

AUSMON RESOURCES LIMITED

ABN 88 134 358 964

Half-Year Financial Report

31 December 2020

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CORPORATE DIRECTORY

Directors

Boris Patkin – Non-Executive Chairman
John Q Wang – Managing Director
Eric W Y M Sam Yue – Executive Director

Company Secretary

Eric W Y M Sam Yue

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REVIEW OF OPERATIONS

SUMMARY

CORPORATE

- In July 2020, the Company was successful in its application for an allocation by the Commissioner of Taxation of exploration credits of \$150,000 that may be distributed to eligible investors when the Company raises new equity capital and conducts eligible exploration activities in the income tax year ending 30 June 2021.
- In September 2020, the Company raised \$300,000 from the issue of 40 million fully paid ordinary shares at \$0.0075 per share by private placement and in October 2020 under a Share Purchase Plan offered to all shareholders 29,120,000 shares were issued at \$0.0075 per share raising \$218,400 before costs.
- At the Annual General Meeting held on 27 November 2020, shareholders approved the issue of 5 million fully paid ordinary shares at \$0.0075 per share together with a 5 year, interest free, secured with limited recourse, loan of \$37,500 to acquire the shares under the Ausmon Employee Incentive Plan to each of the Directors, Boris Patkin, John Wang and Eric Sam Yue. The shares were issued and allotted on 11 December 2020.
- At the Annual General Meeting held on 27 November 2020 shareholders approved the issue within 3 months of up to 175 million fully paid ordinary shares in accordance with ASX Listing Rule 7.1. On 25 February 2021, 30,000,000 fully paid ordinary shares were issued by private placement raising \$165,000 before costs. The balance of 145 million shares have not been issued by the time of expiry of the approval on 26 February 2021.

EXPLORATION

During the half year period, the Company has managed its operations and exploration programs to avoid significant disruptions from the various restrictions imposed by authorities to contain the spread of Covid-19.

Stirling Vale EL 8747 Cobalt, Gold and Base Metals Exploration, Broken Hill, NSW (100% interest)

- Soil and rock sampling that commenced in the June 2020 quarter was finalised in the September 2020 quarter and the surficial geochemical results received led to the drilling in September 2020 of 10 RC holes for a total of 1,149 m to test a 1.5 km cobalt and base metals exploration target at the Synform West Prospect.
- The results for the 10 RC holes drilled at the Synform West Prospect received in early December 2020 had the following significant intersections:
 - *3 m @ 0.69 ppm gold from 56 m in SVRC006 including 1 m @ 1.52 ppm gold from 57 m;*
 - *1 m @ 2.17% zinc from 120 m in SVRC010; and*
 - *Several 1 m zinc assays from 0.12% to 0.45% in SVRC003 to SVRC010.*

REVIEW OF OPERATIONS (continued)

Kanbarra EL 8745 Base Metals Exploration, Broken Hill, NSW (100% interest)

- Based on the results from a surficial geochemical sampling that was completed in June 2020 the Company ran a ground IP survey of 8 lines of 1.4 km each running NS across the gossan zone at Eaglehawk (formerly named Nth Kanbarra) Prospect to test for base metal sulphide mineralisation to depth of 300 m.
- The ground IP survey defined a 1.5 km of chargeability anomaly prompting for a RC and Diamond Core drilling program for a total of approximately 1,200 m.
- As required by authorities, a “test of significance” was completed in the proposed drill area because of a possible habitat of the Thick-billed Grasswren which is listed as a critically endangered and threatened specie. The report concluded no sighting of the specie and approval for drilling was given by Department of Primary Industry (“DPI”) in early March 2021. Subject to weather and other unforeseen events the drilling program is planned for mid-March 2021.

Enmore ELA 6210, Eureka ELA 6211 and Mt Darling ELA 6212 Cobalt and Base Metals Exploration, Broken Hill (application for 100% interest)

- In February 2021, DPI acknowledged 3 new exploration areas applied for that when granted will expand significantly the Company’s total area of interests for base metals near Broken Hill.

Brungle Creek EL 8954 Cobalt and Base Metals Exploration, Tumut, NSW (100% interest)

- Desk study completed and a Phase 1 field exploration scheduled for the period did not proceed due to Covid-19 travel restrictions and has been completed in February 2021.

Koonenberry EL 6400 Copper Exploration, Broken Hill, NSW (100% interest).

- During the period, no field work has been carried out while various exploration options have been under consideration. Application for renewal of the EL was submitted in March 2021.

Pooraka ELs 8424 and 6413 Gold Exploration, Cobar, NSW (100% interest)

- No field work has been carried out in the period and in February 2021 it was decided to relinquish both ELs as it was assessed that the risks far exceed the exploration potential benefit.

North Pinnacle EL 8746 Base Metals Exploration, Broken Hill, NSW (100% interest)

- A field assessment conducted in June 2020 did not identify significant alteration, veining or mineralisation that warrant further exploration and the tenement was relinquished in August 2020.

REVIEW OF OPERATIONS (continued)

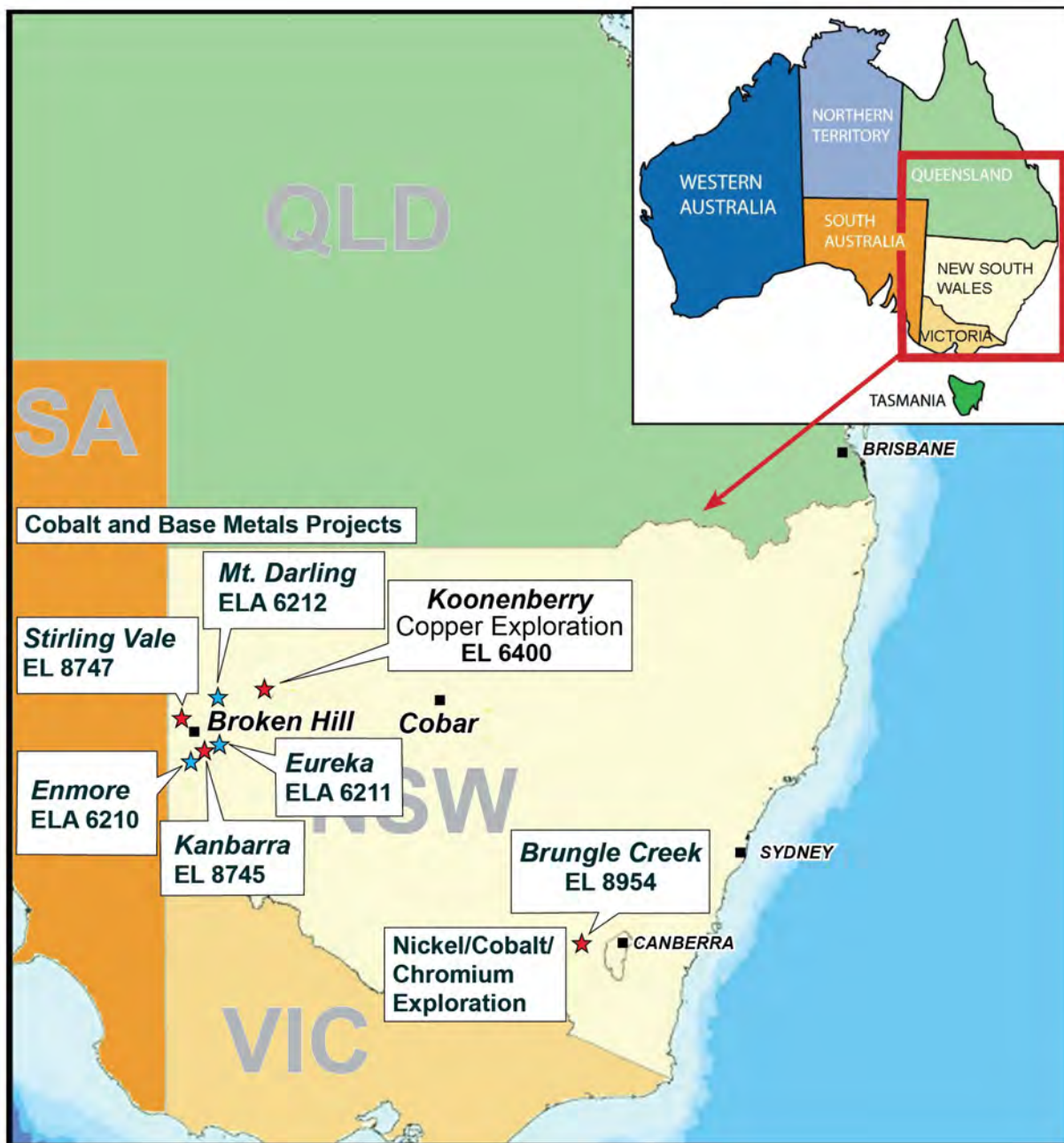


Figure 1: Location of Current Licences and Licence Applications of Ausmon Resources Group

REVIEW OF OPERATIONS (continued)

NSW: BROKEN HILL EXPLORATION AREAS

*ELs 8745, 8746 and 8747, Broken Hill, NSW – 100% interest
Cobalt, Gold and Base Metals Exploration*

The 3 ELs cover an area of approximately 174 km² near Broken Hill and the cobalt development areas of Cobalt Blue (ASX:COB). EL 8746 was relinquished in August 2020 when it was assessed after a field visit that its exploration potential did not meet the Company's criteria.

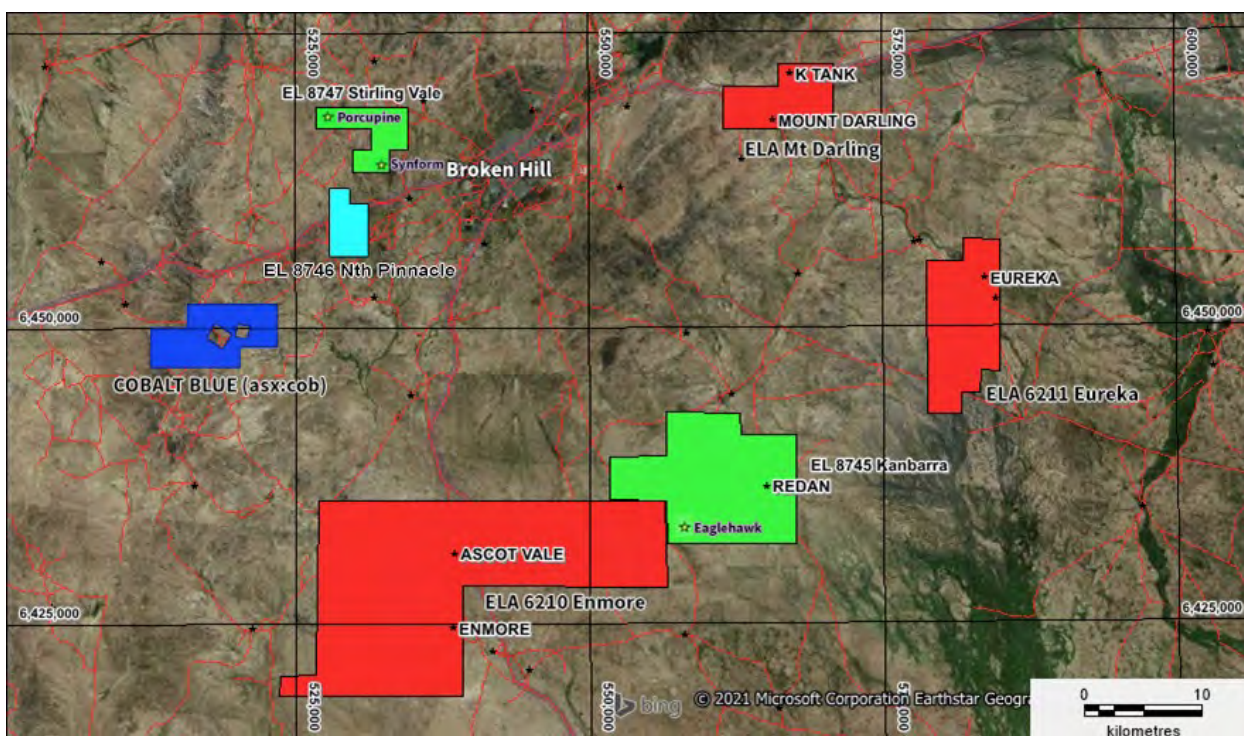


Figure 2: Location of ELs and ELAs near Broken Hill.

Stirling Vale EL 8747 Cobalt, Gold and Base Metals Exploration

This licence is located 15 km north west of Broken Hill.

Synform West Prospect

The soil and rock sampling at Synform West Prospect that commenced in late June 2020 was completed in early July 2020. The samples and their results were as follows:

- 44 soil samples (SVS192 to 235) were collected for geochemical analysis along East-West oriented lines with samples collected every 50 m along the lines in an area comprising amphibolite and garnet amphibolite associated with some quartz veining. The soil samples were sieved to -180 microns and analysed by the Company's Olympus Vanta pXRF. The small soil grid (shown as black stars in **Figure 3**) showed no base metal anomalism association; therefore, exploration has been discontinued in that area.

