ACN 148 860 299

PRELIMINARY UNAUDITED FINANCIAL REPORT

For the year ended 30 June 2020

AUSMEX
MINING GROUP LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Revenue from continuing operations			
Interest income	27	3,695	8,784
Net fair value on derivative liability	14	1,038,402	-
Total income		1,042,097	8,784
Administrative and other expenses		(138,056)	(249,529)
Audit fees		(45,938)	(42,380)
Consulting fees		(580,536)	(191,669)
Corporate services		(10,000)	(95,706)
Directors and officers		(972,617)	(624,000)
Exploration expenses		(4,873,723)	(5,134,810)
Finance costs		(430,428)	(246,643)
Net fair value loss on derivative liability	14	-	(971,985)
Impairment of exploration expenditure		(6,243)	(2,040)
Share based payments expenses	25	(187,064)	(443,741)
Loss before income tax from continuing operations		**(6,202,508)**	**(7,993,719)**
Income tax benefit	4	-	645,978
Net loss for the year from continuing operations		**(6,202,508)**	**(7,347,741)**
Profit after income tax expense from discontinued operations	28	2,715,129	-
Net loss for the year		**(3,487,379)**	(7,347,741)
Net loss after income tax for the year attributable to:			
Members of the parent entity		(3,236,866)	(6,437,030)
Non-controlling interest		(250,513)	(910,711)
Net loss for the year		**(3,487,379)**	**(7,347,741)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Exchange loss on translation of foreign subsidiaries		(3,287)	(3,402)
Total comprehensive loss for the year		**(3,490,666)**	**(7,351,143)**
Net comprehensive loss after income tax for the year attributable to:			
Members of the parent entity		(3,240,153)	(6,440,432)
Non-controlling interest		(250,513)	(910,711)
Net comprehensive loss for the year		**(3,490,666)**	**(7,351,143)**
Loss per share			
Basic loss per share (cents)	19	(0.63)	(1.52)
Diluted loss per share (cents)	19	(0.63)	(1.52)

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

AUSMEX MINING GROUP LTD

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,209,607	4,792,182
Receivables	6	899,336	319,082
Right of use assets	7	203,857	-
Prepayments	8	1,800	1,600
Assets held for sale	9	-	1,070,696
Total Current Assets		4,314,600	6,183,560
Non-current Assets			
Receivables	6	1,000,000	-
Prepayments	8	25,500	40,895
Exploration and evaluation assets	9	1,702,021	1,702,521
Intangible assets	10	1,546	3,232
Property, plant and equipment	11	279,881	291,559
Deferred tax assets	4(c)	468,056	729,694
Total Non-Current Assets		3,477,004	2,767,901
TOTAL ASSETS		7,791,604	8,951,461
LIABILITIES			
Current Liabilities			
Trade and other payables	12	386,512	1,281,809
Lease liabilities	13	112,511	-
Total Current Liabilities		499,023	1,281,809
Non-Current Liabilities			
Lease liability	13	111,691	-
Converting notes	14	331,778	780,965
Derivative liability	14	104,035	1,142,437
Deferred tax liabilities	4(c)	468,056	729,694
Total Non-Current Liabilities		1,015,560	2,653,096
TOTAL LIABILITIES		1,514,583	3,934,905
NET ASSETS		**6,277,021**	**5,016,556**
EQUITY			
Issued capital	15	27,563,988	23,255,135
Reserves	16	1,178,639	2,753,919
Accumulated losses		(21,626,411)	(20,403,816)
Equity attributable to equity holders of the parent		7,116,216	5,605,238
Non-controlling interest	17	(839,195)	(588,682)
TOTAL EQUITY		**6,277,021**	**5,016,556**

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

AUSMEX MINING GROUP LTD

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

Consolidated	Issued Capital $	Share Based Payment Reserve $	Foreign Currency Translation Reserves $	Accumulated Losses $	Non-Controlling Interests $	Total $
Balance at 1 July 2019	23,255,135	2,786,569	(32,650)	(20,403,816)	(588,682)	5,016,556
Loss for the year	-	-	-	(3,236,866)	(250,513)	(3,487,379)
Other comprehensive loss	-	-	(3,287)	-	-	(3,287)
Total comprehensive loss for the year	-	-	(3,287)	(3,236,866)	(250,513)	(3,490,666)
Shares issued	4,000,000	-	-	-	-	4,000,000
Shares issued on exercise of options	22,500	(22,448)	-	22,448	-	22,500
Shares and options issued on converting notes	840,000	-	-	-	-	840,000
Share issue costs	(553,647)	-	-	-	-	(553,647)
Options expired	-	(1,991,823)	-	1,991,823	-	-
Options issued to officers and consultants	-	442,278	-	-	-	442,278
Balance at 30 June 2020	**27,563,988**	**1,214,576**	**(35,937)**	**(21,626,411)**	**(839,195)**	**6,277,021**
Balance at 1 July 2018	15,978,196	2,099,327	(29,248)	(14,131,828)	322,029	4,238,476
Loss for the year	-	-	-	(6,437,030)	(910,711)	(7,347,741)
Other comprehensive loss	-	-	(3,402)	-	-	(3,402)
Total comprehensive loss for the year	-	-	(3,402)	(6,437,030)	(910,711)	(7,351,143)
Shares issued	7,000,000	-	-	-	-	7,000,000
Shares issued on exercise of options	382,500	(136,060)	-	136,060	-	382,500
Shares and options issued on converting notes	600,000	144,000	-	-	-	744,000
Share issue costs	(705,561)	-	-	-	-	(705,561)
Options expired	-	(28,982)	-	28,982	-	-
Options issued to officers and consultants	-	708,284	-	-	-	708,284
Balance at 30 June 2019	**23,255,135**	**2,786,569**	**(32,650)**	**(20,403,816)**	**(588,682)**	**5,016,556**

