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ACN 148 860 299

ANNUAL REPORT

For the year ended 30 June 2017

CORPORATE DIRECTORY

DIRECTORS

Joseph (Yosse) Goldberg
Non-Executive Director and Chairperson

Matthew Morgan
Executive Director

Andrew Firek
Non-Executive Director

Geoff Kidd
Non-Executive Director

COMPANY SECRETARY

Mientze Tang
Company Secretary

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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BANKER

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SOLICITORS

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SHARE REGISTRY

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SECURITIES EXCHANGE

ASX Limited
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ASX Code: AMG

ANNUAL REPORT – 30 JUNE 2017

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Ausmex Mining Group Limited and its subsidiaries. The financial statements are presented in Australian currency.

Ausmex Mining Group Limited is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the operating and financial review on pages 6 - 9.

The financial statements were authorised for issue by the Directors on 30 September 2017. The Directors have the power to amend and reissue the financial statements.

All announcements and financial reports are available on our website: www.ausmexgroup.com.au.

DIRECTORS' REPORT

The Directors present their report together with the financial report of Ausmex Mining Group Limited (the **Company** or **Parent Entity**) and its controlled entities (**consolidated entity**) for the year ended 30 June 2017 and the auditor's report thereon.

DIRECTORS AND KEY PERSONNEL

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Mr Joseph (Yosse) Goldberg (appointed 2 August 2017)
Non-Executive Director

Mr Goldberg has a successful international career in Property Development in the UK, Spain, USA and Canada. Mr Goldberg has also been a consultant and major shareholder in a number of companies and helped companies create a foothold in countries such as PNG, Indonesia, Cameroon, South Africa and Turkey. Mr Goldberg has also consulted to Sydney Gas Limited, Blue Energy Limited, Kimberley Diamond Company NL, Sundance Resources Limited, CuDeco Limited, Gindalbie Metals Ltd about resource projects such as iron ore, oil and gas bed methane and copper. Recently Mr Goldberg has been engaged in establishing a major thermal, cooking oil and gas project in Indonesia requiring major infrastructure and financing.

Mr Matthew Morgan
Executive Director

Mr Morgan holds a Bachelor of Science (Geology), is a member of the Australian Institute of Mining and Metallurgy (MAusIMM), and has over 20 years' experience in mine geology, quality control and mining engineering, and mine management roles in coal, gold, antimony, and iron ore mining & exploration, both open-cut and underground. Mr Morgan was most recently a non-executive director of ASX-listed company Gold Mountain Ltd (ASX:GMN).

His previous management experience includes open cut roles with BHP Billiton, Rio Tinto, Thiess, and Underground Mine Manager for Mandalay Resources and was previously exploration manager for Coalworks Limited prior to the 2014 takeover by Whitehaven Coal. Mr Morgan has previously worked in Australia as well as in Malaysia, Mongolia, & Papua New Guinea.

Dr Andrew Firek
Non-Executive Director

Dr Firek holds a M.Sc. and a Ph.D. and is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Energy. He has been involved in the minerals exploration, mining and processing industry at operational and executive levels for over 25 years.

He worked in Europe and Africa as a United Nations expert in fossil fuels, mineral processing and energy generation. He was a Group Leader at the CSIRO, Division of Fossil Fuels in Sydney and was engaged in developing technologies to produce liquid fuels from coal. He was a Project Director at Memtec Ltd, following which he joined Pancontinental Mining Ltd where he was a Research and Development Manager involved in substantial mineral resources projects including base and precious metals, uranium and the technology development and commissioning of a \$220 million magnesia production facility near Rockhampton in Queensland. He worked on site during construction and commissioning for 12 months. He was a founding director of three ASX-listed companies and managed coal, iron ore, base and precious metals exploration, feasibility studies and financial negotiations for projects in Australia, South America and China (Inner Mongolia).

Dr Firek is the former chief executive officer and managing director of Coalworks Ltd, taken over by Whitehaven Ltd in 2012, and a former executive director of Allegiance Mining NL and Zelos Resources NL. Currently he is a non-executive director of ASX-listed company Wollongong Coal Limited.

Mr David Wheeler (resigned 1 August 2017)
Non-Executive Director

Mr Wheeler has more than 30 years executive management experience, through general management, CEO and managing director roles across a range of companies and industries. He has worked on business projects in the USA, UK, Europe, New Zealand, China, Malaysia, and the Middle East (Iran). David has been a Fellow of the Australian Institute of Company Directors (FAICD) since 1990.

DIRECTORS' REPORT

Mr Geoff Kidd Non-Executive Director

Mr Kidd has over 35 years' experience working in senior positions in and around the mining industry. He has fulfilled successful roles as Managing Director, Director, Chief Operating Officer, Operations Manager, General Manager, Engineering Manager, Project Manager and Regional Manager of mining companies or leading consultants to the mining industry. He was previously Chief Operating Officer for Coalworks Limited prior to its takeover by Whitehaven and has worked successfully on numerous aspects of mining developments in all states of Australia and in Irian Jaya, India, New Zealand, South Africa, Zimbabwe, South America, China, and the USA.

Mr Kidd was a founding Director and Partner of Sedgman & Associates (later Sedgman Limited) and a founding Director of Mineral Control Instrumentation Pty Ltd (later Scantech Limited), a company which commercialised CSIRO inventions for the mining industry. He has a long background in successfully managing the risks associated with managing, studying, designing, purchasing, building, and commissioning new mines together with the expansion & optimisation of new and existing mine developments.

Mr Kidd was the inaugural Chairman of Austmine, a Federal Government initiative to export Australian mining expertise and services. He has also been a member of Australian trade delegations and he has chaired a number of mining industry professional bodies and associations.

Mr James William Joseph Hyndes (resigned 9 May 2017) Non-Executive Director

Mr Hyndes has a Bachelor of Economics and Bachelor of Asian Studies from the Australian National University.

Mr Hyndes has around 20 years of experience in capital markets having worked as a Director for Goldman Sachs, JP Morgan and Macquarie Bank. His roles have included working as a Director of Equity Sales in locations such as London, South Korea and Hong Kong. He is currently the founder and partner of Redhill Partners.

Ms Nicole Fernandes (resigned 9 May 2017) Non - Executive Director

Ms Fernandes has 15 years' experience in working in government developing and implementing policies and strategies to drive performance across agricultural sectors and achieve innovative solutions for industry.

During this time, Nicole has worked in senior advisory roles to State Ministers and in various senior roles in government including policy, trade, and industry and community liaison. Ms Fernandes is a Graduate of the Australian Institute of Company Directors and has been a member since 2010. With a background in science Ms Fernandes has a BSc (hons) in biotechnology and has worked in government roles assisting biotech companies and developing State government policy on the commercial use of genetic technologies.

DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by Directors of the Company during the last 3 years immediately before the end of the year are as follows:

Director	Company	Period of Directorship	
		From	To
Mr Joseph Goldberg	South Pacific Resources Limited	3 August 2012	Current
Mr Matthew Morgan	Gold Mountain Limited	3 July 2014	28 December 2016
Dr Andrew Firek	Wollongong Coal Limited	14 December 2010	Current
Mr Geoff Kidd	None	-	-
Mr David Wheeler	Antilles Oil and Gas NL	12 February 2016	Current
	Lithex Resources Limited	1 December 2015	Current
	Castillo Copper Limited	13 August 2015	Current
	Oz Brewing Limited	15 April 2011	Current
	Premiere Eastern Energy Limited	24 August 2014	Current
	The Carajas Copper Company Limited	17 March 2016	10 May 2016
	TW Holdings Limited	18 November 2014	Current
	Weststar Industrial Limited	12 August 2015	Current

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The relevant interests of each Director in the shares, options and performance rights of the Company at the date of this report are as follows:

Director	Shares	Options	Performance rights over ordinary shares
Mr Joseph Goldberg	-	-	-
Mr Matthew Morgan	23,254,316	2,500,000	-
Dr Andrew Firek	19,302,316	2,500,000	-
Mr Geoff Kidd	19,302,316	2,500,000	-

Share options granted to Directors

During the year share options granted to the Directors of the Company and the entities they controlled as part of their remuneration are:

Director	Number of Options Granted	Number of ordinary shares under option
Mr Joseph Goldberg	-	-
Mr Matthew Morgan	2,500,000	2,500,000
Dr Andrew Firek	2,500,000	2,500,000
Mr Geoff Kidd	2,500,000	2,500,000
Mr David Wheeler	3,500,000	3,500,000
Mr James Hyndes	1,000,000	1,000,000
Ms Nicole Fernandes	1,000,000	1,000,000

Unissued shares under option

At the date of this report unissued ordinary shares or interests of the Company under option are:

Date Options Granted	Number of ordinary shares under option	Exercise price of option	Expiry date of option
31 December 2016	10,000,000	4.5c	31 December 2018
9 May 2017	3,500,000	4.5c	9 May 2020
30 May 2017	30,000,000	12.0c	30 May 2020
30 May 2017	30,000,000	14.0c	30 May 2020
31 May 2017	6,250,000	12.0c	31 May 2020

Subsequent to year end 1,000,000 options were exercised under the Company's cashless exercise plan converting to 396,792 ordinary shares. No further shares have been issued during or since the end of the years as a result of an exercise of options.

REMUNERATION REPORT

The Remuneration Report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of Ausmex for the financial year ended 30 June 2017 and is included at pages 9-13.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW

Ausmex Mining Group Limited is an Australian based exploration company with the principal objective of acquiring assets to explore for and develop a large IOGC or porphyry deposit funded by low risk copper and gold production resources. To that end it has:

- applied for and on 4 November 2016 was granted EL 5881, a licence covering 970 sq km prospective for copper and gold in the Mount Bryan-Red Banks-World's End area near Burra in South Australia; and
- acquired an 80% joint venture interest in Mining and Exploration licences with potential as production assets including the Gilded Rose and Mt Freda copper and gold projects in the Cloncurry region of Queensland.

Ausmex lists on ASX following acquisition and \$6m raising

Ausmex Mining Group Limited successfully recommenced trading on the Australian Securities Exchange (ASX) on 30 May 2017 via a reverse takeover of Eumeralla Resources Limited. The Company secured \$6.0 million dollars raised by the issue of new equity via a public share offer pursuant to its prospectus dated 16 March 2017.

Formal completion of the transaction occurred in early May, following receipt of Eumeralla Resources Limited's shareholder approval on 22 March 2017 and then ASX approval. Ausmex issued the prospectus for the purposes of re-compliance with Chapters 1 and 2 of the ASX Listing Rules and issued 75 million shares at an issue price of 8.0 cents per share.

The funds raised will be directed towards the Company's exploration activities in Queensland, South Australia and Mongolia and completion of the Second Sale under the Cloncurry Option Agreement increasing the interest in the joint venture from 60% to 80%.

PRINCIPAL ACTIVITIES

Cloncurry QLD

The Company acquired via the Cloncurry tenement package known copper, gold and cobalt prospects within exploration licences and granted mining leases. The mining leases encompass previously operated productive mines and already granted mining leases in Queensland that will allow the Company to accelerate the transition from exploration to production by approximately 6 years, bypassing the lengthy process involved in the granting of a mining license.

One of the acquisitions is the former gold producing mine, the Gilded Rose Gold project. The Gilded Rose, was once one of Queensland's highest grade producing mines, recorded in Government archives with an average gold grade of 47g/t Au (refer AMG announcement 12 July 2017). It is one of the Queensland Governments most documented and reported gold mines, with a known strike length of more than 1.5kms. Between the late 1800's and early 1900's the prospect had multiple shafts constructed along the strike length but production was limited to 60m depth due to reaching the sulphide zone. This mine is located approximately 15kms east of the township of Cloncurry in North West Queensland with a decommissioned crushing and CIP processing plant on site. A shallow open cut mine successfully produced gold bullion during the late 1980's until the falling gold price forced the closure. Records report that limited work has been conducted on the project over the last 30 years.

Another major acquisition has been the Mt Freda Gold mine, located approximately 20kms south of the Gilded Rose mine and was previously worked as an open cut mine yet also ceased operations in 1987 when the gold price fell to \$240oz. Historic records show that Mt Freda produced an average recovered grade of 4g/t Au (refer AMG announcement 6 July 2017). The Mt Freda group of Mining Leases includes numerous granted mining leases with the largest Mining Lease encompassing the entire known strike length of the Mt Freda orebody. The Mount Freda group also encompasses several previously producing copper mines including the Evening Star.

