

AUSMON RESOURCES LIMITED

ABN 88 134 358 964

Half-Year Financial Report

31 December 2019

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CORPORATE DIRECTORY

Directors

Boris Patkin – Non-Executive 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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REVIEW OF OPERATIONS

SUMMARY

CORPORATE

- In November 2019, the Company raised \$207,500 with the issue of 83,000,000 fully paid ordinary shares at \$0.0025 per share under a Share Purchase Plan offered to all shareholders.
- At the Annual General Meeting held on 29 November 2019 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 28 February 2020.

EXPLORATION

NSW

- ***Stirling Vale Cobalt and Base Metals Exploration Area EL 8747 (100% interest)***
 - Surficial geochemical sampling completed with indication of a 1.4 km trend prospective for cobalt mineralisation and planned for drill testing in 2020.
 - Spectral mineralogical analyses of the pulps from the 51 samples of core from DD95STV3 submitted for geochemical analyses by the Company in 2018 indicate there may be subtle differences in the mineralogical makeup of the mineralised zones.
- ***Pooraka 3 Gold Exploration Area EL 8424 (100% interest)***
 - In July 2019, EL 6413 has been renewed for 2 years to May 2021 with area reduced to 3 sub-blocks.
- ***Brungle Creek Cobalt and Base Metals Exploration Area ELA 5829 (100% interest)***
 - An application for a cobalt and base metal exploration licence near Tumut was lodged for 19 sub blocks, Brungle Creek tenement near Tumut, that covers a portion of the Coolac Serpentinite Belt with numerous chromite and copper historical workings. In December 2019, the NSW Department of Planning Industry and Environment (DPIE) has proposed to grant the tenement.

QLD

- ***Greenvale Cobalt-Nickel Exploration Areas in EPMs 26813, 26814 and 26815 and Mount Tewoo Nickel Cobalt Manganese Exploration Area EPM 26764 (100% interest)***
 - Field based exploration within EPM 26813 and EPM 26815 were carried out.
 - The sought after Sconi model resource did not apply at Greenvale and the Mt Cobalt potential found to be limited based on studies and surface geology within EPM 26764. All four tenements are relinquished to eliminate financial commitments in areas that do not meet Company objectives.

REVIEW OF OPERATIONS (continued)



Figure 1: Location of Licences of Ausmon Resources Limited Group
 ELA 5829 is an application awaiting grant, All the other tenements are granted with 100% ownership

REVIEW OF OPERATIONS (continued)

NSW: BROKEN HILL EXPLORATION AREAS

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

EL 8745, EL 8746 and EL 8747 are granted for 6 years to May 2024 by DPIE. The 3 ELs cover an area of approximately 174 km² near Broken Hill and the cobalt development areas of Cobalt Blue (ASX:COB).

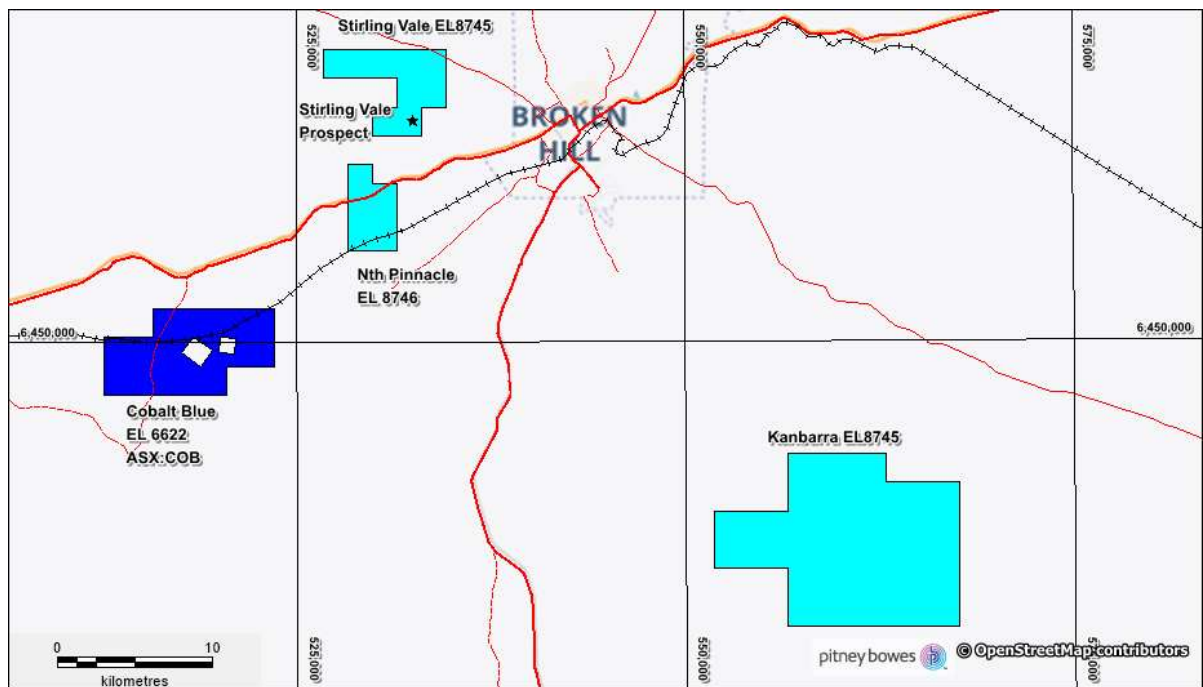


Figure 2: Location of ELs near Broken Hill with Stirling Vale Cobalt Prospect within EL 8747.

EL 8747

Background on 2018/2019 Exploration Work

In July 2018, the Company had geologically relogged and sampled a historic diamond hole DD95STV3 that was drilled in 1995 by Pasminco into the Stirling Vale Synform targeting “garnet sandstone” hosted base and precious metals, with the samples not assayed for cobalt.

The Stirling Vale Synform appears to bear similar geology to Cobalt Blue’s Pyrite Hill Geology (**Figure 3**) with the “Pl2” pyritic bearing horizon present, as shown below by the black arrows in **Figure 3**. Cobalt Blue has reported very positive results for that area and is currently constructing a pilot plant to process cobalt. 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.

REVIEW OF OPERATIONS (continued)

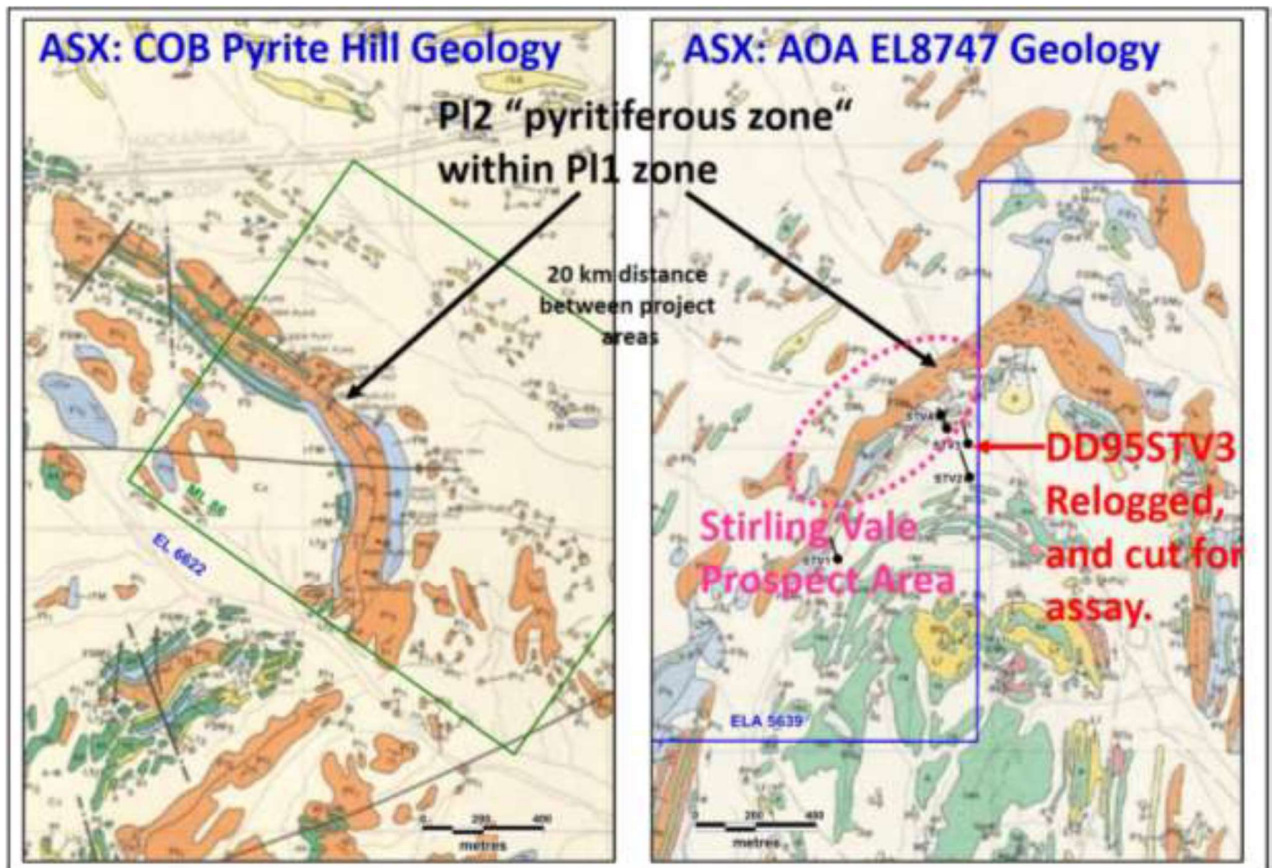


Figure 3: Geological similarities of Stirling Vale Prospect with Cobalt Blue's Cobalt Deposits*.

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

A total of 51 samples covering 42.1 prospective metres from the core were analysed. Further analyses were carried out on two significant findings as follows:

1. An extensive pyritiferous zone from 108.6 m to the end of hole at 143.3 m was identified (open at depth). This total intersection of 34.7 m were cut and submitted for cobalt analysis the Intertek Laboratory in Adelaide.
2. Two zones of Broken Hill Type Lode Unit type have been identified from 51.5 m to 52.7 m (0.7 m wide) and from 85.5 m to 86.9 m (1.4 m wide). See Figures 6 and 7 respectively. These were submitted for gold and base metal analyses.

REVIEW OF OPERATIONS (continued)



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 m to 133 m with the yellow hue of pyrite sulphide bands visible throughout this core section.



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

REVIEW OF OPERATIONS (continued)

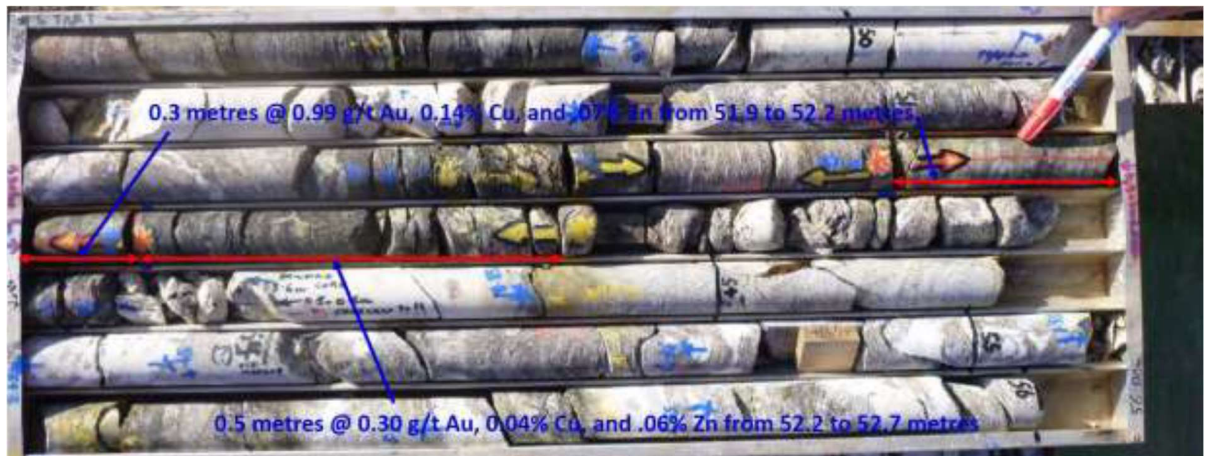


Figure 6: Mineralised quartz gahnite bearing BHT Lode Zone 1 from 51.5 m to 52.7 m..



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

There were encouraging results for cobalt and base and precious metals from the assaying of the historic diamond hole DD95STV3.

Best cobalt results include:

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

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

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

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

REVIEW OF OPERATIONS (continued)

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

The assay results provide encouragement for exploration for Cobalt at Stirling Vale Prospect which is 300 m north from hole DD95STV3 as an area that has the potential to host ore grade mineralisation.

