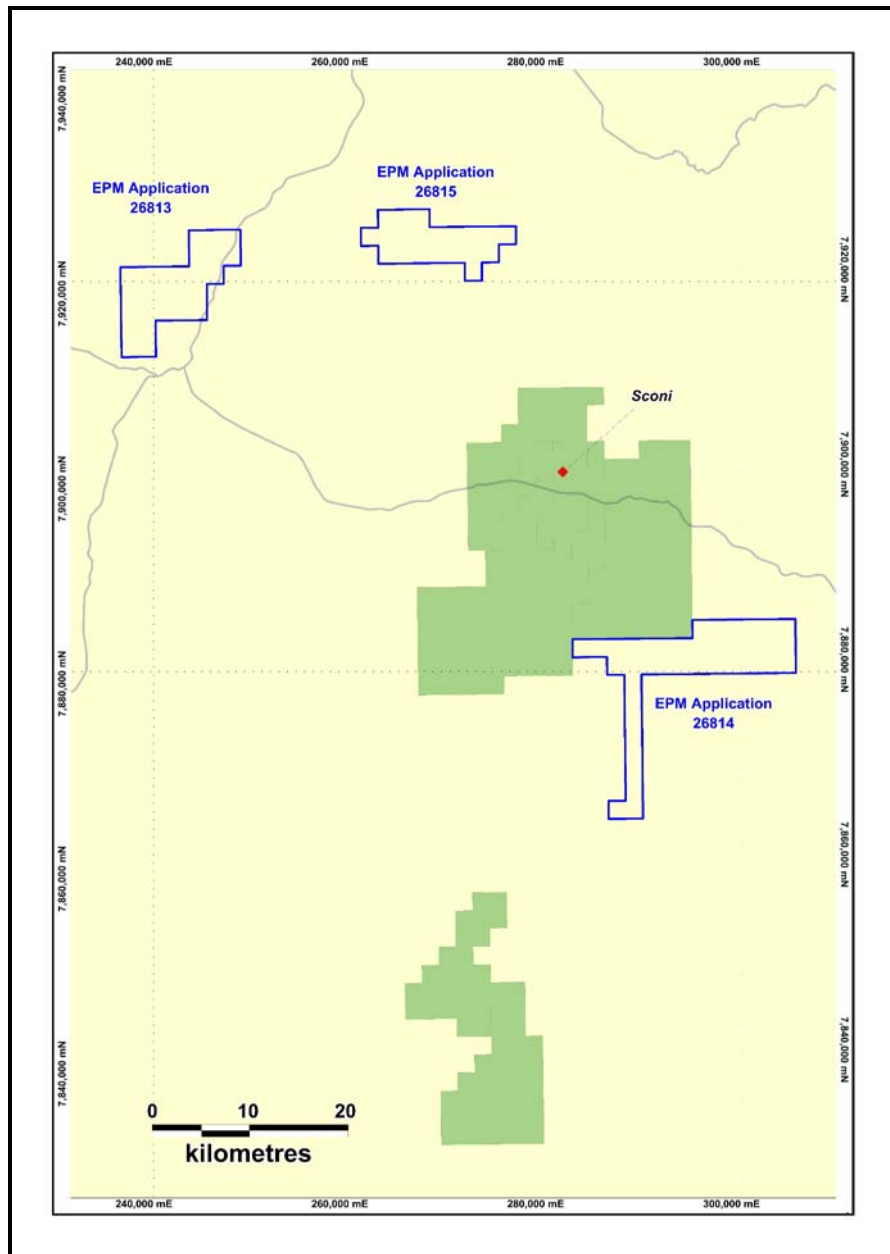


Figure 9: Greenville Exploration Areas EPM applications north west and south east of SCONI Project, QLD.

QLD: MOUNT TEWOO NICKEL COBALT MANGANESE EXPLORATION AREAS

The Mount Tewoo Nickel Cobalt Manganese Exploration Areas comprise the EPM 26764 application covering an area of approximately 178 km² located 25 km south-west of Gympie, and 30 km south-east of Kilkivan (see *Figure 10*). The application has been advertised and no objections have been reported to the QLD Department. The Native Title Notification period will end on 11 August 2018 after which a Notice to Progress would be the next step in the process 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 11*).
- is in an area with similar geology to Pembroke and Mt Cobalt where nickel sulphide and oxide nickel-cobalt mineralisation have been discovered.