The company commenced the first phase of exploration within the Cloncurry tenement suite during June 2017 which included mapping, walk over exploration, and rock chip sampling. Exploration drilling programs have been designed to confirm resource definition at the Mt Freda and Gilded Rose Mine sites. Initial exploration results were released with random rock chip sampling undertaken along the 1.5km strike length of the Gilded Rose main orebody. Previous drilling indicates the possibility of multiple parallel reef systems which will be tested during this current round of diamond core drilling.

Mongolia

During the year, limited work was undertaken on the Mongolian Gold and Tungsten Project in Chuluun Khoroot Mongolia.

The Board is currently reviewing its options for the project and may consider divesting after reviewing some expressions of interest to purchase the project.

DIRECTORS' REPORT

South Australia

The Company holds 100% of EL 5881 the South Australian Burra tenement. Ausmex has entered into a partnership with Adelaide University's Institute of Mineral & Energy Resources (IMER) to review the geological setting, mineralisation styles and exploration methodology for the Ausmex 100% owned Burra Copper and Gold Project, EL5881.

Ausmex has also partnered with Geophysical Consultancy Allender Exploration Pty Ltd (Allender) of Adelaide. Allender will provide a working interface with IMER to undertake spatial modelling of the mineralisation in the Burra region, initially by reviewing and reprocessing all gravity and magnetic data that is available in the public domain.

Myanmar

On 8 May 2017, the Company entered into an agreement to dispose of its interests in Myanmar. Any proceeds on disposal will be conditional and are subject to confidentiality clauses.

Corporate

During the financial year the following changes occurred within the Company:

- The Company raised \$6,500,000:
 - This included \$500,000 of converting loans which were issued and converted to ordinary shares
 - \$6,000,000 via public share offer pursuant to its prospectus dated 16 March 2017
- On 23 November 2016, the Company entered a strategic alliance with C4 Shares Pty Ltd ATF C4 Share Trust ('C4') where C4 will provide strategic advice, corporate and investor relationship and networking support, analysis and data. C4 paid \$250,001 to the Company for a share and converting note subscription which has converted to 100,000,000 ordinary shares in Ausmex.
- The Issued capital of Ausmex Mining Limited was converted by way of allotment and share split into 207,000,000 ordinary shares.
- On 5 December 2016, the Company entered into a binding heads of agreement with Eumeralla Resources Limited to acquire the issued capital in Ausmex Mining Limited and the shareholders of Ausmex Mining executed a share sale agreement on 23 December 2016.
- Ausmex Mining Group Limited successfully recommenced trading on the Australian Securities Exchange on 30 May 2017 via a reverse takeover of Eumeralla Resources Limited. The recapitalisation included:
 - issue of 207,000,000 shares to acquire Ausmex Mining Limited;
 - issue of 75,000,000 shares under the public offer;
 - issue of 10,350,000 shares to CPS Capital Group Pty Ltd in accordance with the broker mandate;
 - issue of 12,500,000 shares to QMN on exercise of the QMN Cloncurry option;
 - issue of 50,000,000 advisor options to Armada Capital & Equities Pty Ltd and CPS Capital Group Pty Ltd in their capacity as corporate advisers as per the Prospectus;
 - issue of 3,500,000 officer options to the Directors and Consultant; and
 - issue of 10,000,000 officer options to the Directors.
- On 31 May 6,250,000 options were issued to Consultants.

Financial review

A summary of the salient operating results for the year ended 30 June 2017 is as follows:

- Operating loss after tax was \$10,789,180 (2016: loss of \$5,500) which was significantly impacted by the valuation of share based payments of \$2,052,223 and listing costs of \$6,215,949 (which per the reverse acquisition accounting requirements in effect books the net reserves of the acquired entity as a listing expense in the current year).
- Net cash outflow from operating activities was \$377,102 (2016 outflow Nil).

The table below sets out summary information about the consolidated entity's results and movement in shareholder wealth for all years to 30 June 2017.

		30 June 2017	30 June 2016
EBITDA	\$	(10,071,601)	(5,500)
Net profit/(loss) before tax	\$	(10,071,853)	(5,500)
Net profit/(loss) after tax	\$	(10,789,180)	(5,500)
Total comprehensive loss for the year	\$	(10,789,173)	(5,500)
Share price at start of year	cps	n/a	n/a
Share price at end of year	cps	0.07	n/a
Basic earnings per share (cents per share)	cps	(1.61)	(0.006)
Diluted earnings per share (cents per share)	cps	(1.61)	(0.006)

DIRECTORS' REPORT

Significant Changes in the State of Affairs

On 30 May 2017, the Company commenced trading on the ASX after the completion of the reverse takeover of Eumeralla Resources Limited and raised \$6,000,000 before costs. Further to the prospectus the Company exercised its option to acquire 80% of the Cloncurry Mining and Explorations assets for the issue of 12,500,000 shares and \$1,000,000 dollars in cash.

The Consolidated Entity now has significant exploration properties within Australia which to explore for copper, gold and cobalt deposits, consistent with the Prospectus and subsequent capital raising.

EVENTS SUBSEQUENT TO REPORTING DATE

On 15 September 2017 the extension to acquire the Northern Cloncurry Options expired. As the company has now identified numerous highly anomalous exploration projects within the current tenement suite (Refer ASX announcement 7 August 2017 and 23 August 2017), the decision was made to concentrate on further developing the Ausmex controlled exploration properties.

Other than the event outlined above there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

LIKELY DEVELOPMENTS

The consolidated entity will continue to pursue its principal activity of mineral exploration and seeks to move to generating an income from the exploration assets in the Consolidated Entity's exploration portfolio.

COMPANY SECRETARY

Ms. Mientze Tang was appointed as Company Secretary of Ausmex Mining Limited on 3 June 2016 and Ausmex Mining Group Limited on 9 May 2017. Ms Tang has been involved as an executive, company secretary and commercial manager with a listed resource and private equity group specialising in capital-raising and IPOs. Ms Tang has practiced as a solicitor in large and boutique legal firms in funds management, commercial, corporate and capital raising/ IPOs. She was also a compliance auditor with a global accounting and consulting firm, and an in-house corporate lawyer with a large financial services company.

ENVIRONMENTAL REGULATION

The consolidated entity's exploration and mining activities are governed by a range of environmental legislation and regulations including the National Greenhouse and Energy Report Act 2007 and Mining Act 1978 in Australia and the 2006 Minerals Law of Mongolia and the Subsoil Law in Mongolia. To the best of the Directors' knowledge, the consolidated entity has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the year and up to the date of the Directors' Report.

DIVIDENDS

No dividends have been declared or paid by the Company to the date of this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Company has agreed to indemnify the current Directors and company secretary of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as officers of the Company, except where the liability arises out of conduct involving a lack of good faith.

Insurance

The Company paid a premium during the year in respect of Director and officer liability insurance policies, insuring the Directors and secretaries of the Company and its Mongolia based controlled entity against liabilities incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF AUDITORS

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

DIRECTORS' MEETINGS

In addition to regular board discussions, the number of Directors' meetings and the number of meetings attended by each of the Directors of the Company during the year are:

Director	Board Meetings Ausmex		Board Meetings Eumeralla	
	Held	Attended	Held	Attended
Mr Joseph Goldberg (appointed 2 August 2017)	-	-	-	-
Mr Matthew Morgan	4	4	-	-
Mr Andrew Firek	4	4	-	-
Mr Geoff Kidd	4	4	-	-
Mr David Wheeler (resigned 1 August 2017)	4	4	7	7
Mr James Hyndes (resigned 9 May 2017)	-	-	7	7
Ms Nicole Fernandes (resigned 9 May 2017)	-	-	7	7

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

HLB Mann Judd as auditors of Ausmex Mining Group Limited and continue in office in accordance with section 327 of the *Corporations Act 2001*.

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Consolidated Entity are important.

During the year no fees were paid or payable for non-audit services provided by the auditor of the parent entity.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 49 and forms part of the Directors' Report.

REMUNERATION REPORT

REMUNERATION REPORT

The Directors are pleased to present your Company's 2017 remuneration report which sets out remuneration information for Ausmex Mining Group Limited's Non-Executive Directors, Executive Directors and other key management personnel. The information in this remuneration report has been audited as required by section 308(3c) of the *Corporations Act 2001*.

For the purposes of this report, key management personnel of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the parent entity.

REMUNERATION REPORT

Key management personnel

The following were key management personnel of the parent entity and the consolidated entity at any time during the year and unless otherwise indicated were key management personnel for the entire year:

Name	Position held
Mr Joseph Goldberg	Non-Executive Director (appointed 2 August 2017)
Mr Matthew Morgan	Non-Executive Director
Dr Andrew Firek	Non-Executive Director
Mr Geoff Kidd	Non-Executive Director
Mr David Wheeler	Non-Executive Director (resigned 1 August 2017)
Mr James Hyndes	Non-Executive Director (resigned 9 May 2017)
Ms Nicole Fernandes	Non-Executive Director (resigned 9 May 2017)

Principles of remuneration

The remuneration structures explained below are competitively set to attract, motivate and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures consider the following:

- o the capability and experience of the key management personnel;
- o the key management personnel's ability to control the achievement of strategic objectives;
- o the Company's performance including:
 - the growth in share price; and
 - the amount of incentives within each key management person's compensation.

Given the evaluation and developmental nature of the consolidated entity's principal activity, the overall level of compensation does not have regard to the earnings of the consolidated entity.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Directors' remuneration is clearly distinguished from that of executives. Remuneration is determined by the Board as a whole as the Company has not yet established a remuneration committee.

Non-Executive Director remuneration

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. Total remuneration for all Non-Executive Directors as determined by the Board is not to exceed \$300,000 per annum. Directors' fees cover all main board activities.

Non-Executive Directors do not receive any retirement benefits, nor do they receive any performance related compensation in their capacity as non-executive Directors.

Level of annual Non-Executive Directors' fees in addition to consulting fees as at the reporting date is as follow:

Name	Non-Executive Directors' fees
Mr Joseph Goldberg	\$48,000 per annum
Dr Andrew Firek	\$48,000 per annum
Mr David Wheeler	\$48,000 per annum
Mr Geoff Kidd	\$48,000 per annum
Mr James Hyndes	\$48,000 per annum
Ms Nicole Fernandes	\$48,000 per annum

Executive Director and Other Key Management remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Short-term incentive

The Company currently has not set any short-term incentives (**STI**) for key management personnel.

REMUNERATION REPORT

Fixed remuneration

Fixed remuneration consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed annually by the Board through a process that considers individual and overall performance of the consolidated entity.

Long-term incentive

Long-term incentives (**LTI**) may be provided to key management personnel in the form of options or performance rights over ordinary shares of the Company. LTI are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Options or performance rights may only be issued to Directors subject to approval by shareholders in general meeting.

Use of remuneration consultants

The Board did not engage the services of a remuneration consultant during the year.

Consequences of performance on shareholder wealth

There were no performance related remuneration transactions granted during the year.

Share-based remuneration

During the year the Company granted options to Directors with shareholder approval. In total 13,000,000 options valued at \$417,484 were brought to account as share based payments expense.

Consultancy Contracts

Remuneration and other terms of employment of Directors and Other Key Management Personnel are formalised in consultancy contracts. The major provision of the agreements related to the remuneration are set out below:

- Confirmation of the executive and non-executive fees payable.
 - o Non-executive Director fees \$48,000 per annum.
 - o Managing Director fees \$215,000 per annum inclusive of motor vehicle allowance.
- Engagement conditions with Ausmex for the engaged consultants and their consulting entities.
- Cash bonuses and equity bonuses are subject to Board and shareholder approval.
- Termination is dependent on with or without cause where termination payments are limited by the Corporations Act or the ASX Listing rules to a maximum of 12 months remuneration with an inclusive 6-month notice period or zero with cause.

Service Agreements

The Directors are paid an annual consulting fee on a monthly basis. The agreements do not have a fixed term. The Consolidated Entity may terminate the agreements by paying an amount equivalent to twelve months fees (based on an agreed consulting fee) or without notice in the case of serious misconduct.