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

AUSMEX MINING GROUP LTD

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Cash flows from operating activities			
Payments to suppliers and employees – administration		(1,598,864)	(1,209,895)
Payments to suppliers and employees – exploration		(5,838,134)	(4,332,009)
Interest paid		(39,615)	-
Interest received		3,695	8,784
Net cash used in operating activities	22	(7,472,918)	(5,533,120)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(500)	(18,123)
Payment for plant & equipment		(52,394)	(122,079)
Payment for intangible assets		-	(690)
Proceeds from asset sales – net of costs		2,302,721	-
Net cash provided by/(used in) investing activities		2,249,827	(140,892)
Cash flows from financing activities			
Proceeds from issue of shares		4,000,000	7,382,500
Issue costs		(275,934)	(441,069)
Proceeds from converting loans - net of transaction costs		-	1,448,774
Proceeds from issue of options		-	50
Principal lease repayments		(91,785)	-
Net cash provided by financing activities		3,632,281	8,390,255
Net (decrease)/increase in cash and cash equivalents		(1,590,810)	2,716,243
Cash and cash equivalents at the beginning of the financial year		4,792,182	2,075,635
Net foreign exchange differences		8,235	304
Cash and cash equivalents at end of year	5	**3,209,607**	**4,792,182**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements for the Consolidated Entity. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Ausmex Mining Group Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis, except for derivative liabilities which have been measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for goods and services. The financial statements are presented in Australian dollars.

The Company is a listed public Company, incorporated in Australia and operating in Australia. The entity's principal activity is exploration.

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 or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

- *AASB 16 Leases*
  The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which would have previously been classified as operating leases under the principles of AASB 117. As at 30 June 2019 the Group's leasing commitments were nil. The net impact on retained earnings on 1 July 2019 was $nil.

On initial application right-of-use assets were measured at the amount equal to the lease liability using the practical expedient available under AASB 16.
In the Statement of Cash Flows, the Group has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

The adoption of AASB 16 resulted in the recognition of right-of-use assets of $315,987 and lease liabilities of $315,987 in respect of all operating leases, other than short-term leases and leases of low-value assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Impact on adoption of AASB 16 (continued)

	Premises $	Total $
Reconciliation of Right of Use Assets		
Balance at beginning of period	-	-
Additions	315,987	315,987
Depreciation expense for the period	(112,130)	(112,130)
	203,857	203,857

	Premises $	Total $
Reconciliation of Lease Liabilities		
Balance at beginning of period	-	-
Additions	315,987	315,987
Repayments	(131,400)	(131,400)
Interest expense for the period	39,615	39,615
	224,202	224,202

When adopting AASB 16 from 1 July 2019, the consolidated entity has applied the following practical expedients:
- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. Notwithstanding the fact that during the year the Consolidated Entity incurred an operating loss (excluding impairments, fair value adjustments and non-cash share-based remuneration) of $3,294,072 (2019: $6,575,953) and a net cash outflow from operating activities of $7,564,703 (2019: $5,533,120), the Directors are of the opinion that the Company is a going concern for the following reasons:

- Net current assets as at 30 June 2020 were $3,815,577 (2019: $4,901,751);
- The Consolidated Entity has had some preliminary discussions regarding the potential for offtake arrangements based on the copper and gold announcements to date, projects on tenements with Mining Leases and hence considered near term;
- The Directors note that the Consolidated Entity has in excess of 100,000,000 shares available in its placement capacity which could be utilised if a significant investor approached the Consolidated Entity and or a capital raising was considered appropriate;
- In accordance with the contract of sale of the Gilded Rose exploration assets a further $1,500,000 is to be received;
- The company successfully raised $4 million dollars during the year (2019: $7 million dollars), evidence of its ability to raise capital successfully; and
- The Directors also believe that the major shareholders would support the company if requested.

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:

<u>Impairment</u>
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.

<u>Exploration and evaluation expenditure</u>
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.

<u>Share-based Payments</u>
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 25.

<u>Fair value of financial instruments</u>

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ausmex Mining Group Limited as at 30 June 2020 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation (continued)

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

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sale of goods

Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Consolidated Entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Consolidated Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Consolidated Entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 groups 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.

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.

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.

Assets and liabilities held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal groups) and the sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

When the Consolidated Entity is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Consolidated Entity will retain a non-controlling interest in it former subsidiary, after the sale.

When the Consolidated Entity is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Consolidated Entity discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Consolidated Entity discontinues the use of the equity method at the time of disposal when the disposal results in the Consolidated Entity losing significant influence over the associate or joint venture.

After the disposal takes place, the Consolidated Entity accounts for any retained interest in the associate or joint venture in accordance with AASB 139 unless the retained interest continues to be an associate or a joint venture, in which case the Consolidated Entity uses the equity method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	3-10 years
Motor vehicles	8 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

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.

Share-based payment transactions

Equity settled transactions
The Consolidated Entitys Share Option Plan provides benefits to directors of the Company in the form of share-based payments, whereby directors render services in exchange for rights over shares (equity-settled transactions).