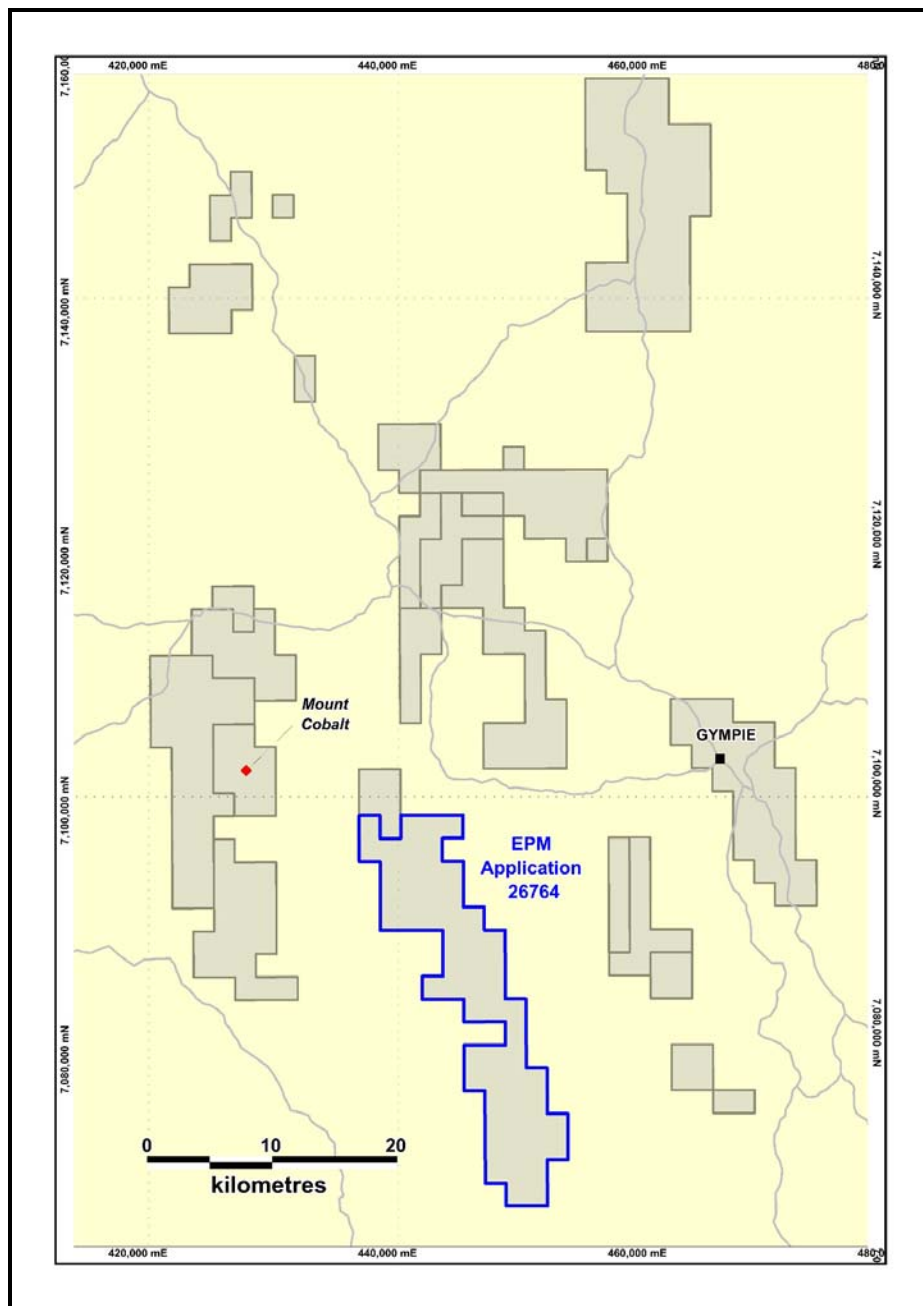


Figure 10: Mt Tewoo EPM application 26764 south east of ANW's Mt Cobalt Project.