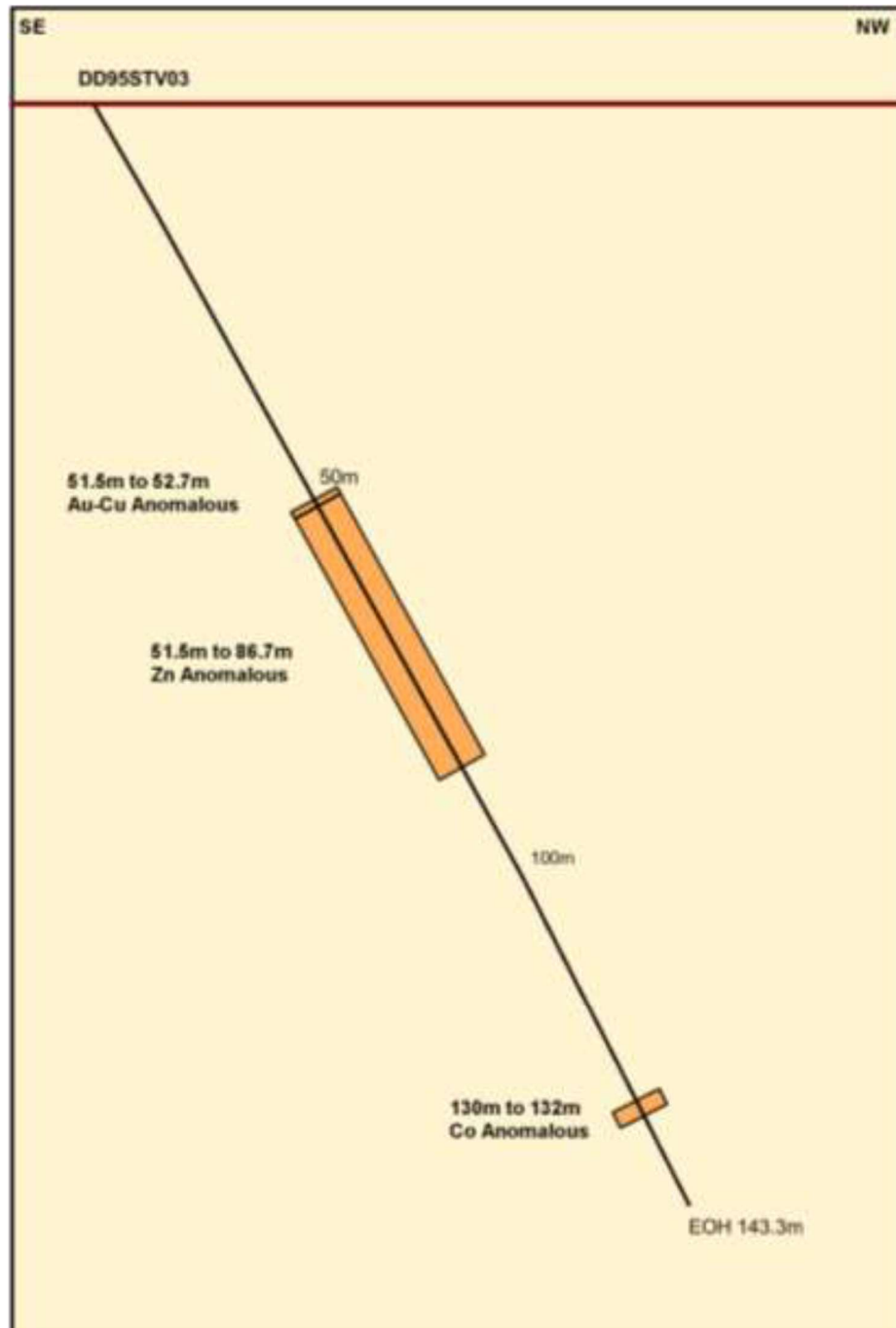


Figure 8: DD95STV3 Anomalous cobalt, gold, and zinc zones.

REVIEW OF OPERATIONS (continued)



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

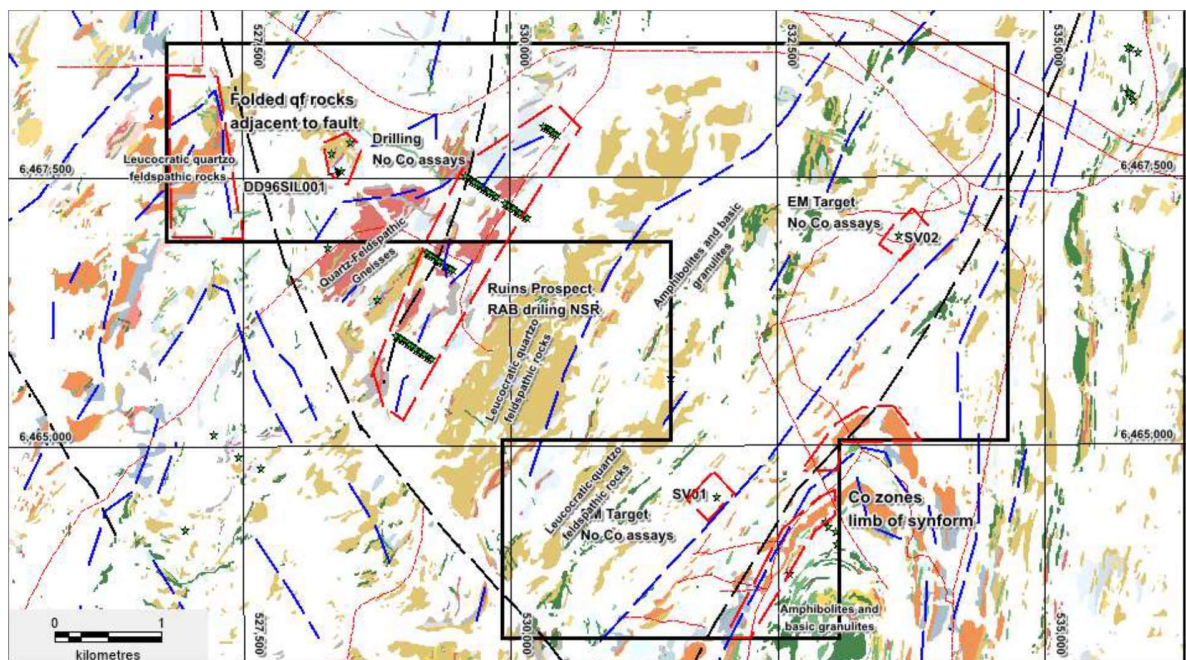


Figure 10: Outcrop geology showing target zones (red outlines) for future exploration and historical drilling as green stars.

In addition to the cobaltiferous pyrite zone “PI2” located on the limb of the Stirling Vale Synform (**Figure 10** lower right of tenement) the area 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**).

REVIEW OF OPERATIONS (continued)

Current Period Exploration Work

In late November 2019, a field exploration was completed over 13 soil traverses (**Figure 11**) across the western limb of the Stirling Synform with 191 soil samples collected at 25 m intervals along the soil line. The samples were freighted to LabWest Mineral Laboratories in Perth to have the clay fraction (<2 microns) analysed for a suite of multi elements in addition to a spectral analysis of the samples to determine the % of clay/carbonate minerals. In addition, 7 rock samples were collected along the PI2 zone shown in **Figure 11** and freighted to ALS Mineral Laboratories in Orange, NSW. The clay fraction in soils can be representative of bedrock lithologies rather than coarser depositional silts and sands which have been transported to the location by wind/water and so mask the geochemical response. Regolith and geological information has been recorded at each sample site in addition to rock sampling of the pyritic PI2 zone. In addition, the clay fraction has also been analysed for its “spectral mineralogy” to gain an insight into the make of the bedrock lithologies and any possible alteration resulting in changes to the primary mineralogy caused by mineralising fluids.

The PI2 zone has limited surface exposure, however three (3) of the seven samples returned Cobalt > 100 ppm to a maximum of 216 ppm. As the depth of weathering can be up to 20 m thick, there may be a near surface depleted zone below the surface expression of the PI2 zone meaning Cobalt results could increase beneath the weathered zone. This will be tested in future by RC drilling at selected locations along the length of the PI2 zone.

The fine fraction soil sampling has delineated elevated Cobalt in soils as shown in **Figure 12** as dark blue outlines. The elevated Cobalt in soil is associated with a garnet sediment and pegmatite and was the focus of historical drilling. RC drilling will be planned along with drill testing of the PI2 zone.

During the soil sampling program, the PI2 pyritic zone (locally enriched on Cobalt) was mapped and rock sampled with the rock sample sites shown as red dots (Cobalt ppm highlighted in blue) in **Figure 12**. The PI2 zone was mapped over a strike distance of 1.5 km with variable outcrop expression. The PI2 zone Cobalt ppm results varied from 2 ppm to 216 ppm from the seven (7) samples collected. The hatched area in **Figure 12** is the extent of outcrop/subcrop. Having reviewed the detailed geological logging by consultant Wolfgang Leyh (ASX Announcement 17 July 2018) it appears the Cobalt zone in DD95STV3 is situated in a plagioclase albite gneiss near its upper contact with metasediments and albitic pegmatite and may not be associated with the downdip extension of the PI2 Zone. **Figure 12** shows some elevated Cobalt to the east of the PI2 zone which will be investigated further this year. In addition to the geochemistry LabWest also analysed all soil samples for their spectral mineralogical properties. **Figure 13** shows those samples whose spectral signature showed a high % of mica. There is a concentration of mica minerals (phengite, muscovite, muscoviticillite and phengiticillite) in the north of the soil grid. The concentration of micaceous minerals could be an indication of alteration associated with base metal mineralisation. Spectral mineralogical analyses of the pulps from the 51 samples of core from DD95STV3 submitted for geochemical analyses by the Company in 2018 indicate there may be subtle differences in the mineralogical makeup of the mineralised zones. Selected core samples will be submitted for petrological examination to determine if spectral mineralogy of surficial exploration/drill samples can be an effective tool using alteration as a tool for vectoring towards mineralised zones.

REVIEW OF OPERATIONS (continued)

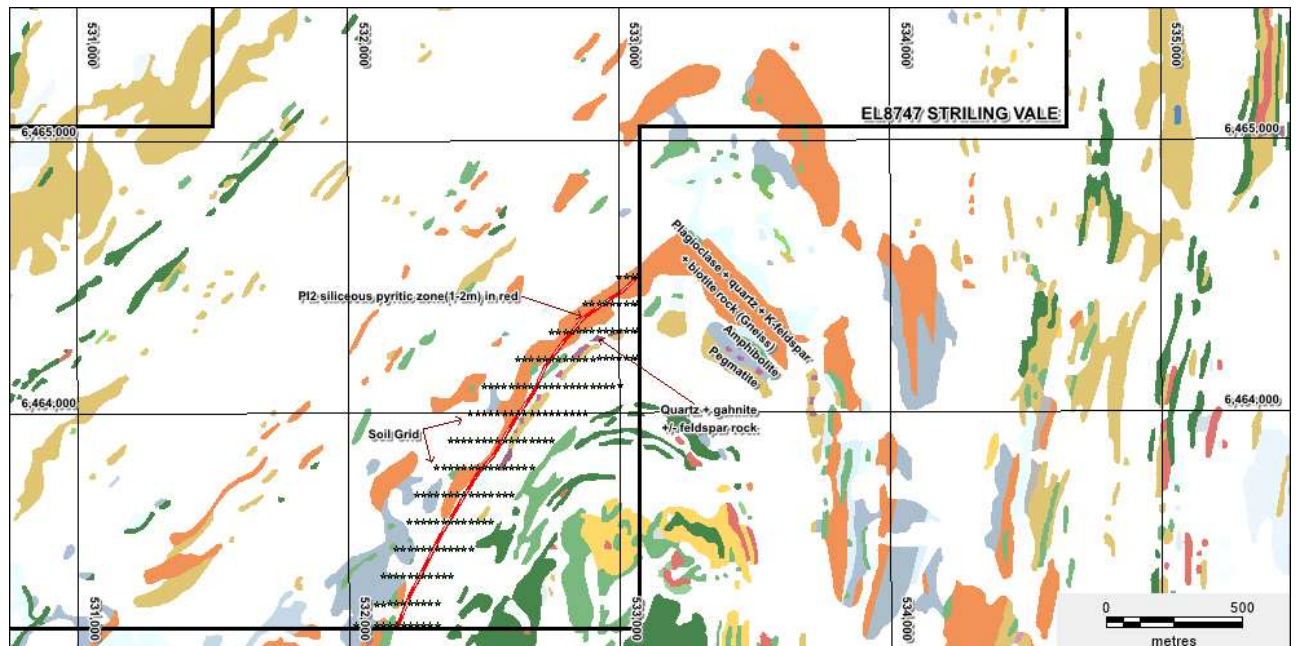


Figure 11: EL 8747 showing the mapped PI2 silica pyrite zone (red) and soil sample locations in black

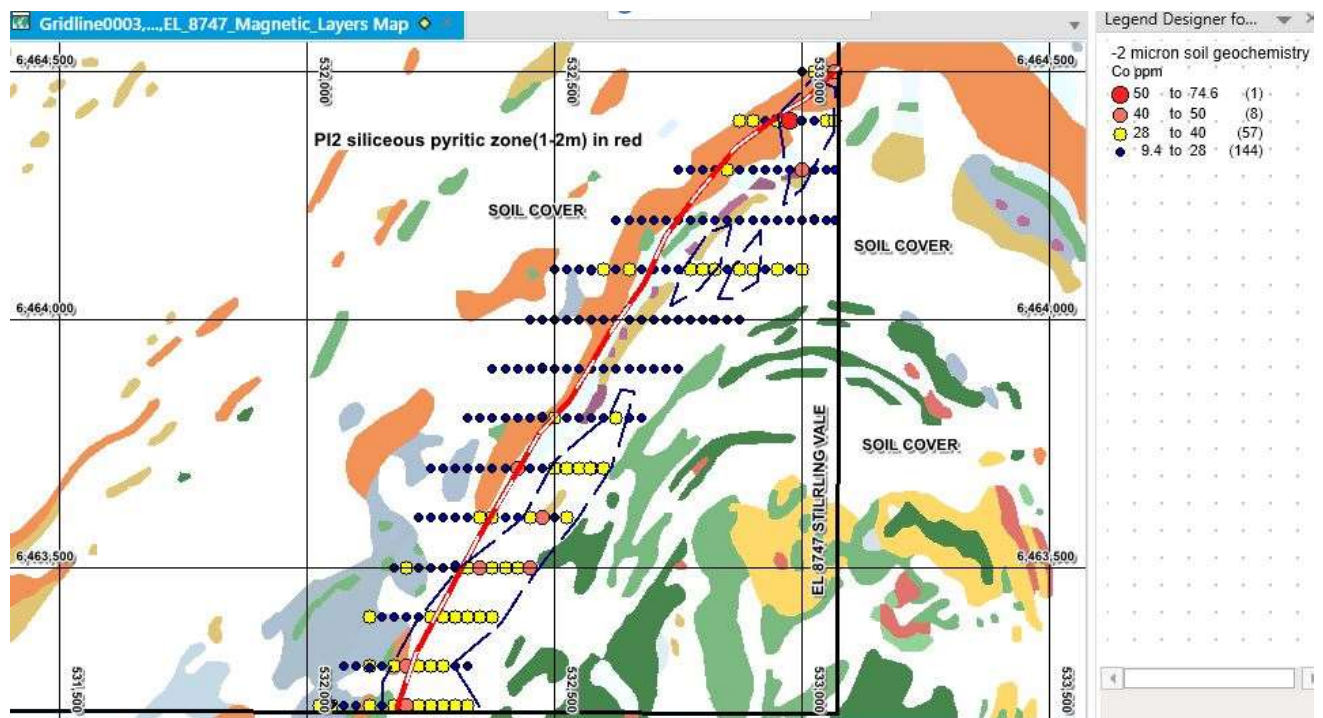


Figure 12: EL 8747 showing the extent of outcropping geology in colour and Cobalt ppm in soil and the extent of the elevated Cobalt in soil areas as dark blue polygons.