The Consolidated Entity has also settled consultancy services in the form of share-based payments, whereby consultants render services in exchange for rights over shares (equity-settled transactions).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

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 23.

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 19.

Converting Notes

Compound financial instruments issued by the Consolidated Entity comprise convertible notes denominated in AUD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued are not fixed.

Convertible notes are recorded as a financial liability and are initially recognised at fair value. Any difference between the proceeds (net of allocated transaction costs) after deducting the derivative liability component and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

The component parts of convertible loans issued are classified separately as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Embedded derivative liability components of convertible notes are initially measured at fair value and are subsequently measured at fair value through profit or loss at the end of each reporting period.

The fair value of the conversion feature is determined using a Black Scholes option pricing model which assumes an option holder will exercise at expiry. One of the inputs is the exercise price or conversion price where a Monte Carlo Simulation model is used to simulate the 5 day VWAP. Transaction costs allocated to the derivative liability are expensed as incurred.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

Comparative information

Comparative information is for the financial year ended 30 June 2019.

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 financial performance. Risk management is carried out under the direction of the Board.

The Consolidated Entity holds the following financial instruments:

	Consolidated 2020 $	Consolidated 2019 $
Financial assets		
Cash and cash equivalents	3,209,607	4,792,182
Trade and other receivables	1,899,336	319,082
	5,108,943	5,111,264
Financial liabilities		
Trade and other payables	386,512	1,281,809
Lease liabilities	224,202	-
Converting notes	331,778	780,965
Derivative liabilities	104,035	1,142,437
	1,046,527	3,205,211

Market risk

Foreign exchange risk

<u>Exposure to foreign currency risk</u>

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.

2. FINANCIAL RISK MANAGEMENT (continued)

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 2020 Weighted average interest rate %	30 June 2020 Balance $	30 June 2019 Weighted average interest rate %	30 June 2019 Balance $
Variable rate instruments				
Cash at bank	0.20%	3,209,607	0.20%	4,792,182
Fixed rate instruments				
Term deposits	-	-	-	-
		3,209,607		4,792,182

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 $32,096 (2019: $23,434), 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.

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:

	2020 $	2019 $
Cash and cash equivalents	3,209,607	4,792,182
Trade and other receivables	1,899,336	319,082
	5,108,943	5,111,264

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:

	2020	2019
Cash at bank and short-term bank deposits		
A-1+[1]	3,209,581	4,786,185
B[1]	26	5,997
	3,209,607	4,792,182
Trade and other receivables		
No default	1,899,336	319,082

[1]The 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.

2. FINANCIAL RISK MANAGEMENT (continued)

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Consolidated Entity first identifying a credit loss event. Instead the Consolidated Entity considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Consolidated Entity makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Consolidated Entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Consolidated Entity assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Consolidated Entity's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Consolidated Entity designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL) except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment.

2. FINANCIAL RISK MANAGEMENT (continued)

Impairment of financial assets (continued)

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 2020	Carrying amount $	Contractual cash flows $	Less than 6 months $	6 – 12 months $	Between 1 and 2 years $
Trade and other payables	(386,512)	(386,512)	(386,512)	-	-
Lease liabilities	(224,202)	(224,202)	(112,511)	(111,691)	-
Converting notes	(331,778)	(331,778)	-	-	(331,778)
Derivative liabilities	(104,035)	(104,035)	-	-	(104,035)
	(1,046,527)	(1,046,527)	(499,023)	(111,691)	(435,813)

30 June 2019	Carrying amount $	Contractual cash flows $	Less than 6 months $	6 – 12 months $	Between 1 and 2 years $
Trade and other payables	(1,281,809)	(1,281,809)	(1,281,809)	-	-
Converting notes	(780,965)	(780,965)	-	-	(780,965)
Derivative liabilities	(1,142,437)	(1,142,437)	-	-	(1,142,437)
	(3,205,211)	(3,205,211)	(1,281,809)	-	(1,923,402)

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 2020 and 30 June 2019, with the exception of derivative financial liabilities. The valuation technique adopted in disclosed in Note 14.

Measured at fair value on recurring basis

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

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

2. FINANCIAL RISK MANAGEMENT (continued)

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.

	Consolidated 2020 $	Consolidated 2019 $
Derivative liabilities:		
Fair value – level 2	**104,035**	**1,142,437**
	104,035	**1,142,437**

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	45,938	44,320
- tax compliance services	6,500	10,500
	52,438	**54,820**

	Consolidated 2020 $	Consolidated 2019 $
4. INCOME TAX		
(a) Income tax (benefit)/expense	-	(645,978)
(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	(3,487,379)	(7,993,719)
Income tax expense calculated at rates noted in (e) below	(959,029)	(2,198,273)
Non-deductible expenses	162,987	400,245
Non-assessable income	(285,561)	-
Other deferred tax assets and tax liabilities not recognised	194,175	(30,102)
Unused tax losses and tax offset not recognised as deferred tax assets	887,429	1,182,152
Income tax (benefit)/expense	-	(645,978)

(c) Recognised deferred tax balances

The following deferred tax assets and liabilities have not been brought to account:

	Consolidated 2020 $	Consolidated 2019 $
Deferred tax assets comprise:		
Losses available for offset against future taxable income - revenue	468,056	729,694
	468,056	729,694
Deferred tax liabilities comprise		
Capitalised exploration expenditure	468,056	729,694
	468,056	729,694

(d) Unrecognised deferred tax balances

The following deferred tax assets and liabilities have not been brought to account:

	Consolidated 2020 $	Consolidated 2019 $
Deferred tax assets comprise:		
Losses available for offset against future taxable income - revenue	3,987,448	2,882,158
Capital raising costs	179,522	158,965
Convertible notes	2,660	-
Lease liabilities	61,656	-
Provisions and accruals	7,563	7,563
	4,238,848	3,048,686

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits thereof.