REMUNERATION REPORT

Remuneration of key management personnel

		SHORT-TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT	SHARE-BASED PAYMENTS	Total \$	Proportion of remuneration performance related %
		Salary & fees \$	Non-monetary benefits	Super-annuation \$	Options / Performance rights \$		
Directors							
<i>Non-Executive</i>							
Mr J Goldberg	2017	-	-	-	-	-	-
	2016	-	-	-	-	-	-
Mr A Firek	2017	16,800	-	-	74,172	90,972	81.53
	2016	-	-	-	-	-	-
Mr G Kidd	2017	20,200	-	-	74,172	94,372	78.60
	2016	-	-	-	-	-	-
Mr D Wheeler	2017	48,000	-	-	114,438	162,438	70.45
	2016	48,000	-	-	-	48,000	-
Mr J Hyndes	2017	40,000	-	-	40,265	80,265	50.17
	2016	48,000	-	-	22,040	70,040	31.47
Ms N Fernandes	2017	44,000	-	-	40,265	84,265	47.78
	2016	7,000	-	-	-	7,000	-
Mr J James	2017	-	-	-	-	-	-
	2016	80,000	-	-	-	80,000	-
<i>Sub-total Non-Executive</i>							
	2017	169,000	-	-	343,312	512,312	-
<i>Directors</i>							
	2016	183,000	-	-	22,040	205,040	-
<i>Executive</i>							
Mr M Morgan	2017	50,000	-	-	74,172	124,172	59.73
	2016	-	-	-	-	-	-
Total key management personnel compensation (Consolidated Entity)							
	2017	219,000	-	-	417,484	636,484	-
	2016	183,000	-	-	22,040	205,040	-

The above remuneration represents remuneration of the key management personnel received from the accounting parent and legal parent for the whole year.

Equity holdings of key management personnel

Shareholdings

The numbers of shares in the company held during the financial year by each Director of Ausmex Mining Group Limited, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

	2017	Held at 1 July 2016	Held at date of appointment	Purchases / Converting Loans	Granted as remuneration	Subdivision	Purchased public offer	Held at date of resignation	Held at 30 June 2017
Directors									
Mr J Goldberg		-	-	-	-	-	-	-	-
Mr M Morgan		10,000	-	242,000	-	23,002,316	625,000	-	23,879,316
Dr A Firek		10,000	-	84,000	-	19,208,316	250,000	-	19,552,316
Mr G Kidd		10,000	-	84,000	-	19,208,316	125,000	-	19,427,316
Mr D Wheeler		-	-	-	-	-	-	-	-
Ms N Fernandes		-	-	-	-	-	-	-	-
Mr J Hyndes		10,966,788	-	-	-	-	-	10,966,788	-

Note:

- 1) During the year, Ausmex Mining Limited shareholders converted loans to share equity and implemented a share subdivision to equate the shareholdings of the Company with the reverse acquisition shareholdings outlined in the public offer.

REMUNERATION REPORT

Options

The numbers of options in the company held during the financial year by each Director of Ausmex Mining Group Limited, including their personally related parties, are set out below.

2017	Held at 1 July 2016	Held at date of appointment	Granted as Remuneration	Exercised	Lapsed	Held at date of resignation	Held at 30 June 2017
Directors							
Mr J Goldberg	-	-	-	-	-	-	-
Mr M Morgan	-	-	2,500,000	-	-	-	2,500,000
Dr A Firek	-	-	2,500,000	-	-	-	2,500,000
Mr G Kidd	-	-	2,500,000	-	-	-	2,500,000
Mr D Wheeler	-	-	3,500,000	-	-	-	3,500,000
Ms N Fernandes	-	-	1,000,000	-	-	(1,000,000)	-
Mr J Hyndes	-	-	1,000,000	-	-	(1,000,000)	-

Other transactions with key management personnel

The Director's remuneration was incurred through various corporate entities and the remuneration is disclosed as per the respective Directors in the Remuneration Report. There were no amounts outstanding at year end.

Mr A Firek, a Director, provided technical project consultancy services in connection with the operation of the Consolidated Entity during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to those transactions was \$4,800 (2016: nil), none of which was outstanding at 30 June 2017 (30 June 2016: nil). This amount is included in the remuneration disclosed for Mr Firek in the Remuneration Report.

Mr G Kidd, a Director, provided project consultancy services in connection with the operation of the Consolidated Entity during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to those transactions was \$8,200 (2016: nil), none of which was outstanding at 30 June 2017 (30 June 2016: nil). This amount is included in the remuneration disclosed for Mr Kidd in the Remuneration Report.

Redhill Partners Pte Ltd, a related party of Mr J Hyndes, a Director, leased an office space to the Consolidated Entity during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the lease agreement was \$30,000 (2016: 36,000), \$nil of which was outstanding at 30 June 2017 (30 June 2016: \$nil).

Palisade Business Consulting Pty Ltd, a related party of Mr J James, a Director, provided corporate and accounting services to the Consolidated Entity during the year on normal commercial terms and conditions of \$48,000 (2016: \$48,000) and none of which was outstanding at 30 June 2017 (30 June 2016: nil). This amount is included in the remuneration disclosed for Mr James in the Remuneration Report.

END OF REMUNERATION REPORT

Dated this 30th day of September 2017.

Signed in accordance with a resolution of the Directors:



Matthew Morgan
Executive Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2017

	Note	Consolidated 2017 \$	Consolidated 2016 \$
Revenue from continuing operations			
Interest income		3,033	-
Total income		3,033	-
Administrative and other expenses		(91,560)	-
Audit fees		(12,030)	(3,000)
Consulting fees		(91,052)	-
Corporate services		(842,000)	-
Directors and officers		(96,000)	-
Exploration expenses		(361,314)	-
Legal fees		(39,515)	-
Loss on disposal of subsidiaries		(410,048)	-
Impairment of exploration expenditure		136,805	-
Share based payments expenses	22	(2,052,223)	(2,500)
Listing premium	24	(6,215,949)	-
Loss before income tax		(10,071,853)	(5,500)
Income tax (expense)/benefit	4	(717,327)	-
Net loss for the year		(10,789,180)	(5,500)
Net loss after income tax for the year attributable to:			
Members of the parent entity		(10,775,948)	-
Non-controlling interest		(13,232)	-
Net loss for the year		(10,789,180)	(5,500)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Exchange (loss)/gain on translation of foreign subsidiaries		7	-
Total comprehensive loss for the year		(10,789,173)	(5,500)
Net comprehensive loss after income tax for the year attributable to:			
Members of the parent entity		(10,775,941)	-
Non-controlling interest		(13,232)	-
Net loss for the year		(10,789,173)	(5,500)
Loss per share			
Basic loss per share (cents)	16	(1.61)	(0.006)
Diluted loss per share (cents)	16	(1.61)	(0.006)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	Consolidated 2017 \$	Consolidated 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	4,409,734	-
Receivables	6	135,189	45,000
Prepayments	7	159,974	-
Total Current Assets		4,704,897	45,000
Non-current Assets			
Prepayments	7	40,395	-
Exploration and evaluation assets	8	3,651,476	-
Intangible assets	9	7,000	-
Property, plant and equipment	10	110,736	-
Deferred tax assets	4(c)	21,094	-
Total Non-Current Assets		3,830,701	-
TOTAL ASSETS		8,535,598	45,000
LIABILITIES			
Current Liabilities			
Trade and other payables	11	62,497	3,000
Total Current Liabilities		62,497	3,000
Non-Current Liabilities			
Deferred tax liabilities	4(c)	738,421	-
Total Current Liabilities		738,421	-
TOTAL LIABILITIES		800,918	3,000
NET ASSETS		7,734,680	42,000
EQUITY			
Issued capital	12	15,943,377	47,500
Reserves	13	2,052,230	-
Accumulated losses		(10,781,448)	(5,500)
Equity attributable to equity holders of the parent		7,214,159	-
Non-controlling interest	14	520,521	-
TOTAL EQUITY		7,734,680	42,000

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

Consolidated	Issued Capital \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserves \$	Accumulated Losses \$	Non- Controlling Interests \$	Total \$
Balance at 30 June 2015	-	-	-	-	-	-
Loss for the year	-	-	-	(5,500)	-	(5,500)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(5,500)	-	(5,500)
Issue of share	47,500	-	-	-	-	47,500
Balance at 30 June 2016	47,500	-	-	(5,500)	-	(42,000)
Balance at 1 July 2016	47,500	-	-	(5,500)	-	42,000
Loss for the year	-	-	-	(10,775,948)	(13,232)	(10,789,180)
Other comprehensive loss	-	-	7	-	-	7
Total comprehensive loss for the year	-	-	7	(10,775,948)	(13,232)	(10,789,173)
Issue of shares in legal subsidiary	500,001	-	-	-	-	500,001
Shares issued as part of reverse acquisition at fair value of company	7,933,249	-	-	-	-	7,933,249
Shares issued under prospectus	6,000,000	-	-	-	-	6,000,000
Shares issued to corporate advisors	828,000	-	-	-	-	828,000
Recognition of non-controlling interests	-	-	-	-	533,753	533,753
Shares issued to acquire Cloncurry	1,000,000	-	-	-	-	1,000,000
Share issue costs	(365,373)	-	-	-	-	(365,373)
Options issued to officers and consultants	-	2,052,223	-	-	-	2,052,223
Balance at 30 June 2017	15,943,377	2,052,223	7	(10,781,448)	520,521	7,734,680

The Consolidated Statement of Changes in Equity is to be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	Consolidated 2017 \$	Consolidated 2016 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(380,135)	-
Interest received		3,033	-
Net cash used in operating activities	19	(377,102)	-
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(729,804)	-
Payment for plant & equipment		(110,736)	-
Payment for intangible assets		(7,252)	-
Net cash used in investing activities		(847,792)	-
Cash flows from financing activities			
Proceeds from issue of shares net of transaction costs		5,634,628	-
Net cash inflow provided by financing activities		5,634,628	-
Net increase in cash and cash equivalents		4,409,734	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at end of year	5	4,409,734	-

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Ausmex Mining Group Limited and its subsidiaries (the **Consolidated Entity**).

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Ausmex Mining Group Limited (the **Company**) is a public company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the Consolidated Entity

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Standards and Interpretations issued but not yet effective

None of the new standards and interpretations issued but not yet effective for the current annual reporting period have a material impact on the Consolidated Entity.

Early adoption of standards

The Directors have not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2017.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty are noted below:

Reverse Acquisition

The value of the share-based payment listing premium is based on the notional amount of shares the accounting parent would need to have issued to acquire the majority interest of Ausmex Mining Group Limited in same relative proportion of voting interest multiplied by the fair value of the accounting acquirer's shares.

Impairment

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Exploration and evaluation expenditure

The write-off and carrying forward of exploration costs is based on an assessment of an area of interest's viability and/or the existence of economically recoverable reserves. The Directors consider the existence of any indicators of impairment at balance date. If any indicators are present, the Directors conduct an impairment review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Share-based Payments

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, using the assumptions detailed in note 22.

Comparative information

Comparative information is for the financial year ended 30 June 2016.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ausmex Mining Group Limited as at 30 June 2017 and the results of all subsidiaries for the year then ended. Ausmex Mining Group Limited and its subsidiaries together are referred to in this financial report as the Consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the consolidated entity controls another entity.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Company and are presented separately in the statement of comprehensive income and within equity in the consolidated balance sheet. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The consolidated entity treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the consolidated entity. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Ausmex Mining Group Limited.

When the consolidated entity ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Consolidated Entity had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers – being the Board of Directors.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Consolidated Entity companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Revenue recognition

Interest income

Interest income is recognised using the effective interest method.

Impairment of Assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Consolidated Entity's of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditure

Exploration and evaluation costs related to an area of interest are written off as incurred except for the acquisition costs of exploration areas which are capitalised and carried forward. Exploration is carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the end of each reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are not allocated to an exploration or evaluation asset.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Exploration and evaluation expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. Trade accounts payable are normally settled within 30 days. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- (a) except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- (a) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The consolidated entity has unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

Other taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit/loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

Equity settled transactions

The Consolidated Entity's Performance Rights Plan provides benefits to directors of the Consolidated Entity in the form of share-based payments, whereby directors render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with directors is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by weighted average shares, further details of which are given in Note 22.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ausmex Mining Group Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant directors become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share, refer Note 16.

Reverse acquisition Accounting

On the 30 April 2017, Ausmex Mining Group Limited completed its acquisition of 100% of the issued shares of Ausmex Mining Limited.