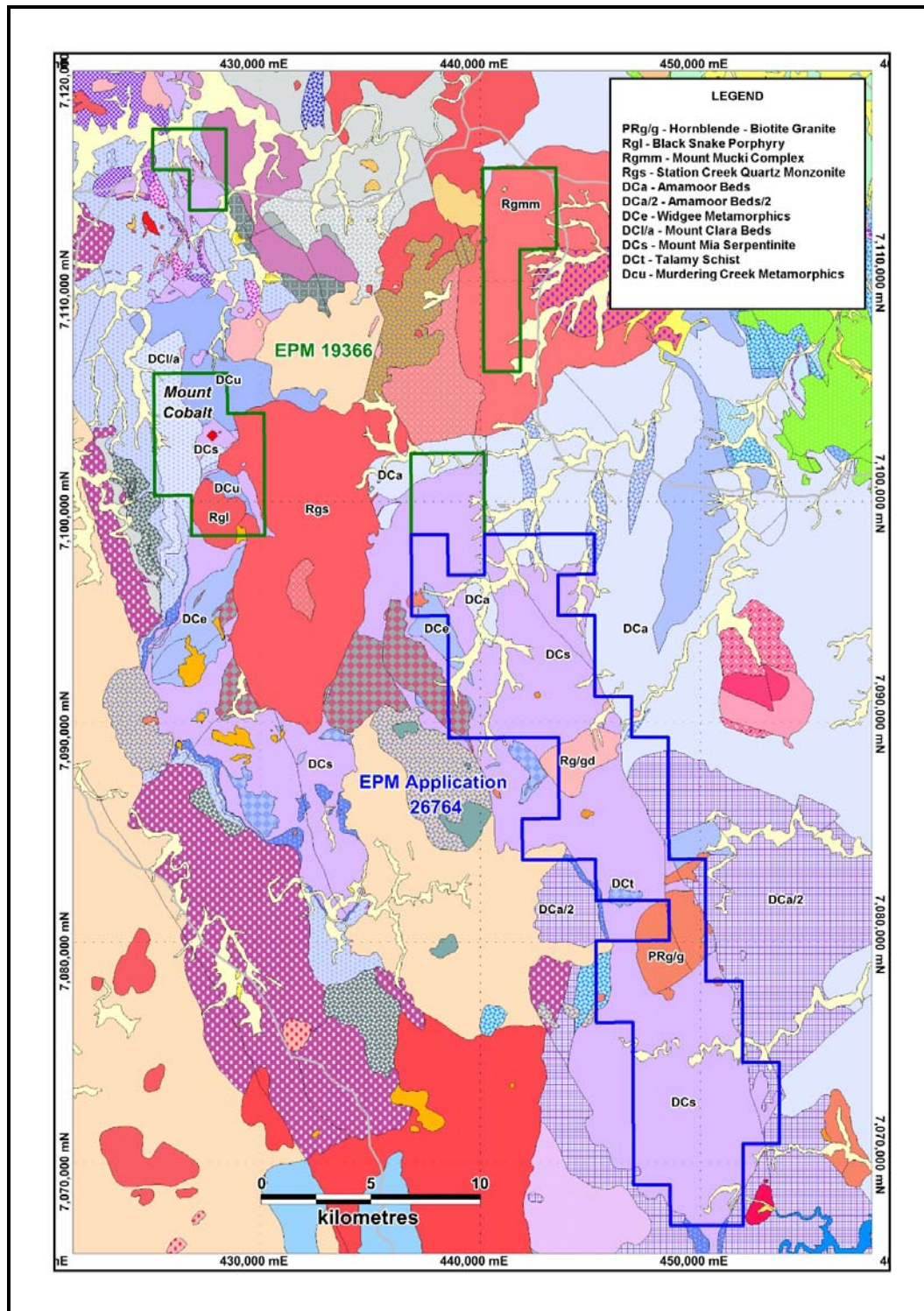


Figure 11: EPM Application 26764 geology map.