	Consolidated 2020 $	Consolidated 2019 $
Deferred tax liabilities comprise		
Capitalised exploration expenditure	-	4,984
Intangible assets	425	-
Property, plant & equipment	50,259	-
Right of use assets	56,061	-
	106,745	4,984

		Consolidated 2020 $	Consolidated 2019 $

4. INCOME TAX (Continued)

(e) Income tax benefit not recognised direct in equity

Capital raising costs		**82,069**	**121,294**

(e) Tax Rates

The potential tax benefit in respect of tax losses not brought into account has been calculated at 27.5% (2019: 27.5%.)

5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand		**3,209,607**	**4,792,182**

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

Current			
GST receivable		**97,618**	**317,437**
Grants receivable	**12**	**300,000**	**-**
Sale of exploration assets	**9**	**500,000**	**-**
Other receivables		**1,718**	**1,645**
		899,336	**319,082**
Non Current			
Sale of exploration assets	**9**	**1,000,000**	-

Expected Credit Loss

The Consolidated Entity applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade and other receivables as these items do not have a significant financing component. 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.

7. RIGHT OF USE

Current			
Right of use asset		**203,857**	-

Reconciliation Of Right of Use Assets			
As at 1 July		**-**	-
Additions		315,987	-
Depreciation expense		(112,130)	-
As at 30 June		**203,857**	**-**

	Consolidated 2020 $	Consolidated 2019 $
8. PREPAYMENTS		
Current		
Prepaid exploration expenses	**1,800**	1,600
Non Current		
Exploration bonds	**25,500**	40,395
9. EXPLORATION AND EVALUATION ASSETS		
Exploration and evaluation costs carried forward in respect of areas of interest in the exploration and evaluation phase	**1,702,021**	**1,702,521**
Reconciliation		
As at 1 July	**1,702,521**	2,755,095
Disposal of exploration assets	(500)	-
Impairment of exploration expenses	-	-
Exploration assets acquired	-	18,122
Assets transferred to available for sale #	-	(1,070,696)
As at 30 June	**1,702,021**	**1,702,521**

On 25 May 2020 the Consolidated Entity announced the divestment of the divestment of the Gilded Rose project for a total consideration of $4,000,000. This sale allows for a cash payment of $2,500,000, $500,000 payable by 22 May 2021 and a further $1,000,000 to be paid immediately after the first 10,000 Oz of Gold production or within 2 years of completion whichever should occur first. The carrying value at date of sale was $1,070,696.

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 for the Australian assets while the Mongolian project has been fully impaired.

	Consolidated 2020 $	Consolidated 2019 $
10. INTANGIBLE ASSETS		
Preliminary expenses	**1,546**	**3,232**
Reconciliation		
As at 1 July	3,232	4,777
Preliminary expenses incurred	689	690
Amortisation of preliminary expenses	(2,375)	(2,235)
As at 30 June	**1,546**	**3,232**

	Consolidated 2020 $	Consolidated 2019 $
11. PROPERTY PLANT AND EQUIPMENT		
At cost	395,194	357,948
Accumulated depreciation	(115,313)	(66,389)
Carrying value at 30 June	**279,881**	**291,559**

Reconciliation	***Mining Equipment $***	***Mining Equipment $***
As at 1 July	290,444	205,598
Additions	52,394	122,079
Proceeds on disposal of assets	-	-
Loss on disposal of assets	(795)	-
Accumulated depreciation	(62,162)	(37,233)
As at 30 June	**279,881**	**290,444**

Reconciliation	***Office Equipment $***	***Office Equipment $***
As at 1 July	1,115	2,006
Disposal	(222)	-
Accumulated depreciation	(893)	(891)
As at 30 June	**-**	**1,115**

12. TRADE AND OTHER PAYABLES

Trade creditors	55,062	1,254,309
Unearned income	300,000	-
Other creditors and accruals	31,450	27,500
	386,512	**1,281,809**

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.

Unearned income relates to unpaid expenditure to be offset by the award of a $300,000 South Australian Government Grant under the accelerated discovery initiative.

13. LEASE LIABILITIES

Current		
Lease liability	**112,511**	-
Non Current		
Lease liability	**111,691**	-

Reconciliation Of Lease Liabilities		
As at 1 July	**-**	-
Additions	315,987	-
Repayments	(131,400)	
Interest expense	39,615	-
As at 30 June	**224,202**	**-**

14. CONVERTING NOTE AND DERIVATIVE LIABILITY	Consolidated 2020 $	Consolidated 2019 $
Converting notes	331,778	780,965
Derivative liability at fair value	104,035	1,142,437
	435,813	**1,923,402**