The acquisition has been accounted for as a reverse acquisition under AASB 3 *Business Combinations* because as a result of the acquisition, the former owners of the legal subsidiary (Ausmex Mining Limited) obtained accounting control of the legal parent (Ausmex Mining Group Limited). Whilst the acquisition does not meet the definition of a business combination in accordance with AASB 3 *Business Combinations* as Ausmex Mining Group Limited is deemed for accounting purposes not to be a business), the acquisition has been accounted for as a share-based payment transaction using the principles of AASB 2 *Share-Based Payment*.

Accordingly, the consolidated financial statements for the year ended 30 June 2017 are Issued under the name of the legal parent (Ausmex Mining Group Limited or AMG) but are presented as a continuation of the financial statements of the legal subsidiary (Ausmex Mining Limited or Ausmex), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre combination carrying amounts rather than their fair values. The comparative information included in these financial statements excluding the Remuneration Report, therefore represents the results and balances of Ausmex Mining Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reverse acquisition Accounting (continued)

Additionally, as a result of the financial statements being prepared as a continuation of the legal subsidiary, the Consolidated Entity has updated the classification of expenses to make the Statement of Comprehensive Income more relevant to the users of the financial report.

The implications of the acquisition by Ausmex on the financial statements are as follows:

- a) Statement of Comprehensive Income
 - The statement of comprehensive income comprises the total comprehensive income for Ausmex for the period ended 30 June 2017 and AMG over the period since acquisition to 30 June 2017.
 - The statement of comprehensive income comparatives comprises the year ended 30 June 2016 for Ausmex.
- b) Statement of Financial Position
 - The statement of financial position as at 30 June 2017 represents the combined Ausmex Mining Group Limited consolidated entity.
 - The statement of financial position comparative represents Ausmex only as at 30 June 2016.
- c) Statement of Changes in Equity
 - The statement of changes in equity comprises:
 - o The equity balances of Ausmex as at the beginning of the financial year (1 July 2016).
 - o The total comprehensive income for the financial year and transactions with equity holders, being 12 months for Ausmex for the year ended 30 June 2017 and the period from acquisition until 30 June 2017 for the combined AMG consolidated entity.
 - o The equity balances of the combined Ausmex and AMG at the end of the financial year (30 June 2017).
 - o The statement of changes in equity comparative comprises Ausmex for the year ended 30 June 2016.
- d) Statement of Cash Flows
 - The statement of cash flows comprises:
 - o The cash balance of Ausmex at the beginning of the financial period (1 July 2016).
 - o The transactions for the financial year from Ausmex for the year ended 30 June 2017 and the period from acquisition until 30 June 2017 for AMG.
 - o The cash balance of the combined Ausmex and AMG consolidated entity at the end of the year (30 June 2017).
 - o The statement of cash flows comparatives comprises Ausmex for the year ended 30 June 2016.
- e) Equity Structure

The number of shares on issue is based upon that of the legal parent, AMG. The value of equity instruments reflects that of Ausmex to the point of the acquisition of Ausmex and that of AMG from acquisition date.
- f) Earnings Per Share

The weighted average number of shares outstanding for the financial year ended 30 June 2017 is based on the weighted average number of shares of AMG outstanding in the period following the acquisition. The comparative weighted average number of shares are based on the weighted average shares outstanding on Ausmex multiplied by the exchange ratio in the acquisition agreement

2. FINANCIAL RISK MANAGEMENT

Overview

Risk management is carried out under policies set by the Board. The Board provides principles for overall risk management, as well as policies covering specific areas.

Financial risk management objectives

The Board monitors and manages the financial risk relating to the operations of the consolidated entity. The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on the financial performance. Risk management is carried out under the direction of the Board.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

2. FINANCIAL RISK MANAGEMENT (continued)

The Consolidated Entity holds the following financial instruments:

	Consolidated 2017 \$	Consolidated 2016 \$
Financial assets		
Cash and cash equivalents	4,409,734	-
Trade and other receivables	135,189	45,000
	4,544,923	45,000
Financial liabilities		
Trade and other payables	62,497	3,000
	62,497	3,000

Market risk

Foreign exchange risk

Exposure to foreign currency risk

The Board does not consider the Consolidated Entity to be materially exposed to changes in foreign exchange rates as all financial instruments and transactions are denominated in the functional currency in which they are measured.

Price risk

The Consolidated Entity is involved in the exploration and development of mining tenements for minerals. Should the Consolidated Entity successfully progress to a producer, revenues associated with mineral sales, and the ability to raise funds through equity and debt, will have some dependence upon commodity prices.

Cash flow and interest rate risk

The Consolidated Entity's income and operating cash flows are not materially exposed to changes in market interest rates.

At the reporting date the interest rate profile of the Consolidated Entity's interest bearing financial instruments was:

	30 June 2017		30 June 2016	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Variable rate instruments				
Cash at bank	0.60%	4,409,734	0.00%	-
Fixed rate instruments				
Term deposits	-	-	-	-
		4,409,734		-

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates would increase or decrease the Consolidated Entity's loss by \$22,060, based on the cash at bank at reporting date and calculated on an annual basis. The Board assessed a 50 basis point movement as being reasonably possible based on short term historical movements. This analysis assumes that all other variables remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

2. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

There is a limited amount of credit risk relating to the cash and cash equivalents that the Consolidated Entity holds in deposits. The Consolidated Entity's cash reserves are only placed with major Australian and Mongolian banks.

The Consolidated Entity does not presently have customers and consequently does not have credit exposure to outstanding receivables. The Consolidated Entity may in the future be exposed to interest rate risk should it borrow funds for acquisition and development.

Exposure to credit risk

The carrying amount of the Consolidated Entity's financial assets represents the maximum credit exposure. The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

	2017 \$	2016 \$
Cash and cash equivalents	4,409,734	-
Trade and other receivables	135,189	45,000
	4,544,923	45,000

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rating (Standard & Poor's) if available or to historical information about counterparty default rates:

Cash at bank and short-term bank deposits		
A-1+ ¹	4,407,580	-
B ¹	2,154	-
	4,409,734	-
Trade and other receivables		
No default	135,189	45,000

¹The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

Allowance for impairment loss

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

Balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding and liquidity management requirements. The Consolidated Entity manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The following are the contractual maturities of financial liabilities on an undiscounted basis, including estimated interest payments: Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

30 June 2017	Carrying amount \$	Contractual cash flows \$	Less than 6 months \$	6 – 12 months \$	Between 1 and 2 years \$
Trade and other payables	(62,497)	(62,497)	(62,497)	-	-
	(62,497)	(62,497)	(62,497)	-	-
30 June 2016	Carrying amount \$	Contractual cash flows \$	Less than 6 months \$	6 – 12 months \$	Between 1 and 2 years \$
Trade and other payables	(3,000)	(3,000)	(3,000)	-	-
	(3,000)	(3,000)	(3,000)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

2. FINANCIAL RISK MANAGEMENT (continued)

The Company is not subject to any externally imposed capital requirements.

Fair value of financial instruments

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

None of the Consolidated Entity's assets and liabilities are measured and recognised at fair value on a recurring basis at 30 June 2017 and 30 June 2016.

Capital management

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board are constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce debt or consider payment of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

The Company has no formal financing and gearing policy or criteria during the year having regard to the early status of its development and low level of activity.

3. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditors of the Consolidated Entity and its related practices, as well as the auditors of overseas subsidiaries:

Audit Services

HLB Mann Judd Australia

- audit and review of financial reports
- tax compliance services

William Buck Audit (WA) Pty Ltd

- audit and review of financial reports

BDO Mongolia

- audit and review of financial reports of overseas subsidiaries

	Consolidated 2017 \$	Consolidated 2016 \$
	20,000	-
	-	-
	4,030	3,000
	-	-
	24,030	3,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

	Consolidated 2017 \$	Consolidated 2016 \$
4. INCOME TAX		
(a) Income tax expense	717,327	-
(b) The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before income tax expense	(10,071,853)	(701,467)
Income tax expense calculated at rates noted in (e) below	(2,769,760)	(210,440)
Non-deductible expenses	2,628,723	131,588
Non-assessable income	(37,621)	-
Tax expense attributable to non-controlling interest	-	-
Other deferred tax assets and tax liabilities not recognised	(3,639)	(25,731)
Tax losses not carried forward	713,132	-
Unused tax losses and tax offset not recognised as deferred tax assets	267,247	91,237
Change in tax rate	64,337	-
Previously unrecognised deferred tax balances now brought to account	(145,092)	-
Difference in tax rate of subsidiaries operating in other jurisdictions	-	13,346
Income tax expense	717,327	-
(c) Recognised deferred tax balances		
The following deferred tax assets and liabilities have not been brought to account:		
<i>Deferred tax assets comprise:</i>		
Losses available for offset against future taxable income - revenue	21,094	-
	21,094	-
<i>Deferred tax liabilities comprise</i>		
Capitalised exploration expenditure	738,421	-
	738,421	-
(d) Unrecognised deferred tax balances		
The following deferred tax assets and liabilities have not been brought to account:		
<i>Deferred tax assets comprise:</i>		
Losses available for offset against future taxable income - revenue	183,105	671,282
Capital raising costs	81,308	61,604
Depreciation timing differences	-	284
Impairment of exploration and evaluation assets	-	37,487
Foreign exchange	476	1,758
Provisions and accruals	5,662	9,221
	270,551	781,636
<i>Deferred tax liabilities comprise</i>		
Prepayments	-	4,155
	-	4,155

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

	Consolidated 2017 \$	Consolidated 2016 \$
4. INCOME TAX (Continued)		
(e) Income tax benefit not recognised direct in equity		
Capital raising costs	100,478	-
(e) Tax Rates		
The potential tax benefit in respect of tax losses not brought into account has been calculated at 27.5% (2016: 30.0%.)		
5. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	4,409,734	-
The Consolidated Entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 2.		
6. RECEIVABLES		
<i>Current</i>		
GST receivable	135,065	-
Other receivables	124	45,000
	135,189	45,000
All receivables are carried at cost which approximates their fair value, non-interest bearing and current, no allowance has been made for impairment as all receivables are expected to be received after year end. The \$45,000 other receivable represents the uncalled settlement sum for the initial capital.		
7. PREPAYMENTS		
<i>Current</i>		
Prepaid exploration expenses	159,974	-
<i>Non Current</i>		
Exploration bonds	40,395	-
8. EXPLORATION AND EVALUATION ASSETS		
Exploration and evaluation costs carried forward in respect of areas of interest in the exploration and evaluation phase	3,651,476	-
Reconciliation		
As at 1 July	-	-
Exploration expenditure acquired on acquisition of subsidiaries:	2,668,768	-
- Cloncurry (refer note 20)	918,301	-
- Mongolia	-	-
Exploration assets acquired	64,407	-
As at 30 June	3,651,476	-

The value of the exploration and evaluation costs carried forward is dependent upon the continuance of the consolidated entity's rights to tenure of the areas of interest, the results of future exploration, and the recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

At balance date, the Board assessed the carrying value of the Australian and Mongolian project and deemed that an impairment was not necessary to reflect the Board's assessment of the fair value of the project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

	Consolidated 2017 \$	Consolidated 2016 \$
9. INTANGIBLE ASSETS		
Preliminary expenses	7,000	-
Reconciliation		
As at 1 July	-	-
Preliminary expenses incurred	7,252	-
Amortisation of preliminary expenses	(252)	-
As at 30 June	7,000	-

10. PROPERTY PLANT AND EQUIPMENT

At cost	110,736	-
Accumulated depreciation	-	-
Carrying value at 30 June	110,736	-

	Mining Equipment	
Reconciliation		
As at 1 July	-	-
Exploration assets acquired	110,736	-
Accumulated depreciation	-	-
As at 30 June	110,736	-

The consolidated entity's mining equipment was purchased prior to year end in preparation for the commencement of exploration activities.