REVIEW OF OPERATIONS (continued)

- 3 rock samples (shown as red circles in **Figure 3**) were collected from a “garnet sandstone” that was the target of drilling by Pasminco in 1995. The samples were geochemically analysed for gold and multi-elements.

Maximum results were 9,220 ppm arsenic and 0.45 ppm gold and the area was targeted down dip by 8 RC holes (SVRC003 to SVRC010) in the September 2020 program.

Arsenic is a strong indicator of sulphide mineralisation; and as seen by the rock assay results the high arsenic level is associated with an encouraging gold result. During the drilling program, every meter was scanned with the Company’s Olympus Vanta pXRF equipment. As arsenic can be read directly from the pXRF, an indication of possible gold mineralisation was available on site before the gold results from the laboratory analysis are received as the pXRF does not reliably record gold mineralisation. Elevated multi element geochemical results from the pXRF assist in the gold exploration strategy.

- 3 samples (SVP001 to SVP003) from historic core hole DD95STV3 drilled by Pasminco in 1995 near Stirling Vale were collected and submitted to Teale and Associates for mineragraphic, petrological and scanning electron microscope investigations to aid in understanding the mineralised system intersected in DD95STV3.

The highly magnetic interval in Pasminco drill hole DD95STV3 was used as a marker horizon for the current drilling program with the Company using its magnetic susceptibility meter to look for similar areas of elevated magnetics and the possibility of proximity to the mineralised zone. The understanding of where the Cobalt is and the levels of Cobalt enrichment in pyrite is beneficial during drilling in combination with the nature of the host rocks above and below the mineralised zone.

The meta-pelite of SVP001 contains abundant magnetite so this oxidized “cap” may have allowed the pyrite to develop well immediately beneath it in SVP002.

SVP001 – Quartz, sillimanite and potassium rich meta-pelite with abundant magnetite, ilmenite and is relatively oxidised. This is the unit above the mineralised Cobalt zone.

SVP002 – Quartz albite pyrite muscovite gneiss and contains up to 19% primary pyrite and 4% secondary pyrite. The primary pyrite can contain up to 0.6% to 0.8% Cobalt while the secondary pyrite contains approximately 0.3% to 0.4% pyrite. This is the primary mineralised zone in DD95STV3.

SVP003 – Banded albitic gneiss with abundant coarse biotite with up to 2% pyrite. This unit is below the mineralised unit SVP002.

During the field work in June/July 2020, 10 drill sites (SVRC001 to SVRC010) were established with collar and siter grid pegs for a planned RC drilling targeting a 1.5 km exploration area for Cobalt, Zinc and Gold along the western limb of the Stirling Vale Synform.

REVIEW OF OPERATIONS (continued)

After approval was given by the DPI, the drilling originally planned for August 2020 commenced in early September because of non-availability of a driller. Chief Drilling completed the RC drilling at the Synform West Prospect in late September. Heavy rain and flooding during the weekend in Broken Hill areas before the last hole SVRC010 delayed completion of the program by about 3 days.

A total of 1,149 m of RC drilling was satisfactorily completed (**Figure 4**) with 2 holes SVRC001 and SVRC002 testing the outcropping pyritic siliceous zone (PI2) and 8 holes SVRC003 to SVRC010 testing the “cobaltiferous albite gneiss zone” that was intersected by Pasminco drilling in 1995 and sampled by the Company in 2018 also where 3 rock samples collected as described above returned elevated Arsenic values.

Figure 5 shows a cross section which illustrates the relationship of the 1995 Pasminco drilling and the Company drilling in September 2020. The RC drilling aimed to test the following targets shown in **Figure 5** from the left to right on the figure.

1. Cobalt mineralisation within the PI2 zone that outcrops as a discontinuous ridge over 1.5 km of strike with surface assays to 216 ppm Cobalt. Holes SVRC001 and 2 aimed to test that target at 50 m vertically below the surface.
2. Cobalt target associated with pyritic albitic gneiss (20% pyrite) at the contact with overlying metapelite and 1.4 m @ 962 ppm from 130 m to 131.4 m and 0.3 m @ 739 ppm from 131.7 m to 132 m. The pelite above the Cobalt one has an increased % of magnetite which will be a good marker horizon when exploring for the Cobalt mineralisation.
3. Base metals target in pyritic metasediments comprising quartz and gahnite and with similarities to the Broken Hill Lode System. Assays in the target comprise 0.3 m @ 0.07% Zn from 51.9 m to 52.2 m and 0.5 m @ 0.06% Zn from 52.2 m to 52.7 m and up to 6% pyrite. In addition, the interval from 51.5 m to 86.7 m averaged 460 ppm Zn over 35.2 m.
4. Gold target from the resampling of DD95STV3 of 0.3 m @ 0.99 g/t Au from 51.9 m to 52.2 m.

See ASX Releases of 17 July 2018 and 15 June 2020 relating to the information above.

Heavy workload and staff shortage at the laboratory delayed the assay results of the samples from the September 2020 drilling and the results were announced on the ASX on 4 December 2020. The Company is not aware of any new information or data that materially affects the information included in that announcement.

Section SVRC001

SVRC001 was drilled to test beneath the PI2 siliceous pyrite zone and was completed to 80 m. The hole intersected an alternating sequence of granite, psammite and gneiss with narrow zone of pyrite visually estimated between 1% to 2%. A cobalt interval of 1 m @ 275 ppm cobalt from 31 m to 32 m was intersected within a psammite.

Section SVRC002

SVRC002 was drilled along strike to the SW of SVRC001 and was also testing the PI2 siliceous pyrite zone and was completed to 80 m. The hole intersected a similar sequence to that encountered in SVRC001 with a possible down dip intersection of the PI2 Zone. There was no significant cobalt interval.

REVIEW OF OPERATIONS (continued)

Section SVRC003 and SVRC004

This is the northern most drilling of the cobalt target associated with a pyritic albite gneiss with holes SVRC003 and SVRC004 drilled to 80 m and 164 m, respectively. As was the case with most of the drilling along the pyritic albite gneiss trend the drill holes lifted considerably. However, they all intersected the target contact albeit at higher RLs than planned. The holes intersected an alternating gneiss/pelite sequence with several bands of interlayered amphibolite. An interval of 1 m @ 0.12% zinc between 15 m and 16 m in SVRC003 associated with a thin amphibolite layer. SVRC004 was drilled beneath SVRC003 and intersected 1m @ 0.12% zinc in the interval 99 m to 100 m downhole.

Section SVRC005 and SVRC006

These holes intersected a mixed sequence of psammities and pelites (metasediments) above a mixed sequence of granite and gneiss. The 3 m interval between 56 m and 59 m returned 0.69 ppm gold including 1m @ 1.52 ppm gold from 57 m which was associated with elevated arsenic of 0.48%.

Section SVRC007 and SVRC008

Those drill traverse intersected a pelite (metasediment) above a narrow biotite schist then a mixed pelite/gneiss sequence before terminating in a psammite (metasediment). A 5 m interval above the upper intersection of the biotite schist comprised a highly foliated pelite zone with visual estimates of 10% pyrite and quartz. Within SVRC007 which was drilled above SVRC008, intervals of 2 m @ 0.44% zinc from 12 m to 14 m and 1 m @ 0.26% arsenic were encountered.

Section SVRC009 and SVRC010

The highest zinc results of 1 m @ 2.17% zinc was encountered from 120 m to 121 m in SVRC010 and is the only zinc assay >1% encountered in the drilling program. The drill traverse encountered a thick amphibolite unit in SVRC010 above a mixed pelite/gneiss sequence and a lower psammite unit. Similar to traverse SVRC007 and SVRC008 a thin biotite schist unit was encountered lower in the hole and associated with elevated geochemical results of 1 m @ 0.4 ppm gold and 2 m @ 0.14% zinc and 0.4 ppm gold from 49 m to 51m in SVRC009.

Figure 6 shown below is a long section along the length of the 1.5 km drilling trend with the most northern hole, SVRC001 shown bottom right and the most southern holes, SVRC009 and SVRC010 shown in the top left of the long section. See **Figure 3** for a plan view of the drilling with the long section showing lithology, spectral mineralogy, zinc > 250 ppm and gold > 0.25 ppm. Holes SVRC001 and SVRC002 as mentioned previously were drilled to test the PI2 Zone with no anomalous gold, zinc or cobalt results.

Drillholes SVRC003 to SVRC010 intersected a mixed sequence of psammite, gneiss and pelite with a thick unit of amphibolite in SVRC010 and narrow zones of biotite schist. The highest zinc of 1 m @ 2.17% occurs in SVRC010 (most southern drill traverse) within a biotite schist with up to 5% pyrite. The biotite schist is about 3 m in width and dips steeply at approximately 75 degrees to the south east. SVRC009 and SVRC010 intersected the biotite schist at -40 m and -85 m with both intervals having elevated gold to 0.48 ppm in addition to zinc of 0.17% at -40 m and 2.17% at -85 m (vertical depth below surface).

The biotite schist was also intersected in SVRC008, SVRC007, SVRC006 and SVRC004 with no significant zinc or gold assays. Zinc is also elevated in the range of 0.1% to 0.4% in several drill holes in granite, gneiss,

REVIEW OF OPERATIONS (continued)

pelite with the highest gold of 1m @ 1.52 ppm associated with a pelite. The drilling has not defined a significant trend in relation to zinc assays apart from the biotite schist in SVRC009 and SVRC010. The elevated zinc +/- gold along the trend from SVRC003 to SVRC010 requires further investigation possibly utilising ground electrical geophysics such as IP to define deeper targets.

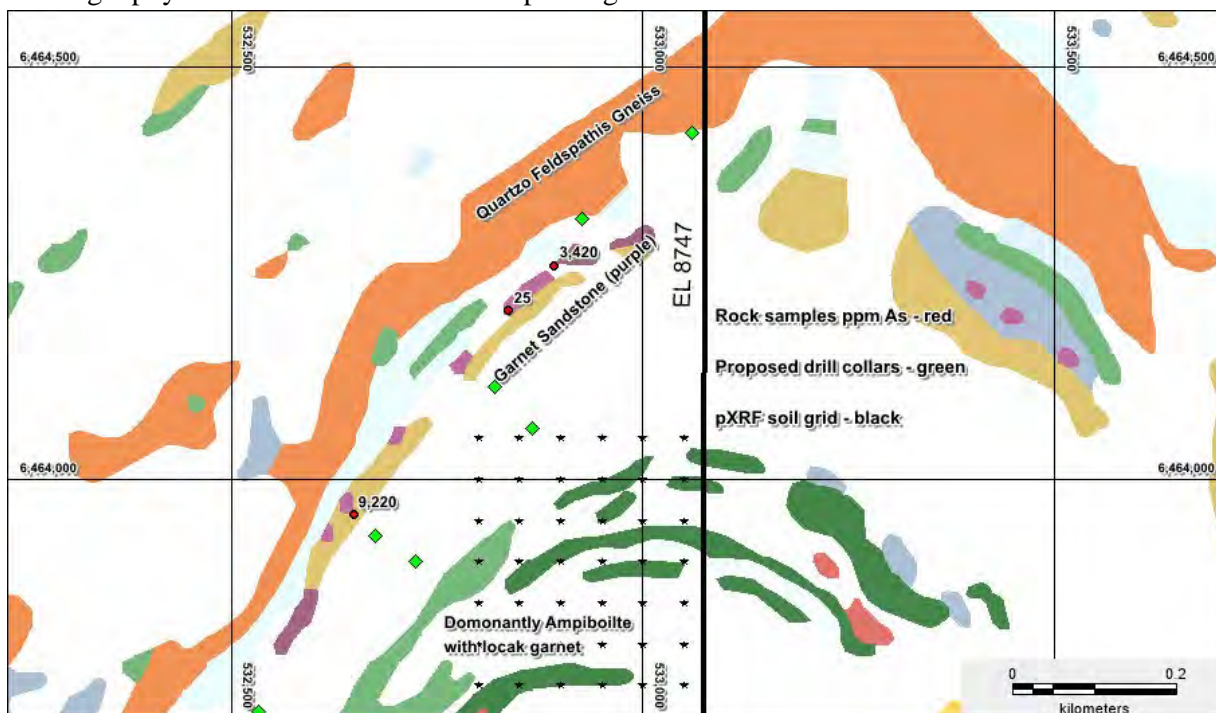


Figure 3 -Synform West Prospect showing the rock samples collected from the “garnet sandstone” unit