During 2019 15 convertible notes with a subscription value of $100,000 per note were issued raising before costs $1,500,000. The convertible note terms are as follows:

i. Term: 24 months
ii. The Subscription amount is $1,500,000 with a Face Value of AU$1,800,000.
iii. 11,250,000 options were issued over ordinary shares in the capital of the Consolidated Entity to the Subscribers. The options are unlisted and exercisable within 48 months of issue at an exercise price of $0.06695 per option.
iv. The Conversion Price will be the lesser of (i) 90% of the average of 5 daily VWAPs chosen by the Investor from the daily VWAPs for the 20 Trading Days immediately prior to the Conversion Notice Date and (ii) $0.06695 (the Floor Price).
v. There are limitations on conversion of the Convertible Notes where no conversions may occur in the first 3 months, in the period between 3 months and 12 months from the issue date the conversion is limited to the lesser of 10% of the Note value per month and the amount outstanding, unless the Company's market cap exceeds $30,000,000 or reduces below $10,000,000. There is no limit in the period between 12 months and 24 months from issue date.
vi. Where a Noteholder gives a Conversion Notice and the Conversion Price is less than the Floor Price, the Company may (at its option), in lieu of issuing the relevant Conversion Shares to the Noteholders, pay the Noteholders in immediately available funds 104.1667% of the Conversion Amount (being 125% of that part of the issue price referable to the relevant Conversion Notice. If the company allows conversion below the Floor Price instead of exercising its option to buy back the relevant convertible notes, notwithstanding the reference to the maximum number of shares in item 2 above, this number may increase.
vii. At any time, the Company may, in its sole discretion, buy-back any part of the outstanding balance of the Convertible Notes on 10 Business Days' notice to the respective Noteholders.

The number of ordinary shares that could potentially be issued on conversion of the convertible notes is 26,885,735 shares. In accounting for the Convertible Notes the Consolidated Entity has applied AASB 132 which requires that the Notes are separated by nature, represented by the converting loan and embedded derivative liability which is brought to account at fair value. The 11,250,000 share options are accounted utilising a Black Scholes model and treated as a cost of finance.

The financial liability is measured at amortised cost with interest calculated at an effective interest rate which accounts for the full cost of finance (including transaction costs and option costs) and will be released to the profit and loss over the term of the loan. The effective interest rate is 25.97%.

There are no assets pledged as security for the converting notes.

Converting Notes:

During the year the Consolidated Entity recognised convertible notes of $Nil (2019: $1,171,448). The movement in convertibles notes is as follows:

Movements in convertible notes on issue		
Balance at the beginning of the year	780,965	-
Net proceeds of issue	-	1,448,774
Derivative liability at initial value	-	(170,452)
Options at valuations	-	(144,000)
Finance costs	390,813	37,126
Notes converted #	(840,000)	(390,483)
	331,778	**780,965**

Converting Notes:

During the year 7 notes were converted to 19,730,162 ordinary shares (2019: 5 notes were converted to 11,250,00 ordinary shares).

14. CONVERTING NOTE AND DERIVATIVE LIABILITY (Continued)

Derivative Liability

During the year the Consolidated Entity recognised a derivative liability of $ Nil (2019: $170,452) in respect to convertible notes. The movement in derivative liabilities is as follows:

	Consolidated 2020 $	Consolidated 2019 $
Movements in derivative liabilities		
Balance at the beginning of the year	1,142,437	-
Issued during the year	-	170,452
Fair value through the profit and loss	(1,038,402)	971,985
	104,035	**1,142,437**

The Consolidated Entity classifies its derivative liabilities at fair value through the profit or loss (FVPL) on initial recognition. The derivatives are re-measured to fair value at each balance sheet date and movement in that fair value is taken directly to the Statement of Comprehensive Income. The derivative liability is measured at FVPL using a Monte Carlo Valuation model. The model inputs includes the underlying share price, volatility, risk free rate, conversion exercise price and time to expiry.

15. ISSUED CAPITAL

547,568,310 (2019: 480,207,647) fully paid ordinary shares	**27,563,988**	**23,255,135**

(a) Ordinary shares

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

	2020 Number of Shares	2020 $	2019 Number of Shares	2019 $
Balance at beginning of year	480,207,647	23,255,135	404,412,399	15,978,196
Capital raise	47,058,823	4,000,000	58,333,336	7,000,000
Converting notes	19,730,162	840,000	8,961,912	600,000
Exercise of share options	571,678	22,500	8,500,000	382,500
Share issue costs	-	(553,647)	-	(705,561)
Balance at the end of the year	547,568,310	27,563,988	480,207,647	23,255,135

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:

	2020 Number of Options	2020 $	2019 Number of Options	2019 $
Balance at beginning of year	98,955,882	2,786,569	83,279,412	2,099,327
Movement during the year:				
- Corporate advisers	10,000,000	442,278	5,000,000	264,504
- Options reissued to directors #	-	-	6,176,470	266,151
- Options issued to directors	-	-	4,000,000	174,448
- Options exercised	(750,000)	(22,448)	(9,000,000)	(136,060)
- Options expired	(67,750,000)	(1,991,823)	(2,000,000)	(28,982)
- Options issued - Converting notes	-	-	11,250,000	144,000
- Consultants	-	-	250,000	3,181
Balance at the end of the year	40,455,882	1,214,576	98,955,882	2,786,569

15. ISSUED CAPITAL (Continued)

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

11,470,588 options were approved at the Ausmex Annual General Meeting held on 24 November 2017 by shareholders pursuant to Listing Rule 10.11. The Directors' Options were issued out of time, in breach of Listing Rule 10.13.3 and were reversed, the Consolidated Entity took the action of seeking reapproval of the Directors' Options, 6,176,470 were approved by shareholders.