REVIEW OF OPERATIONS (continued)

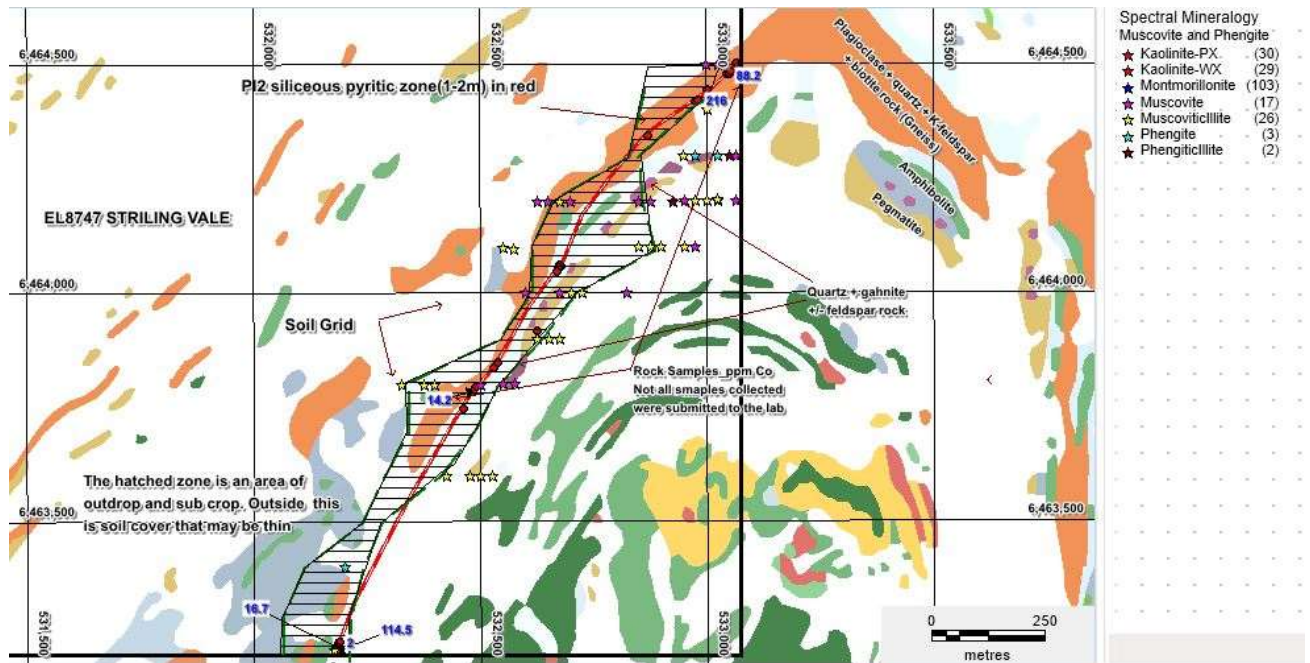


Figure 13: EL 8747 showing the extent of outcropping geology in colour and Cobalt ppm in soil and the extent of the elevated Cobalt in soil areas as dark blue polygons.

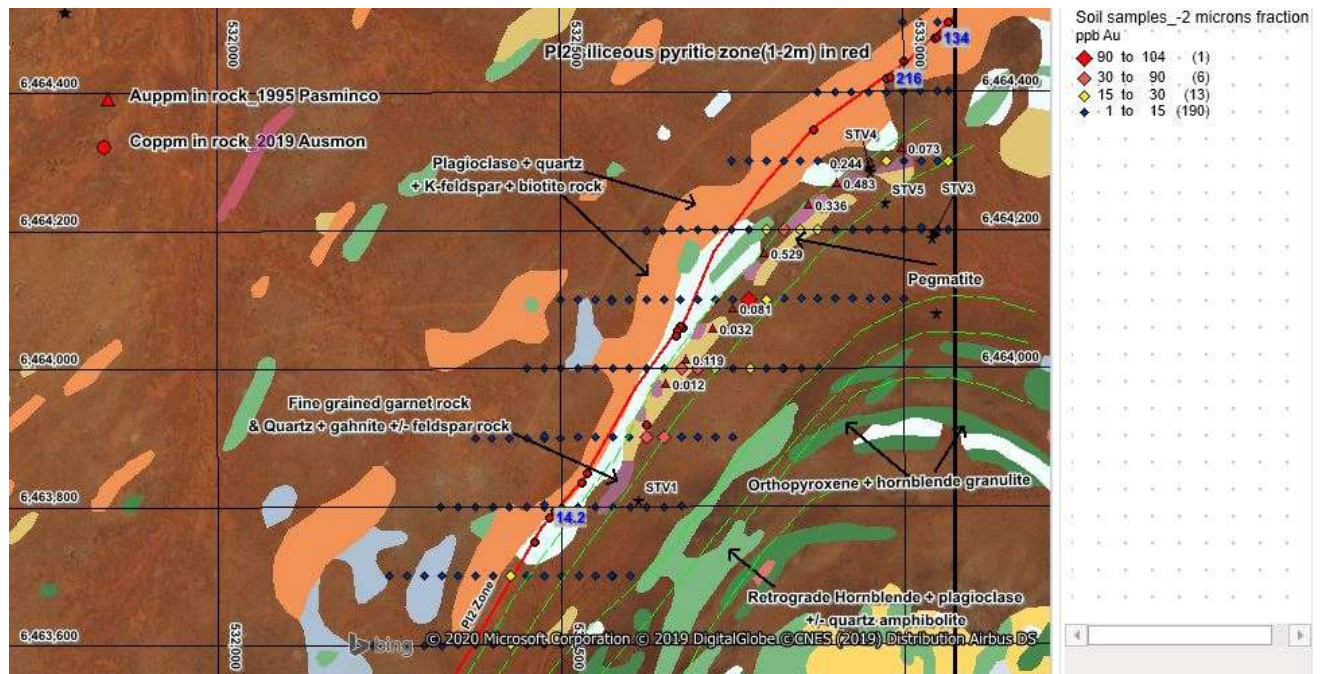


Figure 14: EL 8747 showing the extent of outcropping geology in colour and Cobalt ppm in soil and the extent of the elevated Cobalt in soil areas as dark blue polygons.

REVIEW OF OPERATIONS (continued)

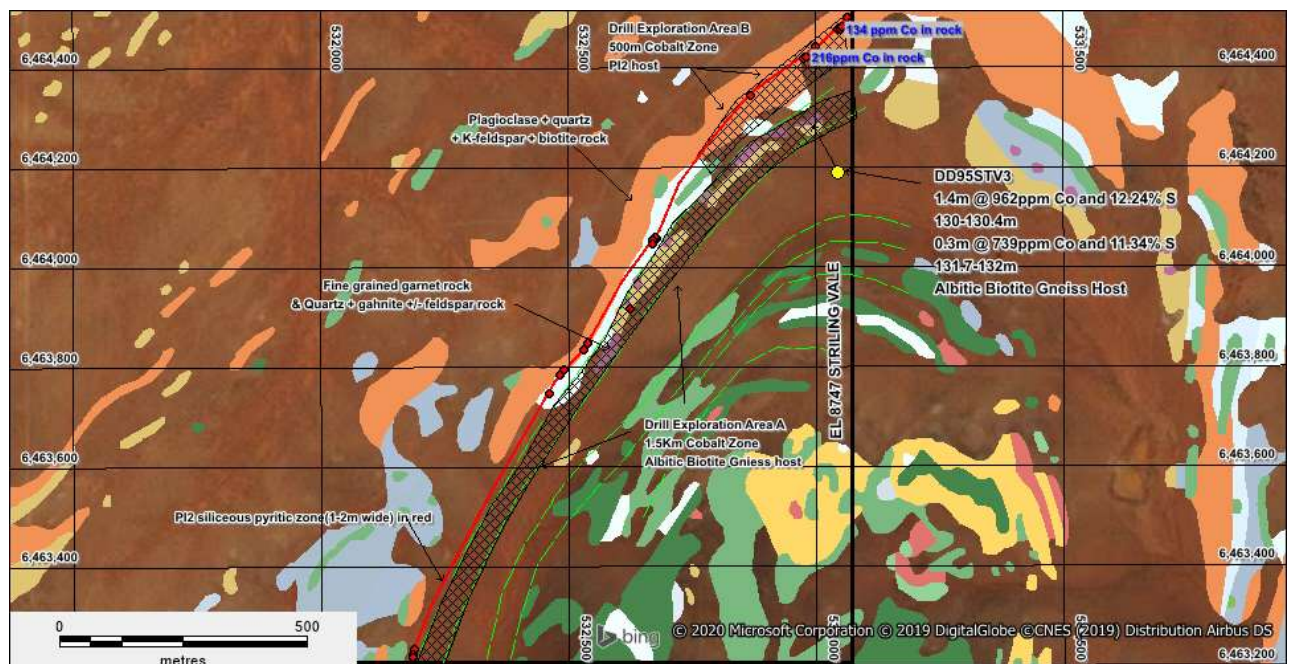


Figure 15: EL 8747 showing Drill Exploration Areas A and B in relation to surface and drill intersections of cobalt in ppm.

On reviewing the results of the fine fraction assays, the ppb Au highlighted a 1.4 km linear trend (Figure 15) adjacent to the PI2 zone and associated with a mapped zone comprising fine grained garnet rock (NSW Government 1:25K Broken Hill Geological Mapping), quartz-gahnite rock and pegmatite. The zone is defined by ppb Au between 15 ppb and 104 ppb, outside this zone Au is <15 ppb. This zone was the target of the 1995 Pasmaenco drilling for Broken Hill style base metal mineralisation. Based on the results of the 2019 surficial geochemical sampling the Company will plan to drill Exploration Areas A and B shown as hatched zones in Figure 15.

Future Exploration Work at Stirling Vale

Further work planned for 2020 includes:

- Geological mapping along the zones recently defined by elevated Cobalt as shown in **Figure 13** and selected rock sampling in areas of rock exposure.
- Siting of possible drill sites to drill test Exploration Areas A and B in soil zones (**Figure 15**).
- Further sampling of core from DD95STV3 for gold potential as a follow up to a zone of 51.9 m to 52.2 m @ 0.99 ppm.
- Re process data from 2012 Airborne Electromagnetic (VTEM) flown by another explorer to highlight any possible conductors.

REVIEW OF OPERATIONS (continued)

EL 8746

This tenement is located to the south of EL 8747 (**Figure 2**) and as is shown in **Figure 16** comprises in excess of 60% transported cover sediments which will reduce the effectiveness of surficial geochemical exploration of which there has been very little in the past.

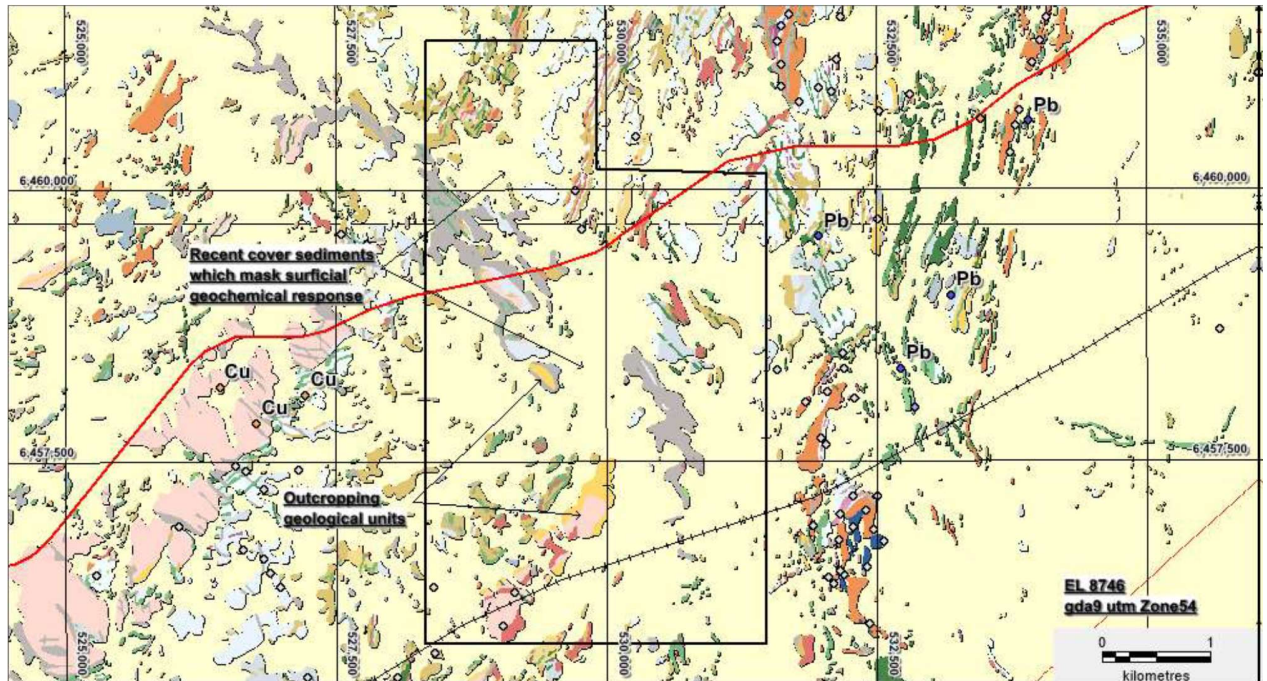


Figure 16: EL 8746 showing areas of outcropping geology and recent cover sediments.