11. TRADE AND OTHER PAYABLES

Trade creditors	40,337	-
Other creditors and accruals	22,160	3,000
	62,497	3,000

The Consolidated Entity's exposure to credit and liquidity risks related to trade and other payables are disclosed in Note 2. The carrying amount of trade and other payables approximates its fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

	Consolidated 2017 \$	Consolidated 2016 \$
12. ISSUED CAPITAL		
404,015,607 (2016: 47,500) fully paid ordinary shares	15,943,377	47,500

(a) Ordinary shares

The following movements in ordinary share capital occurred during the year:

	2017 Number of Shares	2017 \$	2016 Number of Shares	2016 \$
Balance at beginning of year	47,500	47,500	-	-
Issue of start-up capital	-	-	47,500	47,500
Conversion of convertible note Ausmex Mining Limited	207,000,000	500,001	-	-
Shares on issue at acquisition	99,165,607	-	-	-
Elimination for historical value of Ausmex Mining Limited	(207,047,500)	-	-	-
Consideration shares on reverse acquisition	207,000,000	7,933,249	-	-
Broker mandate shares issued under prospectus	10,350,000	828,000	-	-
Prospectus	75,000,000	6,000,000	-	-
Exercise of the QMN Cloncurry option	12,500,000	1,000,000	-	-
Share issue costs	-	(365,373)	-	-
Balance at the end of the year	404,015,607	15,943,377	47,500	47,500

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Company in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities present at a shareholder meeting in person or by proxy is, entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Options

The following movements in options occurred during the year:

	2017 Number of Options	2017 WAEP	2016 Number of Options	2016 WAEP
Balance at beginning of year	-	-	-	-
Granted during the year:				
- Corporate advisers	20,000,000	12.0c	-	-
- Corporate advisers	30,000,000	14.0c	-	-
- Directors & officers	3,500,000	4.5c	-	-
- Directors & officers	10,000,000	12.0c	-	-
- Consultants	6,250,000	12.0c	-	-
Balance at the end of the year	69,750,000	12.0c	-	-

The weighted average contractual life for the share options is 3 years.

(c) Capital management

The Consolidated Entity's objectives when managing capital are disclosed in Note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

13. RESERVES

Foreign currency translation reserve

Balance 1 July	-	-
Currency translation differences arising during the year	7	-
Balance 30 June	7	-

Share based payments reserve

Balance 1 July	-	-
Share based payments	2,052,223	-
Balance 30 June	2,052,223	-

	Consolidated 2017 \$	Consolidated 2016 \$
Foreign currency translation reserve		
Balance 1 July	-	-
Currency translation differences arising during the year	7	-
Balance 30 June	7	-
Share based payments reserve		
Balance 1 July	-	-
Share based payments	2,052,223	-
Balance 30 June	2,052,223	-

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share based payments reserve

During the year ended 30 June 2017 the directors granted 69,750,000 options to Advisers and Directors. The share based payment expense for the options issued have been calculated in accordance with AASB 2: Share Based Payments using the Black Scholes method to determine the fair value of the options. The total fair value for the 69,750,000 was \$2,052,223.

14. NON-CONTROLLING INTEREST

Interest in:

Share Capital	25	-
Reserves	-	-
Accumulated profits	520,496	-
Balance 30 June	520,521	-

Share Capital	25	-
Reserves	-	-
Accumulated profits	520,496	-
Balance 30 June	520,521	-

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Consolidated Entity. The amounts disclosed for each subsidiary are before inter-company eliminations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

14. NON-CONTROLLING INTEREST (continued)

	Spinfex Mining Pty Ltd		QMC Exploration Pty Ltd	
	2017	2016	2017	2016
	\$	\$	\$	\$
Current assets	32,895	-	7,500	-
Current liabilities	(26,030)	-	(52,087)	-
Current net assets	6,865	-	(44,587)	-
Non-current assets	2,363,667	-	266,119	-
Non-current liabilities	-	-	-	-
Non-current net assets	2,363,667	-	266,119	-
Net assets	2,370,532	-	221,532	-
Accumulated non-controlling interests		-		-
Revenue	-	-	-	-
Loss for the year/total comprehensive loss	(25,352)	-	(50,854)	-
Loss allocated to non-controlling interests		-	-	-
Cash flows from operating activities	(25,352)	-	(50,854)	-
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities	25,352	-	50,854	-
Net increase/(decrease) in cash and cash equivalents	-	-	-	-

(a) Transactions with non-controlling interests

On 10 May 2017, the Company announced it had exercised its intension complete the First and Second sale of its Cloncurry Option Agreement. On 6 May 2017 Ausmex announced the successful completion of the purchase agreement through the issue of 12,500,000 Ausmex shares to Queensland Mining Corporation Ltd to acquire a 60% interest in Spinifex Mining Pty Ltd and QMC Exploration Pty Ltd. A further cash payment of \$1,000,000 was made to acquire an additional 20% interest in Spinifex Mining Pty Ltd and QMC Exploration Pty Ltd. The companies hold a suite of Mining and Exploration Licences in Cloncurry Queensland. Ausmex retains the option to achieve 100% ownership by payment of a further \$1 million dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

15. COMMITMENTS AND CONTINGENCIES

Remuneration commitments

The Company has entered into a consultancy agreement with Mr. Joseph Goldberg (**Goldberg Consultancy Agreement**). Under the Goldberg Consultancy Agreement, Mr. Goldberg is engaged by the Company to provide services to the Company in the capacity of Non-Executive Director. Mr. Goldberg will be paid a consulting fee of \$4,000 per month (exclusive of GST) as Director's fees as determined by the Board.

The Company has entered into a consultancy agreement with Mr. Matthew Morgan (**Morgan Consultancy Agreement**). Under the Morgan Consultancy Agreement, Mr. Morgan is engaged by the Company to provide services to the Company in the capacity of Executive Director. Mr. Morgan will be paid a consulting fee of \$17,916 per month (exclusive of GST) as Director's fees and motor vehicle allowance as determined by the Board.

The Company has entered into a consultancy agreement with Mr. Andrew Firek (**Firek Consultancy Agreement**). Under the Firek Consultancy Agreement, Mr. Firek is engaged by the Company to provide services to the Company in the capacity of Non-Executive Director. Mr. Firek will be paid a consulting fee of \$4,000 per month (exclusive of GST) as Director's fees as determined by the Board.

The Company has entered into a consultancy agreement with Mr. Geoff Kidd (**Kidd Consultancy Agreement**). Under the Kidd Consultancy Agreement, Mr. Kidd is engaged by the Company to provide services to the Company in the capacity of Non-Executive Director. Mr. Kidd will be paid a consulting fee of \$4,000 per month (exclusive of GST) as Director's fees as determined by the Board.

The Company has entered into a consultancy agreement with Mr. David Wheeler (**Wheeler Consultancy Agreement**). Under the Wheeler Consultancy Agreement, Mr. Wheeler is engaged by the Company to provide services to the Company in the capacity of Non-Executive Director. Mr. Wheeler will be paid a consulting fee of \$4,000 per month (exclusive of GST) and Director's fees as determined by the Board. Subsequent to year end Mr. Wheeler resigned as a Director and was paid to July 2017.

Commitments arising from the above service agreements as at 30 June are as follow:

	Consolidated 2017	Consolidated 2016
	\$	\$
Within one year	358,992	-
Later than one year but not later than five years	-	-
	358,992	-

Exploration and project commitments

The Consolidated Entity has certain obligations to perform minimum exploration work on mining tenements held. These obligations may vary over time, depending on the Consolidated Entity's exploration program and priorities. These obligations are also subject to variations by negotiation, joint venturing or relinquishing some of the relevant tenements. As at reporting date, total exploration expenditure commitments of the Consolidated Entity which have not been provided for in the financial statements are as follows:

	Consolidated 2017	Consolidated 2016
	\$	\$
Within one year	497,782	-
Later than one year but not later than five years	659,782	-
	1,157,564	-

Contingencies

Mongolia Centreville LLC:

Pursuant to a definitive agreement, amendments and deed of undertaking entered into with Belgravia LLC (**Belgravia**) for the acquisition of share capital in Centreville LLC, the Company has agreed to pay Belgravia (or its nominee) additional consideration (being Shares) for the acquisition of Centreville, at the option of Belgravia (or its nominee), for any Probable Ore Reserve (as defined by the JORC Code) discovered in the exploration license area (**Additional Consideration**). The Additional Consideration will be payable upon the issue of an initial JORC Code compliant report (**Initial JORC Report**) and will be calculated at one percent (1%) of the London Metals Exchange (**LME**) spot rate market value for the mineral in question at the time the JORC compliant report is issued. If a mineral is not traded on the LME, an international pricing standard will be applied instead.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

15. COMMITMENTS AND CONTINGENCIES (continued)

Contingencies continued

Additional Consideration will also be payable in respect of any subsequent JORC compliant reports issued in respect of the exploration License area. If any subsequent JORC compliant reports are issued, the Additional Consideration will be calculated as one percent (1%) of the Incremental Value of the Probable Ore Reserve as determined by the LME spot rate market value for the mineral in question at the time the JORC compliant report is issued. If a mineral is not traded on the LME, an international pricing standard will be applied instead.

The Additional Consideration will cease to be payable by the Company to Belgravia (or its nominee) at the commencement of production in the exploration License area.

The Additional Consideration will be payable to Belgravia (or its nominee) upon the Company providing written notice to Belgravia (or its nominee) and Belgravia (or its nominee) providing written notice to the Company (within 30 calendar days of receipt of the Company's written notice (Notice Period)) stating if it elects to receive the Additional Consideration. If Belgravia (or its nominee) do not provide a written notice to the Company within the Notice Period, Belgravia (or its nominee) will not be permitted to receive the Additional Consideration payable at the relevant time, and will not be permitted to request payment of that Additional Consideration in the future.

If Belgravia (or its nominee) elects to receive the Additional Consideration, the price of each Share will be calculated at the volume weighted average price of the Shares trading on the Australian Securities Exchange for the 20 trading days prior to the date of issue of the Shares to Belgravia (or its nominee). Each issue of Shares to Belgravia (or its nominee) will be subject to shareholder approval, if required, under the ASX Listing Rules and/or the Corporations Act. Each issue of Shares to Belgravia (or its nominee) will also be subject to any escrow provisions required by the ASX Listing Rules or the ASX.

North Cloncurry Option:

The Consolidated Entity entered into an option agreement to acquire additional exploration projects owned by subsidiaries of Queensland Mining Corporation Limited. The acquisition was subject to ongoing due diligence and if the Consolidated Entity exercised its option the maximum cost of the additional project areas is \$500,000. Subsequent to year end the Consolidated Entity provided notice of its intension not to proceed with the option agreement.

The Consolidated Entity does not have any other contingent liabilities at balance date.

Contingent Assets

Myanmar

On 8 May 2017, the Company entered into an agreement for the disposal of its investment in Myanmar. This is not considered to be a discontinued operation.

16. EARNINGS/LOSS PER SHARE

Basic and diluted earnings/loss per share

Total basic loss per share attributable to the ordinary equity holders of the company

Consolidated 2017 Cents	Consolidated 2016 Cents
(1.61)	(0.006)

The calculation of basic loss per share at 30 June was based on the following:

Loss attributable to ordinary shareholders

Net loss for the year

Consolidated 2017 \$	Consolidated 2016 \$
(10,789,180)	(5,500)

Weighted average number of ordinary shares

Weighted average number of ordinary shares outstanding during the year used in calculating basic/diluted EPS

Number 2017	Number 2016
671,154,439	99,165,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

17. KEY MANAGEMENT PERSONNEL

Key management personnel compensation	Consolidated 2017 \$	Consolidated 2016 \$
Short-term employee benefits	219,000	-
Post-employment benefits	-	-
Other benefits	-	-
Share based payments	417,484	-
Total compensation	636,484	-

Detailed remuneration disclosures are provided in the Remuneration Report on pages 9 - 13.

Other transactions with key management personnel

The Director's remuneration was incurred through various corporate entities and the remuneration is disclosed as per the respective Directors in the Remuneration Report. There were no amounts outstanding at year end.

Mr A Firek, a Director, provided technical project consultancy services in connection with the operation of the Consolidated Entity during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to those transactions was \$4,800 (2016: nil), none of which was outstanding at 30 June 2017 (30 June 2016: nil). This amount is included in the remuneration disclosed for Mr Firek in the Remuneration Report.

Mr G Kidd, a Director, provided project consultancy services in connection with the operation of the Consolidated Entity during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to those transactions was \$8,200 (2016: nil), none of which was outstanding at 30 June 2017 (30 June 2016: nil). This amount is included in the remuneration disclosed for Mr Kidd in the Remuneration Report.

Redhill Partners Pte Ltd, a related party of Mr J Hyndes, a Director, leased an office space to the Consolidated Entity during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the lease agreement was \$30,000 (2016: 36,000), \$nil of which was outstanding at 30 June 2017 (30 June 2016: \$nil).

