

AUSMON RESOURCES LIMITED

ABN 88 134 358 964

Half-Year Financial Report

31 December 2021

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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

Registered Office

World Tower
Suite 1312
87-89 Liverpool Street
Sydney NSW 2000
Telephone: 61 2 9264 6988
Facsimile: 61 2 9283 7166
Email: office@ausmonresources.com.au

Website

www.ausmonresources.com.au

Share Registry

Boardroom Pty Limited
Grosvenor Place, Level 12
255 George Street
Sydney NSW 2000
Telephone: 61 2 9290 9600
Facsimile: 61 2 9279 0664

Home Stock Exchange

ASX Limited
Exchange Centre
20 Bridge St
Sydney NSW 2000

ASX Code: AOA

Solicitors

Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Auditors

Stantons International Audit and
Consulting Pty Ltd
Level 36, Gateway
1 Macquarie Place
Sydney NSW 2000

REVIEW OF OPERATIONS

SUMMARY

CORPORATE

- In September 2021, the Company was successful in its application for an allocation by the Commissioner of Taxation of exploration credits of \$500,000 that may be distributed to eligible investors when the Company raises new equity capital from September 2021 and conducts eligible exploration activities in the income tax year ending 30 June 2022.
- At the Annual General Meeting held on 15 November 2021, 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 16 November 2021.
- At the Annual General Meeting held on 15 November 2021 shareholders approved the issue within 3 months of up to 200 million fully paid ordinary shares in accordance with ASX Listing Rule 7.1. On 30 December 2021, 91.53 million fully paid ordinary shares were issued at \$0.0055 per share raising \$502,415 before costs by private placement. On 14 February 2022, a further 35 million fully paid ordinary shares were issued at \$0.006 per share raising \$210,000 before costs by private placement. The proceeds of the issues will be applied to exploration and general working capital. The balance of 73.47 million shares approved for issue by the shareholders have not been issued within the approved period.

EXPLORATION

During the half year period, the Company has focussed on data analysis and studies searching for new exploration areas with critical minerals potential that may be acquired and also preparing for field based work that can be conducted within the Company's tenements upon the lifting of lockdowns and travel restrictions to regional NSW that were imposed by NSW Government because of the Covid-19 pandemic.

Broken Hill: Cobalt and Base Metal (lead and zinc) Exploration – NSW (100% Interest)

Enmore (EL 9220), Eureka (EL9224) and Mt Darling (EL 9230)

- In July 2021, the NSW Government granted Enmore EL 9220, Eureka EL 9224 and Mt Darling EL 9239 that expanded significantly the Company's total area of interests for base metals near Broken Hill.
- Completed the merging of geophysical data and a lithostructural study and delineated 13 target areas for field exploration in 2022.

Stirling Vale (EL 8747)

- Completed a detailed review of the tenement and identified a broad NE SW area comprising pegmatites with muscovite and biotite for field evaluation for LCT (lithium, caesium and tantalum) affinities in 2022.
- Planned for evaluation in 2022 the historic rock sampling results with elevated lead and zinc to the NW of the tenement.
- Field sampling has commenced in early March 2022 in the NE area where presence of extensive pegmatite is of interest for potential LCT (Lithium, Caesium and Tantalum) mineralisation and due for completion in March 2022.

Koonenberry (EL 6400)

The transaction entered into in April 2021 to dispose of EL 6400 to ASX listed Odin Metals Limited (ASX:ODM) for \$97.360 cash and 15 million shares in ODM was completed in August 2021

REVIEW OF OPERATIONS (continued)

Tumut: Cobalt and Base Metal (copper, chromite and nickel) Exploration – NSW (100% Interest)

Brungle Creek (EL 8954) and McAlpine (EL 9252)

- In August 2021, the NSW Government granted McAlpine EL 9252 near Tumut/Gundagai for 6 years to the Company therefore increasing its coverage of the area together with the granted Brungle Creek EL 8954.
- Completed studies for exploration targets and planning for the Phase 2 field based work for February 2022. Grid based soil and selective rock sampling planned to be conducted over:
 - 10 satellite alteration targets
 - 4 areas of elevated gold in historic rock chips
 - 2 areas of elevated copper in rock chips

The sampling for the accessible targets and areas has been completed in February 2022 and the results from the laboratory are awaited.

Limestone Coast: Rare Earth Elements (REE) Exploration – SA (100% Interest)

Parrakie and Wolseley (ELA 2021/0082), Mt Rough (ELA 2021/00136) and Kingston (ELA 2021/00137)

- In August and September 2021, the Company applied for three new exploration licences in South Australia, namely Parrakie/Wolseley 2021/0082, Mt Rough 2021/00136 and Kingston 2021/00137 with the primary aim to explore for Rare Earth Elements within the ionic clay of the Loxton Sands at shallow depths in the Murray and Otway basins.
- Pending the grant, the Company has prepared plans for surface orientation sampling of Tertiary strand lines for the clay fraction, if appropriate, to be followed by Aircore drill traverses at shallow depths.

West Duketon: Lithium Exploration – WA (100% Interest)

Barneys (ELA 38/3718) and Neckersgat (ELA 38/3719)

The Company's wholly owned subsidiary AUSBCM Pty Ltd has lodged applications that were accepted in early March 2022 by WA Department of Mines Industry Regulations and Safety ("DMIRS") for two new exploration licences in Western Australia, namely Barneys ELA 38/3718 and Neckersgat ELA 38/3719, to explore for lithium within pegmatites identified over a total area of 275.8 km² north-west of Laverton.

REVIEW OF OPERATIONS (continued)



Figure 1: Location of Current Licences (EL) and Licence Applications (ELA) of the Ausmon Group in NSW and SA

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REVIEW OF OPERATIONS (continued)

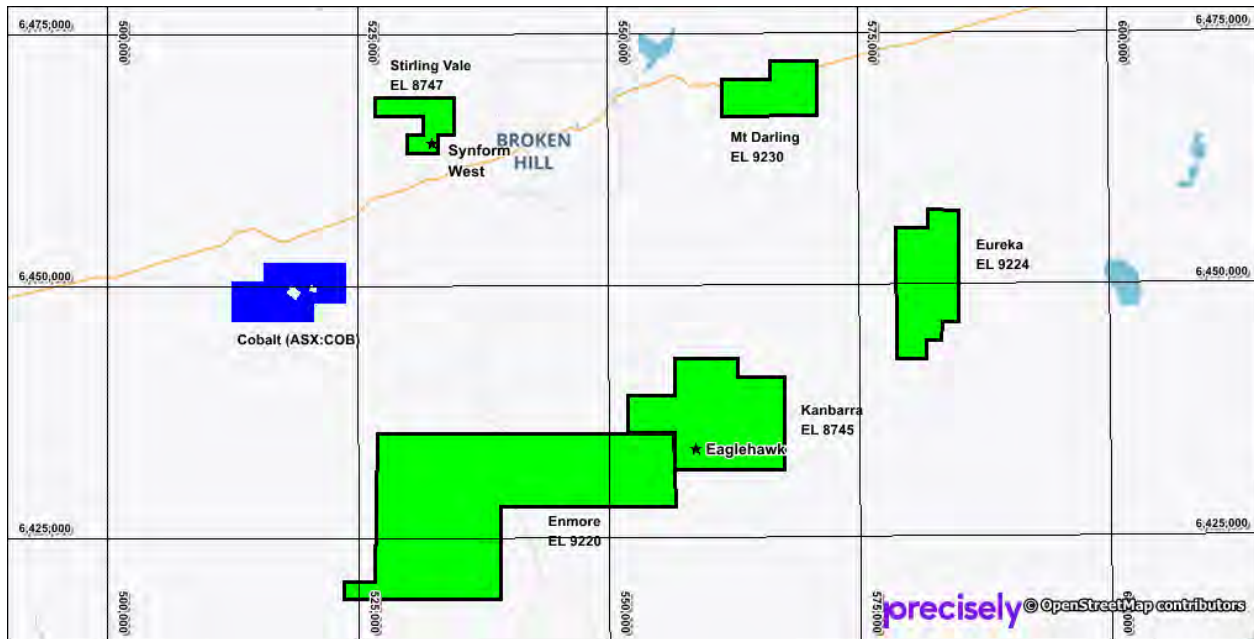


Figure 2: Location of tenements near Broken Hill showing the key Prospects

NSW EXPLORATION LICENCES

Broken Hill: Cobalt and Base Metal (lead and zinc) Exploration – NSW (100% Interest)

ELs 8745, 8747, 9220, 9224 and 9230 near Broken Hill

The five licences cover an area of approximately 685 km² near Broken Hill (Figure 2) where the cobalt development areas of ASX listed Cobalt Blue Ltd (ASX:COB) are located.