Figure 17 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. As can be seen in **Figure 17** 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 required and, in some instances, shallow (<10m) interface drilling will be used to get a geochemical signature of the cover's geological units.

REVIEW OF OPERATIONS (continued)

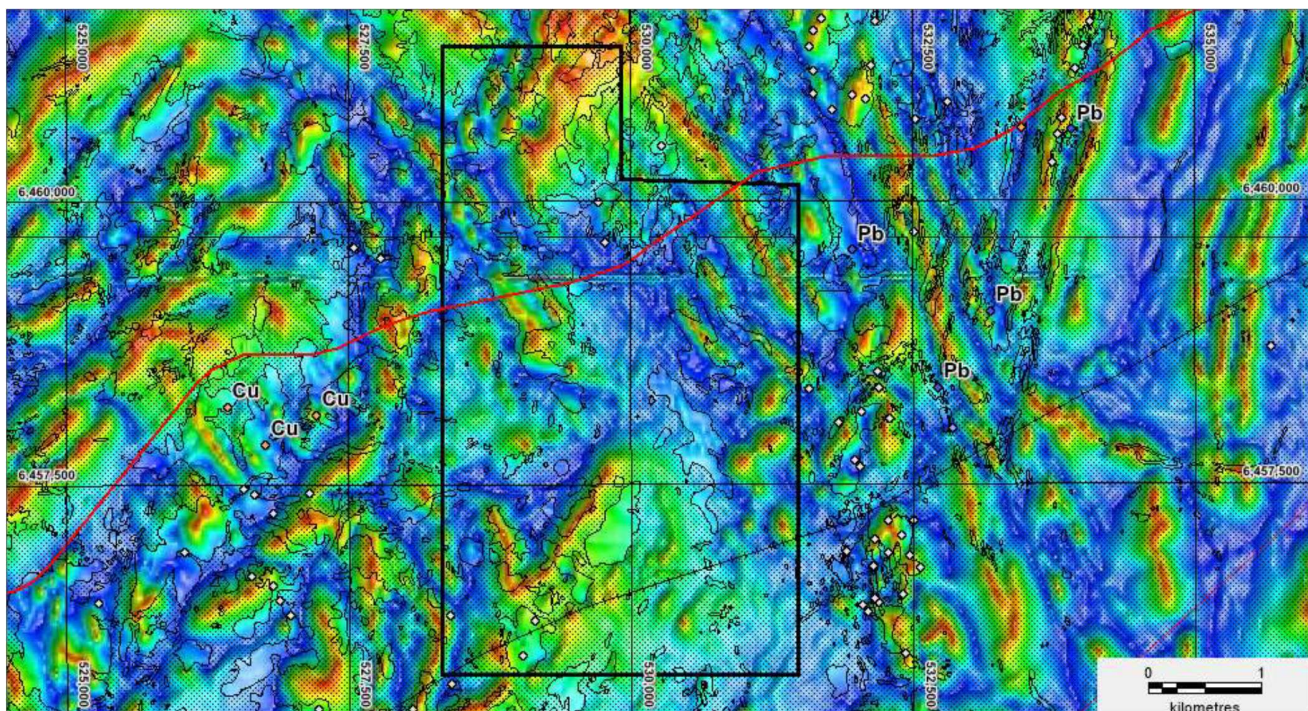
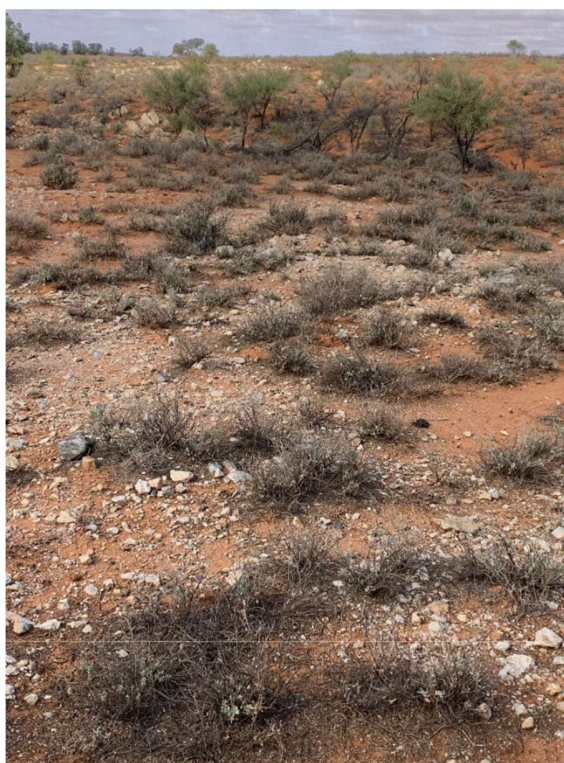


Figure 17: EL 8746 showing areas of recent cover sediments overlaid on aeromagnetics



Quartz lag



Fine alluvial transported sediments

REVIEW OF OPERATIONS (continued)



Garnetiferous metasediments

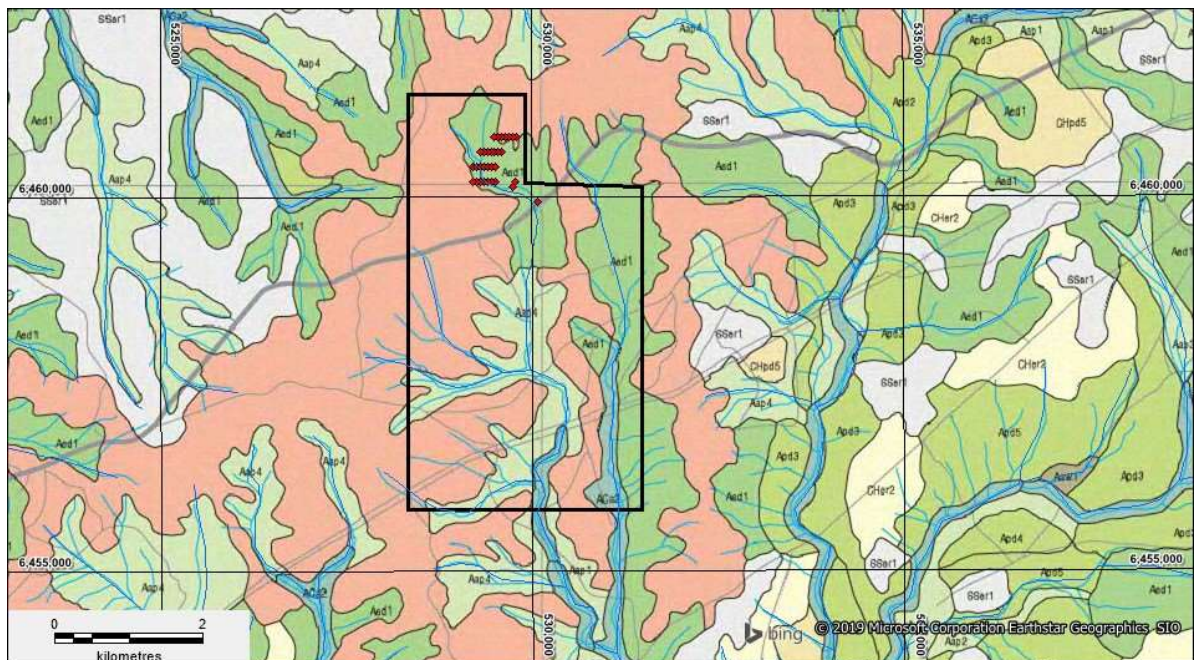


Figure 18: North Pinnacle Prospect (EL 8746) the 100K government regolith mapping and orientation sample lines.

Historical exploration has not included extensive soil sampling programs and the recent surficial geochemical sampling by the Company at the Broken Hill tenements has shown that in areas of minimal **outcrop analyses** of the -2 micron fraction can be an effective exploration tool. An added benefit is the ability to measure the spectral mineralogy of the sample thus combining mineralogy (alteration vector) and geochemistry (element association). In addition, magnetics (either airborne or ground) will be used to add a structural component to the exploration strategy. Follow up exploration is planned for 2020.

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 19** 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 formed part of the Company's Phase 1 field exploration program carried out in April 2019.

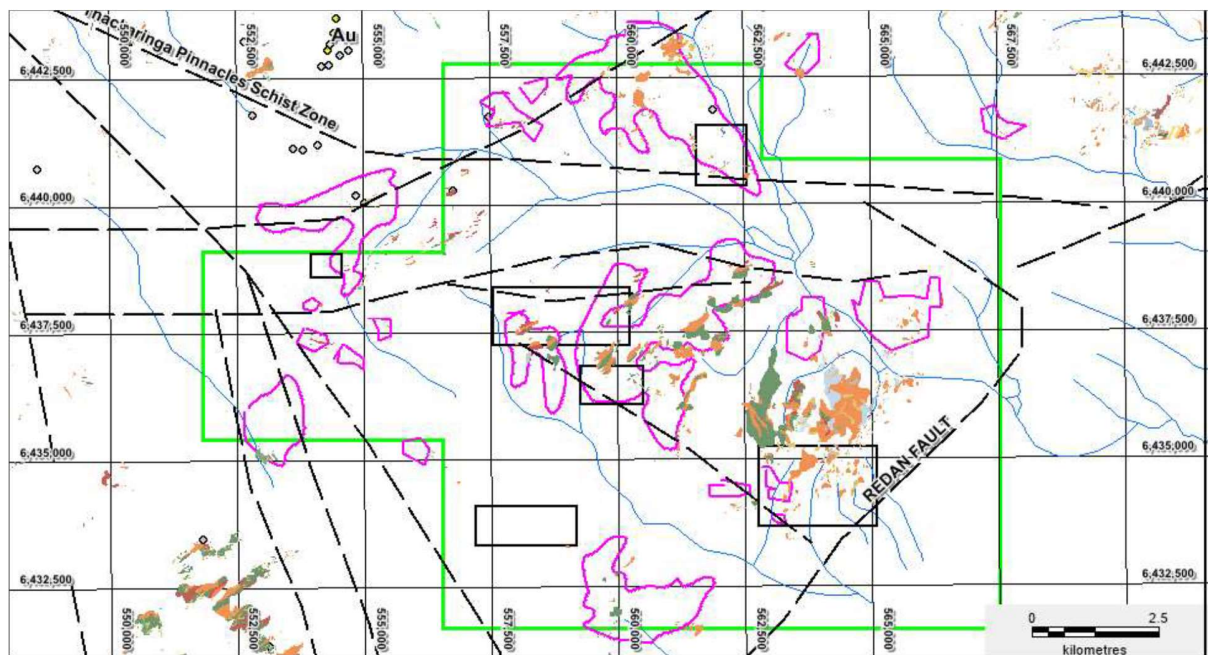


Figure 19: EL 8745 showing areas of outcropping geology and recent cover sediments with aeromagnetic structures and target areas (boxes).

Figure 20 shows the prospects sampled and the sampling lines. Regolith mapping by the NSW government (**Figure 21**) shows the extensive depositional cover (shades of yellow) across the tenement. In the case of Sampson's Dam and Nth Kambarra the cover is relatively thin with bedrock sub crop and lag locally observable. The combination of regolith mapping, fine fraction geochemistry and ground magnetics will be utilised to further explore the Broken Hill tenements.

REVIEW OF OPERATIONS (continued)

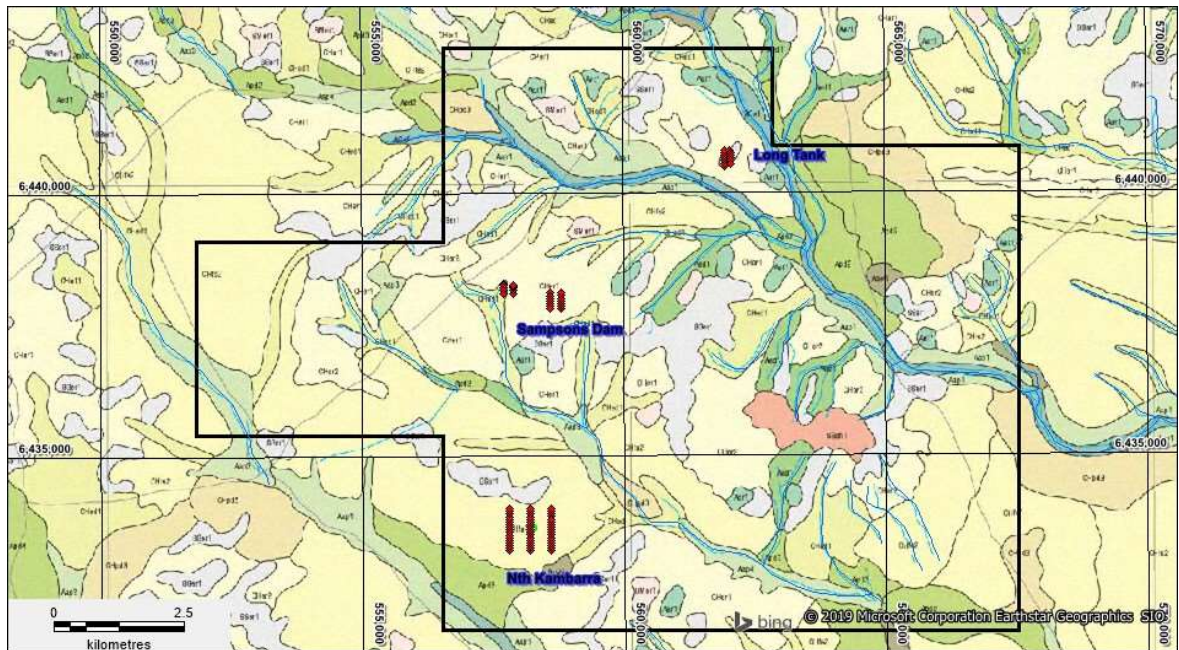


Figure 20 - EL 8745 showing the prospects sampled and sample lines.