Palisade Business Consulting Pty Ltd, a related party of Mr J James, a Director, provided corporate and accounting services to the Consolidated Entity during the year on normal commercial terms and conditions of \$48,000 (2016: \$48,000) and none of which was outstanding at 30 June 2017 (30 June 2016: nil). This amount is included in the remuneration disclosed for Mr James in the Remuneration Report.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

18. SEGMENT INFORMATION

The Board has determined that the Company has two reportable segments, being mineral exploration (in Australia and Mongolia) and other.

	Mineral Exploration Consolidated 2017	Mineral Exploration Parent 2016	Corporate Consolidated 2017	Corporate Parent 2016	Total Consolidated 2017	Total Parent 2016
30 June 2017						
Segment income						
Interest received	-	-	3,033	-	3,033	-
Total income	-	-	3,033	-	3,033	-
Segment expenses						
Operating expenses	(361,314)	-	(1,445,148)	(3,000)	(1,806,462)	(3,000)
Listing expenses	-	-	(6,215,949)	-	(6,215,949)	-
Share based payment expenses	-	-	(2,052,223)	(2,500)	(2,052,223)	(2,500)
Loss before depreciation and amortisation	(316,314)	-	(9,713,320)	(5,500)	(10,074,634)	(5,500)
Depreciation and amortisation	-	-	(252)	-	(252)	-
Loss before income tax	(361,314)	-	(9,710,539)	(5,500)	(10,071,853)	(5,500)
Segment assets and liabilities						
Cash	-	-	4,409,734	-	4,409,734	-
Other receivables	-	-	135,189	45,000	135,189	45,000
Prepayments	200,369	-	-	-	200,369	-
Exploration and evaluation assets	3,651,476	-	-	-	3,651,476	-
Property, plant and equipment	110,736	-	-	-	110,736	-
Intangible assets	-	-	7,000	-	7,000	-
Deferred tax assets	-	-	21,094	-	21,094	-
Trade and other payables	(50,236)	-	(12,261)	(3,000)	(62,497)	(3,000)
Deferred tax liabilities	-	-	(738,421)	-	(738,421)	-
Loss before income tax	3,912,345	-	3,822,335	42,000	7,734,680	42,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

	Consolidated 2017 \$	Consolidated 2016 \$
19. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES TO LOSS FOR THE YEAR		
Loss for the year	(10,789,180)	(5,500)
Adjustments:		
Amortisation	252	-
Net loss on disposal of subsidiary	410,048	-
Share based payments expense	2,052,223	2,000
Non cash consultants fees	828,000	-
Listing expenses	6,215,949	-
Impairment and loss on disposal	224,509	-
Operating loss before changes in working capital and provisions	(1,058,199)	(3,500)
Change in trade and other receivables	(90,182)	-
Change in trade and other payables	40,720	3,500
Change in deferred taxes	730,559	-
Net cash used in operating activities	(377,102)	-

20. RELATED PARTY DISCLOSURES

(a) Parent entity

The parent entity within the Consolidated Entity is Ausmex Mining Group Limited.

(b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Country of Incorporation	Class of shares	Equity holding*	
			2017 %	2016 %
Ausmex Mining Limited	Australia	Ordinary	100%	100%
Centreville LLC	Mongolia	Ordinary	100%	-
Ausmex Resources Pty Ltd	Australia	Ordinary	100%	-
Spinifex Mining Pty Ltd	Australia	Ordinary	80%	-
QMC Exploration Pty Ltd	Australia	Ordinary	80%	-
Eumeralla Resources Singapore Pte Ltd	Singapore	Ordinary	-	100%
Eumeralla Resources (South East Asia) Pte. Ltd	Singapore	Ordinary	-	100%
Mawsaki Mining Co. Limited	Myanmar	Ordinary	-	100%

* The proportion of ownership interest is equal to the proportion of voting power held.

During the year the Consolidated Entity disposed of Eumeralla Resources Singapore Pte Ltd, Eumeralla Resources (South East Asia) Pte. Ltd and Mawsaki Mining Co. Limited. The loss on disposal is immaterial.

Ausmex Resources Pty Ltd was incorporated on the 28th April 2017. Spinifex Mining Pty Ltd and QMC Exploration Pty Ltd were acquired on 2 June 2017 for 12,500,000 Ausmex Mining Group Limited shares and a cash payment of \$1,000,000 to purchase the companies from Queensland Mining Corporation Limited as per the Cloncurry Option agreement.

The acquisitions have been accounted for as an acquisition assets as Spinifex Mining and QMC Exploration did not constitute a business under AASB 3 *Business Combinations*. The purchase consideration represented an 80% interest in those entities and as a result the net assets of the entities acquired have been grossed up and a non-controlling interest has been recognised on consolidation.

The purchase price has been allocated to the identifiable assets at the date of acquisition as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

20. RELATED PARTY DISCLOSURES (continued)

Purchase Consideration	Spinifex Mining	QMC Exploration
Issue of shares	900,000	100,000
Cash payment	900,000	100,000
Other acquisition payments	167,895	22,500
	1,967,895	222,500
Net assets acquired	Spinifex Mining	QMC Exploration
Bonds	32,895	7,500
Exploration assets	2,363,238	265,135
	2,396,133	272,635

(c) Key management personnel

Details relating to key management personnel are included in Note 17.

(d) Loans to related parties

Loans are made between the Parent Entity and its subsidiaries for capital purchases and working capital purposes. These loans have been eliminated on consolidation and are not disclosed in this note.

(e) Dividends

No dividends were received from the subsidiaries in the 2017 or 2016 financial year.

21. PARENT ENTITY INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts. The information presented has been prepared using accounting policies as disclosed in Note 1.

Financial Position	2017	2016
	\$	\$
Current assets	4,072,132	188,254
Total assets	24,799,877	1,408,183
Current liabilities	34,421	42,625
Total liabilities	34,421	42,625
<i>Shareholder's equity</i>		
Issued capital	15,575,853	5,542,182
Reserves	2,052,223	57,328
Accumulated losses	(10,161,041)	(4,233,652)
	7,467,036	1,365,858
Financial Performance		
Loss for the year	(931,076)	(598,258)
Total comprehensive loss	(931,076)	(598,258)

Contingencies of the Parent Entity

Contingencies of the Parent Entity are noted in Note 15.

Contractual commitments of the Parent Entity

Included in the commitments in Note 15 are commitments incurred by the Parent Entity as follows:

Remuneration commitments

	2017	2016
	\$	\$
Within one year	358,992	-
Later than one year but not later than five years	-	-
	358,992	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

22. SHARE-BASED PAYMENT PLANS

From time to time, the Consolidated Entity provides Incentive Options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required.

a) Advisor Options

On 9 May 2017 after shareholder approval at the general meeting, the Company issued 20,000,000 unlisted options exercisable at \$0.12 on or before 9 May 2020 to the Company's broker in lieu of cash fees for services in relation to the Company's successful IPO.

On 9 May 2017 after shareholder approval at the general meeting, the Company issued 30,000,000 unlisted options exercisable at \$0.14 on or before 9 May 2020 to the Company's broker in lieu of cash fees for services in relation to the Company's successful IPO.

The options are not subject to any vesting conditions.

The underlying fair value of the Options granted was calculated based on the below, and were expensed during the period:

Valuation Date	Expiry Date	Exercise Price	Granted during the period Number	Fair value per option at Grant date \$	Total fair value \$
9 May 2017	9 May 2020	\$0.12	20,000,000	\$0.08	\$593,381
9 May 2017	9 May 2020	\$0.14	30,000,000	\$0.08	\$835,788

The fair value of the options granted was independently determined using an Option Pricing Model that takes into account the following inputs:

Number of option	20,000,000
Share Price at Grant Date	\$0.08
Exercise Price	\$0.12
Valuation Date	9 May 2017
Expiration date	9 May 2020
Life of the Options	3 years
Volatility ¹	97%
Risk Free Rate	2.21%

Number of option	30,000,000
Share Price at Grant Date	\$0.08
Exercise Price	\$0.14
Valuation Date	9 May 2017
Expiration date	9 May 2020
Life of the Options	3 years
Volatility ¹	97%
Risk Free Rate	2.21%

¹ The expected volatility is based on historic volatility (based on the remaining life of the options), adjusted for any expected instruments issued shall be measured at grant date.

b) Consultants Options

On 9 May 2017 after shareholder approval at the general meeting, the Company issued 500,000 unlisted options exercisable at \$0.045 on or before 9 May 2020 to an officer under the Ausmex Mining Group Limited Long Term Incentive Plan.

On 31 May 2017 after shareholder approval at the general meeting, the Company 6,250,000 unlisted options exercisable at \$0.12 on or before 31 May 2020 to an employee under Ausmex Mining Group Limited Long Term Incentive Plan.

The options are not subject to any vesting conditions.

The underlying fair value of the Options granted was calculated based on the below, and were expensed during the period:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

22. SHARE-BASED PAYMENT PLANS (continued)

Valuation Date	Expiry Date	Exercise Price	Granted during the period Number	Fair value per option at Grant date \$	Total fair value \$
9 May 2017	9 May 2020	\$0.045	500,000	\$0.08	\$20,133
31 May 2017	31 May 2020	\$0.12	6,250,000	\$0.08	\$185,431

The fair value of the options granted was independently determined using an Option Pricing Model that takes into account the following inputs:

Number of option	500,000
Share Price at Grant Date	\$0.04
Exercise Price	\$0.045
Valuation Date	31 May 2017
Expiration date	31 May 2020
Life of the Options	3 years
Volatility ¹	97%
Risk Free Rate	2.21%

Number of option	6,250,000
Share Price at Grant Date	\$0.08
Exercise Price	\$0.12
Valuation Date	31 May 2017
Expiration date	31 May 2020
Life of the Options	3 years
Volatility ¹	97%
Risk Free Rate	2.21%

¹ The expected volatility is based on historic volatility (based on the remaining life of the options), adjusted for any expected instruments issued shall be measured at grant date.

c) Director Options

On 9 May 2017 after shareholder approval at the general meeting, the Company issued 3,000,000 unlisted options exercisable at \$0.045 on or before 9 May 2020 to officers under the Ausmex Mining Group Limited Long Term Incentive Plan.

On 30 May 2017 after shareholder approval at the general meeting, the Company 10,000,000 unlisted options exercisable at \$0.12 on or before 30 May 2020 to directors under the Ausmex Mining Group Limited Long Term Incentive Plan.

The options are not subject to any vesting conditions.

The underlying fair value of the Options granted was calculated based on the below, and were expensed during the period:

Valuation Date	Expiry Date	Exercise Price	Granted during the period Number	Fair value per option at Grant date \$	Total fair value \$
9 May 2017	9 May 2020	\$0.045	3,000,000	\$0.08	\$120,798
30 May 2017	30 May 2020	\$0.12	10,000,000	\$0.08	\$296,691

The fair value of the options granted was independently determined using an Option Pricing Model that takes into account the following inputs:

Number of option	3,000,000
Share Price at Grant Date	\$0.04
Exercise Price	\$0.045
Valuation Date	31 May 2017
Expiration date	31 May 2020
Life of the Options	3 years
Volatility ¹	97%
Risk Free Rate	2.21%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

22. SHARE-BASED PAYMENT PLANS (continued)

Number of option	6,250,000
Share Price at Grant Date	\$0.08
Exercise Price	\$0.12
Valuation Date	31 May 2017
Expiration date	31 May 2020
Life of the Options	3 years
Volatility ¹	97%
Risk Free Rate	2.21%

¹ The expected volatility is based on historic volatility (based on the remaining life of the options), adjusted for any expected instruments issued shall be measured at grant date.

23. EVENTS SUBSEQUENT TO REPORTING DATE

On 15 September 2017 the extension to acquire the Northern Cloncurry Options expired. As the company has now identified numerous highly anomalous exploration projects within the current tenement suite (Refer ASX announcement 7 August 2017 and 23 August 2017), the decision was made to concentrate on further developing the Ausmex controlled exploration properties.

Other than the event outlined above there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

24. REVERSE ACQUISITION ACCOUNTING

On 9 May 2017 Ausmex Mining group Limited (formerly Eumeralla Resources Limited) completed its acquisition of 100% of the issued shares Ausmex Mining Limited after issuing 207 million ordinary shares to the vendors, following shareholder approval received at the Company's general meeting held on 22 March 2017.