Enmore (EL 9220), Eureka (EL 9224) and Mt Darling (EL 9230)

In June 2021, the NSW Government granted the Company’s wholly owned subsidiary New Base Metals Pty Ltd the 3 new exploration licences for 5 years (Figure 2) for cobalt and base metals exploration.

The plan of the Company is to explore for Broken Hill-type Pb-Zn-Ag, Iron Oxide Cu-Au (“IOCG”) and cobalt mineralisation within Palaeoproterozoic Willyama Supergroup rocks as found by Cobalt Blue within their tenements.

Following the grant, the Company engaged Perth based Southern Geoscience Consultants (“SGC”) to compile and process all publicly available magnetics, radiometrics and gravity for the area SE of Broken Hill (Figure 2).

The completed lithostructural study has defined 13 targets shown in Figures 7 to 9. The targets are broadly associated with fault intersections, circular features (possible buried intrusion) and tightly folded stratigraphy. In addition, some areas with a low magnetic response (cool colours in the magnetic image) may represent areas of magnetic destructive alteration. As an example of the lack of outcrop, Figure 9 of the Mt Darling area shows all surface outcrop as coloured polygons over the magnetic image

REVIEW OF OPERATIONS (continued)

Exploration planned for 2022

- Surface traverses across the identified 13 target areas to determine the regolith make up and possibly located small areas of sub crop not noted in the regional mapping.
- Fine fraction soil sampling where appropriate.
- Shallow RC drill testing
- Ground geophysical survey such as IP may be considered prior to drill testing

Geology of the areas

The Willyama Super Group comprises poorly outcropping (**Figures 3 and 6**), medium to high grade regionally metamorphosed and strongly deformed sedimentary, volcanic and intrusive rocks.

The Palaeoproterozoic sequence has been intruded by extensive volumes of Mesoproterozoic granitoids and scattered mafic dykes. Recent river alluvium and Quaternary sediments (shades of yellow in **Figures 3 and 6**) occur extensively across all three tenements resulting in limited historic surficial geochemical exploration and subsequent drilling.

The area that comprises Mt Darling, Eureka and Enmore has limited outcrop and is generally covered by transported unconsolidated sediments however as **Figures 3 and 5** show the magnetics highlight a complex structurally region that has had limited exploration and drill testing.

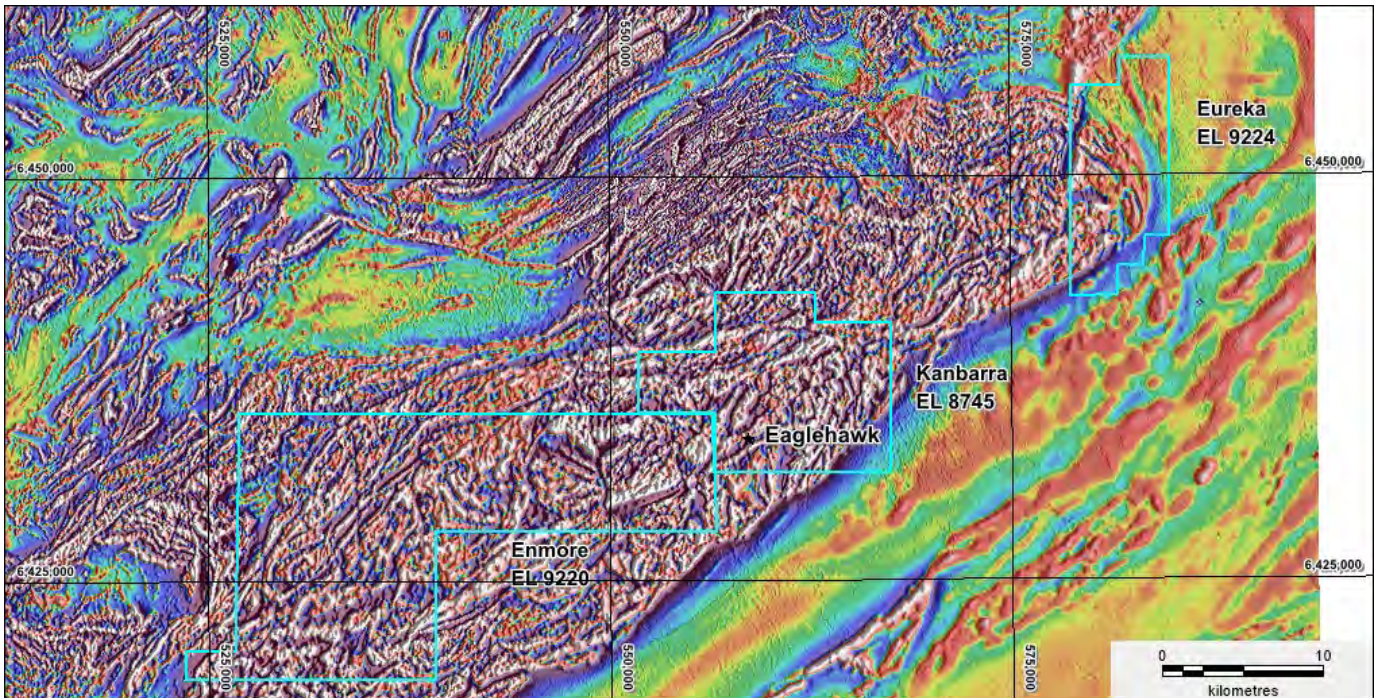


Figure 3: Enmore and Eureka on IVD RTP Magnetics (Processed by SGC)¹

REVIEW OF OPERATIONS (continued)

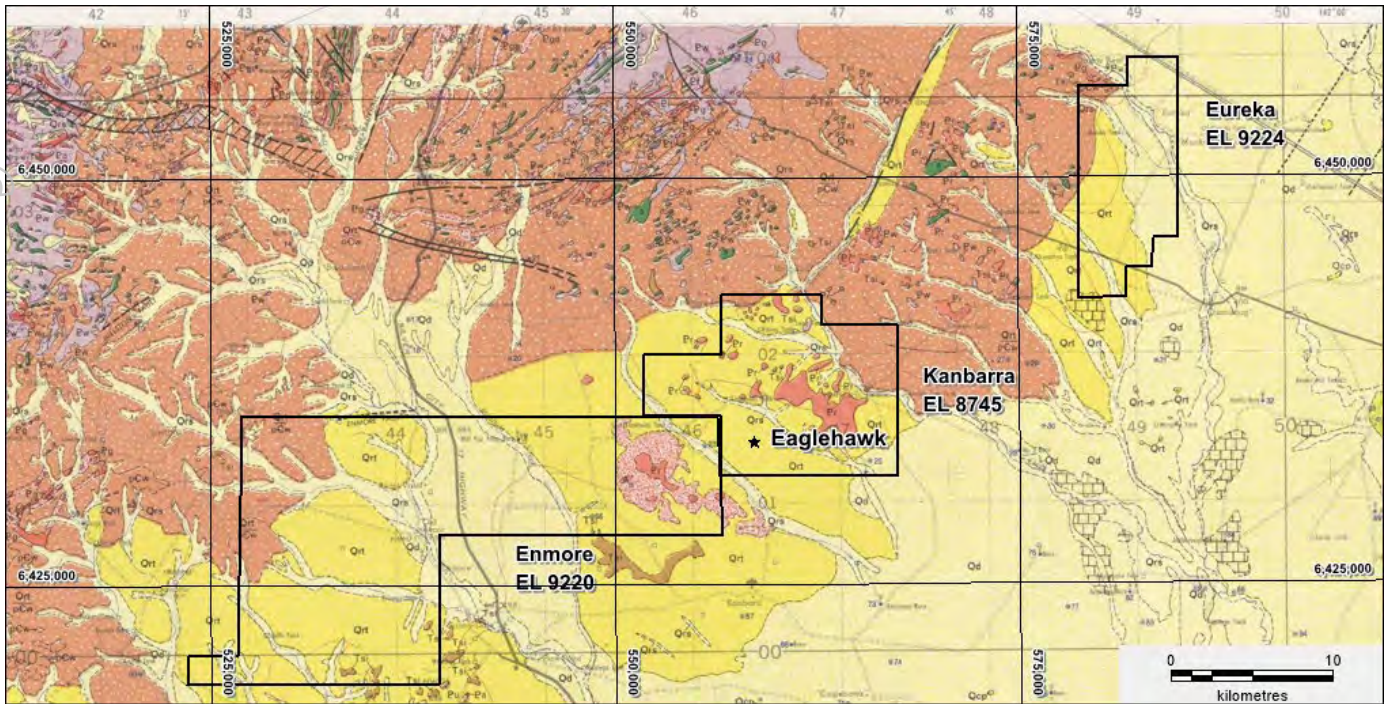


Figure 4: Enmore and Eureka on outcrop geology (Menindee 1:250,000 map sheet) – areas with transported sedimentary cover appear as shades of yellow