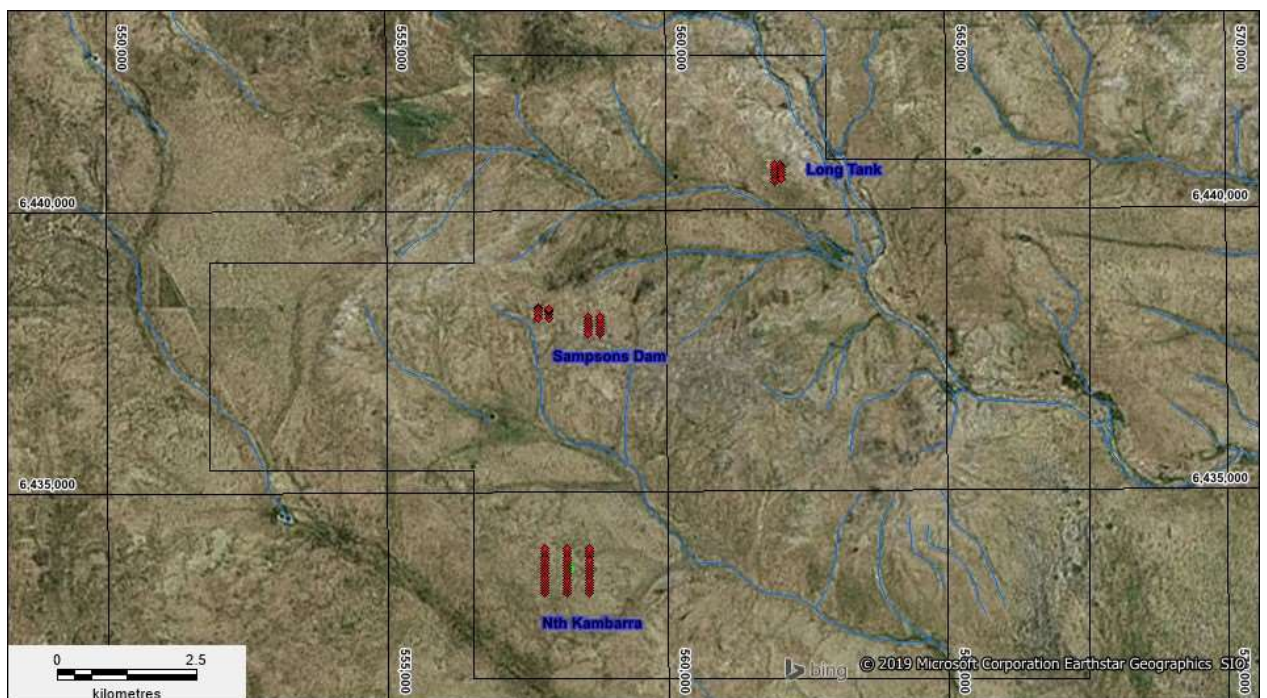


Figure 21 - EL 8745 showing the prospects sampled and 1:100K government regolith mapping.

REVIEW OF OPERATIONS (continued)

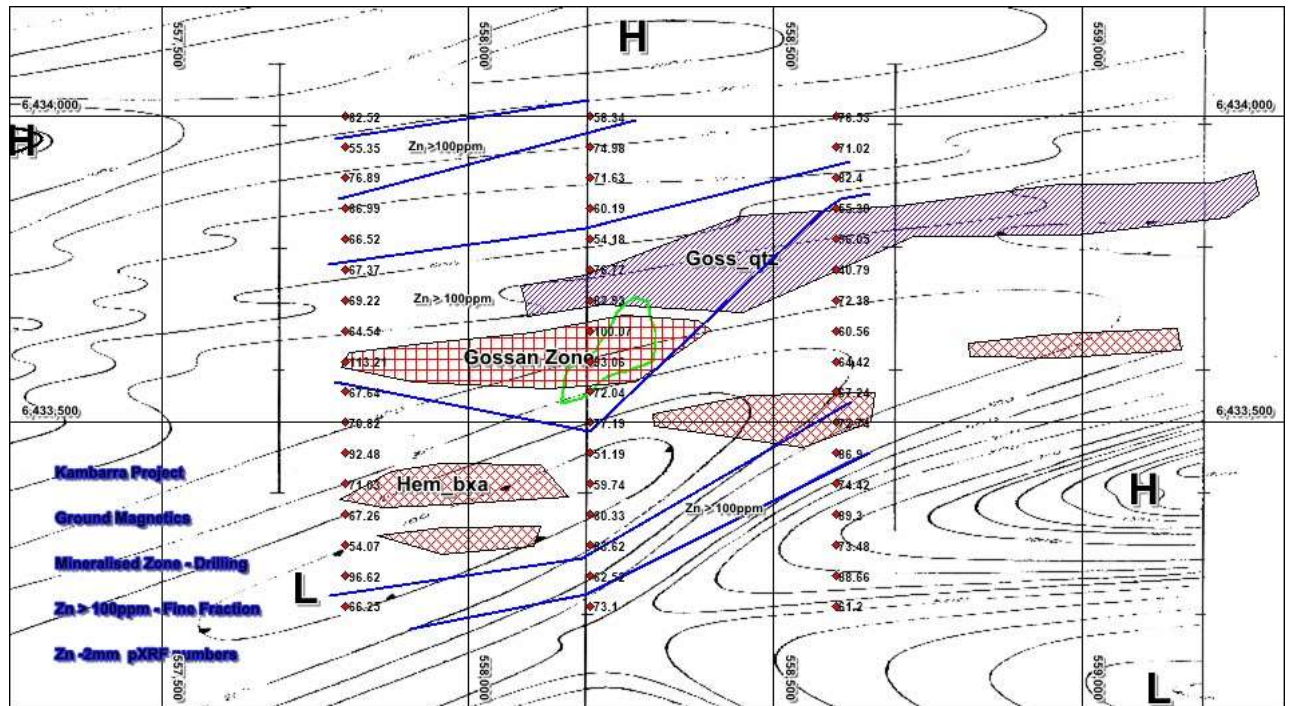


Figure 22 – Nth Kambarra Prospect (EL 8745) showing ground magnetic contours and surficial geochemistry.

Figure 22 shows a comparison between the -2 mm pXRF Zn ppm sample numbers and the blue outlines of the -2 micron 100 ppm Zn areas. For reference, the only outcrop is shown by a green polygon in the centre of the map. Within the central broad 100 ppm Zn region which encompasses the mineralised subcrop, the results of the -2 mm pXRF sampling show that the clay fraction analyses increase the tenor and aerial extent of the Zn anomaly. The mineralised zone as shown by areas of gossan and gossan/qtz as defined from historical drilling are associated with a NE-SW trending magnetic low. Additional clay fraction Zn anomalies flank the main anomaly to the north and south.

In addition, a statistical analysis was carried out using a correlation matrix to look for elemental associations. Based on a correlation coefficient >0.6 the following elements have a high correlation with Zn – Ag(0.8), Be(0.65), Cd(0.93), Co(0.74), Pb(0.95), Sb(0.82), Sn(0.63) and Ti(0.71). The correlation with Pb, Ag and other elements may indicate a broad association with the Broken Hill Zn lode system.

Future Exploration Work near Broken Hill

Initial field work carried out in April 2019 involved surface geological and regolith mapping along zones prospective for cobaltiferous pyrite and massive zinc (Broken Hill style) style mineralisation. In conjunction, targeted calcrete/fine fraction sampling were carried out across the target zone to assist in delineation of mineralised zones. These zones may then be the focus of ground based geophysical surveys in order to define drill targets.

The elevated cobalt zones occur within a pyritic (cobaltiferous) albitic gneiss containing well banded strongly pyritic stratiform mineralization locally grading up to 50% pyrite eg: 131.1 m - 131.2 m. The association of elevated Co analyses associated wide zones of pyrite mineralisation will be used as a geophysical targeting tool to locate further cobaltiferous pyrite zones. In conjunction samples of the pyritic (cobaltiferous) zone will be collected for petrographic studies.

REVIEW OF OPERATIONS (continued)

NSW: BRUNGLE CREEK EXPLORATION AREA

*ELA 5829 near Tumut in NSW – 100% interest application
Cobalt and Base Metals Exploration*

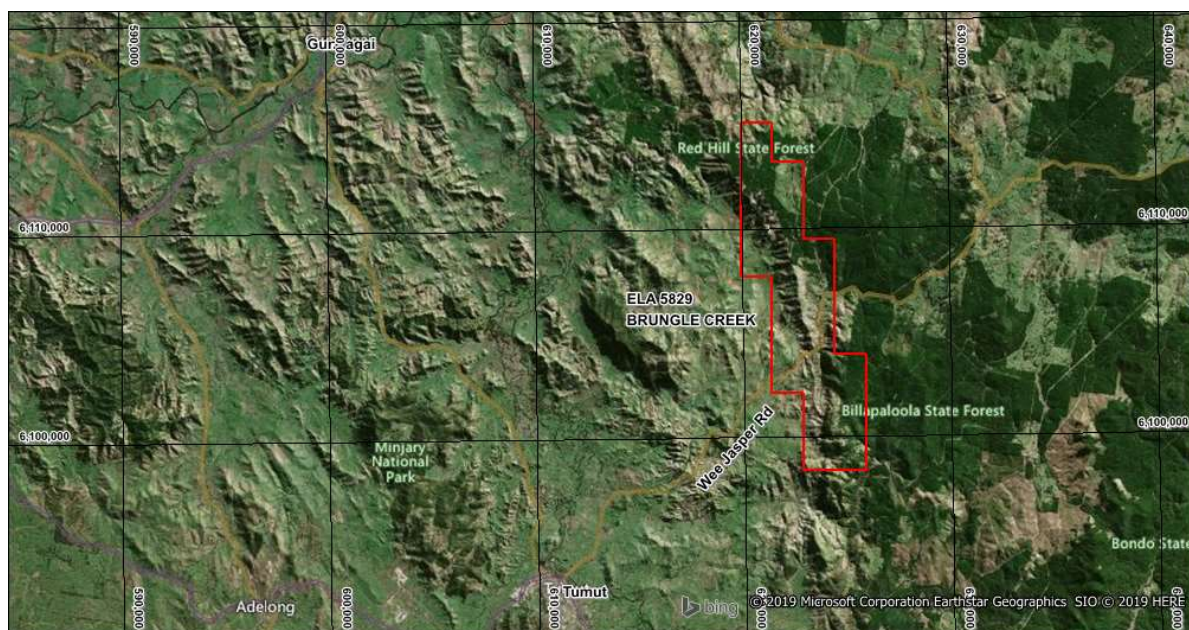


Figure 23 – Brungle Creek location map.

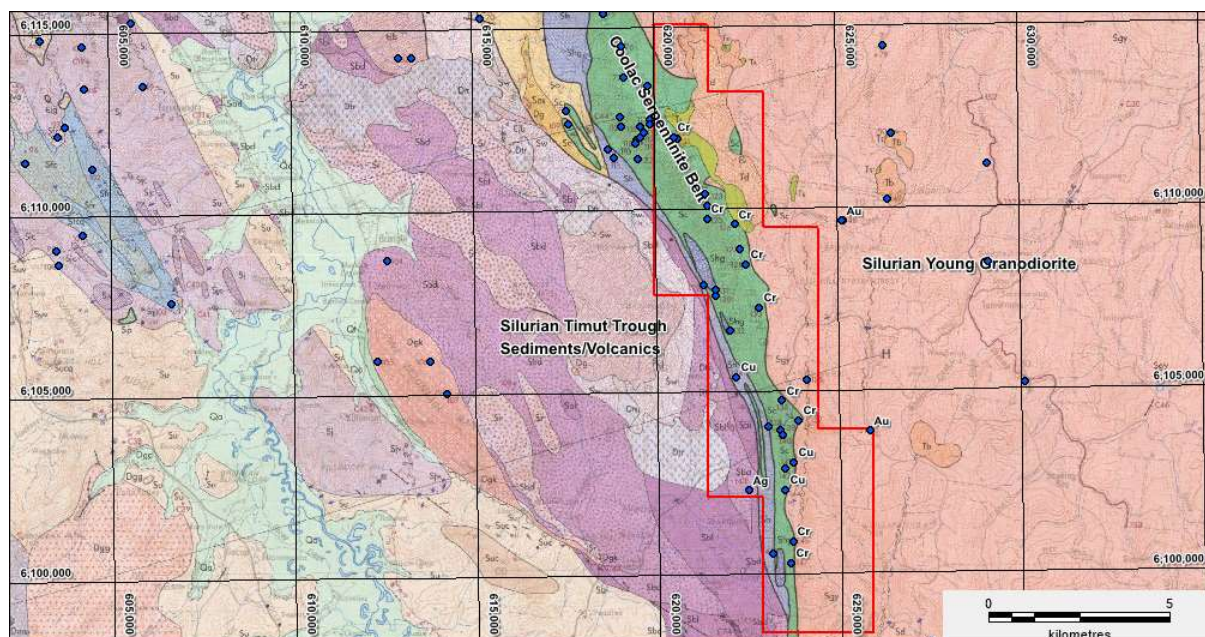


Figure 24 – Brungle Creek geology map (1:250K series) showing the extent of the Coolac Serpentinite Belt.