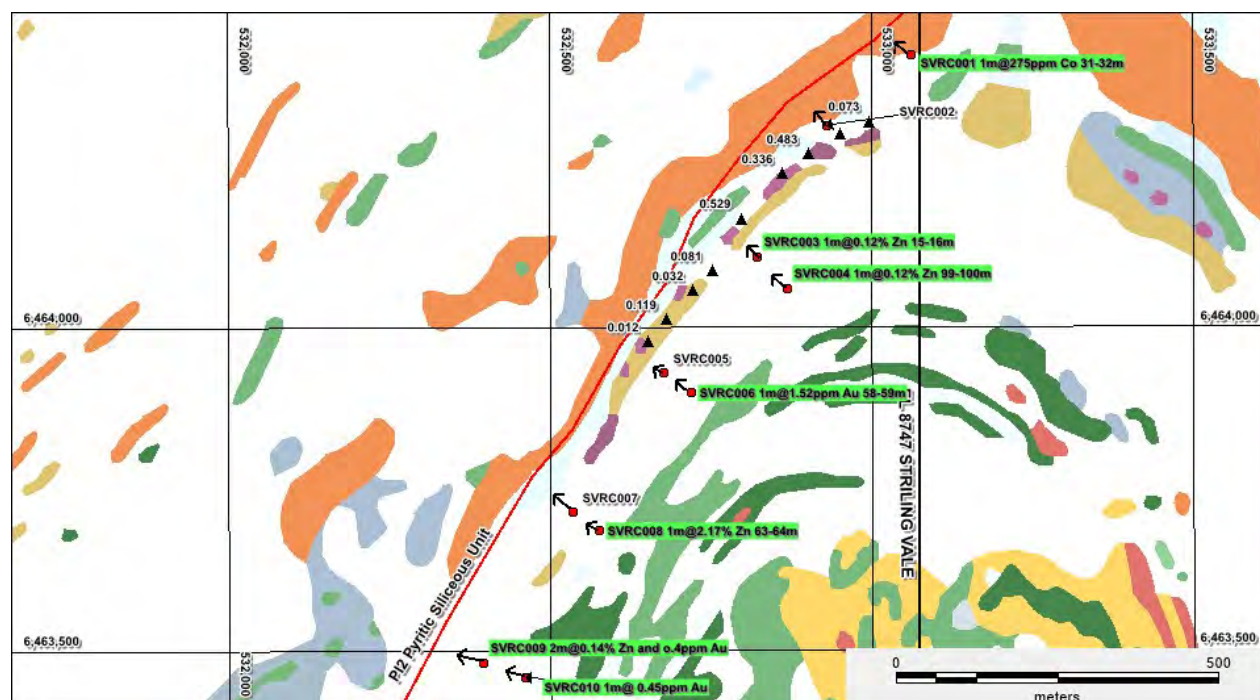


Figure 4: Synform West Prospect drill collars SVRC001 to SVRC010 significant drilling intersections and ppm Au in rock chip samples of the garnet sandstone(purple)

REVIEW OF OPERATIONS (continued)

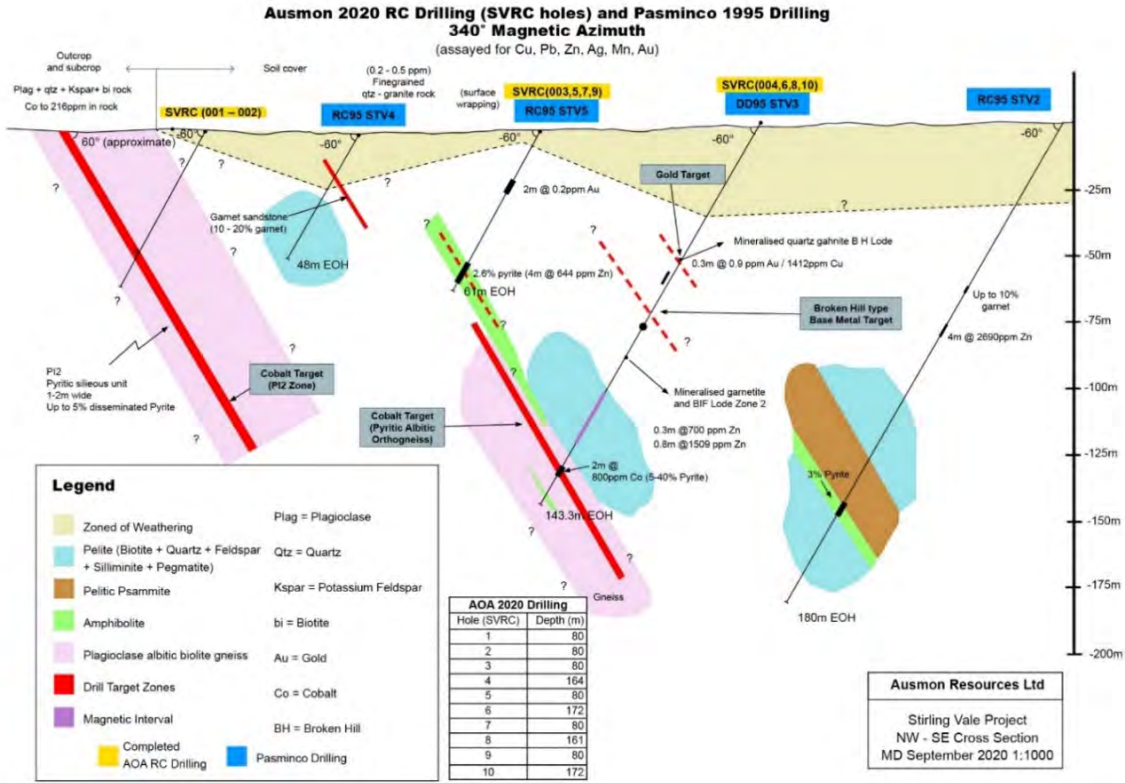


Figure 5: Cross section of Ausmon September 2020 RC Drilling and Pasmenco 1995 Drilling

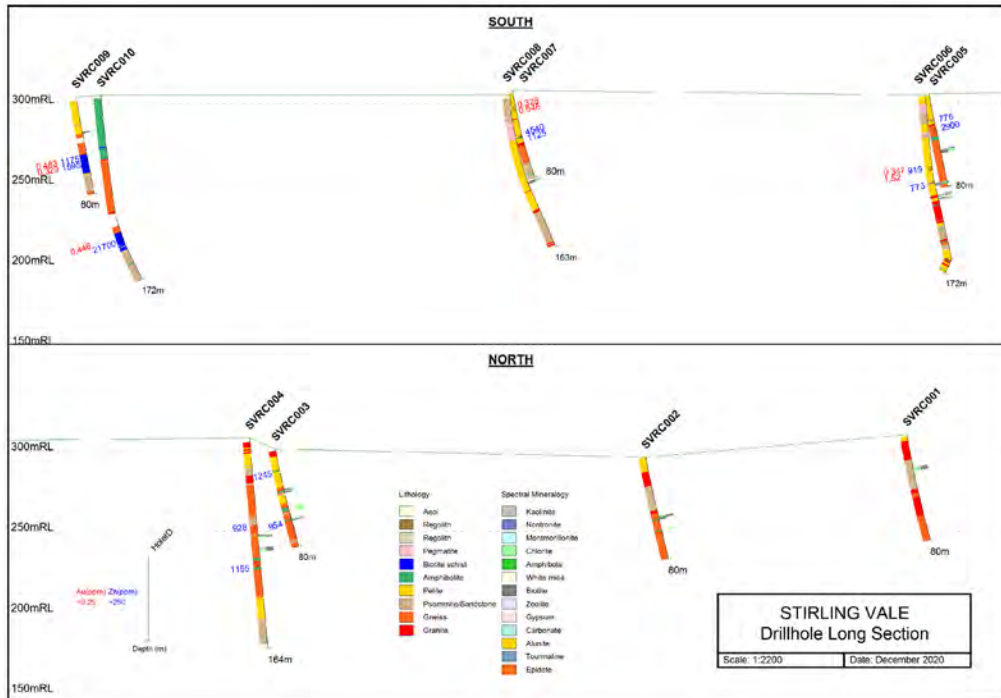


Figure 6: Synform West Prospect Long Section along the trend of the drilling

REVIEW OF OPERATIONS (continued)

Assessment: PI2 Zone

The PI2 pyritic siliceous zone is a distinctive surface layer that extends intermittently along the length of the western limb of the Stirling Vale Synform (**Figure 4**) and at its northern end is up to 2 m wide. Rock sampling and surface sampling in 2019 (ASX announcement 15 January 2020) returned assays to 216 ppm cobalt at the northern end of the PI2 Zone. Drill holes SVRC001 and SVRC002 planned to intersect the PI2 zone at 50 m below the surface at the northern end returned a best intersection of 1 m @ 275 ppm cobalt. The results indicate the drilled area in the PI2 zone is not enriched in cobalt or base metals.

Orthogneiss with Cobaltiferous Pyrite

In 2018, the Company sampled the historic Pasmenco 1995 drill hole DD95STV3 that was not previously sampled and reported the assay results (ASX announcement 17 July 2018). A zone of cobaltiferous pyrite was noted within an albitic orthogneiss and returned assays of 1.4 m @ 962 ppm cobalt from 51.9 m to 52.2 m and 0.3 m @ 739 ppm cobalt from 52.2 m to 52.7 m. DD95STV3 was targeted to intersect a garnetiferous sandstone unit which was sampled by Pasmenco and returned gold assays to 0.529 ppm but was not sampled for cobalt as that was not a target in 1995.

The Company collected 3 samples of the garnetiferous sandstone in 2020 and returned gold to 0.45 ppm (ASX announcement 10 August 2020) and insignificant cobalt. Hole DD94STV3 was plotted and from the core logging the Company identified the dip and strike of the Orthogneiss contact with overlying Psammites and the dip and strike of the cobaltiferous pyrite within the Orthogneiss.

8 holes were planned (SVRC003 to SVRC010 – **Figure 4**) on 4 drill traverses to intersect the cobaltiferous pyrite unit at 50 m and 100 m below the surface along 1.5 km of strike. The holes were testing cobalt, gold and lead/zinc targets based on the logging and assaying of DD95STV3. There were few significant gold assays with the highest result being 1 m @ 1.52 ppm gold in SVRC006 from 58 m to 59 m in a psammite.

There were no significant cobalt results in any of the holes and the cobalt associated with a narrow amphibolite. It is highly likely that the cobaltiferous pyrite intersected in DD95STV3 has limited extents. In the relogging of DD95STV3 it was noted there were similarities to the Broken Hill lode unit type rocks including 0.3 m @ 0.07% zinc, 0.4% copper and 0.99 g/t gold from 51.5 m to 52.2 m downhole and 0.5 m @ 0.06% zinc, 0.04% copper and 0.3 g/t Au from 52.2 m to 52.7 m downhole within a broader anomalous zinc zone from 51.5 m to 86.7 m downhole (ASX announcement 17 July 2018). The current drilling returned a maximum assay of 1 m @ 2.17% zinc from 63 m to 64 m downhole in SVRC008.

Porcupine Prospect

From review of historic data, the Company identified the Porcupine Prospect that was described in a Projects Presentation released to the ASX on 22 December 2020. It is located in the NW of Stirling Vale EL 8747 (**Figure 7**) with limited previous exploration that comprised shallow drilling generally <20 m except for two drillholes APN1 of 159.3 m and APN2 of 121.6 m completed in the far NW of the tenement and targeting a garnet/gahnite sandstone outcrop. The prospective garnet/gahnite sandstone (red) which is locally gossanous with elevated zinc in rock geochemistry remains essentially untested for base metal mineralisation. A grid based geochemical sampling is planned across the area shown in **Figure 8** using the Company's Olympus Vanta pXRF in mid-March 2021.

REVIEW OF OPERATIONS (continued)

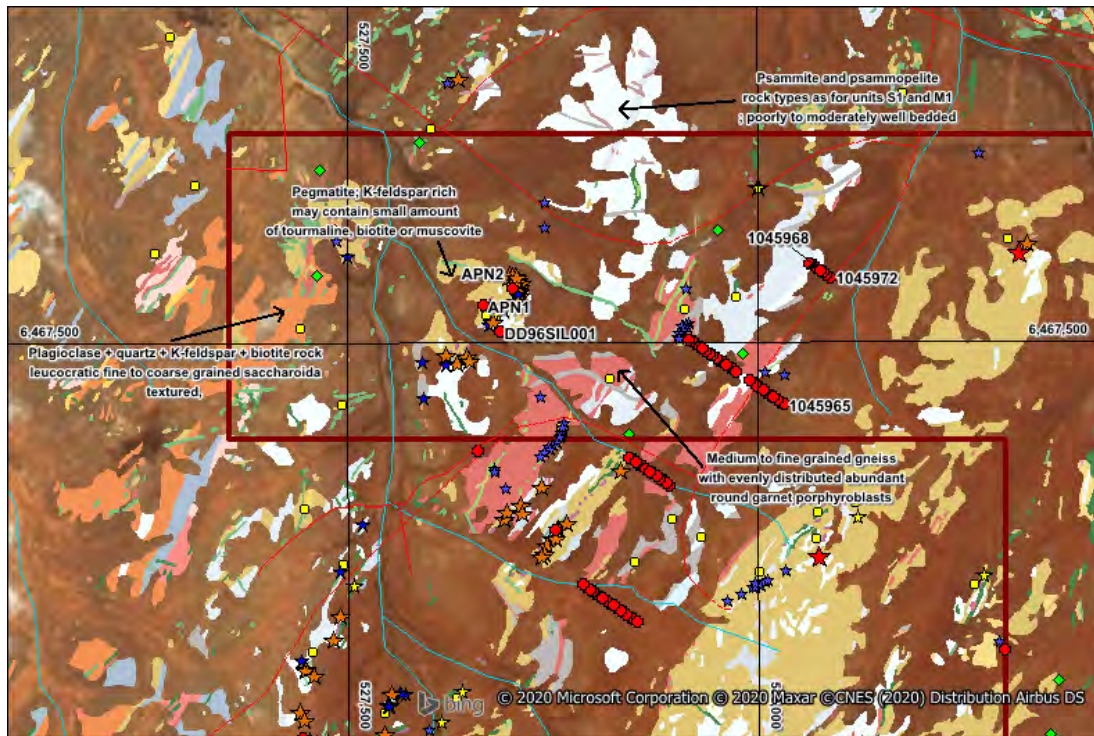


Figure 7: Porcupine Prospect showing outcrop geology, drill collars (red) and zinc in rock chips (stars)