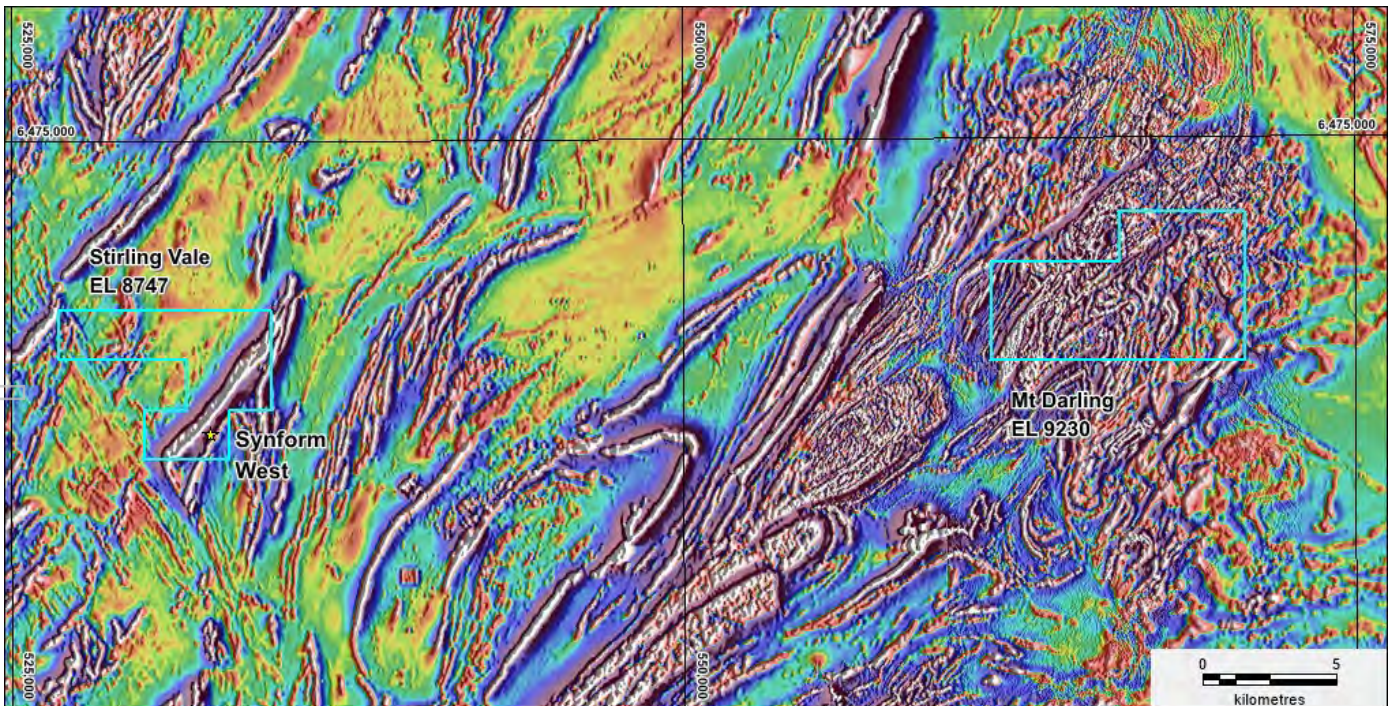


Figure 5: Mt Darling on 1VD RTP Magnetics (Processed by SGC)¹

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REVIEW OF OPERATIONS (continued)

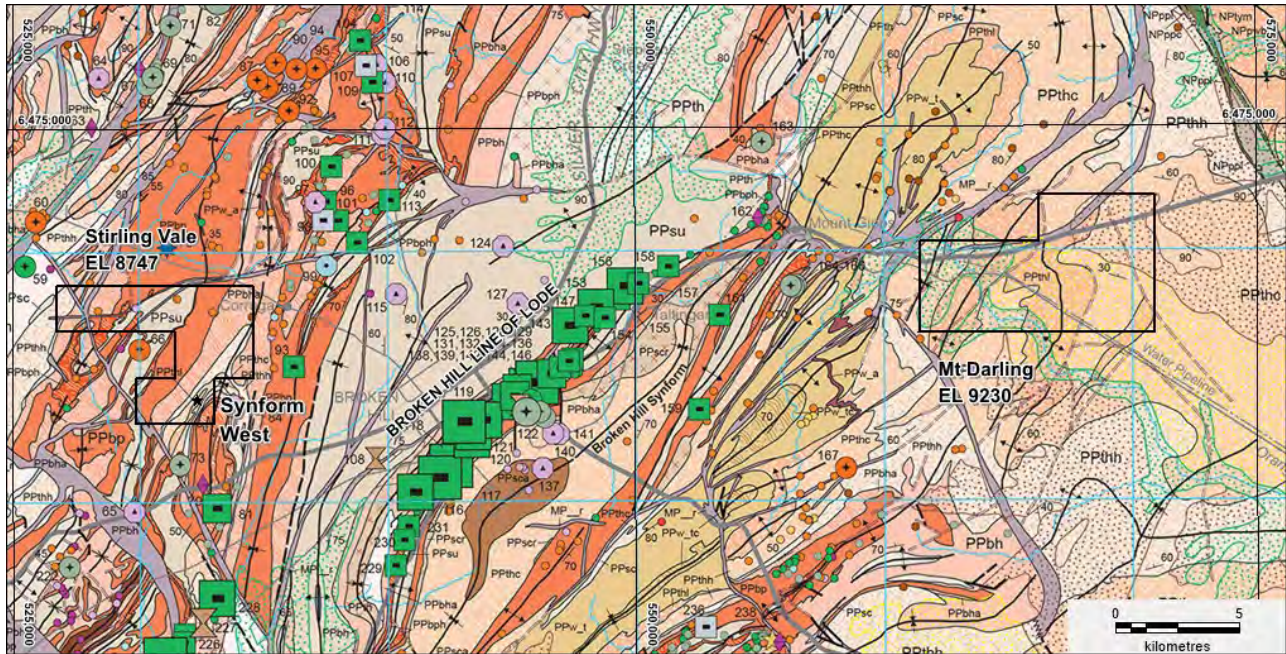


Figure 6: Mt Darling on metallogenic outcrop geology (Broken Hill 1:250,000 map sheet)