REVIEW OF OPERATIONS (continued)

Exploration Licence Application 5829 was lodged on 2nd July 2019. The tenement is located 15 km north east of Tumut in the south and 15 km east of Gundagai in the north with the tenement following the serpentine ridge of the Honeysuckle Range (**Figure 23**). The tenement application comprised 19 sub blocks.

Regionally the tenement lies along the boundary of the Forbes Anticlinorial zone in the east and the Bogan Gate Synclinorial zone to the west. The Mooney Mooney thrust system separates the two tectonic provinces. The Cambrian to Ordovician Jindalee Beds occur in two north-south trending belts near the eastern margin of the Bogan Gate Synclinorial Zone. These beds comprise sediments and volcanics formed at the converging plate margin of a continental slope and ocean basin and merged in a trench to form a flysch wedge.

The Silurian-Devonian Blowering beds are separated by a ridge of basement Jindalee beds and consist mainly of acid volcanic rocks. Within these units the main serpentinite and talc-carbonate intrusive bodies occur in two trend lines striking roughly north-south along or parallel to the Mooney Mooney Thrust System. These intrusives are part of an ophiolite sequence formed in an orogenic belt.

Within the tenement, outcropping units of the Coolac Serpentinite are bounded against the Young Granodiorite rock of the Forbes Anticlinorial Zone to the east. Wehrlite, dunite, clinopyroxene and hornblende bearing gabbros of the North Mooney Complex lie to the west emplaced within largely acid volcanic rocks of the Silurian-Devonian Blowering Beds (**Figure 24**).

In December 2019, the NSW Department of Planning Industry and Environment (DPIE) advised that it is proposing to grant the tenement.

NSW: KOONENBERRY EXPLORATION AREA

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

This EL covers the Grasmere-Peveril Cu-Zn-(Ag) deposits (**Figure 25**), 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 by the previous owner (see ASX Release on 18 December 2009). 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.

EL6400 has been renewed for 2 years to April 2021 with 8 sub-blocks (**Figure 25(a)**). The Company continues to investigate methods to develop the resource (**Figure 25(b)**). No field activities have been carried out during the period.

REVIEW OF OPERATIONS (continued)

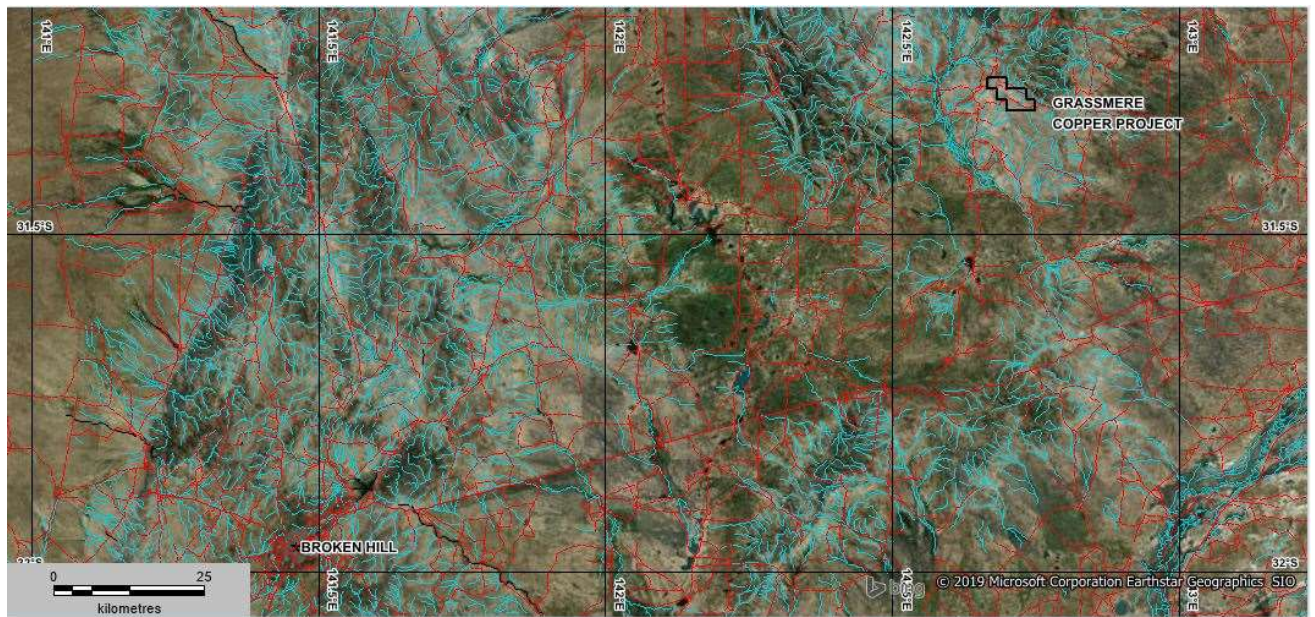


Figure 25: Location of Current Koonenberry Exploration Licence EL 6400



Figure 25(a): Exploration Licence EL 6400

REVIEW OF OPERATIONS (continued)

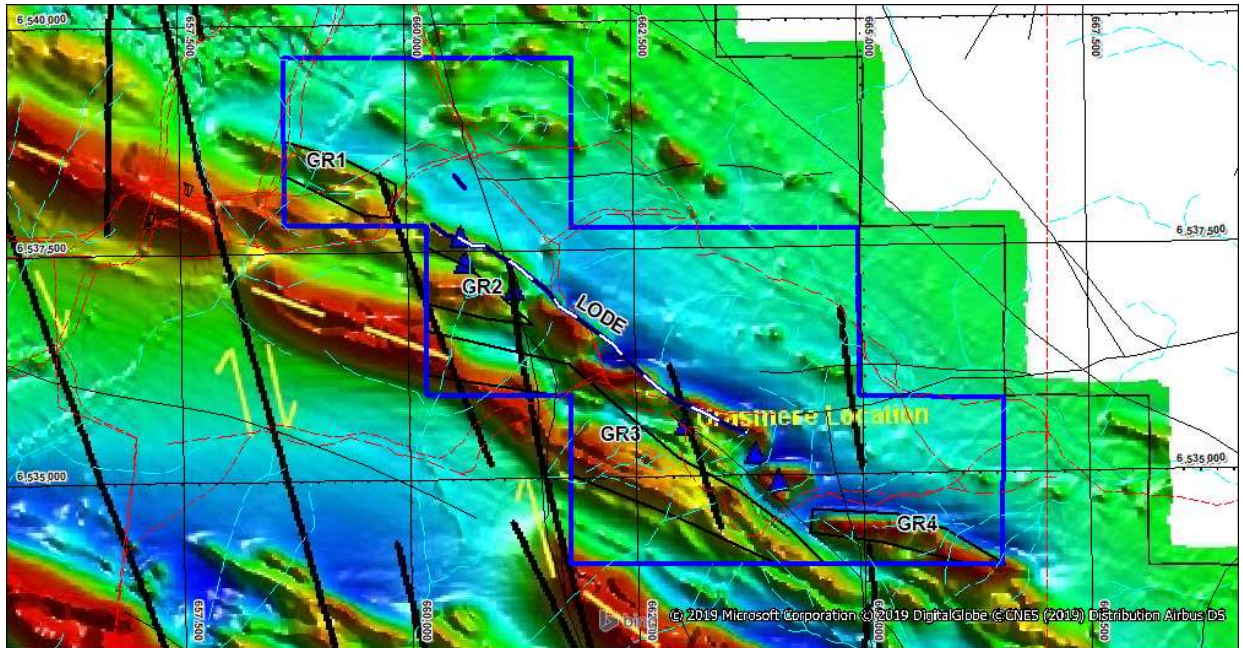


Figure 25(b): EL 6400 showing the retained 8 sub blocks and GR exploration targets on aeromagnetics

NSW: POORAKA EXPLORATION AREA

*Pooraka ELs 6413 and 8424 near Cobar – NSW - 100% interest granted (Figure 26)
Gold, Silver and Base Metal Exploration*

EL 6413, 50 km east of Cobar, contains several gold and base metal target areas gleaned from earlier exploration results. EL6413 has been renewed for 2 years to May2021 with a reduced size of 3 sub-blocks. EL 8424 has been renewed for 2 years to February 2021 with a reduced size of 4 blocks.

No field activities have been carried out during the period.



Figure 26: Location of EL 6413 and EL 8424

REVIEW OF OPERATIONS (continued)

QLD: GREENVALE EXPLORATION AREAS

**EPMs 26813, 26814 and 26815 near Greenvale - 100% interest granted.
Cobalt and Nickel Exploration**

EPM 26813, EPM 26814 and EPM 26815 (**Figure 1 and Figure 27**) were granted for a 5-year period to November 2023, covering a total area of approximately 276 km².

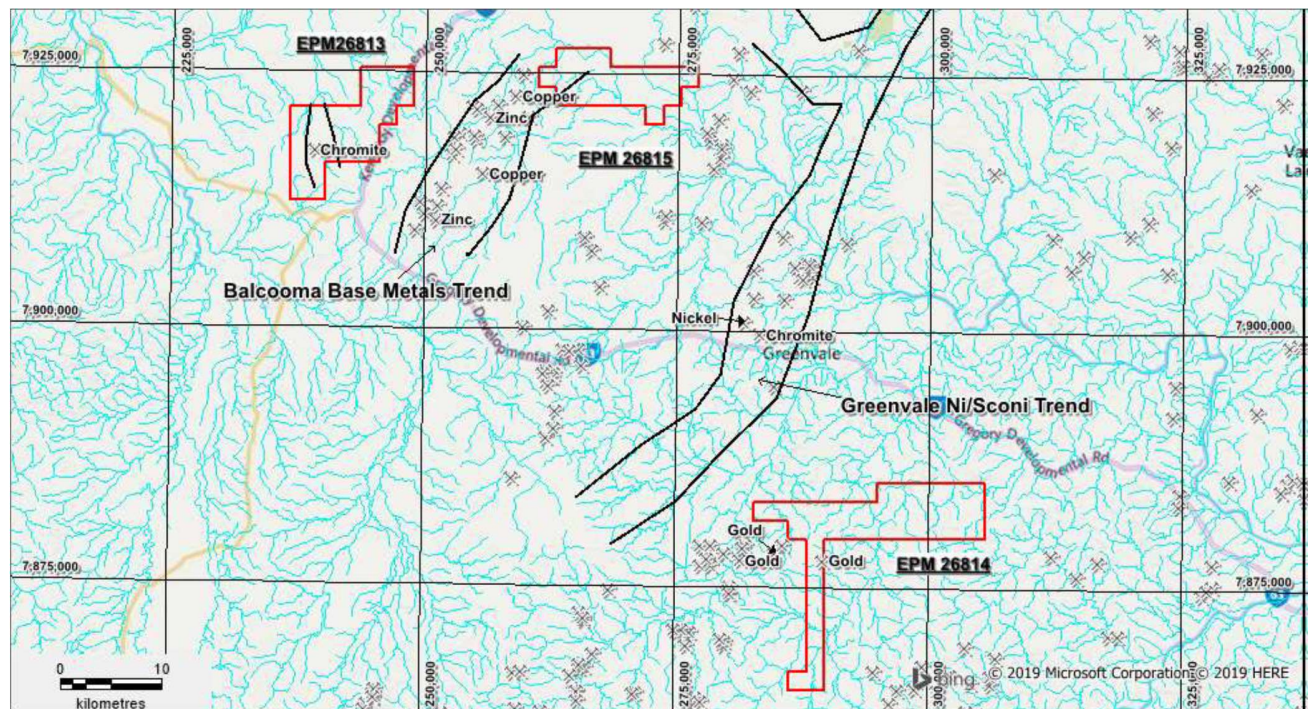


Figure 27: Greenvale Exploration Areas granted EPMs

The Greenvale tenements are located in a highly mineralised region of North Queensland close to the regionally significant Greenvale Ni and Sconi Co/Sc trend and 20-50 km from the reportedly most advanced cobalt project in Australia (ASX: AUZ ‘Sconi’ ML10368). There is 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.

Based on the results of analysis and studies of all available historical data that have been completed since the grant of those EPMs in November 2018, site sampling work was carried out in September 2019 within EPM 26813 and EPM 26815. The aim of the sampling was to evaluate historical exploration targets and the overall prospectivity of the tenements.

This exploration comprised the collection of pXRF readings using the portable Olympus Vanta unit along soil traverses and of isolated rock outcrop. A total of 50 soil and 13 rock readings were taken.

Meetings were held with landholders to explain the Group’s exploration methodology and discuss exploration field work in general.

REVIEW OF OPERATIONS (continued)

EPM 26813

This licence is located 40 km north west of Greenvale (**Figure 28**) with access provided by the sealed Kennedy Development Road thence by station tracks and fence lines.