KOONENBERRY COPPER EXPLORATION AREA

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

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

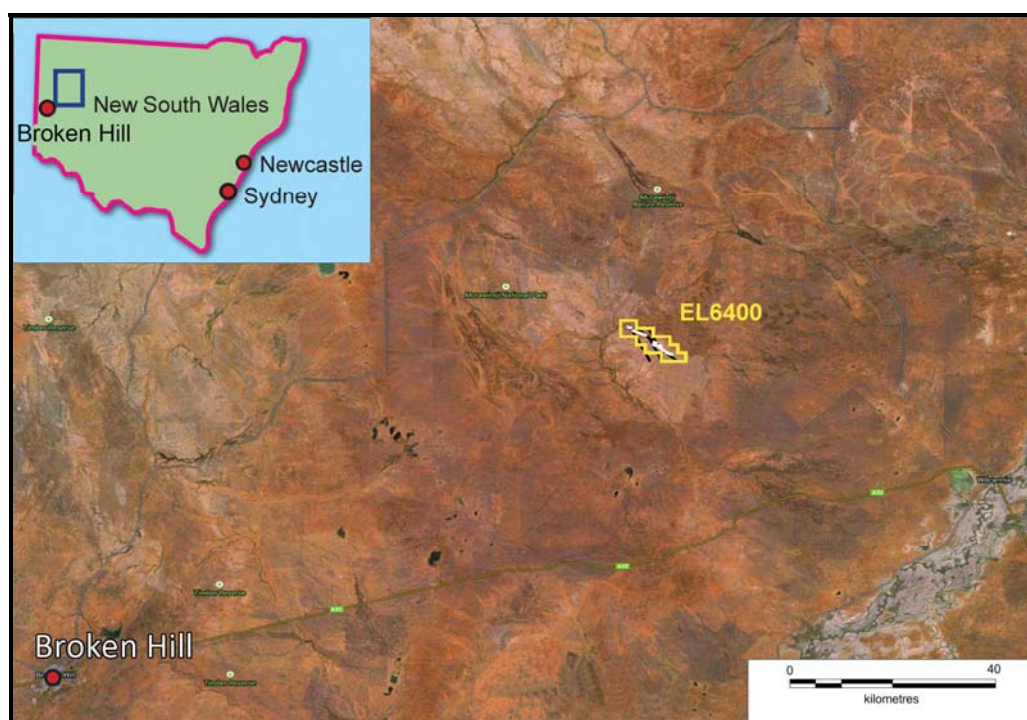


Figure 2 – Location of Current Koonenberry Exploration Licence EL 6400

Note: Line of mineralization – white; Faults- black

POORAKA GOLD EXPLORATION AREA

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

Contiguous ELs 6413, 8424 & 7564 at Pooraka, 50 km east of Cobar, contain several gold and base metal target areas gleaned from earlier exploration results.

Following assessment of recent exploration work, EL 7564, was not renewed on its expiry on 17 June 2018.

No field activities have been carried out during the quarter.

LICENCES STATUS

Minerals tenements and applications for tenements held at 30 June 2018 and acquired or disposed of during the quarter 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 7564	Pooraka 2	NSW	100%	Not renewed on expiry on 17 June 2018
EL 8424	Pooraka 3	NSW	100%	Expiry on 17 February 2019
EL 8745	Kanbarra	NSW	100%	Licence Application acquired on 5 May 2018, Licence granted on 15 May 2018 for expiry on 15 May 2024
EL 8746	Redan	NSW	100%	Licence Application acquired on 5 May 2018, Licence granted on 15 May 2018 for expiry on 15 May 2024
EL 8747	Stirling Vale	NSW	100%	Licence Application acquired on 5 May 2018, Licence Granted on 24 May 2018 for 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 Joe Schifano, the principal of Geo Joe Pty Ltd and a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

Mr Schifano has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Editions of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Schifano 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

31 July 2018

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 JUNE 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(10)	(29)
(b) development		
(c) production		
(d) staff costs	(20)	(185)
(e) administration and corporate costs	(70)	(158)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	5
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 Projects)	(60)	(125)
1.9 Net cash from / (used in) operating activities	(159)	(492)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)	(40)	(40)
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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	-	10
	(b) Security deposit paid	(30)	(30)
2.6	Net cash from / (used in) investing activities	(70)	(60)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	805	1,048
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	(59)	(59)
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)		
3.10	Net cash from / (used in) financing activities	746	989

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	486	566
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(159)	(492)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(70)	(60)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	746	989

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,003	1,003

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11	265
5.2	Call deposits	992	221
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,003	486

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

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

11

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' fees and superannuation for February 2018

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

**Current quarter
\$A'000**

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

Mining exploration entity and oil and gas exploration entity quarterly report

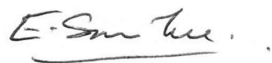
8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of 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.		

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	250
9.2	Development	
9.3	Production	
9.4	Staff costs	15
9.5	Administration and corporate costs	55
9.6	Other (provide details if material)	5
9.7	Total estimated cash outflows	325

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL7564 (Pooraka 2, NSW)	Wholly owned	100%	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EL8745 (Kanbarra, NSW)	Wholly owned	-	100%
		EL8746 (Redan, NSW)	Wholly owned	-	100%
		EL8747 (Stirling Vale, NSW)	Wholly owned	-	100%

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: 31 July 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.