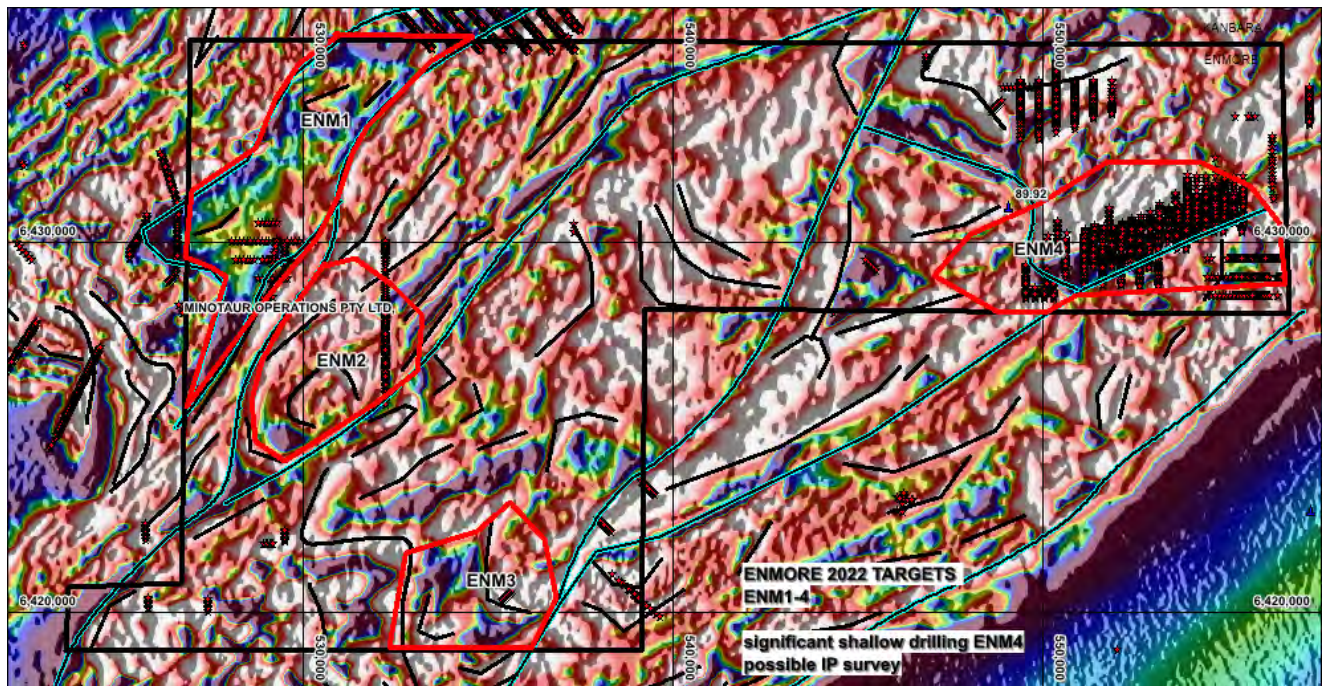


Figure 7: Enmore lithostructural interpretation on magnetics showing targets ENM 1 to 4 (Processed by SGC)¹

REVIEW OF OPERATIONS (continued)

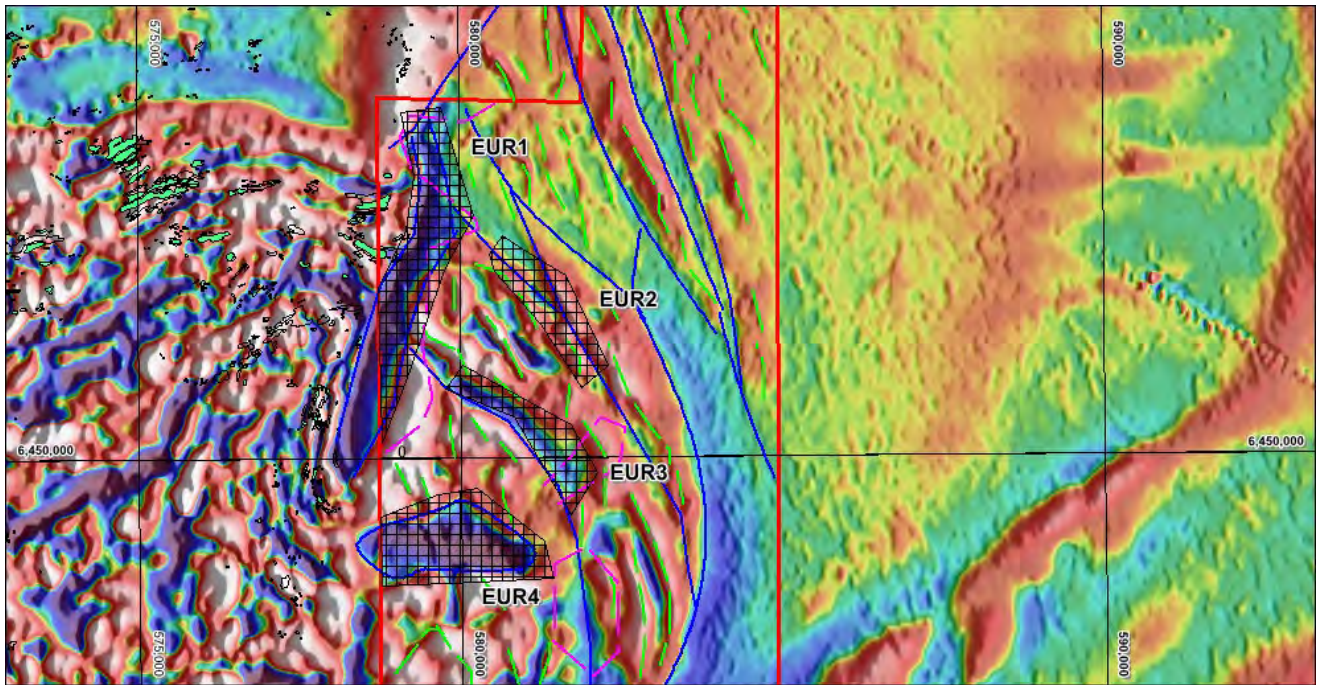


Figure 8: Eureka lithostructural interpretation on magnetics showing targets EUR 1 to 4(Processed by SGC)¹

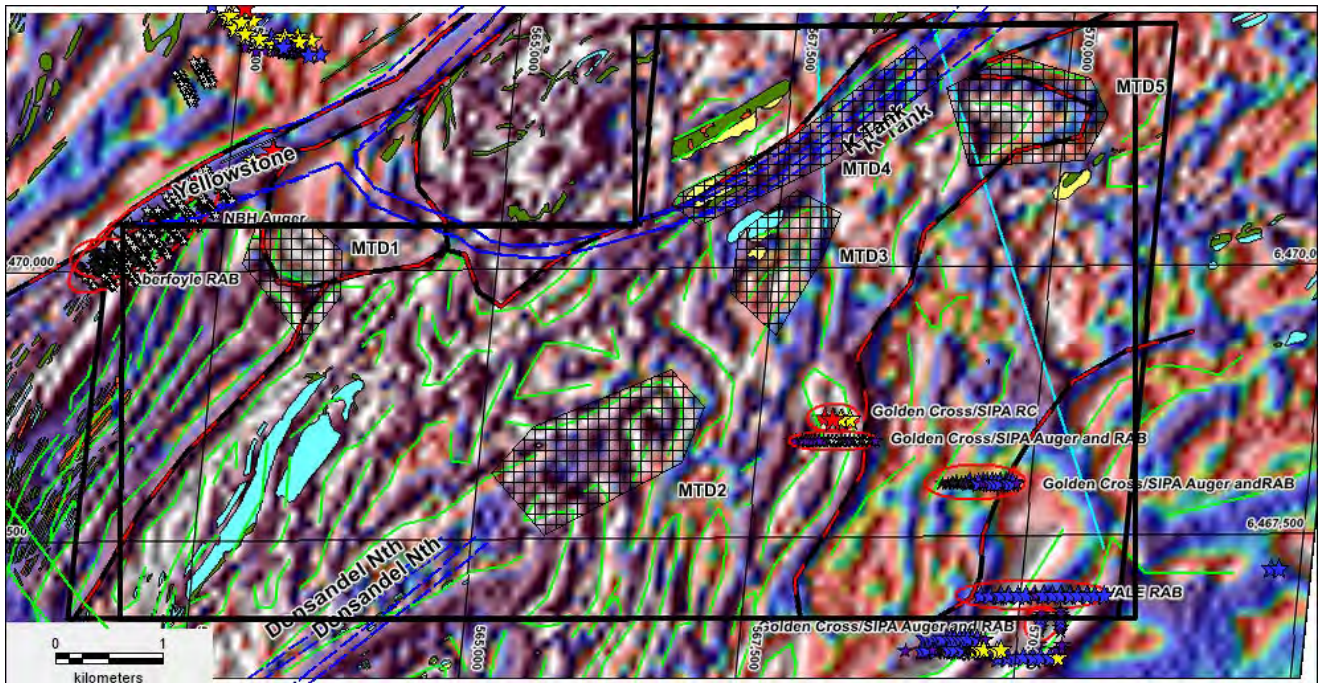


Figure 9: Eureka lithostructural interpretation on magnetics showing targets EUR 1 to 5 and historic drilling (Processed by SGC)¹

REVIEW OF OPERATIONS (continued)

Stirling Vale (EL 8747)

A detailed review of all datasets and historic exploration has been carried out during the period. Two target areas (**Figure 10**) in the NE of the area proposed for further evaluation in 2022 are subject to field sampling that has commenced in early March 2022 and due for completion in March 2022. Both areas comprise outcropping biotite muscovite pegmatite in a tan colour intermixed with more mafic lithologies in green. There has been no previous exploration for battery minerals LCT (lithium, caesium, tantalum) pegmatites in the area. The initial exploration will focus on this style of mineralisation. In addition, some areas of pegmatite have elevated base metals from historic rock sampling.