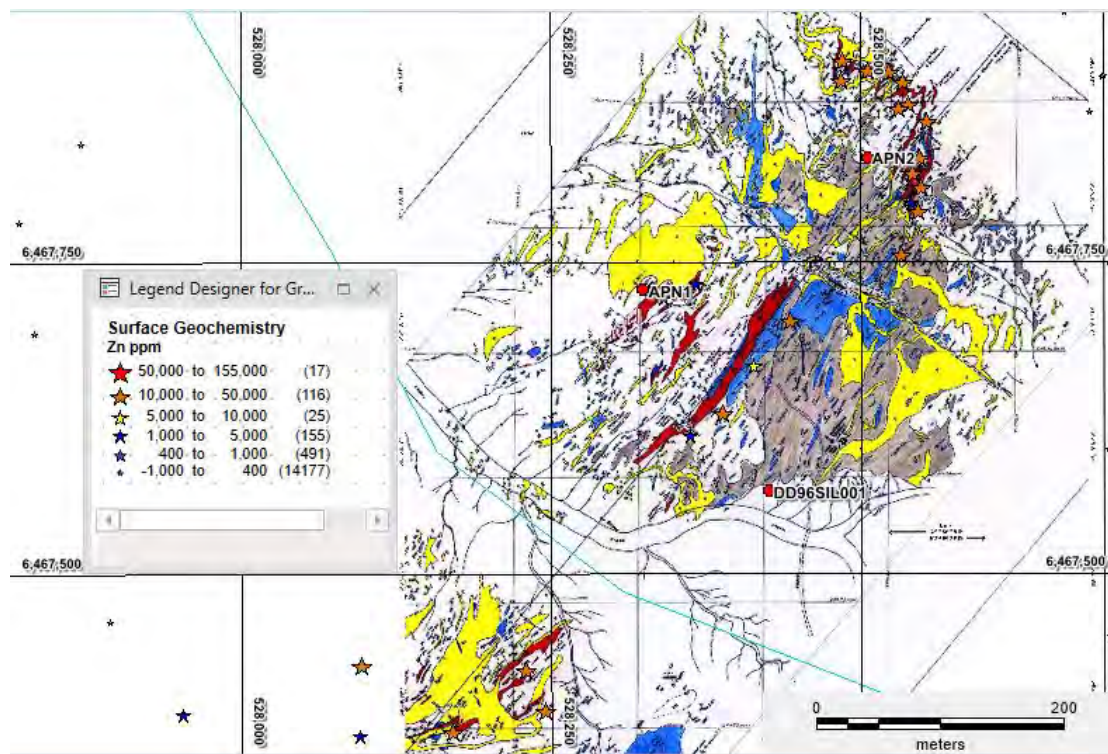


Figure 8: Porcupine Prospect showing detailed outcropping mapping, zinc in rock chips as stars and the only drilling completed in the area

REVIEW OF OPERATIONS (continued)

Kanbarra EL 8745 Base Metals Exploration

This licence is located 30 km south east of Broken Hill with extensive recent cover.

During the June/July 2020 field work at three prospects, shown in **Figure 9** – Nth Kanbarra, Sampson’s Dam and Long Tank, a total of 286 soil samples (SVS 192 to SVS 235) and 16 rock samples (KAR001 to KAR016) were collected. The soil samples were collected in paper geochemistry bags and all samples were scanned with the Company’s Olympus Delta pXRF equipment for multi-element geochemistry.

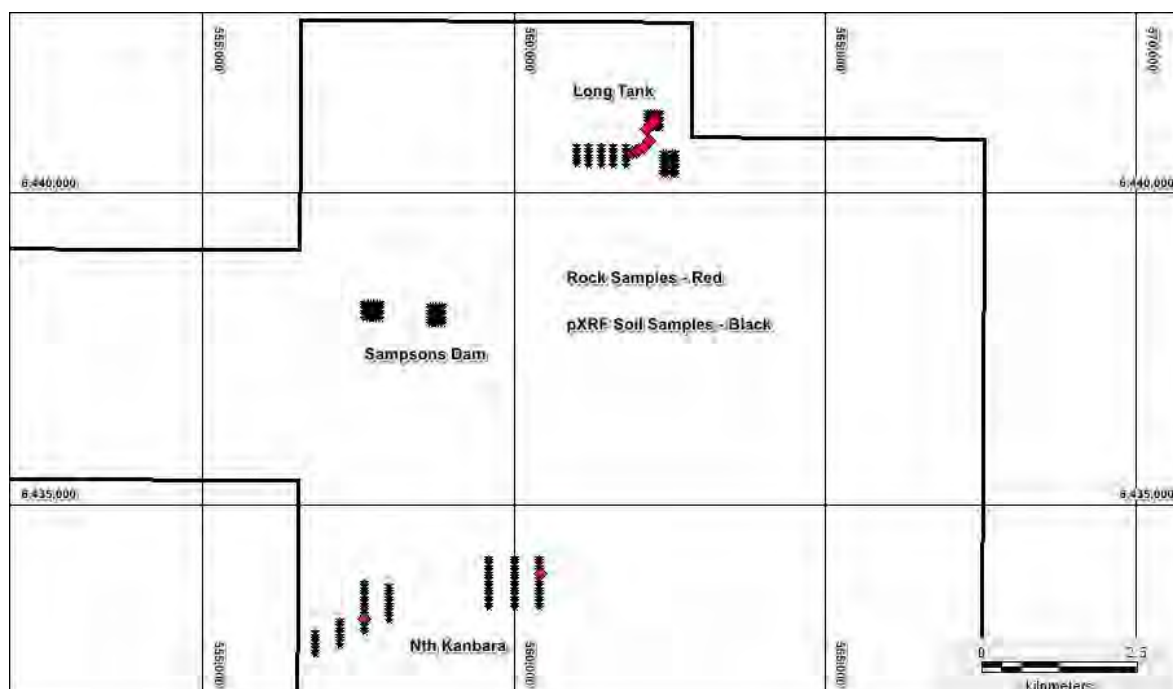


Figure 9: Kanbarra soil (black) and rock (red) sampling locations

Nth Kanbarra Prospect

The soil sampling at Nth Kanbarra confirmed the Zinc anomalism associated with a small outcropping gossan. The prospect has been renamed to Eaglehawk so as to distinguish it from the licence name of Kanbarra.

Field exploration in the area had discovered a small outcrop of siliceous limonite gossan (locally brecciated) and gossan float over a 20 m² area (Figure 10) with boxwork texture. The only other outcrop comprises quartz feldspar gneiss mapped by the Geological Survey of NSW as part of their 1:25,000 geological mapping program of the Broken Hill Area. During the soil sampling (ASX announcements: 6 July 2020 and 10 August 2020) some small pieces of rock float (not in situ) were noted to the SW of the gossan outcrop. The gossan itself (**Figure 10**) returned assays to 340 ppm Cu, 37 ppm Zn and 52 ppm Co. The occurrence of a small gossanous zone and a broader Zn in soil anomaly in addition to extensive sediments that are likely to have masked or subdued the surface geochemical response led to the decision to carry out a Ground IP survey to explore for sub surface base metal sulphide mineralisation.

REVIEW OF OPERATIONS (continued)

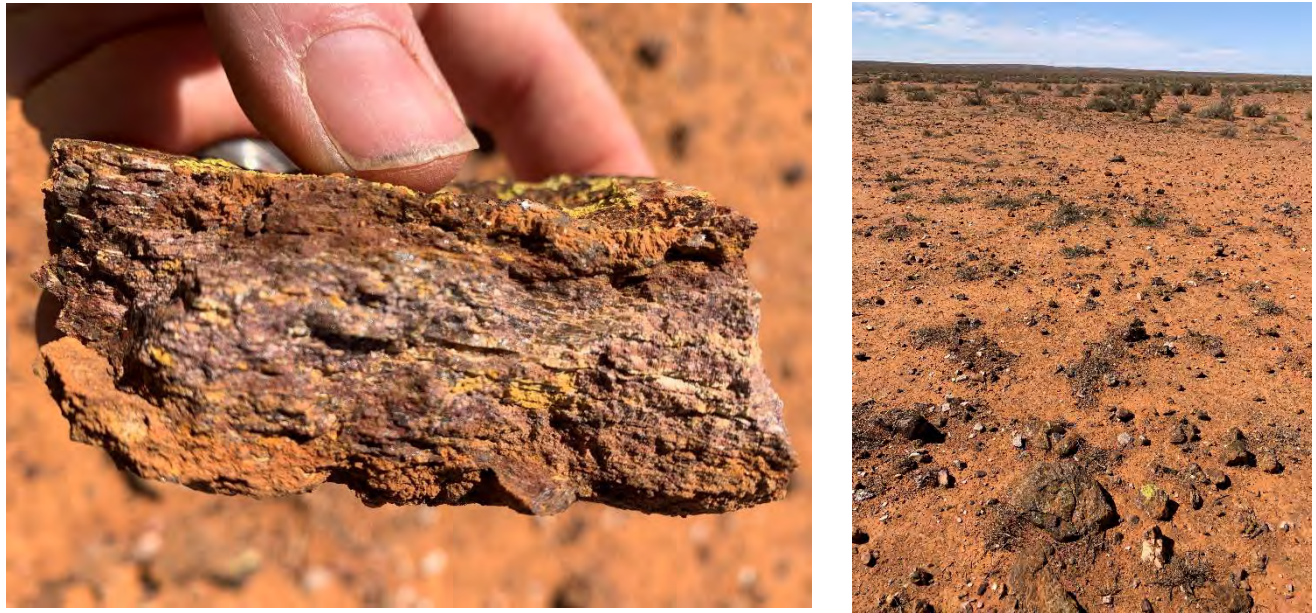


Figure 10: Eaglehawk Prospect showing siliceous limonite gossan (TL) and the outcropping “gossan zone” (BR)

Figure 11 shows the Eaglehawk Area and the outcropping gossan in red. The gossan is elevated in Zinc (Zn) and Copper (Cu) and the soil sampling defines a NE-SW zone of elevated Zn in soil.

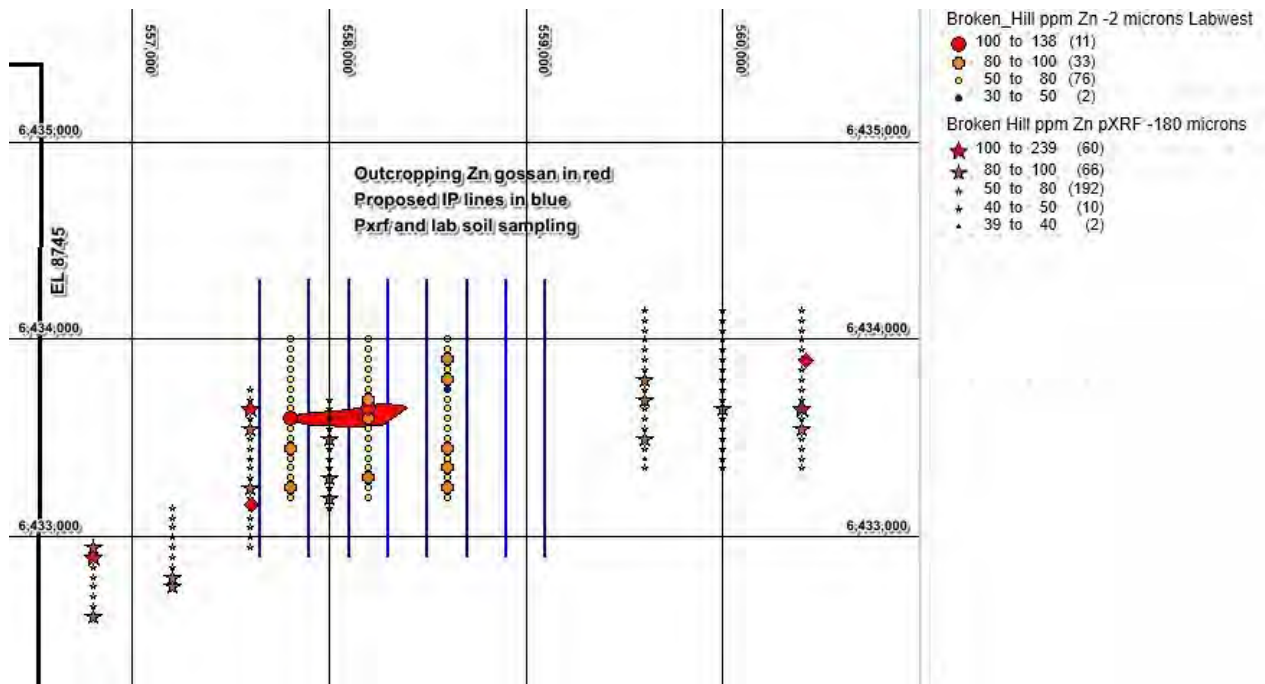


Figure 11: Eaglehawk Prospect showing the geochemically anomalous zone, outcropping gossan and the IP survey lines in blue

REVIEW OF OPERATIONS (continued)

In 2009, Eaglehawk Geological Consulting, a previous operator of the area, completed a 57 hole Rotary Airblast (RAB) drilling program (see the Company’s ASX release of 22 September 2020 for JORC and Assay Tables) for 1,696 m. Samples were collected at the bottom of each hole and some other mineralised altered intervals in the holes. **Figure 12** shows the key geological/geochemical results from the 2009 RAB drilling program in addition to the 8 lines of the September 2020 IP survey of the Company in blue. The Company is not aware of any new information or data that materially affects the information included in the ASX release of 22 September 2020.