(c) Capital management

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

16. RESERVES

	Consolidated 2020 $	Consolidated 2019 $
Foreign currency translation reserve		
Balance 1 July	(32,650)	(29,248)
Currency translation differences arising during the year	(3,287)	(3,402)
Balance 30 June	**(35,937)**	**(32,650)**
Share based payments reserve		
Balance 1 July	2,786,569	2,099,327
Share options exercised	(22,448)	(136,060)
Options expired were transferred within equity	(1,991,823)	(28,982)
Options issued on converting notes	-	144,000
Share based payments	442,278	708,284
Balance 30 June	**1,214,576**	**2,786,569**

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

This reserve is used to record the value of equity benefits provided to consultants, employees and Directors as part of their remuneration.

During the year ended 30 June 2020 the directors granted 10,000,000 options to consultants (2019: 5,250,000). 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 options was $442,278 (2019: $267,685). Refer Note 25.

17. NON-CONTROLLING INTEREST

	Consolidated 2020 $	Consolidated 2019 $
Interest in:		
Share Capital	25	25
Reserves	-	-
Accumulated losses	(839,220)	(588,707)
Balance 30 June	**(839,195)**	**(588,682)**

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.

17. NON-CONTROLLING INTEREST (continued)

	Spinifex Mining Pty Ltd		QMC Exploration Pty Ltd	
	2020	2019	**2020**	2019
	$	$	**$**	$
Current assets	**517,000**	1,104,091	**7,500**	7,500
Current liabilities	**(5,825,613)**	(4,328,231)	**(1,438,957)**	(1,264,077)
Current net assets	**(5,308,613)**	(3,224,140)	**(1,431,457)**	(1,256,577)
Non-current assets	**2,266,523**	1,260,647	**266,119**	266,119
Non-current liabilities	**-**	-	**-**	-
Non-current net assets	**2,266,523**	1,260,647	**266,119**	266,119
Net assets	**(3,042,090)**	(1,963,493)	**(1,165,337)**	(990,458)
Accumulated non-controlling interests				
Revenue	**2,715,129**	-	**-**	-
Loss for the year/total comprehensive loss	**(3,794,316)**	(4,294,658)	**(258,896)**	(258,896)
Loss allocated to non-controlling interests	**(215,837)**	(858,932)	**(51,779)**	(51,779)
Cash flows from operating activities	**(3,794,316)**	(4,295,158)	**(173,380)**	(258,896)
Cash flows from investing activities	**2,296,935**	-	**(500)**	-
Cash flows from financing activities	**1,497,381**	4,295,158	**173,880**	258,896
Net increase/(decrease) in cash and cash equivalents	**-**	-	**-**	-

18. 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. Aaron Day (**Day Consultancy Agreement**). Under the Day Consultancy Agreement, Mr. Day is engaged by the Company to provide services to the Company in the capacity of Executive Director. Mr. Day will be paid a consulting fee of $14,583 per month (exclusive of GST) plus statutory superannuation as Director's fees as determined by the Board.

The Company has entered into a consultancy agreement with Mr. Trevor Coombe (**Coombe Consultancy Agreement**). Under the Coombe Consultancy Agreement, Mr. Coombe is engaged by the Company to provide services to the Company in the capacity of Non-Executive Director. Mr. Coombe will be paid a consulting fee of $2,500 per month (exclusive of GST) as Director's fees as determined by the Board.

18. COMMITMENTS AND CONTINGENCIES (continued)

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

	Consolidated 2020 $	Consolidated 2019 $
Within one year	269,621	609,000
Later than one year but not later than five years	-	-
	269,621	**609,000**

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 2020 $	Consolidated 2019 $
Within one year	593,000	731,607
Later than one year but not later than five years	2,239,900	753,900
	2,832,900	**1,485,507**

Contingencies

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

19. EARNINGS/LOSS PER SHARE

Basic and diluted earnings/loss per share

	Consolidated 2020 Cents	Consolidated 2019 Cents
Total basic and diluted loss per share attributable to the ordinary equity holders of the company	(0.63)	(1.52)

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

Loss attributable to ordinary shareholders	Consolidated 2020 $	Consolidated 2019 $
Net loss for the year	(3,236,865)	(6,437,030)

Weighted average number of ordinary shares	Number 2020	Number 2019
Weighted average number of ordinary shares outstanding during the year used in calculating basic/diluted EPS	513,137,516	423,217,345

20. KEY MANAGEMENT PERSONNEL

Key management personnel compensation	Consolidated 2020 $	Consolidated 2019 $
Short-term employee benefits	1,175,962	610,765
Post-employment benefits #	305,500	-
Other benefits	-	-
Share-based payments	-	440,600
Total compensation	**1,481,462**	**1,051,365**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 9 - 12.

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 Day, 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 $101,995 (2019: $103,765), none of which was outstanding at 30 June 2020 (30 June 2019: $Nil). This amount is included in the remuneration disclosed for Mr Day in the Remuneration Report.

Messrs Morgan, Kidd and Firek were paid termination payments in accordance with their respective consultancy agreements.

21. SEGMENT INFORMATION

The Board has determined that the Company has two reportable segments, being mineral exploration in Australia and Corporate.