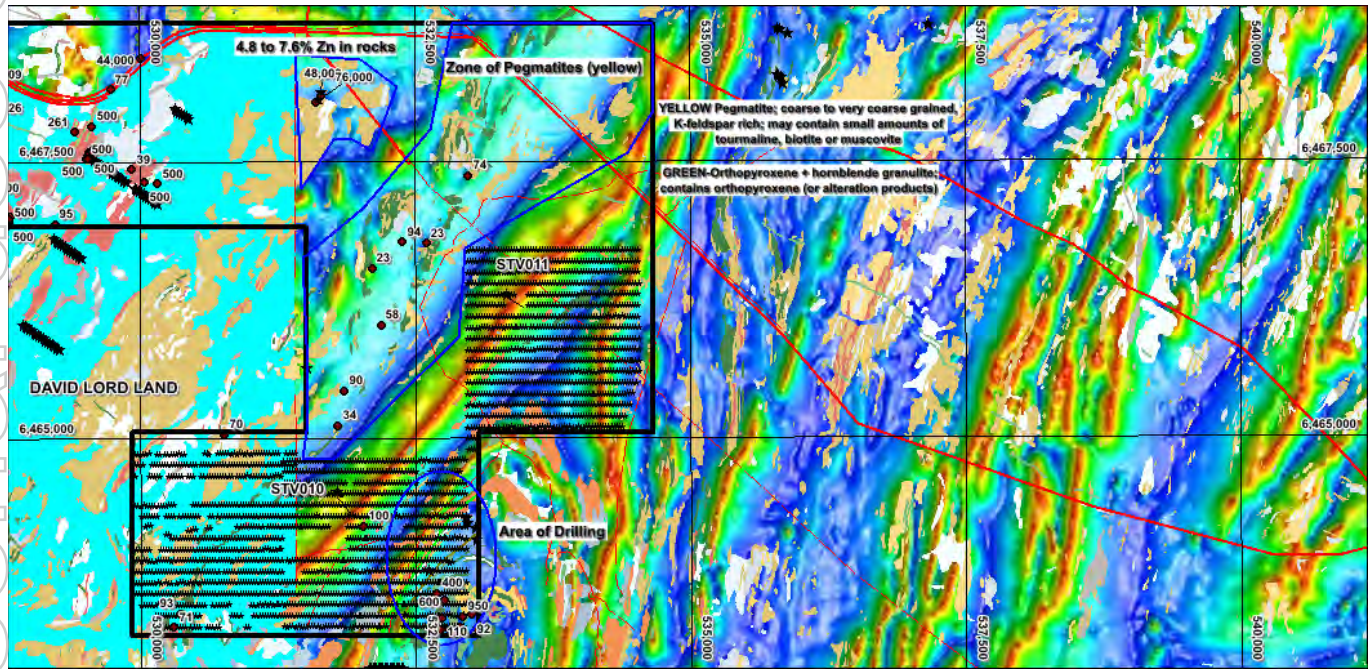


Figure 10: Stirling Vale magnetic image showing two areas of pegmatite outcrop to the north of the Synform West drilling¹

Kanbarra (EL 8745)

During the period a lithostructural interpretation of available geophysical data sets and historic exploration data has been performed. 4 areas (**Figure 11**) have been delineated for exploration in 2022. Field soil sampling has commenced in early March 2022 for completion in March 2022.

Planned Field Exploration

- Surface traverses across the 6 target areas to determine the regolith make up and possibly locate small areas of sub crop not noted in the regional mapping.
- Fine fraction soil sampling where appropriate in conjunction with geological mapping of the pegmatite areas.
- Shallow RC drill testing.
- Ground geophysical survey such as IP may be considered prior to drill testing

REVIEW OF OPERATIONS (continued)

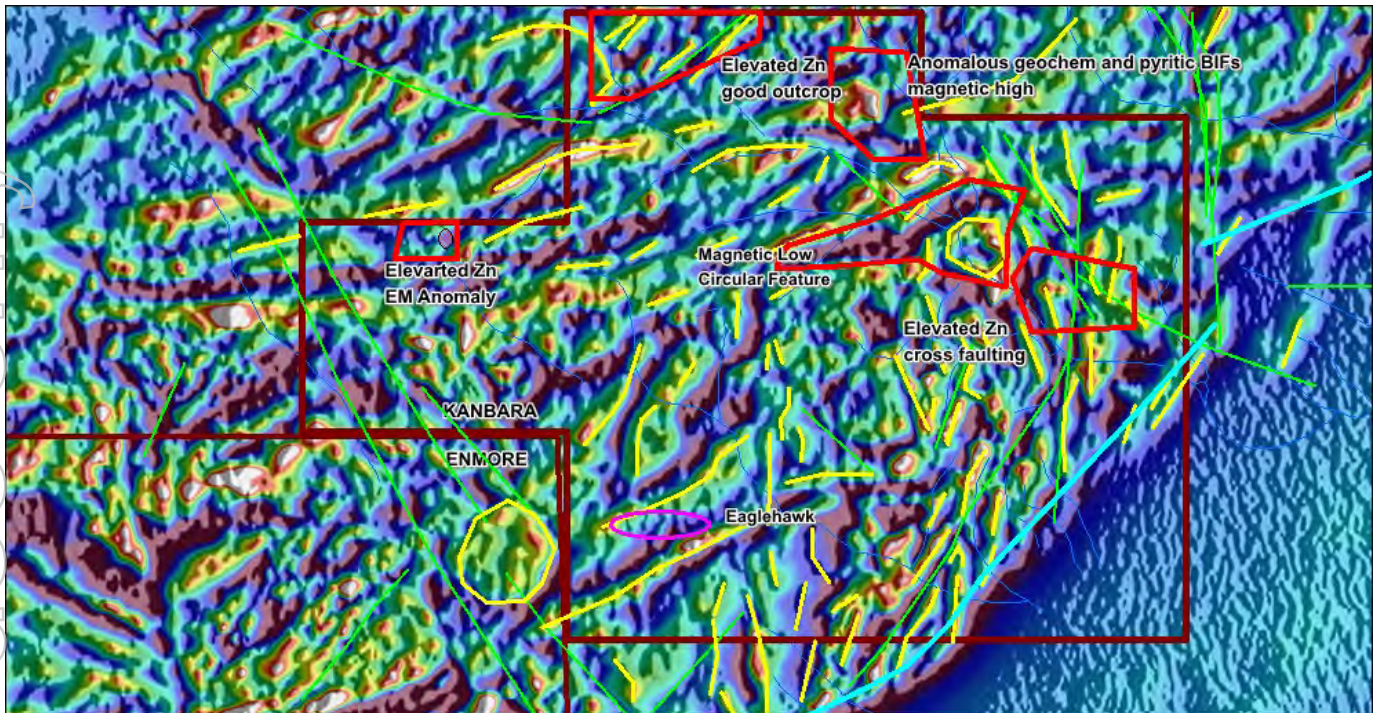


Figure 11: Kanbarra lithostructural interpretation showing 4 target areas in red for 2022 exploration

Tumut: Cobalt and Base Metal (copper, chromite and nickel) Exploration – NSW (100% Interest)
Brungle Creek (EL 8954) and McAlpine (EL 9252)