The acquisition has been accounted for as a reverse acquisition under the principles of AASB 3 *Business Combinations*. Refer to note 1 for further explanation regarding the basis of accounting.

As a result of the acquisition, during the year the Group has recognised an expense of \$6,215,947 in its statement comprehensive income, effectively representing the cost of listing.

The cost is calculated as the difference in the fair value of the equity instruments that Ausmex Mining Limited deemed to have issued to acquire Ausmex Mining Group Limited and the fair value of Ausmex Mining Group's Limited's identifiable net assets as follows:

	Fair Value \$
Fair value of consideration:	
Equity deemed accounting consideration	7,933,249
	<u>7,933,249</u>
Fair value of net assets acquired	
Cash and cash equivalents	641,887
Trade and other receivables	86,317
Exploration and evaluation assets	1,019,291
Trade and other payables	(30,193)
Fair value of net assets acquired	<u>1,717,302</u>
Cost of listing	<u>6,215,947</u>

DIRECTORS' DECLARATION

The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes set out on pages 14 to 42 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the year ended on that date;
2. note 1 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
3. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
4. the remuneration disclosures included in pages 9 to 13 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2017, comply with section 300A of the *Corporations Act 2001*; and
5. the directors have been given the declarations by the Chief Executive Officer (or equivalent) and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Matthew Morgan
Executive Director

Dated this 30th day of September 2017.

INDEPENDENT AUDITOR'S REPORT

To the members of Ausmex Mining Group Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of Ausmex Mining Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation asset (Refer Note 8)	
As at 30 June 2017, the Group has capitalised exploration and evaluation expenditure of \$3,651,476.	Our procedures included but were not limited to: - We obtained an understanding of the key processes associated with management's

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We considered this to be a key audit matter as it involved the most communication with management, is subject to a degree of subjectivity and is considered to be important to the users' understanding of the financial statements as a whole.

review of the exploration and evaluation asset carrying values;

- We considered the Director's assessment of potential indicators of impairment;
- We obtained evidence that the Group has current rights to tenure of its areas of interest;
- We verified a sample of additions to exploration expenditure during the year;
- We examined the exploration budget for 2017/2018 and discussed with management the nature of the ongoing activities;
- We enquired with management, reviewed ASX announcements and minutes of Director's meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its areas of interest; and
- We examined the disclosures made in the financial report.

Accounting for reverse acquisition

(Refer Note 24)

On 9 May 2017, Ausmex announced to the ASX that it had completed the reverse acquisition of Eumeralla Resources Limited. The accounting treatment of this transaction results in Ausmex being treated as the accounting acquirer although Eumeralla Resources is the legal parent.

We considered this transaction to be a key audit matter because of the degree of complexity involved in reverse acquisitions, the materiality of the matter to the users of the financial statements and the degree of audit effort directed to this area.

Our procedures included but were not limited to:

- We evaluated management's assessment that the appropriate accounting treatment for the transaction is as a reverse acquisition under accounting standards;
- We reviewed external reports obtained by the entity for the purposes of the transaction and critically reviewed the accounting treatment adopted. We assessed the process and methodology adopted by management's experts and the underlying assumptions;
- We evaluated the methodology and tested the mathematical accuracy of the calculations of the Group for the deemed accounting consideration;
- We corroborated the underlying information inputs, including the share prices and we checked the contractual agreements;
- We obtained the signed contractual agreements relating to the reverse acquisition and reviewed significant contract terms relevant to the accounting and disclosure in the financial statements;
- We reviewed the treatment of the reverse acquisition on consolidation and ensured the transaction had been accounted for accurately within the consolidated financial statements of the Group as at 30 June 2017;

- We evaluated the capital and equity movements of both Eumeralla Resources, the legal acquirer, and Ausmex, the accounting acquirer, for accuracy by comparison to the terms of the arrangement and whether the Group's disclosures in respect of the reverse acquisition were reasonable and reflected the transaction terms; and
- We performed specific procedures on the opening balance sheet of Eumeralla Resources prepared as at the date of acquisition. We have specifically considered the recoverability of assets and the completeness of liabilities (including provisions for contractual commitments and for legal and other contingencies) to ensure that the opening statement of financial position is appropriately stated.

Tax

(Refer note 4)

As at 30 June 2017, the consolidated entity has recognised a deferred tax asset of \$21,094, a deferred tax liability of \$738,421 and an income tax expense of \$717,327.

We considered this to be a key audit matter as it involved the most communication with management and was an area which required significant audit effort.

Our procedures included but were not limited to:

- We considered the tax calculations obtained by management from an external independent accounting firm and critically assessed them for reasonableness;
- We engaged our internal tax specialists to perform an assessment of the tax calculations provided by management;
- We ensured the disclosures within the financial report were appropriate and in line with the requirements of accounting standards.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the

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financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public

disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Ausmex Mining Group Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 September 2017



M R Ohm
Partner

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Ausmex Mining Group Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia
30 September 2017**

**M R Ohm
Partner**

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CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement 2017

This statement has been approved by the Board. It is current as at 29 September 2017.

Ausmex Mining Group Limited's approach to Corporate Governance

This Statement addresses how Ausmex Mining Group Limited's implements the ASX Corporate Governance Council's, 'Corporate Governance Principles and Recommendations – 3rd Edition (referred to as either ASX Principles or Recommendations).

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – A listed entity should disclose:

- a) the respective roles and responsibilities of its board and management;
- b) those matters expressly reserved to the board and those delegated to management.

Role of the Ausmex Mining Group Limited's Board ("the Board")

The Board is responsible for the governance of Ausmex Mining Group Limited. The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from Ausmex Mining Group Limited's Constitution.

The Board's responsibilities are set out in a formal Charter which the Board reviews every two years. The Charter was most recently reviewed in September 2017.

The major powers the Board has reserved to itself are:

- Appointment of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- Meeting with the external auditor, at their request, without management being present.

Recommendation 1.2 – A listed entity should disclose:

- a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director;
- b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Consolidated Entity does not have a Nomination Committee. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

When considering the appointment of a new Director, the Board may engage the services of an executive recruitment firm to assist identify suitable candidates to be shortlisted for consideration for appointment to the Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

Recommendation 1.3 – A listed entity should have a written agreement with each director and executive setting out the terms of their appointment.

New Directors consent to act as a Director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.

CORPORATE GOVERNANCE STATEMENT

Recommendation 1.4 – *The company secretary of a listed entity should be accountable directly to the chair, on all matters to do with the proper functioning of the board.*

Ausmex Mining Group Limited's Company Secretary fulfils a broad range of management responsibilities in addition to company secretarial duties. As a result, the formal reporting line of the Company Secretary is to the Chair. For any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line, and is accountable, to the Chair of the Board.

Recommendation 1.5 – *A listed entity should:*

- a) *have a diversity policy which includes requirements for the board to or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- b) *disclose that policy or a summary of it; and*
- c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
 1. *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
 2. *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Consolidated Entity has not disclosed its policy concerning diversity, its measurable objectives for achieving gender diversity and its progress towards achieving those objectives. The Board continues to monitor diversity across the organization however due to the size of the Consolidated Entity, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity.

The Consolidated Entity is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Consolidated Entity performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees.

In accordance with this policy, the Board discloses there were one women employed in the organization or on the Board of the Consolidated Entity as at the date of this report.

The Board will review this position on an annual basis and will implement measurable objectives as and when they deem the Company to require them.

The participation of women in the Company at the date of this report is as follows:

Women employees in the Company	0%
Women in senior management positions	50%
Women on the Board	0%

The Company's Diversity Policy is available on its website.

Recommendation 1.6 – *A listed entity should:*

- a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors;*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Evaluation of Board and individual Directors

The Board of Ausmex Mining Group Limited conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Consolidated Entity and hands on management style requires an increased level of interaction between Directors and Executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Consolidated Entity given its size.

CORPORATE GOVERNANCE STATEMENT

Recommendation 1.7 – A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board of Ausmex Mining Group Limited does not conduct performance reviews of senior executives given there are currently no such roles in the organisation.

Principle 2: Structure the Board to add value

Ausmex Mining Group Limited's Constitution provides for a minimum of three directors and a maximum of ten.

The Directors of Ausmex Mining Group Limited's at any time during the financial year are listed with a brief description of their qualifications, appointment date, experience and special responsibilities on pages 3 and 4 of the Annual Report.

The Board met regularly throughout the course of the financial year to discuss the Company's operational and financial activities, and 11 formal meetings were held.

Recommendation 2.1 – The Board of a listed entity should:

- a) have a nomination committee which:
 1. Has at least three members, a majority of whom are independent directors; and
 2. Is chaired by an independent director; and disclose:
 3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable to discharge its duties and responsibilities effectively.

The Consolidated Entity does not have a Nomination committee. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Recommendation 2.2 – The listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Consolidated Entity does not have an established board skills matrix on the mix of skills and diversity for Board membership. The Board continues to monitor the mix of skills and diversity on the Board however, due to the size of the Consolidated Entity, the Board does not consider it appropriate at this time to formally set matrix on the mix of skills and diversity for Board membership.

Recommendation 2.3 – A listed entity should disclose:

- a) the names of the directors considered by the board to be independent directors;
- b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion and
- c) the length of service of each director.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Directors' Report. Directors of the Consolidated Entity are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management, is a Non-Executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Consolidated Entity or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Consolidated Entity;
- has not within the last three years been employed in an executive capacity by the Consolidated Entity or another Consolidated Entity member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Consolidated Entity or another Consolidated Entity member;

CORPORATE GOVERNANCE STATEMENT

- is not a significant consultant, supplier or customer of the Consolidated Entity or another Consolidated Entity member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Consolidated Entity or another Consolidated Entity member other than as a Director of the Consolidated Entity;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Consolidated Entity."

In accordance with the definition of independence above, one Director is considered independent. Accordingly, a majority of the Board is not independent. Given the size of the Consolidated Entity the current Board is deemed appropriate. There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Consolidated Entity's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Mr. Joseph Goldberg	2 months
Mr. Matthew Morgan	16 months
Mr. Andrew Firek	16 months
Mr. Geoff Kidd	16 months

Recommendation 2.4 – *The majority of the Board of a listed entity should be independent Directors.*

As at 30 June 2017, the Board comprised three independent Directors and one executive Director. In accordance with the definition of independence above, Mr Goldberg, Firek and Kidd are considered independent. Accordingly, a majority of the Board are independent.

The Consolidated Entity does have a majority of independent directors. The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Consolidated Entity.

Recommendation 2.5 – *The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.*

Under Ausmex Mining Group Limited's Constitution, the Board elects a Chairman from amongst the Directors. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.

Ausmex Mining Group Limited's Chairman, Joseph Goldberg is considered an independent Director. The Directors consider that the current Chairman of the Board is appropriate to the size and nature of operations of the Consolidated Entity.

Recommendation 2.6 – *The listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

The formal letter of appointment and an induction pack provided to Directors contain sufficient information to allow the new Director to gain an understanding of:

- The rights, duties and responsibilities of Directors;
- The role of Board Committees;
- The Code of Conduct; and
- Ausmex Mining Group Limited's financial, strategic, and operational risk management position.

Directors are encouraged to take appropriate professional development opportunities approved by the Board.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1 – *A listed entity should:*

- have a code of conduct for its directors, senior executives and employees; and*
- disclose that code or a summary of it.*

Ausmex Mining Group Limited has a Code of Conduct that applies to Ausmex Mining Group Limited and its Directors, employees and contractors (all of which are referred to as "employees" in the Code).

CORPORATE GOVERNANCE STATEMENT

The Code of Conduct sets out a number of overarching principles of ethical behaviour which cover:

- Personal and Professional Behaviour;
- Conflict of Interest;
- Public and Media Comment;
- Use of Company Resources;
- Security of Information;
- Intellectual Property/Copyright;
- Discrimination and Harassment;
- Corrupt Conduct;
- Occupational Health and Safety;
- Legislation;
- Fair Dealing;
- Insider Trading;
- Responsibilities to Investors;
- Breaches of the Code of Conduct; and
- Reporting Matters of Concern.

Training about the Code of Conduct is part of the induction process for new Ausmex Mining Group Limited's Directors.