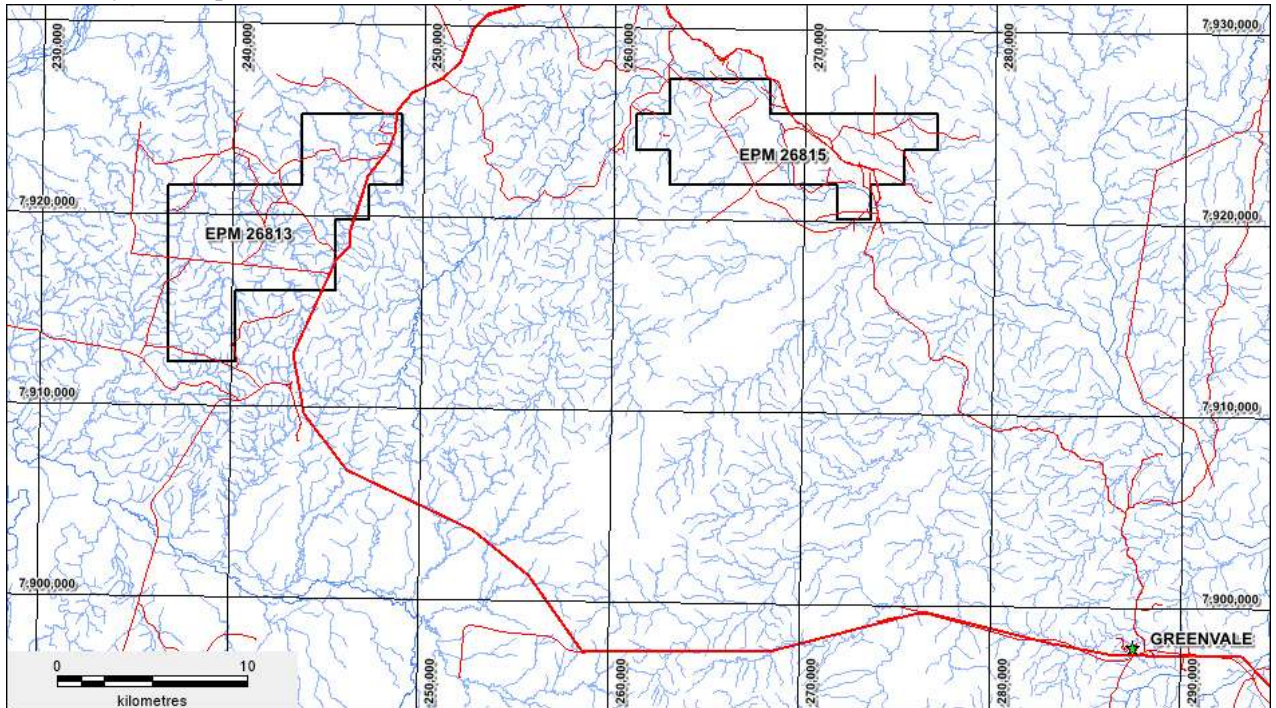


Figure 28: Greenvale tenements EPMs 26813 and 26815 located in northern QLD near the town of Greenvale

During the period work within the tenement comprised three soil traverses and the collection of random pXRF readings on rock outcrop. The traverses targeted areas of historical geochemistry and drilling. **Figure 29** is a solid geological interpretation and **Figure 30** is a TIM aeromagnetic map of the tenement.

North East Traverse: Consisted of 2 soil traverses across a magnetic high that was tested with one drill hole. There was no anomalous geochemistry with Pb to 7 ppm and fresh amphibolite was noted in several creeks (**Plate 1**).

Ultramafic Sampling: Several pXRF readings were taken of a serpentinized ultramafic located in the centre of the tenement. The outcrop is very small and extends about 300 m north of the fence line. Maximum geochemistry of 2,199 ppm Ni and 192 ppm Co were noted. This level of Ni is at background levels for serpentinized ultramafics in the area.

South Traverse: A single pXRF soil traverse was completed across the south of the tenement (**Figure 29**) with lithologies encountered including granite (with local garnet development), coarse mica pegmatites and mica schists. Maximum pXRF readings were 26 ppm Ni, 118 ppm Zn, 26 ppm Pb and 18 ppm Cu.

REVIEW OF OPERATIONS (continued)

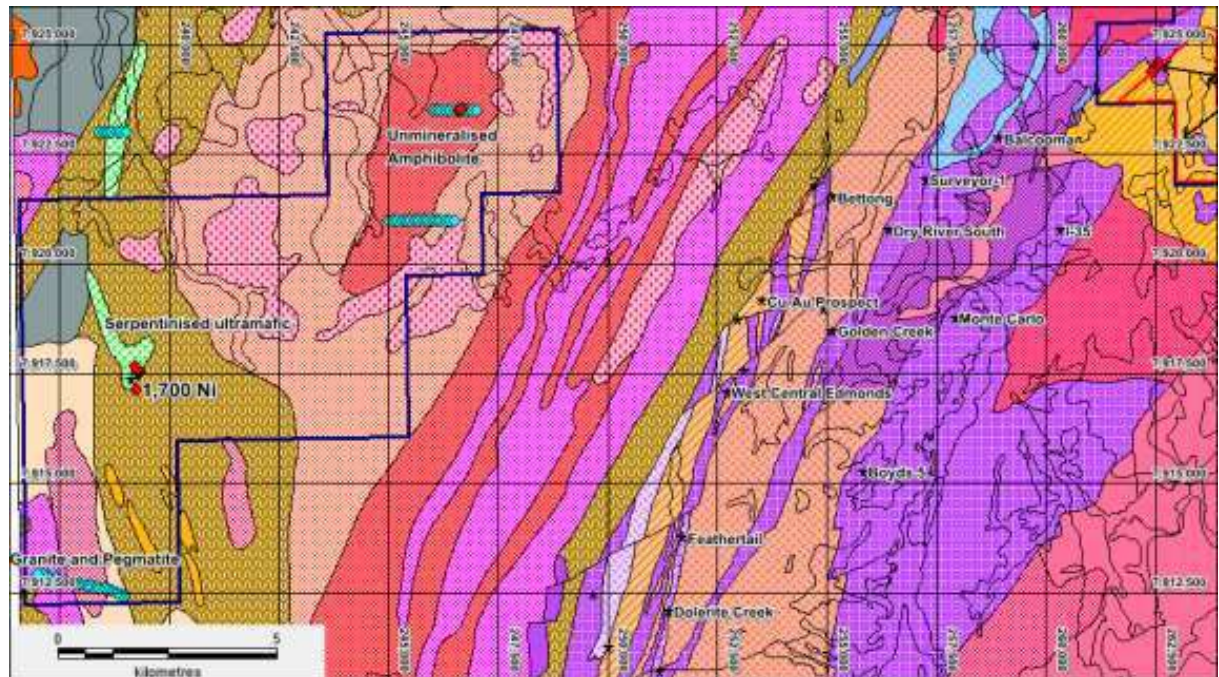


Figure 29: EPM 26813 solid geology, mineralisation and geochemistry

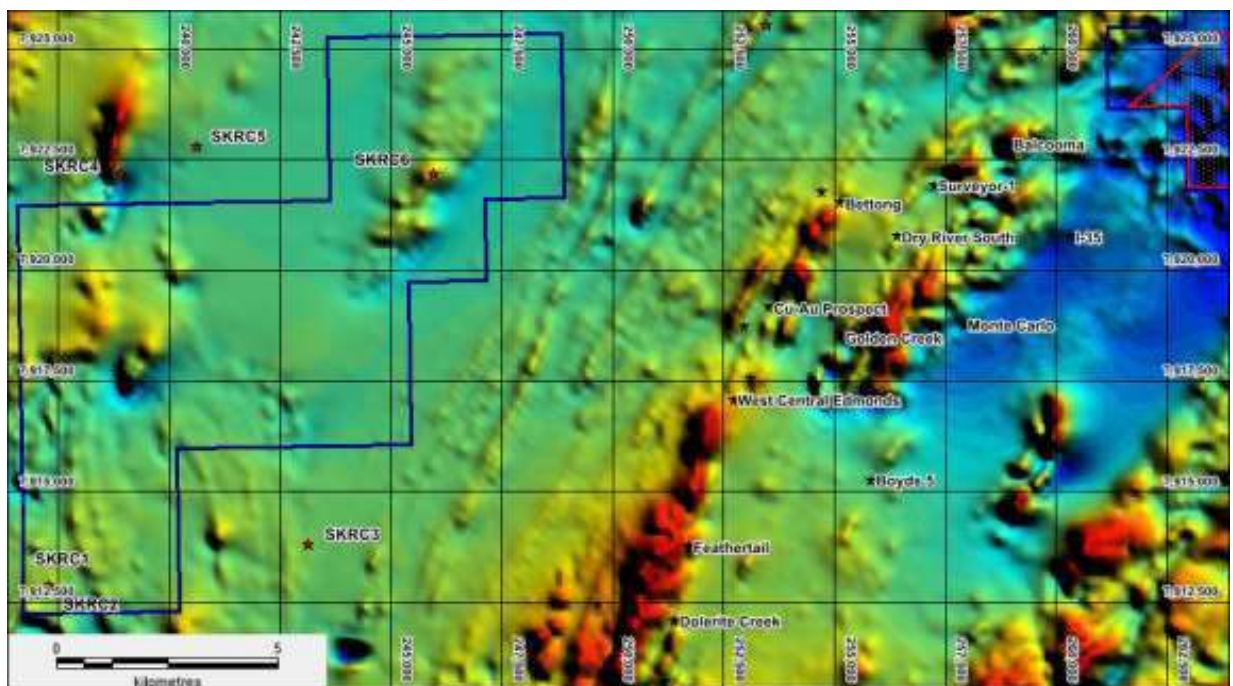


Figure 30: EPM 26813 aeromagnetics, mineralisation and drilling

REVIEW OF OPERATIONS (continued)



Plate 1 - Amphibolite located in the north



Plate 2 - Fine grained granite/coarse grained pegmatite contact in south

EPM 26815

This licence is located 40 km north west of Greenvale (**Figure 28**) with access provided by the unsealed Conjuboy Road thence by station tracks and fence lines.



Plate 3 - Felsic volcanic breccia and view of the outcrop

Historical rock sampling in the western portion of EL 26815 returned anomalous base metal geochemistry within a site of felsic volcanics. A brief field traverse across the western portion of EL 26815 encountered several small hills comprising clay altered and brecciated felsic volcanics (**Plate 3**). Maximum pXRF readings were 26 ppm Ni, 18 ppm Cu and 26 ppm Pb.

REVIEW OF OPERATIONS (continued)

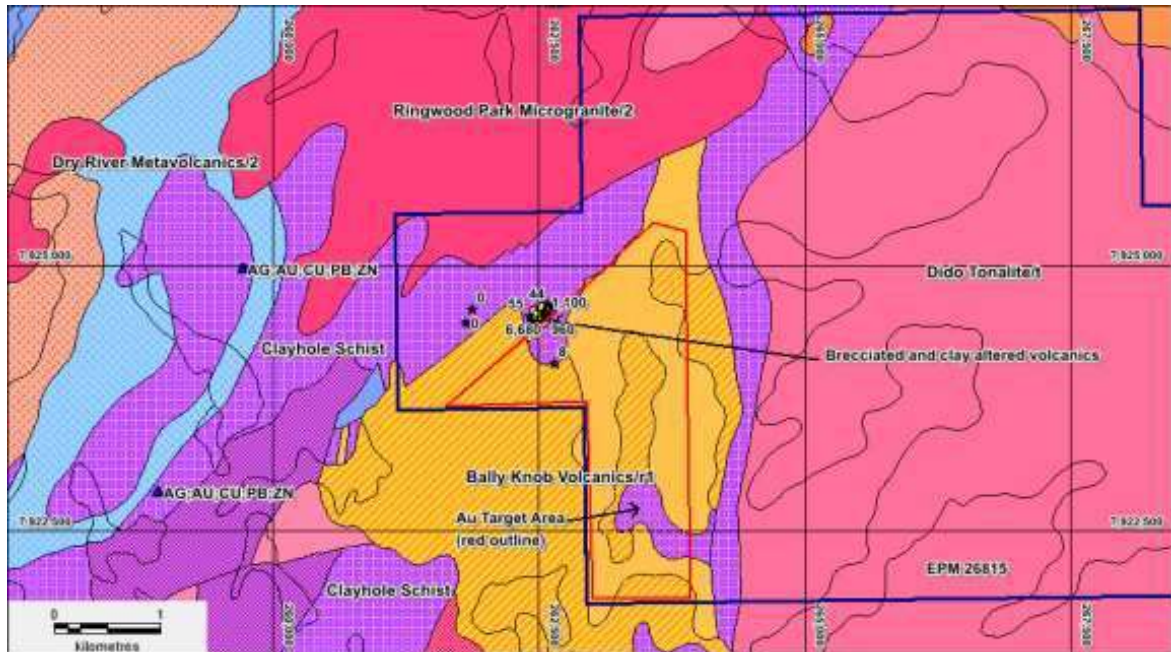


Figure 31: EPM 26815 solid geology, mineralisation and rock geochemistry

Technical assessment of EPM 26183 and EPM 26185

The results of the field work indicated low potential for Ni Co Sc mineralisation in the sought for Sconi geological model within the EPM 26183 and EPM 26815. With the downgraded outlook further capital investment in the areas could not be justified. The Company has relinquished those EPMs prior to the year two work commitment.

EPM 26814

EPM 26814 is located south east of Greenvale. The land substantially within EPM 26814 has been acquired by the Department of Defence (“DOD”) after the EPM was granted. While the DOD agrees to allow access for exploration work over restricted periods it would not agree to allow any mining, therefore creating potential future litigation. On further assessment of risks based on available technical data and in light of the restrictions being imposed by the DOD, the Company has relinquished this permit prior to the year two work commitment.

QLD: MOUNT TEWOO EXPLORATION AREA

EPM 26764 near Gympie - 100% interest granted. Nickel Cobalt Manganese exploration

The Mount Tewoo Nickel Cobalt Manganese Exploration Area comprises EPM 26764 covering an area of approximately 178 km² located 25 km south-west of Gympie, and 30 km south-east of Kilkivan (Figure 32). The tenement was granted for a period of 5 years to March 2024.

REVIEW OF OPERATIONS (continued)

EPM 26764:

- 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 Mt Mia Serpentinite, a potential host rock for nickel-cobalt mineralisation similar to that discovered by Aus Tin Mining (**Figure 32**);
- is in an area with similar geology to Pembroke and Mt Cobalt where nickel sulphide and oxide nickel-cobalt mineralisation have been discovered; and
- contains known mineral occurrences for gold and copper.