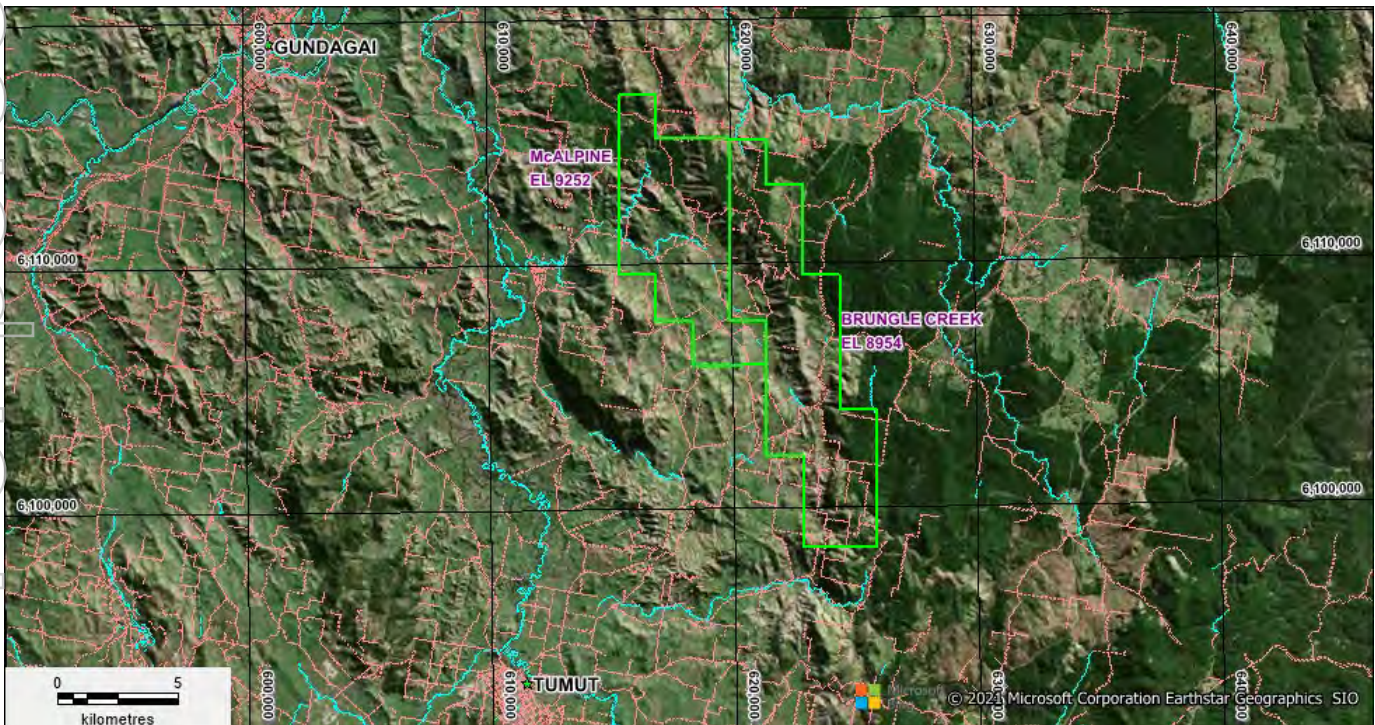


Figure 12: McAlpine EL 9252 and Brungle Creek EL 8954 location map – BIMG Aerial Photograph

REVIEW OF OPERATIONS (continued)

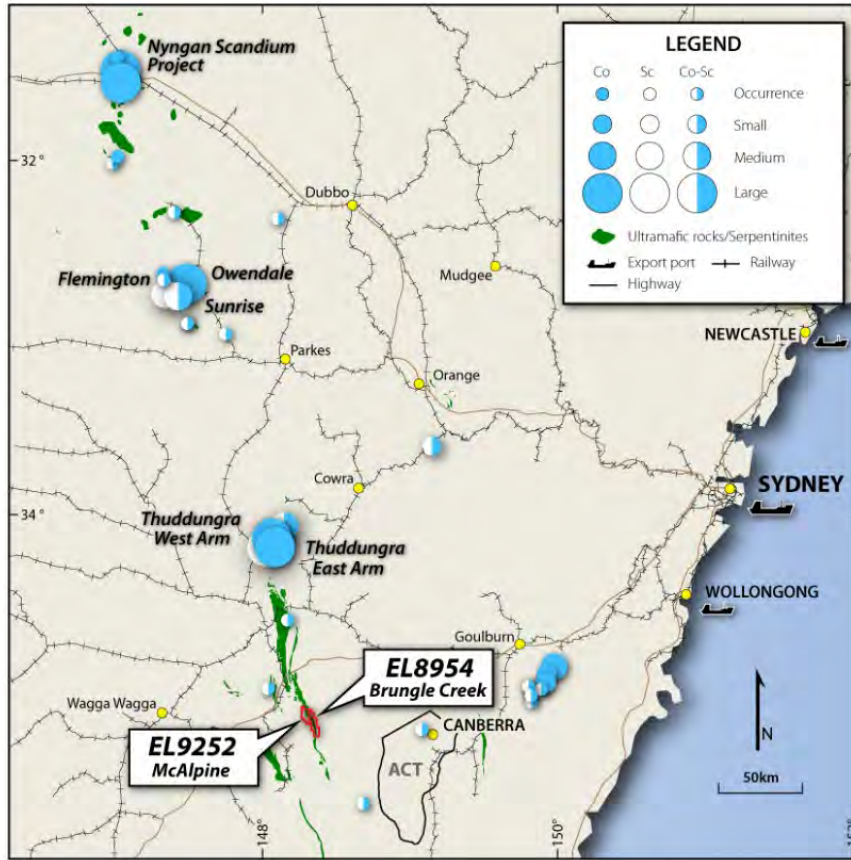


Figure 13: Location of Cobalt Projects near the McAlpine and Brungle Creek Prospects in NSW

EL 9252 and EL 8954 cover a total area of approximately 106 square kilometres within an exploration region with potential for cobalt, copper, chromite, gold and nickel 15 km north east of Tumut, 15 km south east of Gundagai and adjacent to the serpentine ridge of the Honeysuckle Range (**Figure 12**).

EL 9252 covers the McAlpine Copper and Chromite historical workings (**Figure 14**), is adjacent and to the west of Brungle Creek EL 8954.

During the period, the Company engaged Perth based Remote Consultant to process a series of satellite images covering the Brungle Creek and McAlpine tenements for clay, iron and silica alteration signatures as shown in **Figures 14 and 15**. After studies of the results, exploration targets have been identified as shown in **Figure 14** and comprise satellite alteration targets in red, elevated historic gold in rocks in yellow and elevated historic copper in rocks in blue.

REVIEW OF OPERATIONS (continued)

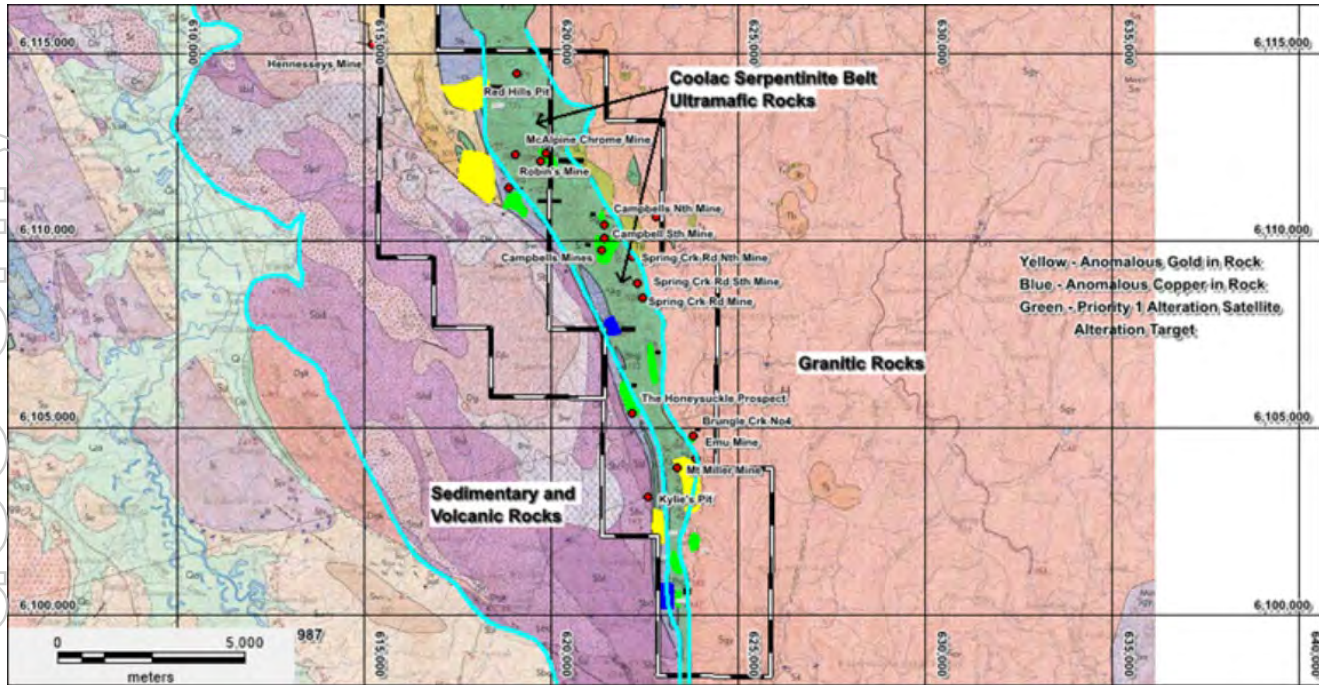


Figure 14: NSW Geological Survey 1:250,000 Outcrop Geology Map showing:

High Priority Satellite Targets, historical anomalous gold and copper rock results and broad geological setting west to east granite/ultramafic/sediments and volcanics

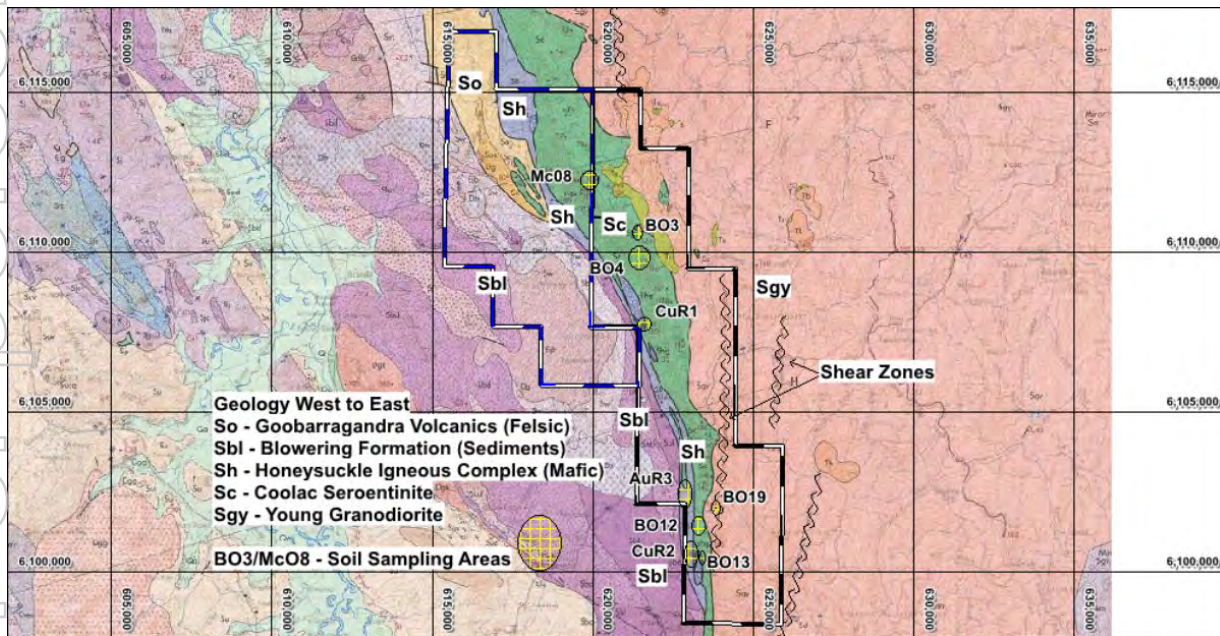


Figure 15: 1:100,000 Tumut Geology Map showing the 9 soil sampling areas on geology

REVIEW OF OPERATIONS (continued)

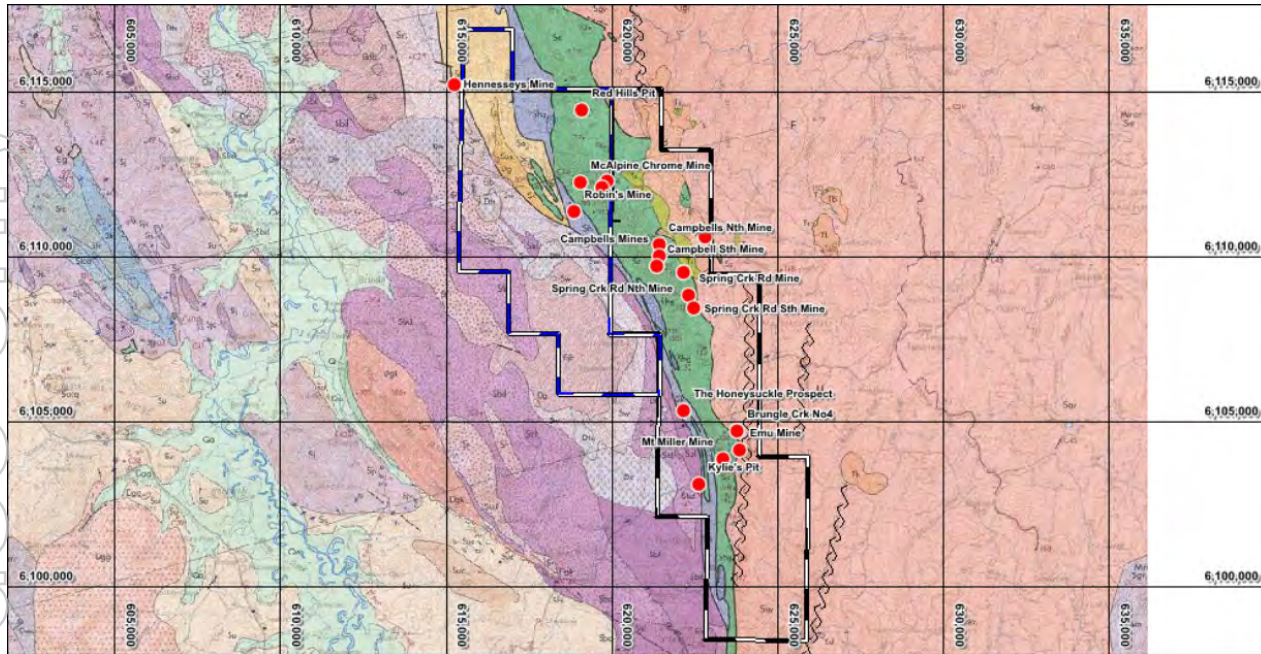


Figure 16: 1:100,000 Tumut Geology Map showing the historical prospects on geology

Perth based consultancy Earthscan combined high spectral resolution satellite imagery satellites ASTER and Landsat 8 with high spatial resolution imagery satellite Pleiades to highlight areas of alteration shown in **Figure 17**. The alteration targets were ranked low, medium and high. A Phase 2 exploration program was planned to evaluate the high priority alteration targets in priority. The alteration minerals of interest are:

- alunite/pyrophyllite
- kaolinite group minerals
- illite group minerals
- iron oxides
- silica
- epidote/chlorite/actinolite and carbonate

Alteration is the process whereby primary rock minerals are “altered” to produce a different mineral and the alteration effect can form a broad halo around a mineral deposit. Hydrothermal fluids move to the surface from intrusive rocks at depth and the fluids “alter” the original minerals to form alteration minerals thus providing a broader exploration footprint. These “alteration footprints” can be mapped using processed satellite imagery from ASTER and Landsat satellites to name just two. The satellite images are processed to enhance alteration minerals to the ones mentioned above.