	Mineral Exploration Consolidated 2020 $	Mineral Exploration Consolidated 2019 $	Corporate Consolidated 2020 $	Corporate Consolidated 2019 $	Total Consolidated 2020 $	Total Consolidated 2019 $
Segment income						
Sale of exploration assets	**2,715,129**	-	**-**	-	**2,715,129**	-
Interest received	**189**	1,027	**3,506**	7,757	**3,695**	8,784
Other income	**-**	-	**1,038,402**	-	**1,038,402**	-
Total income	**2,715,318**	1,027	**1,041,908**	7,757	**3,757,226**	8,784
Segment expenses						
Operating expenses	**(4,299,555)**	(5,122,052)	**(1,579,318)**	(1,424,366)	**(6,508,873)**	(6,546,418)
Finance cost	**-**	-	**(430,428)**	-	**(430,428)**	-
Fair value adjustments	**-**	-	**-**	(971,985)	**-**	(971,985)
Share based payment expenses	**-**	-	**(187,064)**	(443,741)	**(187,064)**	(443,741)
Loss before depreciation and amortisation	**(4,229,555)**	(5,122,052)	**(2,196,810)**	(2,840,092)	**(7,126,365)**	(7,962,144)
Depreciation and amortisation	**(117,125)**	(37,535)	**(1,115)**	(2,824)	**(118,240)**	(40,359)
Loss before income tax	**(2,331,362)**	(5,158,560)	**(1,156,017)**	(2,835,159)	**(3,487,379)**	(7,993,719)
Segment assets and liabilities						
Cash	**2,012,191**	68,663	**1,197,416**	4,723,519	**3,209,607**	4,792,182
Other receivables	**2,037,912**	286,438	**65,281**	32,644	**2,103,193**	319,082
Prepayments	**27,300**	42,495	**-**	-	**27,300**	42,495
Assets held as available for sale	**-**	1,070,696	**-**	-	**-**	1,070,696
Exploration and evaluation assets	**1,702,021**	1,702,521	**-**	-	**1,702,021**	1,702,521
Property, plant and equipment	**279,881**	290,444	**-**	1,115	**279,881**	291,559
Intangible assets	**1,546**	1,379	**-**	1,853	**1,546**	3,232
Deferred tax assets	**-**	-	**468,056**	729,694	**468,056**	729,694
Trade and other payables	**(565,678)**	(1,248,008)	**(45,036)**	(33,801)	**(610,714)**	(1,281,809)
Converting notes	**-**	-	**(331,778)**	(780,965)	**(331,778)**	(780,965)
Derivative liability	**-**	-	**(104,035)**	(1,142,437)	**(104,035)**	(1,142,437)
Deferred tax liabilities	**-**	-	**(468,056)**	(729,694)	**(468,056)**	(729,694)
Net assets	**5,495,173**	2,214,628	**781,848**	2,801,928	**6,277,021**	5,016,556
Segment Cashflows						
Net cashflows from operating activities	**(5,877,560)**	(4,330,982)	**(1,595,358)**	(1,202,138)	**(7,472,918)**	(5,533,120)
Net cashflows from investing activities	**2,249,827**	(140,892)	**-**	-	**2,249,827**	(140,892)
Net cashflows from financing activities	**(91,785)**	-	**3,724,066**	8,390,255	**3,632,281**	8,390,255

22. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES TO LOSS FOR THE YEAR

	Consolidated 2020 $	Consolidated 2019 $
Loss for the year	(3,487,378)	(7,347,741)
Adjustments:		
Amortisation	2,375	2,235
Depreciation	63,055	38,124
Foreign exchange	(12,712)	(1,732)
Net loss on disposal of equipment	1,017	-
Net gain on disposal of exploration assets	(2,715,129)	-
Fair value adjustments	(1,018,057)	971,985
Share based payments expense	187,064	443,741
Finance costs	390,813	246,643
Principal lease repayments	91,785	-
Operating loss before changes in working capital and provisions	(6,497,167)	(5,646,745)
Change in trade and other receivables	(80,457)	(231,325)
Change in trade and other payables	(895,294)	990,928
Change in deferred taxes	-	(645,978)
Net cash used in operating activities	(7,564,703)	(5,533,120)

23. 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* 2020 %	Equity holding* 2019 %
Ausmex Mining Limited	Australia	Ordinary	100%	100%
Centreville LLC	Mongolia	Ordinary	100%	100%
Ausmex Resources Pty Ltd	Australia	Ordinary	80%	80%
Spinifex Mining Pty Ltd	Australia	Ordinary	80%	80%
QMC Exploration Pty Ltd	Australia	Ordinary	80%	80%
Ausmex SA Pty Ltd	Australia	Ordinary	100%	100%
NQ Copper Pty Ltd	Australia	Ordinary	100%	-

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

NQ Copper Pty Ltd was incorporated on 29 October 2019.

(c) Key management personnel

Details relating to key management personnel are included in Note 18.

(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 2020 or 2019 financial year.

24. 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.

	2020 $	2019 $
Financial Position		
Current assets	1,262,697	4,756,164
Total assets	3,212,320	7,438,449
Current liabilities	45,036	33,801
Total liabilities	1,210,543	2,686,898
Shareholder's equity		
Issued capital	27,196,463	22,887,610
Reserves	1,274,976	2,786,570
Accumulated losses	(12,223,412)	(20,922,628)
	4,751,552	4,751,552
Financial Performance		
Loss for the year	(1,116,401)	(7,451,105)
Total comprehensive loss	(1,116,401)	(7,451,105)

Contingencies of the Parent Entity

Contingencies of the Parent Entity are noted in Note 18.