The central red hatched area comprises a “gossan zone” between IP lines 2 and 4 with a limited surface expression. To the south of the “gossan zone” as observed in the drill holes the metasediments with local hematite alteration and brecciation while to the north is a zone of metasediments with localised quartz and gossan between IP lines 3 and 8. Geochemical results from the drilling highlighted a zone of Zn (green) to 500 ppm and Cu (blue) to 1,900 ppm between IP lines 3 and 6 flanked by Zn to 500 ppm to the north and south.

In late August 2020, the Company secured for the Ground IP Survey the services of Merlin Geophysical Solutions who were already in the area and therefore avoided the usual delays and costs associated with mobilisation of equipment and crew. The survey comprised 8 lines of 1.4 km long N-S oriented across a 1.5 km base metal exploration target within the elevated Zn in soil zone which encompasses the outcropping “gossan zone” identified from the sampling results. The lines spaced 200 m apart used the dipole-dipole array method with 50 m electrode spacing and were long enough to give 300 m depth penetration.

As each line is completed the data was processed to define any targets early as the survey progresses. The survey was completed on 11 September 2020. Rama Geoscience completed 2D and 3D modelling of the acquired IP data and an overall interpretation was carried out to identify any sub-surface targets for test drilling.

Line	South	North	Length
557700E	32900N	6434300N	1400
557900E	32900N	6434300N	1400
558100E	32900N	6434300N	1400
558300E	32900N	6434300N	1400
558500E	32900N	6434300N	1400
558700E	32900N	6434300N	1400
558900E	32900N	6434300N	1400
559100E	32900N	6434300N	1400

Table 1: Nth Kanbarra IP Survey Specifications – MGA54 Coordinates

REVIEW OF OPERATIONS (continued)

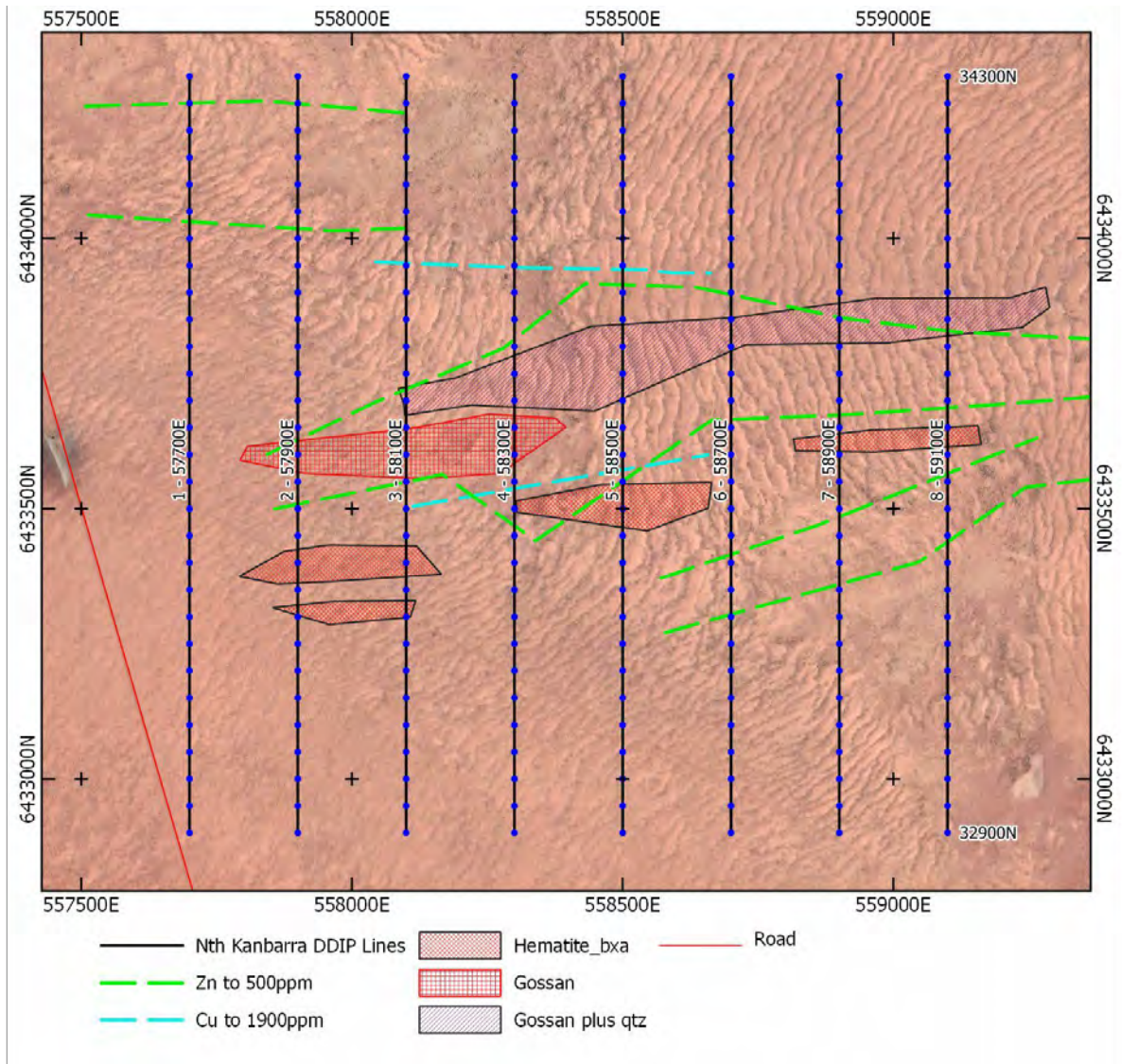


Figure 12: Nth Kanbarra geological/geochemical zone as defined by Eaglehawk 2009 drilling

The IP resistivity models suggest there is a conductive surface layer of up to 50 m thickness over most of the Nth Kanbarra area. Below this layer the basement is resistive.

The IP chargeability model defines two chargeable sources which have been resolved into well-defined chargeable zones by inversion modelling (**Figure 13**). The strongest source is centred around 558325E 6433600N with its core at a depth of around 160 m. It is oriented roughly EW with a strike length of around 500 m, a width of around 100 m and the 3D inversion model indicates it has significant depth extent. The second source is to the east at 558940E 6433450N and shallower at 140 m depth. This source is also smaller being around 150 m x 80 m in size, and with limited depth extent. Both sources appear to be located along an EW structure.

The Company has planned to first drill test the larger anomaly (NK1 to NK4) shown in red and depending on the results to later drill test the lower tenor anomaly to the south east. 1,200 m drilling is planned with the initial

REVIEW OF OPERATIONS (continued)

drill holes designed to intersect the main zone at -150 m and -250 m below the surface. **Figure 14** illustrates a cross section of the proposed initial drill holes NK1 and NK2 and how it will test the high chargeability zone at two positions in the chargeability high. Proposed holes NK3 and NK4 will test similar positions in the chargeability high to the west. NK5 will be drilled to test the smaller anomaly to the east.

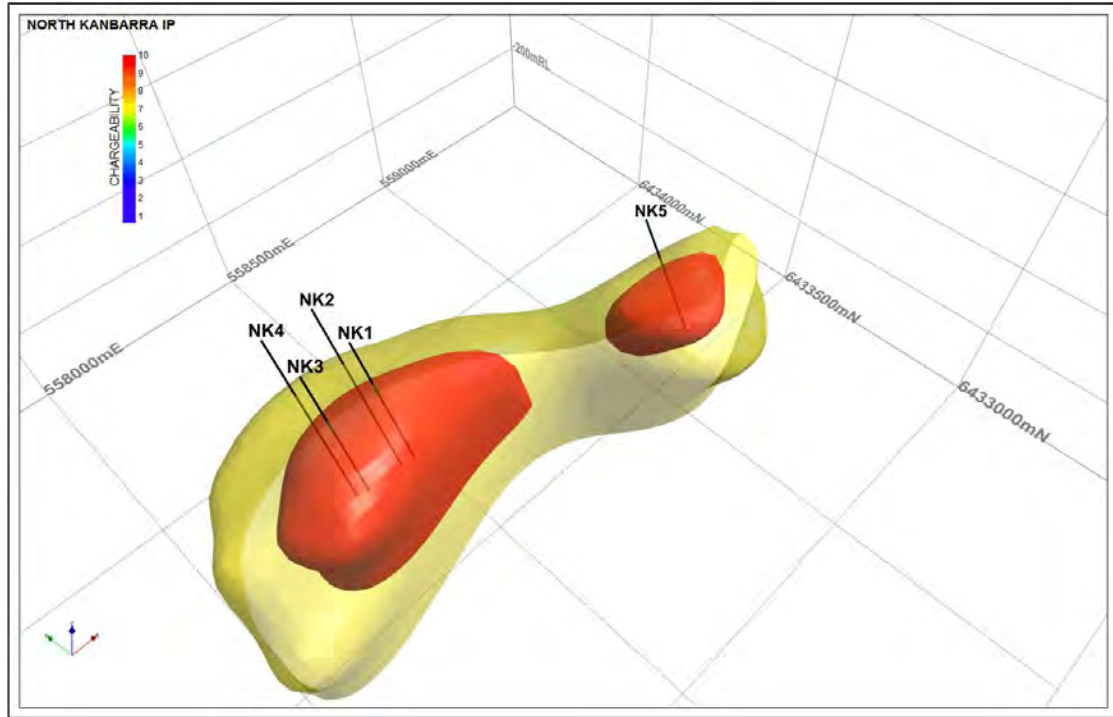


Figure 13: Nth Kanbarra IP 3D chargeability model showing proposed drill holes NK1 to NK5.

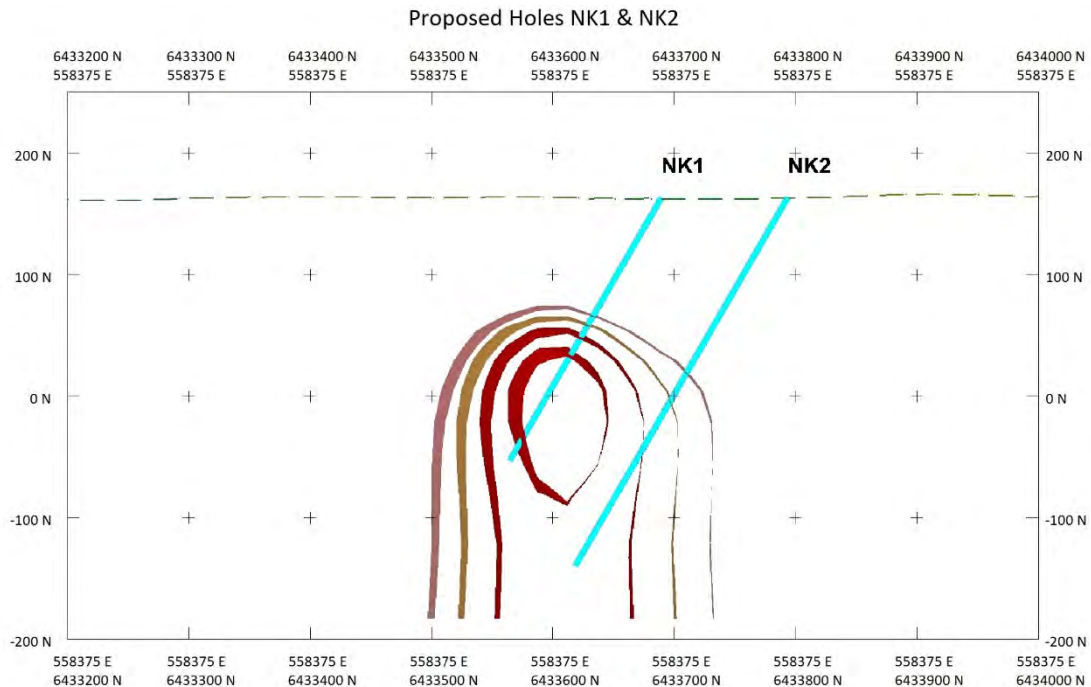


Figure 14: Proposed drill holes PH1(NK1 and NK2) at Nth Kanbarra (light blue). Shells are high chargeability from 10 mV/V to 14 mV/V. Coordinates are GDA94/MGA54.