Ausmex Mining Group Limited's Code of Conduct is available on Ausmex Mining Group Limited's website.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 – A board of a listed entity should:

- a) have an audit committee which:
 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and
 2. is chaired by an independent director, who is not the chair of the board, and disclose:
 3. the charter of the committee;
 4. the relevant qualifications and experience of the members of the committee; and
 5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard that integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Consolidated Entity does not have an Audit and Risk Management Committee. The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board. The Directors consider this as appropriate to the size and nature of operations of the Consolidated Entity.

Charter of the Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Consolidated Entity, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Consolidated Entity is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control of the Consolidated Entity.

CORPORATE GOVERNANCE STATEMENT

Recommendation 4.2 – *The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The officers of the Company assuming the roles of CEO and CFO have provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 4.3 – *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The external auditor attends Ausmex Mining Group Limited's Annual General Meeting. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to Ausmex Mining Group Limited at least five business days before the day of the meeting. No questions were sent to the auditor in advance of the 2017 Annual General Meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by Ausmex Mining Group Limited and the independence of the auditor.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – *A listed entity should:*

- a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- b) *disclose that policy or a summary of it.*

Disclosure

Ausmex Mining Group Limited's Disclosure Policy describes Ausmex Mining Group Limited's continuous disclosure obligations and how they are managed by Ausmex Mining Group Limited. The Policy is reviewed bi-annually and is published on Ausmex Mining Group Limited's website. It was most recently reviewed in September 2017.

Accountability

The Company Secretary reports to the Board quarterly on matters that were either notified or not notified to the ASX. Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available on the Ausmex Mining Group Limited's website.

Financial market communications

Communication with the financial market is the responsibility of the full Board. Communication with the media is the responsibility of the Chairman. The Disclosure Policy covers briefings to institutional investors and stockbroking analysts, general briefings, one-on-one briefings, blackout periods, compliance and review as well as media briefings.

The substantive content of all market presentations about the half year and full year financial results and all statements relating to Ausmex Mining Group Limited future earnings performance must be referred to, and approved by, the Board before they are disclosed to the market.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 – *A listed entity should provide information about itself and its governance to investors via its website.*

Ausmex Mining Group Limited's website at www.ausmexgroup.com.au provides detailed information about its business and operations. Details of Ausmex Mining Group Limited's Board Members can be found on the website.

The Investor Relations link on Ausmex Mining Group Limited's website provides helpful information to shareholder. It allows shareholders to view all ASX and media releases for the last year; various investor presentations; a copy of the Annual Reports; and the notice of meeting and accompanying explanatory material for the most recent Annual General Meeting and the Annual General Meetings for at least the two previous financial years.

Shareholders can find information about Ausmex Mining Group Limited's corporate governance on its website at under the 'Corporate' link. This includes Ausmex Mining Group Limited's Corporate Governance Plan.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Plan includes:

- Board Charter
- Corporate Code of Conduct
- Committee Charters
- Performance evaluation processes
- Continuous disclosure processes
- Risk management processes
- Trading policy
- Diversity policy
- Shareholder communications strategy

Recommendation 6.2 – *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

Ausmex Mining Group Limited is committed to communicating effectively with its shareholders and making it easier for shareholders to communicate with the Consolidated Entity.

Ausmex Mining Group Limited promotes effective communication with shareholders and encourages effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX;
- Through the Annual Report, half yearly report and quarterly reports;
- Through the distribution of the annual report and notices of annual general meeting;
- Through shareholder meetings and investor relations presentations; and
- The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Recommendation 6.3 – *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

Notices of meeting sent to Ausmex Mining Group Limited's shareholders comply with the "Guidelines for notices of meeting" issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting and, at the meeting, the Chairman attempts to answer as many of these as is practical.

The Chairman also encourages shareholders at the meeting to ask questions and make comments about Ausmex Mining Group Limited's operations and the performance of the Board and senior management. The Chairman may respond directly to questions or, at his discretion, may refer a question to another Director.

New Directors or Directors seeking re-election are given the opportunity to address the meeting and to answer questions from shareholders.

Recommendation 6.4 – *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

Shareholders have the option of electing to receive all shareholder communications by e-mail. Ausmex Mining Group Limited provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the Ausmex Mining Group Limited's website.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the Ausmex Mining Group Limited's Share Registry with an email address and elects to be notified of all Ausmex Mining Group Limited's ASX announcements.

The Ausmex Mining Group Limited's Share Register is managed and maintained by Automic Share Registry Services Pty Ltd. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Automic Share Registry Investor Online Login or by emailing info@automic.com.

CORPORATE GOVERNANCE STATEMENT

Principle 7: Recognise and manage risk

Recommendation 7.1 – A board of a listed entity should:

- a) have a committee or committees to oversee risk, each of which:
 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and
 2. is chaired by an independent director, who is not the chair of the board, and disclose:
 3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Consolidated Entity does not have an Audit and Risk Management Committee. The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.

Details of the structure and Charter of the Audit and Risk Management Committee are set out in Recommendation 4.1.

Recommendation 7.2 – The board or a committee of the board should:

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

Risk Management Policies

Ausmex Mining Group Limited has a number of other policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Directors and Executive Offices' Code of Conduct
- Code of Business Conduct
- Dealing in Company Securities
- Communications Strategy
- Disclosure Policy
- Risk Management and Internal Control Policy

Roles and responsibilities

The Risk Management Policy, and the other policies listed above, describes the roles and responsibilities for managing risk. This includes, as appropriate, details of responsibilities allocated to the Board.

The Board is responsible for reviewing and approving changes to the Risk Management Policy and for satisfying itself that Ausmex Mining Group Limited has a sound system of risk management and internal control that is operating effectively. The Board annually reviews and approves Ausmex Mining Group Limited's main risk exposures and the mitigating actions.

Recommendation 7.3 – A listed entity should disclose:

- a) If it has an internal audit function, how the function is structured and what role it performs; or
- b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Consolidated Entity does not have an established internal audit function given the size of its current operations. The risk management functions of the board are summarised under recommendations 7.1 and 7.2.

Recommendation 7.4 – A listed entity should disclose whether it has any material exposure to economic and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Board of Ausmex Mining Group Limited informally monitors and manages the Consolidated Entity's exposure to economic, environment and social responsibility risks. The Board considers that the current approach that it has adopted with regard to the sustainability risk management process is appropriate to the size and nature of operations of the Consolidated Entity.

CORPORATE GOVERNANCE STATEMENT

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – A board of a listed entity should:

- a) have a remuneration committee which:
 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and
 2. is chaired by an independent director, and disclose:
 3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board is responsible for determining and reviewing compensation arrangements for executive directors. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Consolidated Entity, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Consolidated Entity is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

Recommendation 8.2 – A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Ausmex Mining Group Limited's remuneration structure distinguishes between Executive and Non-Executive Directors. A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Directors' Report on pages 10 - 13 of the Annual Report.

Recommendation 8.3 – A listed entity which has an equity-based remuneration scheme should:

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- b) disclose that policy or a summary of it.

Ausmex Mining Group Limited does not have a policy on whether participants in equity based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes as the Consolidated Entity does not have an equity based remuneration scheme.

AUSMEX MINING GROUP LIMITED'S LIMITED

SHAREHOLDER INFORMATION

1. Shareholding

The shareholder information set out below was applicable as at 27 September 2017:

(a) Distribution of Share Holdings as at 27 September 2017

Size of Holding and Option Holdings	Number of Shareholders
1 - 1,000	7
1,001 - 5,000	2
5,001 - 10,000	123
10,001 - 100,000	175
100,001 and over	218
Total Shareholders	525

Of the above total 13 Ordinary Shareholder holds less than a marketable parcel.

(b) Twenty largest holders of quoted securities as at 12th September 2017

SHAREHOLDERS (Fully Paid Ordinary)	NUMBER OF SHARES	%
C4 Shares Pty Ltd <The C4 Shares A/C>	100,000,000	24.73%
Bestvale Resource Consultants Pty Ltd <Bestvale Super Fund A/C>	24,242,315	5.99%
Mathew Morgan <Morgan Family S/F A/C>	22,266,316	5.51%
Florims Pty Ltd <The Firek Family A/C>	19,302,316	4.77%
Brash Corporation Pty Ltd	18,927,316	4.68%
Queensland Mining Corporation Limited	12,500,000	3.09%
Citicorp Nominees Pty Limited	11,700,000	2.89%
Matthew Suttling <The Suttling Family A/C>	9,947,558	2.46%
Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	9,442,500	2.33%
Lippo Securities Ltd <Client A/C>	7,950,000	1.97%
Redhill Holdings Ltd	7,075,000	1.75%
Armada Capital & Equities Pty Ltd	5,175,000	1.28%
Mientze Tang <The Purple Robe A/C>	4,529,179	1.12%
Celtic Capital Pte Ltd <Investment 1 A/C>	4,370,000	1.08%
Libertine Investments Pty Ltd	4,051,375	1.00%
Steve & Therese Harper <Harper Super Fund A/C>	3,952,000	0.98%
Mr Michael John Hynes	3,729,001	0.92%
Celtic Capital Pty Ltd <The Celtic Capital A/C>	3,622,500	0.90%
Cinque Terra Pty Ltd	3,337,600	0.83%
J P Morgan Nominees Australia Limited	3,193,750	0.79%
TOP 20 SHAREHOLDERS	279,313,726	69.07
TOTAL ISSUED SHARES as at 12th September 2017	404,412,399	100

(c) **Largest holders of unquoted options as at 12th September 2017**

OPTIONHOLDERS (Fully Vested)	NUMBER OF SHARES	%
Armada Capital & Equities Pty Ltd	22,500,000	28.57%
Celtic Capital Pty Ltd <The Celtic Capital A/C>	15,750,000	20.00%
Brockwell Asia Limited	7,500,000	9.52%
CPS Capital Group Pty Ltd	6,750,000	8.57%
Jackie Au Yeung	5,000,000	6.35%
Lakatoi Universal Pty Ltd	2,500,000	3.17%
Florims Pty Ltd <The Firek Family A/C>	2,500,000	3.17%
Foamcrest Minerals Pty Ltd	2,500,000	3.17%
HJK Holdings Pty Ltd	2,500,000	3.17%
Ananda Kathiravelu	2,500,000	3.17%
Pathways Corporate Pty Ltd	2,500,000	3.17%
Cityscape Asset Pty Ltd <Cityscape Family A/C>	1,750,000	2.22%
Mientze Tang <The Purple Robe A/C>	1,250,000	1.59%
Redhill Holdings Ltd	1,000,000	1.27%
NFIC Services Pty Ltd	1,000,000	1.27%
CPS Capital Group Pty Ltd	750,000	0.95%
Mr Timothy Ryan Slate	500,000	0.63%
TOP OPTIONHOLDERS	78,750,000	100
TOTAL ISSUED OPTIONS as at 12th September 2017	78,750,000	100

(d) **Voting Rights**

Each fully paid ordinary share carries the rights of one vote per share.

(e) **Unquoted Securities**

There are no unquoted ordinary shares at the date of this report. There are 78,750,000 options unquoted

(f) **Restricted Securities**

There are restricted securities under ASX imposed escrow as follows:

Escrowed Securities	Number	Date of Release
Ordinary shares	43,078,552	13/12/2017
Ordinary shares	12,500,000	05/06/2018
Ordinary shares	167,855,727	30/05/2019
	<u>223,434,279</u>	
Options	10,000,000	31/12/2018
Options	62,000,000	30/05/2019
	<u>72,000,000</u>	

(g) **On-Market Buy-Back**

There is currently no on-market buy-back in place.

AUSMEX MINING GROUP LIMITED'S LIMITED

TENEMENT SCHEDULE

Tenement Schedule Notes

Location	Tenement	Percentage held
Mongolia	XV-015591	100%
Queensland, Australia	ML2517	100%
Queensland, Australia	ML2541	100%
Queensland, Australia	ML2549	100%
Queensland, Australia	ML2709	80%
Queensland, Australia	ML2713	80%
Queensland, Australia	ML2718	80%
Queensland, Australia	ML2719	80%
Queensland, Australia	ML2741	80%
Queensland, Australia	ML2742	80%
Queensland, Australia	ML2750	80%
Queensland, Australia	ML2752	80%
Queensland, Australia	ML2763	80%
Queensland, Australia	EPM14163	80%
Queensland, Australia	EPM14475	80%
Queensland, Australia	EPM15858	80%
Queensland, Australia	EPM18286	80%
South Australia, Australia	SA 5881	100%

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