Contractual commitments of the Parent Entity

Included in the commitments in Note 16 are commitments incurred by the Parent Entity as follows:

Remuneration commitments

	2020 $	2019 $
Within one year	269,621	609,000
Later than one year but not later than five years	-	-
	269,621	**609,000**

25. SHARE-BASED PAYMENTS

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 8 April 2019 after shareholder approval at the general meeting, the Company issued 5,000,000 unlisted options exercisable at $0.18 on or before 8 April 2022 to the Company's broker in lieu of cash fees for services in relation to the Company's successful capital raise.

On 22 July 2019, the Company issued 3,000,000 unlisted options exercisable at $0.15 on or before 22 July 2022 to the Company's advisors under their agreed mandate.

On 8 November 2019, the Company issued 7,000,000 unlisted options exercisable at $0.15 on or before 8 November 2022 to the Company's broker in lieu of cash fees for services in relation to the Company's successful capital raise.

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 $
8 April 2019	8 April 2022	$0.18	5,000,000	$0.05	$264,492
22 July 2019	22 July 2022	$0.15	3,000,000	$0.06	$187,064
8 November 2019	8 November 2022	$0.15	7,000,000	$0.04	$255,214

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

Number of options	5,000,000		Number of options	3,000,000
Share Price at Grant Date	$0.13		Share Price at Grant Date	$0.14
Exercise Price	$0.18		Exercise Price	$0.15
Valuation Date	8 April 2019		Valuation Date	22 July 2019
Expiration date	8 April 2022		Expiration date	22 July 2022
Life of the Options	3 years		Life of the Options	3 years
Volatility[1]	103.53%		Volatility[1]	105%
Risk Free Rate	2.21%		Risk Free Rate	2.21%

Number of options	7,000,000
Share Price at Grant Date	$0.10
Exercise Price	$0.15
Valuation Date	8 November 2019
Expiration date	8 November 2022
Life of the Options	3 years
Volatility[1]	95%
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.

25. SHARE-BASED PAYMENTS (continued)

b) Consultants Options

On 15 September 2017, the Company issued 3,529,412 unlisted options exercisable at $0.09 on or before 16 November 2021 to consultants.

On 27 June 2019, the Company issued 500,000 unlisted options exercisable at $0.10 on or before 27 June 2021 to consultants under Ausmex Mining Group Limited's Long Term Incentive Plan.

On 27 September 2019, the Company issued 250,000 unlisted options exercisable at $0.10 on or before 27 September 2021 to consultants under Ausmex Mining Group Limited's 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 $
15 Sept 2017	16 Nov 2020	$0.09	3,529,412	$0.061	$ 82,742
27 June 2018	27 June 2021	$0.10	500,000	$0.034	$ 4,628
27 Sept 2018	27 Sept 2021	$0.10	250,000	$0.012	$ 3,181

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

Number of options	3,529,412		Number of options	500,000
Share Price at Grant Date	$0.061		Share Price at Grant Date	$0.034
Exercise Price	$0.09		Exercise Price	$0.10
Valuation Date	15 Sept 2017		Valuation Date	27 June 2018
Expiration date	16 Nov 2020		Expiration date	27 June 2021
Life of the Options	3 years		Life of the Options	3 years
Volatility[1]	97%		Volatility[1]	97%
Risk Free Rate	2.21%		Risk Free Rate	2.21%

Number of options	250,000
Share Price at Grant Date	$0.042
Exercise Price	$0.10
Valuation Date	27 Sept 2018
Expiration date	27 Sept 2021
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 20 June 2019 after shareholder approval at the general meeting, the Company 6,176,470 unlisted options exercisable at $0.09 on or before 16 November 2020 to directors under the Ausmex Mining Group Limited Long Term Incentive Plan.

On 20 June 2019 after shareholder approval at the general meeting, the Company 4,000,000 unlisted options exercisable at $0.195 on or before 20 June 2022 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:

25. SHARE-BASED PAYMENTS (continued)

c) Director Options

Valuation Date	Expiry Date	Exercise Price	Granted during the period Number	Fair value per option at Grant date $	Total fair value $
20 June 2019	16 Nov 2020	$0.09	6,176,470	$0.04	$266,151
20 June 2019	20 June 2022	$0.195	4,000,000	$0.04	$174,448

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

Number of options	6,176,470		Number of options	4,000,000
Share Price at Grant Date	$0.08		Share Price at Grant Date	$0.115
Exercise Price	$0.12		Exercise Price	$0.195
Valuation Date	20 June 2019		Valuation Date	20 June 2019
Expiration date	16 Nov 2020		Expiration date	20 June 2022
Life of the Options	3 years		Life of the Options	3 years
Volatility[1]	97%		Volatility[1]	97%
Risk Free Rate	2.21%		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.

26. EVENTS SUBSEQUENT TO REPORTING DATE

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.

27. REVENUE

		2020 $	2019 $
Interest income		3,695	8,784
Fair value derivatives	14	1,038,402	-
		1,042,097	8,784

28. DISCONTINUED OPERATIONS

On 25 May 2020 the Consolidated Entity disposed of the Gilded Rose exploration licences for $4,000,000 before costs. This sale allows for a cash payment of $2,500,000, $500,000 payable by 22 May 2021 and a further $1,000,000 to be paid immediately after the first 10,000 Oz of Gold production or within 2 years of completion whichever should occur first. The carrying value at date of sale was $1,070,696.