REVIEW OF OPERATIONS (continued)

In October 2020, the Company has applied with the DPI for approval of the drill holes at the selected sites at Eaglehawk and the DPI requested a “test of significance” in the proposed drill area because of a possible habitat of the Thick-billed Grasswren which is listed as a critically endangered and threatened specie. A report completed in December 2020 concluded with no sighting of the specie. In early March 2021, the DPI gave its approval for the drilling. The crew and the driller have been engaged to commence the drilling program in mid-March 2021 subject to weather and any unforeseen events.

Long Tank and Sampson’s Dam Prospects

The Long Tank prospect (**Figure 15**) comprises several banded chert units with up to 2% disseminated pyrite extending over several hundred meters. The pyritic cherts form linear low ridges. Rock sampling along the ridges produced results not encouraging for gold and base metal with a small area of elevated Zn in the SE of the prospect. This area may be further assessed at a later time.

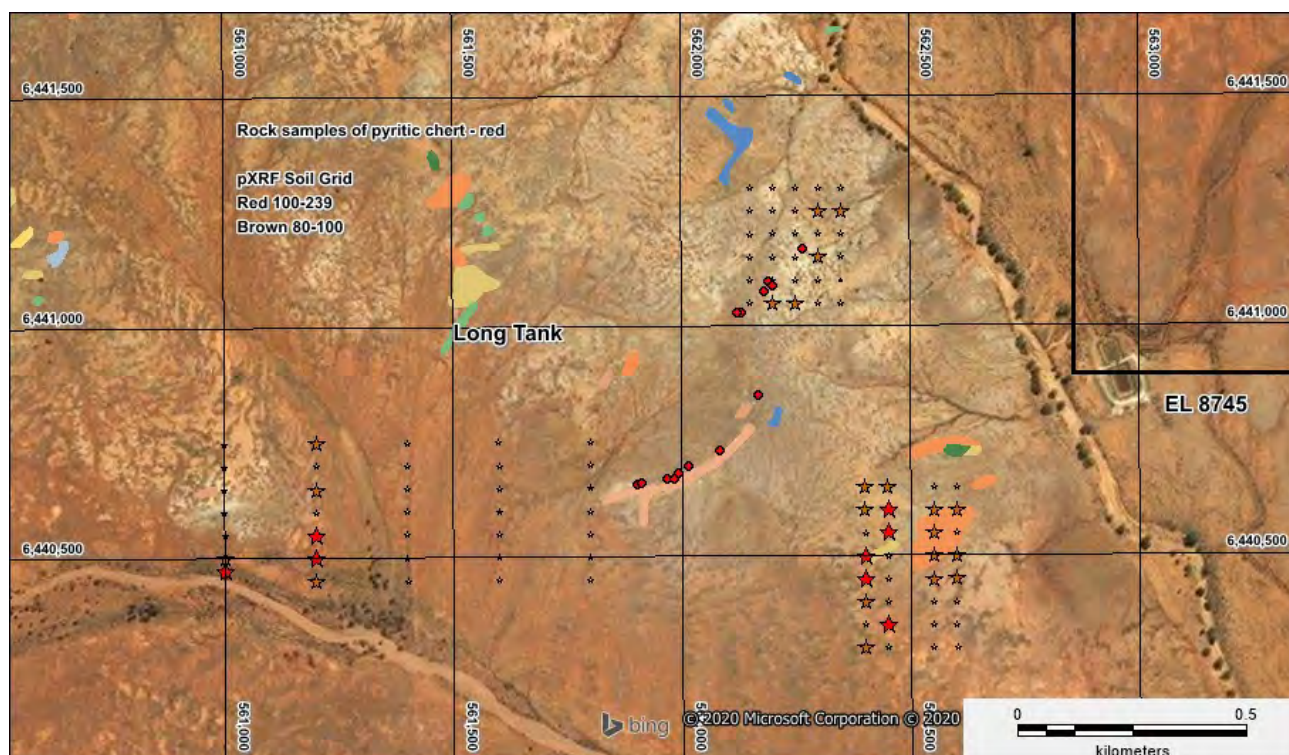


Figure 15: Long Tank Prospect showing the Zn in soil results and rock sample

The sampling of the Sampson’s Dam area was also not encouraging for further exploration with only very narrow gossanous zones located and low base metal geochemistry.

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REVIEW OF OPERATIONS (continued)

NSW: BRUNGLE CREEK EXPLORATION AREA

*Brungle Creek EL 8954 near Tumut in NSW – 100% interest
Cobalt, Nickel, Chromite, Gold and Base Metals Exploration*

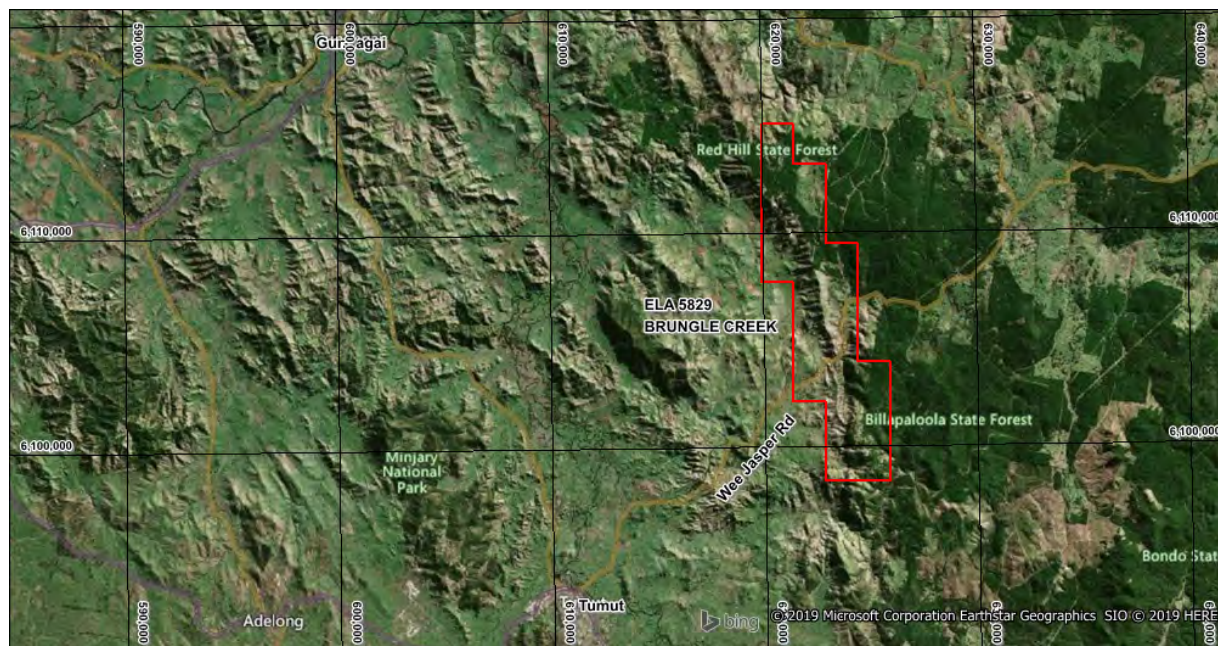


Figure 16 – Brungle Creek location map

The tenement is located 15 km north east of Tumut and 15 km east of Gundagai with the tenement following the serpentine ridge of the Honeysuckle Range, as shown in **Figure 16**.

The Company has finalised the review of all available historical exploration, has contacted selected landholders for access for field-based work and obtained the required permit for access to the State managed forests. On re-occurrence of Covid-19 spread in Sydney in late November 2020, the State Government sanctioned non-essential travel to regional NSW. The field work had consequently been postponed and following easing of travel restrictions to regional NSW the Phase 1 field work was completed in early March 2021 with initial results announced to ASX on 4 March 2021. The results will assist to determine the nature and extent of a Phase 2 program that is planned for May 2021. The Company is not aware of any new information or data that materially affects the information included in the announcement of 4 March 2021.

The primary aim of the Phase 1 field trip was to visit as many of the historical mineral occurrences as possible, carry out pXRF sampling and a geological evaluation of each site. Not all landholders were able to be contacted prior to the field visit so the historical mineral occurrences located in the southern half of the tenement will be inspected during the Phase 2 exploration program. All landowners contacted in the field are supportive of the Company’s exploration program and assisted the field crew with their knowledge of local access to the exploration sites.

Figure 17 shows the distribution of historical sites in blue dots and the sites visited marked with a yellow star in relation to the tenement boundary in red and the State Forest in green. A few sites were not located during this field visit and further inspections will be carried out in Phase 2.

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REVIEW OF OPERATIONS (continued)

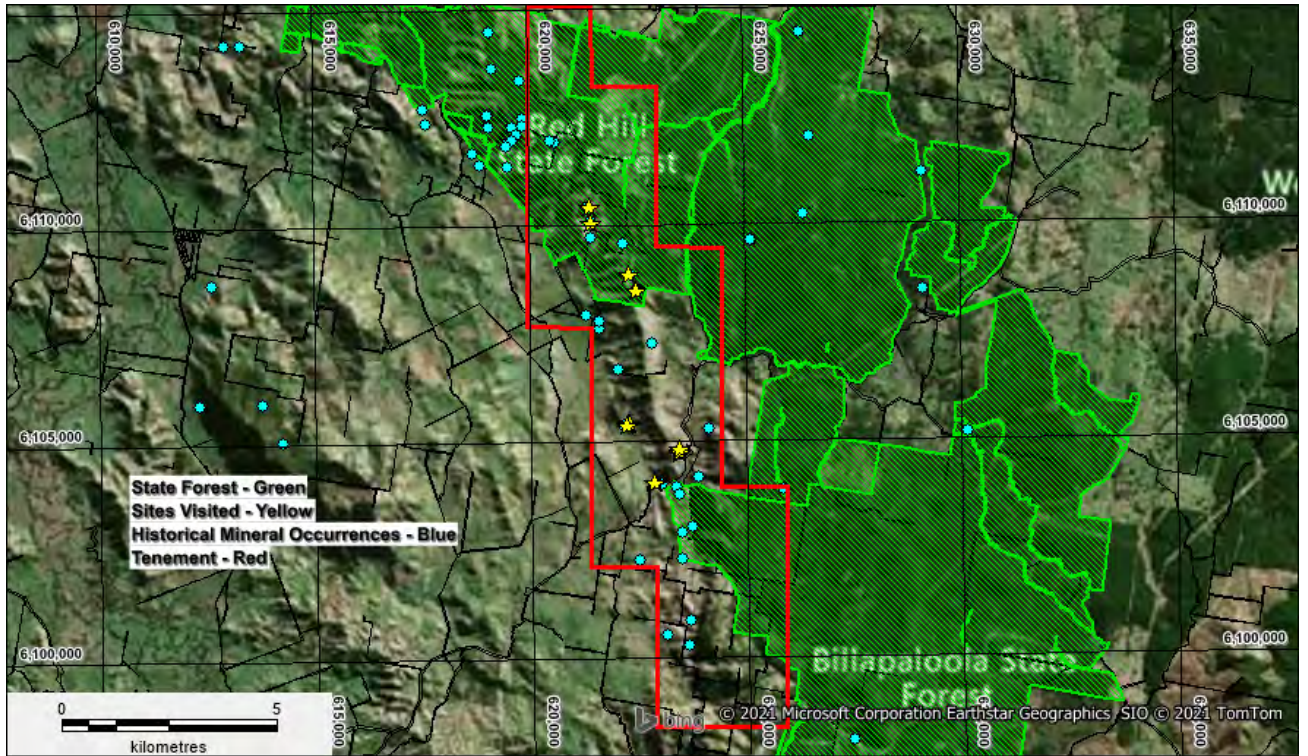


Figure 17: Brungle Creek historical mineral occurrences and sites visited in yellow stars