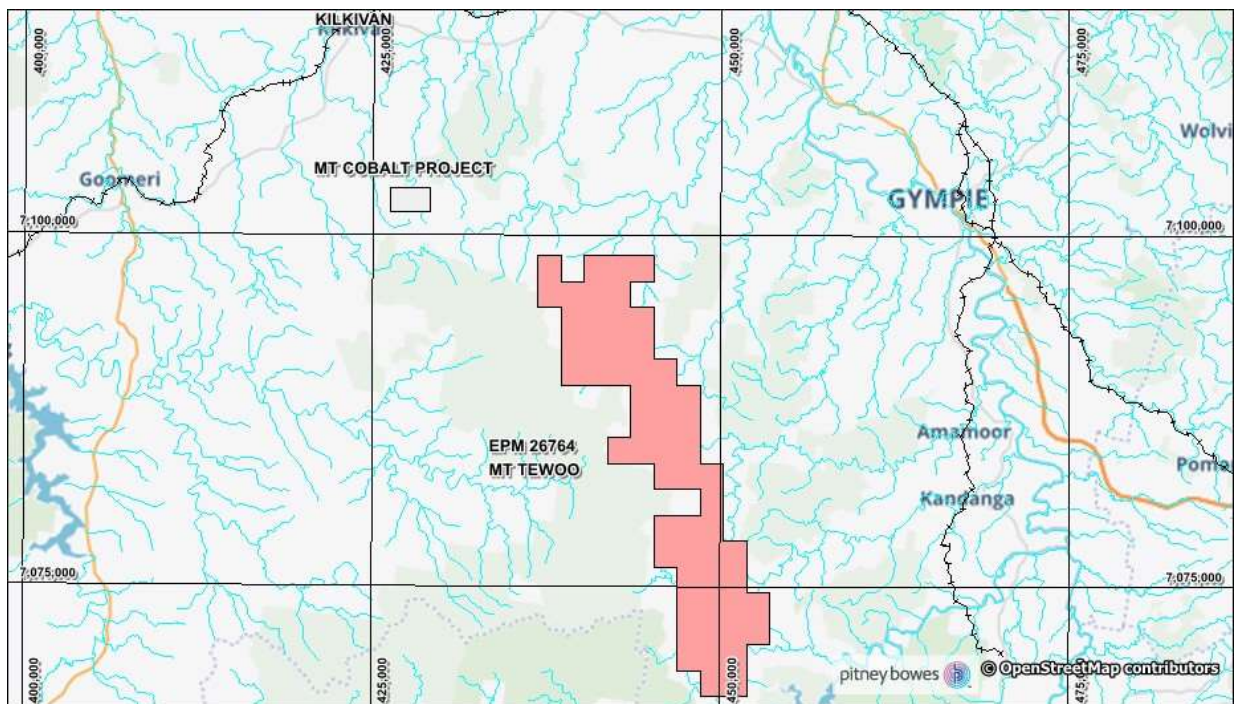
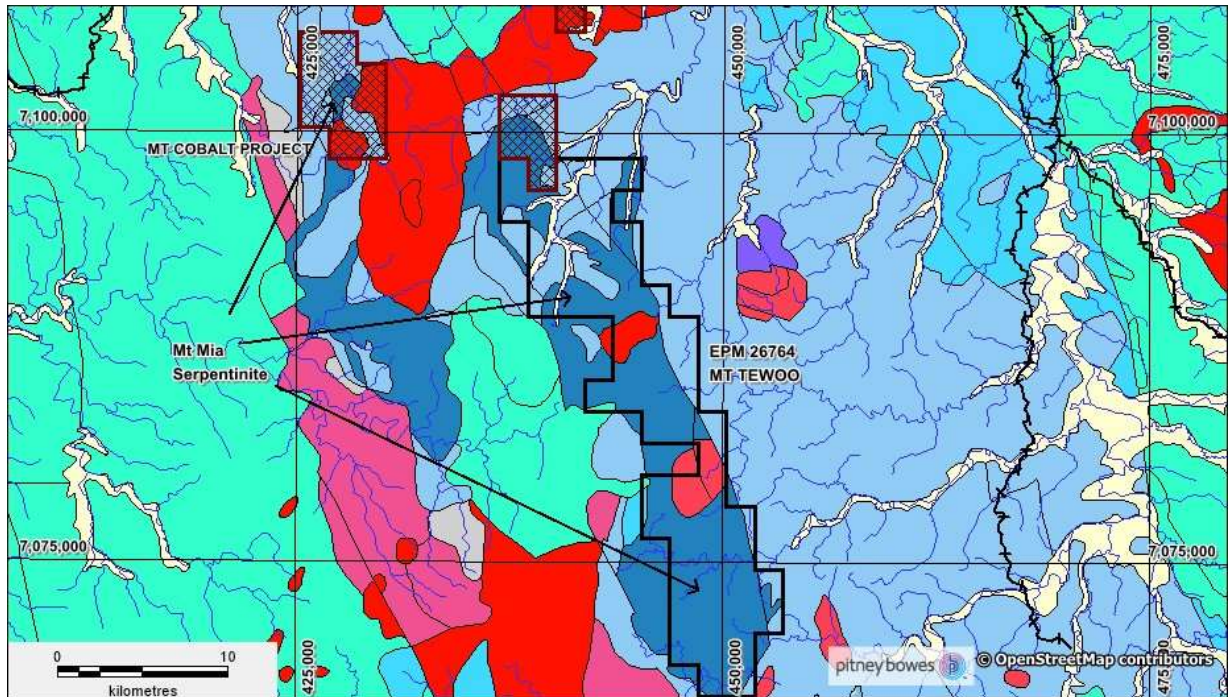


Figure 32: Mt Tewoo EPM 26764 south east of ANW’s Mt Cobalt Project

Following detailed study of available data and a site observation of the surface geology during the period, the Company’s geologist concluded that the minerals exploration potential of the area is very limited and would not reach that at Mt Cobalt. The Company has lodged a relinquishment of the EPM to eliminate financial commitments in line with a strategy to be very cautious in capital expenditure.

REVIEW OF OPERATIONS (continued)



*Figure 33: EPM 26764 geology map indicating extent of Mt Mia Serpentinite coverage
The Aus Tin Mining project is shown as hatched regions.*

REVIEW OF OPERATIONS (continued)

LICENCES STATUS

The minerals tenements held at the end of the December 2019 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 2021
EL 6413	Pooraka 1	NSW	100%	Expiry on 17 May 2021
EL 8424	Pooraka 3	NSW	100%	Expiry on 17 February 2021
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 26764	Mt Tewoo	QLD	100%	Expiry on 20 March 2024 – relinquishment lodged in December 2019 and surrender approval received on 11 February 2020
ELA 5829	Brungle Creek	NSW	100%	Application lodged 2 July 2019 and grant proposal from DPIE received in December 2019

EPMs 26813, 26814 and 26815 in QLD were relinquished during the half-year. Relinquishment of EPM 26764 lodged during the half-year was approved on 11 February 2020. Security deposit and rent for ELA 5829 were paid in February 2020 and now awaiting grant of the tenement.

Competent Person Statement

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 Consultant Geologist and a member of The Australian Institute of Geoscientists (1566).

Mr Mark Derriman has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, 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.

Forward-Looking Statement

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Ausmon Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

DIRECTORS' REPORT

The Directors of Ausmon Resources Limited submit the financial report of the consolidated group for the half-year ended 31 December 2019.

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 2019 was \$731,150 (2018: loss \$204,030).

Review of Operations

A review of operations for the half-year ended 31 December 2019 is set out on pages 2 to 31.

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 33 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 2020

13 March 2020

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 2019, 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



Martin Michalik
Director

**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 2019 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 2019 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.

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 2020.

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 2019 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 2019, Ausmon Resources Limited had working capital of \$505,168 and had incurred a loss for the half year of \$731,150.

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

Martin Michalik
Director

West Perth, Western Australia
13 March 2020

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 the financial position of the consolidated group as at 31 December 2019 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 2020

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For The Half-Year Ended 31 December 2019**

	Note	31 December 2019 \$	31 December 2018 \$
Revenue			
Interest income		1,530	2,461
Expenses			
Employee benefits expense		(20,696)	(19,929)
Impairment of exploration and evaluation expenditure		(597,277)	-
Projects costs		(15,692)	(7,473)
Other expenses	5	(99,015)	(179,089)
Loss before income tax expense		(731,150)	(204,030)
Income tax expense		-	-
Loss for the period		(731,150)	(204,030)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Loss for the period attributable to members of the Parent Entity		(731,150)	(204,030)
Total comprehensive loss for the period attributable to members of the Parent Entity		(731,150)	(204,030)
Loss per share			
Basic and diluted loss per share	6	(0.13 cents)	(0.04 cents)

The accompanying notes form part of this financial report.

Consolidated Statement of Financial Position

As At 31 December 2019

	Note	31 December 2019 \$	30 June 2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		516,626	613,859
Trade and other receivables		9,310	9,286
Financial assets		10,000	-
Prepayments		14,780	3,447
TOTAL CURRENT ASSETS		<u>550,716</u>	<u>626,592</u>
NON-CURRENT ASSETS			
Financial assets		60,000	70,000
Exploration and evaluation expenditure	8	583,887	1,112,411
TOTAL NON-CURRENT ASSETS		<u>643,887</u>	<u>1,182,411</u>
TOTAL ASSETS		<u>1,194,603</u>	<u>1,809,003</u>
CURRENT LIABILITIES			
Trade and other payables		45,548	127,954
TOTAL CURRENT LIABILITIES		<u>45,548</u>	<u>127,954</u>
TOTAL LIABILITIES		<u>45,548</u>	<u>127,954</u>
NET ASSETS		<u>1,149,055</u>	<u>1,681,049</u>
EQUITY			
Issued capital	9	13,516,892	13,317,736
Reserves		464,770	464,770
Accumulated losses		(12,832,607)	(12,101,457)
TOTAL EQUITY		<u>1,149,055</u>	<u>1,681,049</u>

The accompanying notes form part of this financial report.

Consolidated Statement of Changes In Equity

For The Half-Year Ended 31 December 2019

	Issued capital \$	Option reserve \$	Accumulated losses \$	Total \$
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
 Balance at 1 July 2019	 13,317,736	 464,770	 (12,101,457)	 1,681,049
Total comprehensive loss for the period	-	-	(731,150)	(731,150)
Transactions with owners in their capacity as owners				
Issue of share capital	207,500	-	-	207,500
Transaction costs	(8,344)	-	-	(8,344)
Balance at 31 December 2019	13,516,892	464,770	(12,832,607)	1,149,055

The accompanying notes form part of this financial report.

Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2019

	31 December 2019	31 December 2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(224,758)	(113,010)
Interest received	1,530	2,461
Net cash outflow from operating activities	<u>(223,228)</u>	<u>(110,549)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(73,161)	(99,914)
Payments for security deposits	-	(7,500)
Net cash outflow from investing activities	<u>(73,161)</u>	<u>(107,414)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	207,500	-
Capital raising costs	(8,344)	-
Net cash inflow from financing activities	<u>199,156</u>	<u>-</u>
Net (decrease) in cash held	(97,233)	(217,963)
Cash and cash equivalents at the beginning of period	<u>613,859</u>	<u>1,003,067</u>
Cash and cash equivalents at the end of period	<u>516,626</u>	<u>785,104</u>

The accompanying notes form part of this financial report.

Notes to Financial Statements For the Half-Year Ended 31 December 2019

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, zinc 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 half-year ended 31 December 2019 and are presented in Australian dollar (\$), which is the functional currency of the Parent Company (Ausmon Resources Limited). 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 2019 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 2020.

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 adopted all 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 2019. 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 \$550,716 including total cash of \$516,626, current liabilities of \$45,548 and has incurred a net loss of \$731,150 (\$597,277 being for impairment of accumulated exploration and evaluation expenditure) in the period. In addition, the Group has an unfulfilled expenditure requirement under its exploration licences of \$47,000 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 2019 (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 2019.

Note 5 – Other expenses from ordinary activities

	31 December 2019 \$	31 December 2018 \$
Audit fees	7,828	7,821
Consulting and professional fees	25,375	24,044
Directors' and management fees	22,140	96,540
Listing expenses	15,925	28,302
Office accommodation	5,200	5,200
Registry fees	5,668	6,287
Insurance	10,842	5,363
Other	6,037	5,532
	<u>99,015</u>	<u>179,089</u>

Note 6 – Loss per share

	6 months to 31 December 2019 \$	6 months to 31 December 2018 \$
Operating loss after income tax used in calculation of basic and diluted loss per share	<u>(731,150)</u>	<u>(204,030)</u>
Weighted average number of shares used in diluted earnings per share	<u>576,639,343</u>	<u>528,376,920</u>

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 minerals 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 2019 (continued)

Note 8 – Exploration and evaluation expenditure

	31 December 2019 \$	30 June 2019 \$
Balance at the beginning of period/year	1,112,411	913,389
Additions	68,753	199,022
Impairment	(597,277)	-
Balance at end of period/year	583,887	1,112,411

Note 9 – Share Capital

	Number	\$
Balance at beginning of period	549,639,343	13,317,736
Movement during the half-year:		
- Share issues for cash: Share Purchase Plan (SPP) ¹	83,000,000	207,500
- Transaction costs	-	(8,344)
Balance at end of period	632,639,343	13,516,892

¹ In November 2019, the Company raised \$207,500 before costs from a SPP at \$0.0025 per share.

Note 10 - Commitments

Exploration Expenditure Commitments

The expenditure commitments to maintain and renew rights to tenure in exploration licences as at 31 December 2019 have not been provided for in the financial statements and are due:

	31 December 2019 \$	30 June 2019 \$
Within twelve months	47,000	96,000
Twelve months or longer and not longer than 5 years	850,000	1,862,000
	897,000	1,958,000

Note 11 - Contingent Liabilities

At balance date, the Group has no contingent liabilities.

Note 12 – 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.