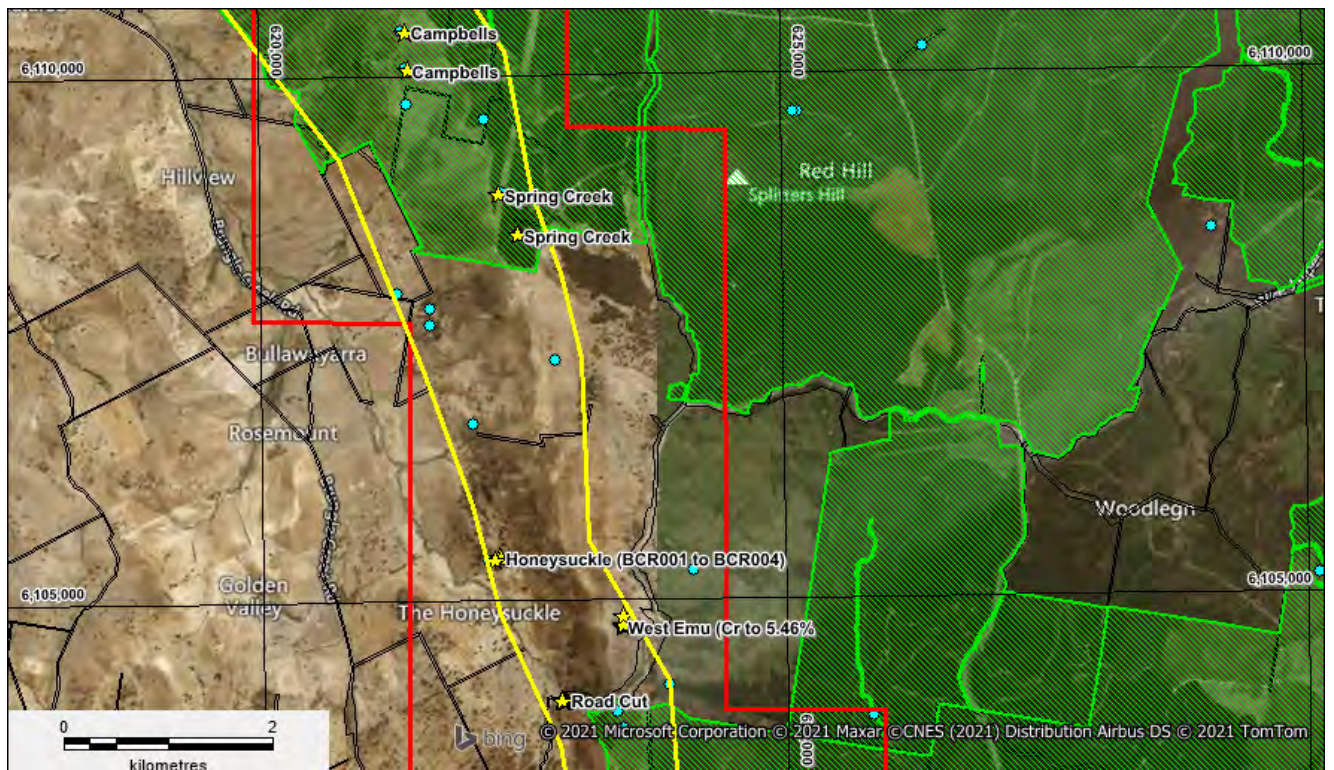


Figure 18: Brungle Creek historical mineral occurrences and sites visited including the Honeysuckle Prospect

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REVIEW OF OPERATIONS (continued)

A total of 35 pXRF readings were collected from the sites shown as yellow stars and 4 rock samples (BRC001 to BRC004) were collected from the Honeysuckle Copper Prospect and sent for gold and multi-element analyses to the ALS Lab in Orange, NSW. The pXRF instrument is unable to accurately detect precious metal mineralisation; and cobalt readings are unreliable when there is elevated nickel and/or iron as is the case with the ultramafics of the Coolac Serpentinite Belt. As nickel can be reliably read and is a common associated mineral with cobalt in ultramafic rocks the nickel results will be used as a proxy for cobalt when using the pXRF. In Phase 2, a larger number of rock samples will be collected for laboratory analysis to obtain reliable cobalt results for selected areas.

Campbells Prospect

The Campbells Prospect comprises two locations (a third location is yet to be located) within the centre of the serpentinite belt. The workings are relatively shallow (1 m – 4 m) and there is extensive dump material at both locations showing disseminated chromite mineralisation within a serpentinised ultramafic as shown below.

Selective sampling of the Campbells Prospect returned nickel to 0.5% and chromium to 0.4%.



Campbells Prospect: Samples of the chromite mineralised serpentinised ultramafic

Spring Creek Road Prospect

The Spring Creek Road Prospect is located near the eastern margin of the serpentinite belt and comprises a series of shallow prospecting pits up to 2 m deep and of limited extent.

Selective sampling of the Spring Creek Road Prospect returned nickel to 0.6 % and chromium to 0.14%.

REVIEW OF OPERATIONS (continued)



Spring Creek Road Prospect: Sample of chromite mineralised serpentinised ultramafic

Honeysuckle Prospect

The Honeysuckle Prospect is located near the western margin of the Coolac Serpentinite Belt and comprises a single shallow prospecting pit at the base of a moderately steep hill. The rocks in the area comprise felsic intrusives, serpentinite ultramafics and pelitic metasediments. The shallow pit itself comprises sericite altered and quartz veined felsic intrusive rocks with 1% disseminated pyrite. Four (4) rock samples (BCR001 to BCR004) were collected in and around the prospecting pit and sent to ALS in Orange for gold and multi-element geochemical analyses. The only element of significance is copper which assayed to 717 ppm.



Honeysuckle Prospect: Outcropping altered and veined felsic intrusive rock

REVIEW OF OPERATIONS (continued)

West Emu Prospect

The West Emu Prospect is located on a steep slope above the Wee Jasper Road at the western margin of the Coolac Serpentine Belt. The historical prospect at this location was not found however, sampling of the various geological units returned the highest chromite result of 5.46% and nickel to 0.6%. The elevated chromite is associated with a black and white speckled serpentinised ultramafic that likely has small disseminated chromite through the rock. In addition, the area comprised white felsic intrusive rock that appears to have intruded into the ultramafic.



West Emu Prospect: speckled ultramafic beside the white felsic intrusive rock

NSW: KOONENBERRY EXPLORATION AREA

Koonenberry EL 6400 NSW – 100% interest

Copper - Zinc - (Silver) Exploration

This EL covers the Grasmere-Peveril Cu-Zn-(Ag) deposits (**Figure 19**), which contain an indicated and inferred JORC Code 2004 compliant resource of 5.75mt @ 1.03% Cu, 0.35% Zn, 2.3g/t Ag and 0.05g/t Au at a 0.5% Cu cut-off completed by DATAGEO Geological Consultants (Inferred: 2.73 mt grading 0.9% Cu, 0.4% Zn, .04 g/t Au and 2.05 g/t Ag. Indicated: 3.02 mt grading 1.15% copper, 0.3% Zn, 0.06 g/t Au and 2.53 g/t Ag). Information relating to this mineral resource was prepared and first reported in accordance with the JORC Code 2004 in 2006 by the previous owner (see ASX Release on 18 December 2009). It has not been updated since, to comply with the JORC Code 2012. The work done to date by the Company since the acquisition of the licence in 2009 has not changed the material assumptions and technical parameters underpinning the estimates in the historic 2006 JORC report nor confirmed that those assumptions and parameters continue to apply and have not changed materially.

During the period, no field work has been carried out while various exploration options have been under consideration having regards to risks and potential return in ranking this project for funds allocation. Application for renewal for the EL has been submitted in March 2021.

REVIEW OF OPERATIONS (continued)

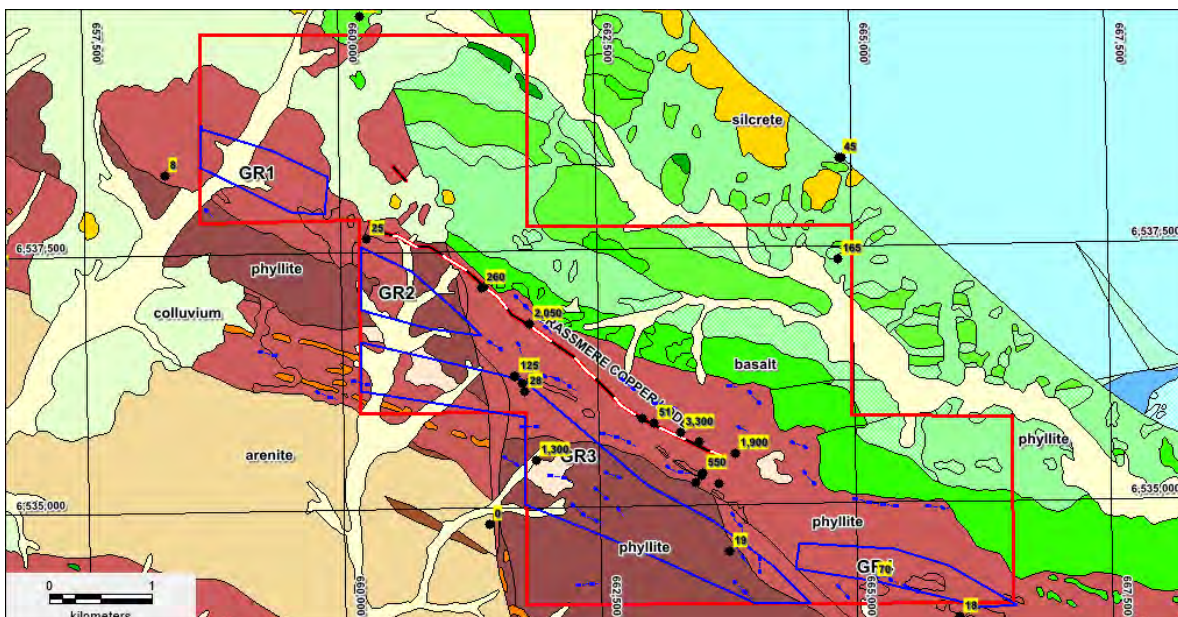


Figure 19: Koonenberry showing phyllites to the south west of the Grassmere copper lode which has also been considered for a potential gold exploration program

NSW: POORAKA EXPLORATION AREA

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

EL 6413, 50 km east of Cobar, contains several gold and base metal target areas gleaned from earlier exploration results. No field work has been carried out in the period and in March 2021 it was decided to relinquish both ELs as it was assessed that the risks far exceed the exploration potential to support an allocation of funds for further work.

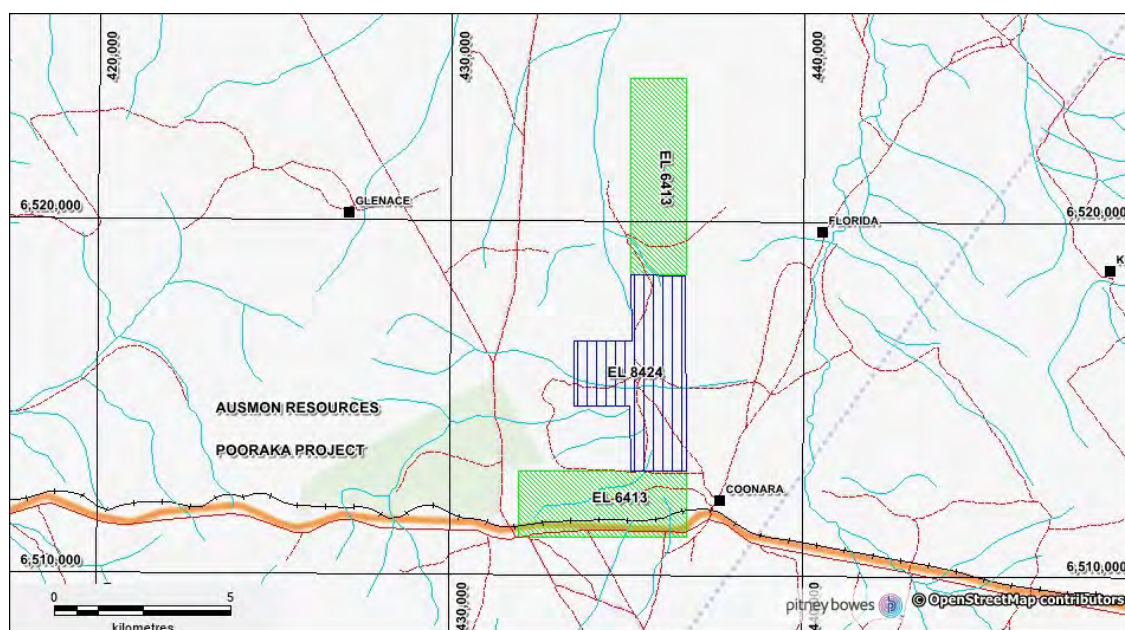


Figure 20: Location of EL 6413 and EL 8424

REVIEW OF OPERATIONS (continued)**LICENCES STATUS**

The minerals tenements held at 31 December 2020 reporting period and acquired or disposed of during the half-year and their locations are as follows:

Tenement	Area Name	Location	Beneficial Interest	Status
EL 6400	Koonenberry	NSW	100%	Expiry on 1 April 2021, renewal application lodged in March 2021
EL 6413	Pooraka 1	NSW	100%	Expiry on 17 May 2021, relinquishment lodged in February 2021
EL 8424	Pooraka 3	NSW	100%	Expiry on 17 February 2021, relinquishment lodged in February 2021
EL 8745	Kanbarra	NSW	100%	Expiry on 15 May 2024
EL 8747	Stirling Vale	NSW	100%	Expiry on 24 May 2024
EL 8954	Brungle Creek	NSW	100%	Expiry on 11 March 2026

EL 8746 was relinquished and cancelled by the New South Wales DPI on 15 September 2020.

Competent Person Statement

The information in the report above that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled by Mr Mark Derriman, who is the Company's Consultant Geologist and a member of The Australian Institute of Geoscientists (1566). Mr Mark Derriman has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Mark Derriman consents to the inclusion in this report of matters based on his information in the form and context in which it appears.

Forward-Looking Statement

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

DIRECTORS' REPORT

The Directors of Ausmon Resources Limited submit the financial report of the consolidated group for the half-year ended 31 December 2020.

Directors

The names of Directors who held office during or since the end of the half-year are:

Boris Patkin Non-Executive Chairman
John Q Wang Managing Director
Eric Sam Yue Executive Director

Operating Results

The operating loss of the Group for the half-year ended 31 December 2020 was \$357,125 (2019: loss \$731,150).

Review of Operations

A review of operations for the half-year ended 31 December 2020 is set out on pages 3 to 26.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 28 of this financial report and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors.



John Q Wang
Director

Dated this 10th day of March 2021

10 March 2021

Board of Directors
Ausmon Resources Limited
World Tower
Suite 1312
87-89 Liverpool Street
Sydney NSW 2000

Dear Sirs

RE: AUSMON RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ausmon Resources Limited.

As Audit Director for the review of the financial statements of Ausmon Resources Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED



Martin Michalik
Director

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ausmon Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Ausmon Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Ausmon Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Ausmon Resources Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Group on 10 March 2021.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(b) in the financial report, which indicates that the Group had current assets of \$459,393 including total cash of \$447,144, current liabilities of \$151,555 and has incurred a net loss of \$357,125 in the period ended 31 December 2020. Subsequent to 31 December 2020 the Group raised a further \$165,000.

The ability of Ausmon Resources Limited to continue as a going concern is subject to the successful recapitalisation of the Group. In the event that the Board is not successful in recapitalising the Group and in raising further funds, Ausmon Resources Limited may not be able to pay its debts as and when they become due and may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts different to those stated in the financial report. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Ausmon Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, 10 March 2021

DIRECTORS' DECLARATION

In the opinion of the Directors of Ausmon Resources Limited:

1. The consolidated financial statements and notes of Ausmon Resources Limited are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) giving a true and fair view of the financial position of the consolidated group as at 31 December 2020 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



John Q Wang
Director

Dated this 10th day of March 2021

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For The Half-Year Ended 31 December 2020**

	Note	31 December 2020 \$	31 December 2019 \$
Revenue			
Interest and other income	5	10,404	1,530
Expenses			
Employee benefits expense		(19,929)	(20,696)
Directors and management fees		(92,880)	(22,140)
Impairment of exploration and evaluation expenditure		-	(597,277)
Share-based payments	10	(145,440)	-
Projects costs		(1,816)	(15,692)
Other expenses	6	(107,464)	(76,875)
Loss before income tax expense		(357,125)	(731,150)
Income tax expense		-	-
Loss for the period		(357,125)	(731,150)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Loss for the period attributable to members of the Parent Entity		(357,125)	(731,150)
Total comprehensive loss for the period attributable to members of the Parent Entity		(357,125)	(731,150)
Loss per share			
Basic and diluted loss per share	7	(0.05 cents)	(0.13 cents)

The accompanying notes form part of this financial report.

Consolidated Statement of Financial Position

As At 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		447,144	389,820
Trade and other receivables		2,034	8,591
Prepayments		10,215	4,148
TOTAL CURRENT ASSETS		<u>459,393</u>	<u>402,559</u>
NON-CURRENT ASSETS			
Financial assets		60,000	70,000
Exploration and evaluation expenditure		674,885	439,555
TOTAL NON-CURRENT ASSETS		<u>734,885</u>	<u>509,555</u>
TOTAL ASSETS		<u>1,194,278</u>	<u>912,114</u>
CURRENT LIABILITIES			
Trade and other payables		151,555	135,824
TOTAL CURRENT LIABILITIES		<u>151,555</u>	<u>135,824</u>
TOTAL LIABILITIES		<u>151,555</u>	<u>135,824</u>
NET ASSETS		<u>1,042,723</u>	<u>776,290</u>
EQUITY			
Issued capital	9	13,995,010	13,516,892
Reserves		610,210	464,770
Accumulated losses		(13,562,497)	(13,205,372)
TOTAL EQUITY		<u>1,042,723</u>	<u>776,290</u>

The accompanying notes form part of this financial report.

Consolidated Statement of Changes In Equity
For The Half-Year Ended 31 December 2020

	Issued capital \$	Option reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2019	13,317,736	464,770	(12,101,457)	1,681,049
Total comprehensive loss for the period	-	-	(731,150)	(731,150)
Transactions with owners in their capacity as owners				
Issue of share capital	207,500	-	-	207,500
Transaction costs	(8,344)	-	-	(8,344)
Balance at 31 December 2019	13,516,892	464,770	(12,832,607)	1,149,055
Balance at 1 July 2020	13,516,892	464,770	(13,205,372)	776,290
Total comprehensive loss for the period	-	-	(357,125)	(357,125)
Transactions with owners in their capacity as owners				
Issue of share capital	518,400	-	-	518,400
Transaction costs	(40,282)	-	-	(40,282)
Employee incentive plan	-	145,440	-	145,440
Balance at 31 December 2020	13,995,010	610,210	(13,562,497)	1,042,723

The accompanying notes form part of this financial report.

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Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2020

	31 December 2020	31 December 2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(202,934)	(224,758)
Interest received	404	1,530
Receipts under Government cash flow boost	10,000	-
Net cash outflow from operating activities	<u>(192,530)</u>	<u>(223,228)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(234,764)	(73,161)
Refund of security deposits	10,000	-
Net cash outflow from investing activities	<u>(224,764)</u>	<u>(73,161)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	518,400	207,500
Transaction costs	(40,282)	(8,344)
Interest and other costs of finance paid	(3,500)	-
Net cash inflow from financing activities	<u>474,618</u>	<u>199,156</u>
Net increase/(decrease) in cash held	57,324	(97,233)
Cash and cash equivalents at the beginning of period	<u>389,820</u>	<u>613,859</u>
Cash and cash equivalents at the end of period	<u>447,144</u>	<u>516,626</u>

The accompanying notes form part of this financial report.

Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2020

Note 1 – Nature of Operations

Ausmon Resources Limited and its subsidiaries' ('the Group') principal activities consisted of carrying out exploration in minerals tenements with a focus on gold, silver, copper, cobalt, nickel, zinc and other base metals.

Note 2 – General Information and Basis of Preparation

The condensed interim consolidated financial statements ('the interim financial statements') are for the half-year ended 31 December 2020 and are presented in Australian dollar (\$), which is the functional currency of the Parent Company (Ausmon Resources Limited). These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standard AASB 134: Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2020 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 10 March 2021.

Note 3 – Significant accounting policies

(a) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent financial statements.

The Group has reviewed all the new and amended Accounting Standards and Interpretations that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020. It has been determined that there is no material impact of the new and revised Accounting Standards and Interpretations on its business.

The Group has not early adopted new Accounting Standards and Interpretations that are not yet mandatory in this reporting period. No significant impact on the Group's financial performance or position is expected when they are adopted.

(b) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to pay its debts as and when they become due and payable.

At balance date the Group had current assets of \$459,393 including total cash of \$447,144, current liabilities of \$151,555 and has incurred a net loss of \$357,125 in the period. The Group has an unfulfilled expenditure requirement under its exploration licences at 31 December 2020 of \$205,000 for the next 12 months (reduced to \$117,000 after relinquishment of 2 licences after balance date).

The Group is planning exploration activities on its licences and has budgeted for those amounts that the financial position of the Group allows. Consistent with the nature of the Group's activities, it will require funding which may be by farmout of interest or new equity capital. On 1 September 2020, the Company entered into an agreement with an unrelated company for an unsecured loan facility of

**Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2020
(continued)**

\$350,000 available until 15 September 2021 to fund general working capital (see Note 12). No amount has been withdrawn under the facility at the date of this report.

Subsequent to balance date on 25 February 2021, the Company raised capital of \$165,000 before costs with the issue of 30,000,000 fully paid ordinary shares at \$0.0055 per share under private placement.

The Directors have reviewed the cash flow forecast for the next twelve months including consideration of unfulfilled expenditure requirement and other committed expenses and have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. If for any reason, the Group is unable to continue as a going concern, then this could have an impact on the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

Note 4 – Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020 in addition to the following:

Share-based payments

The fair value of shares issued under the Employee Incentive Plan (EIP) is measured at grant date and is determined using the Black-Scholes option pricing model that takes into account the term of the EIP shares, the exercise price, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the EIP shares.

Note 5 – Interest and other income

	31 December 2020	31 December 2019
	\$	\$
Interest income	404	1,530
Government cash flow boost	10,000	-
	<hr/> 10,404	<hr/> 1,530

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**Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2020
(continued)**

Note 6 – Other expenses from ordinary activities

	31 December 2020	31 December 2019
	\$	\$
Audit fees	8,831	7,828
Consulting and professional fees	50,150	25,375
Listing expenses	17,551	15,925
Office accommodation	5,200	5,200
Registry fees	8,161	5,668
Insurance	9,470	10,842
Other	8,101	6,037
	<u>107,464</u>	<u>76,875</u>

Note 7 – Loss per share

	6 months to 31 December 2020	6 months to 31 December 2019
	\$	\$
Operating loss after income tax used in calculation of basic and diluted loss per share	<u>(357,125)</u>	<u>(731,150)</u>
Weighted average number of shares used in diluted earnings per share	<u>669,054,560</u>	<u>576,639,343</u>

Note 8 – Operating segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group operates in one business segment being minerals exploration. All segments assets, segment liabilities and segment results relate to the one business segment and therefore no segment analysis has been prepared. This position has not changed from the prior period.

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**Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2020
(continued)**

Note 9 – Share Capital

	6 months to 31 December 2020		Year to 30 June 2020	
	Number	\$	Number	\$
Fully Paid Ordinary shares				
Balance at beginning of period	632,639,343	13,516,892	549,639,343	13,317,736
Shares issued during the period:				
• Share issues for cash: SPP ¹	29,120,000	218,400	83,000,000	207,500
• Share issues under private placement at \$0.0075 per share	40,000,000	300,000	-	-
• Issues under EIP (see Note 10)	21,400,000	-	-	-
Transaction costs	-	(40,282)	-	(8,344)
Balance at end of period	723,159,343	13,995,010	632,639,343	13,516,892

¹ During the half-year 2020, the Company raised \$218,400 from Share Purchase Plan (SPP) at \$0.0075 per share.

Note 10 – Share-based payments

The Company has established an Ausmon Resources Limited Employee Incentive Plan under which the Directors may offer options for free and ordinary shares at market price in the Company to eligible persons. The Directors may also offer interest free non-recourse loans for terms of up to 5 years under the plan for subscription of shares and under such loans the Company holds a lien over the issued shares. The loans are repayable at the option of the eligible persons to be able to deal with the shares.

Shares issued and loans under the EIP are akin to the offer of five year options exercisable at \$0.0075 per option. The model inputs for assessing the fair value of EIP shares issued during the period, applying the Black-Scholes Option Pricing model, were as follows:

Description	Number issued	Issue date	Share price at issue date	Exercise price	Life assumption	Risk free rate	Expected price volatility	Value of each EIP share	Share-based payments
			\$	\$				\$	\$
EIP shares	400,000	22/10/20	0.010	0.0075	5 years	0.28%	181%	0.0096	3,840
	1,000,000	23/10/20	0.008	0.0075	5 years	0.29%	183%	0.0076	7,600
	5,000,000	02/11/20	0.007	0.0075	5 years	0.28%	184%	0.0067	33,500
	15,000,000 ¹	27/11/20	0.007	0.0075	5 years	0.29%	187%	0.0067	100,500
	<u>21,400,000</u>								<u>\$145,440</u>

¹15 million EIP shares issued to Directors (5 million EIP shares each to Directors B Patkin, J Wang and E Sam Yue) following the approval of shareholders at the Annual General Meeting held on 27 November 2020. The interest free non-recourse loan for the EIP shares issued to each Director is \$37,500.

Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2020 (continued)

Note 11 – Commitments

Exploration Expenditure Commitments

The expenditure commitments to maintain and renew rights to tenure in exploration licences as at 31 December 2020 have not been provided for in the financial statements and are due:

	31 December 2020	30 June 2020
	\$	\$
Within twelve months	205,000	246,000
Twelve months or longer and not longer than 5 years	388,000	814,000
Longer than five years	120,000	120,000
	<u>713,000</u>	<u>1,180,000</u>

Exploration licences EL 6413 and EL 8424 were relinquished in February 2021 thereby reducing the total commitments at balance date from \$713,000 to \$ 625,000 as follows:

- Within twelve months reduced from \$205,000 to \$117,000
- No change to the \$388,000 and \$120,000 figures for the periods longer than twelve months.

Note 12 – Loan facility

On 1 September 2020, an unrelated company Fort Capital Pty Ltd provided a loan facility to fund the general working capital of up to \$350,000 until 15 September 2021. The funds advanced under the loan facility are unsecured and bear interest at 8% per annum. A facility fee of 1% of the loan amount is payable on execution of the agreement. No amount has been drawn under the facility at the date of this report.

Note 13 - Contingent Liabilities

At balance date, the Group has no contingent liabilities.

Note 14 – Events after Balance Date

In the opinion of the Directors, no items, transactions or events of a material or unusual nature have arisen in the interval between the end of the financial period and the date of this report which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years other than the following:

- On 22 February 2021, the Company announced the registration by the NSW Department of Primary Industries (DPI) of its three tenement applications, ELA 6210 Enmore, ELA 6211 Eureka and ELA 6212 Mt Darling, located to the east and south of Broken Hill in Western NSW.
- On 25 February 2021, the Company raised capital of \$165,000 before costs with the issue of 30,000,000 fully paid ordinary shares at \$0.0055 per share under private placement.