REVIEW OF OPERATIONS (continued)

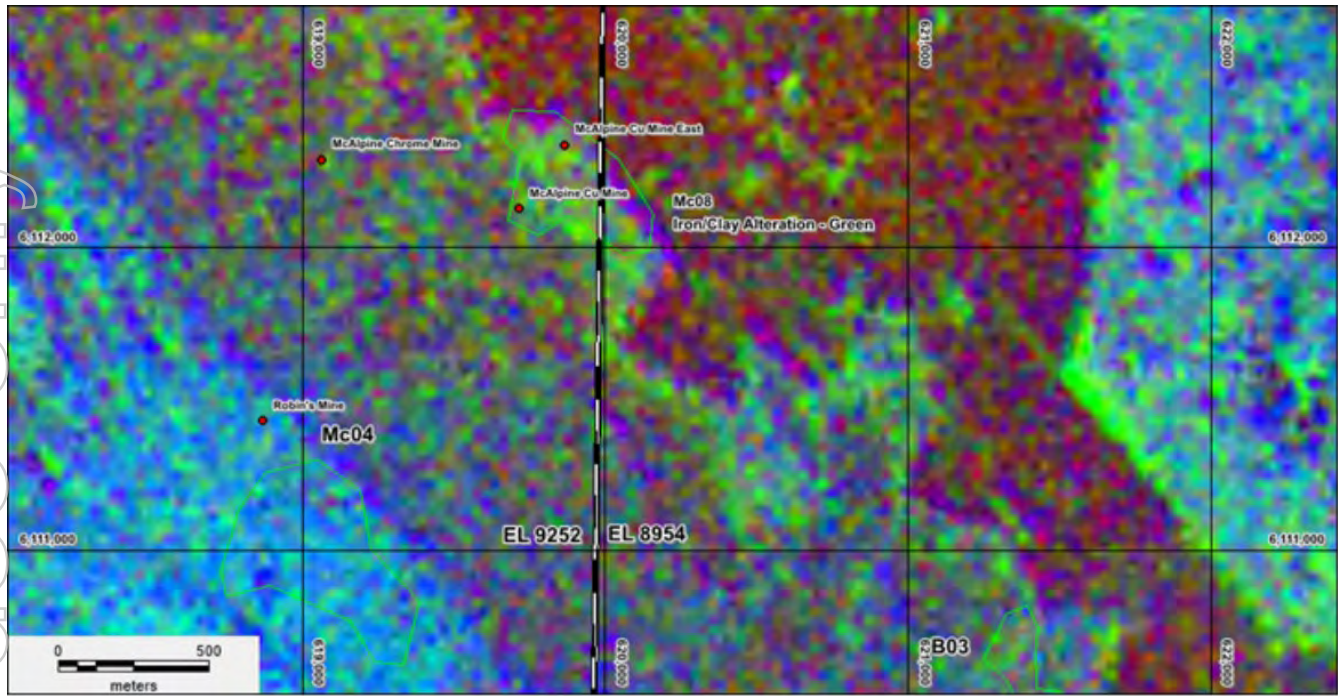


Figure 17: Alteration Target Mc08 centred on the McAlpine Copper Mine – strong green colour²

¹ See ASX Announcements of 8 March 2022 and 9 March 2022

² See ASX Announcements of 2 February 2022 and 4 February 2022

Exploration in 2022

Following the Phase 1 field exploration at Brungle Creek in early 2021 and the satellite images study during the half year period, the Company conducted a Phase 2 field based exploration in February 2022 within both the Brungle Creek and McAlpine tenements.

Soil sampling traverses were completed across 9 of 12 identified targets located on the western flank of the Honeysuckle Range primarily within the Coolac Serpentinite Belt where access was available during the visit, identified from the recently completed Satellite Alteration Study and areas with elevated historic gold and copper rock chip results from previous explorers as reported in the NSW Government GIS Website - Minview. A few samples were located in the adjacent Honeysuckle Igneous Complex comprising primarily basalt (CuR2 and AuR3). One sample area (BO19) was located within the Young Granodiorite and associated with a N-S shear zone (Tumut 1:100,000 geology map).

Following a review of the rock database in Minview (NSW Geological Survey Website) several elevated gold and copper values have been recorded within the McAlpine and Brungle Creek tenements as shown in **Figure 14**. Exploration within the polygons shown comprised grid-based soil sampling and geological mapping with sampling along 200 m and 100 m E-W sampling lines and samples collected every 50 m.

The field team collected on average 25 samples/day followed by the scanning of each sample with the Company’s Olympus Delta pXRF and calibration to set of standards.

A total of 238 soil and 18 rock samples have been collected from the 9 target areas and delivered to the laboratory for gold and multi element geochemistry analysis. The results are awaited.

REVIEW OF OPERATIONS (continued)

Geology of the areas

The geology of the Brungle Creek and McAlpine tenements broadly encompasses the central ultramafic unit known as the Coolac Serpentinite Belt (**Figure 14**) which is host to all the historic copper and chromite workings. The most significant is the McAlpine Copper Mine that has a shaft at surface (mostly in place but decayed) that was used to bring copper ore to the surface. To the west of the Coolac Serpentinite Belt is a broad sequence of granitic rocks with N-S trending shear zones. One of the shear zones has an alteration target developed on it (**Figure 14** – at the base of Brungle Creek tenement). To the west of the Coolac Serpentinite Belt are a sequence of volcanic and sedimentary rocks and at the northern end of the McAlpine tenement are two areas (yellow) where historic anomalous gold in rock samples have been reported and have been the targets for the Phase 2 soil sampling.

Prospects

The Coolac Serpentinite Belt is bound against Silurian Granodiorite rock of the Forbes Anticlinorial Zone to the east and Siluro Devonian volcanics and sediments to the west with largely faulted contacts.

Numerous copper and chromite prospects occur along the length of the serpentinite belt with the only recorded production from the McAlpine Copper Mine located within EL 9252.

Historic Mineral Occurrences

Several prospects have scattered shallow pits and shafts:

- Geary's Prospect – Rock assays to 20.4% Cu and 166 ppm Ag.
- Poplars Prospect – Quartz tourmaline veins in dacite, average assays of 34.23% As, 53.23 ppm Ag and 0.21 ppm Au.
- Emu Prospect – Pod like chromite lenses with assays between 31.1% and 52.5% Cr.
- Kileys – Shaft to 15 m with surface mullock assays 12.3% Cu.
- McAlpines – 38 t production for 4.06 t Cu.

Historic Information on Exploration in the Southern Coolac Serpentinite Belt for Copper/Chromite/Gold/Nickel

- The Coolac Serpentinite Belt hosts known undeveloped cobalt resources at Thadunggra north of Brungle Creek.
- The southern portion of the Coolac Serpentinite Belt had very little modern exploration and no drilling.
- The area is known for small historical chromite and copper mining operations.
- The area also has elevated cobalt and nickel from historical surficial geochemical exploration.
- Historical Au assay of 3.763 ppm in volcanics/sediments adjacent and to the east of the Coolac Serpentinite Belt.
- Historical Au prospect in N-S shear zone within Silurian Granodiorite to east of Coolac Serpentinite Belt.

Reference: The descriptions on the above 3 paragraphs are public information available from the NSW Department of Planning and Environment – Resources and Geoscience Minview Portal.

REVIEW OF OPERATIONS (continued)

SA EXPLORATION LICENCE APPLICATIONS

Limestone Coast: Rare Earth Elements (REE) Exploration – SA (100% Interest)

Parrakie and Wolseley (ELA 2021/0082), Mt Rough (ELA 2021/00136) and Kingston (ELA 2021/00137)

In August/September 2021, the Company lodged three applications with the Government of South Australia, Department of Energy and Mining (“DEM”) for exploration licences 2021/0082, 136 and 137 for rare earth elements (REE) and other minerals exploration (**Figure 18**). The DEM is assessing the applications and the timing for the grant is not known.

The application areas cover a total of approximately 2,776 square kilometers with 2021/0082 in 2 non-contiguous sections named Parrakie in the north and Wolseley in the south and single areas for 2021/00136 Mt Rough and 2021/00137 Kingston. They are located on the Limestone Coast in southeast of South Australia (**Figure 18**) within the Loxton Sands or equivalent of the Murray and Otway Basins.

The aim of the Company is to explore for REE potentially contained within the fine clay fraction of Tertiary (65 to 2.5 Million Years Ago) Strandlines (“ionic clay style of deposit) reportedly existing in the region. Australian Rare Earth (ASX:AR3) has a large area in the region and announced in 2021 a JORC inferred mineral resource of 39.9 MT @ 725 ppm TREO (Total Rare Earth Oxides) at their Koppamurra project prospective for ionic clay REE deposit (see AR3’s ASX announcement of 13 July 2021 and AR3’s prospectus dated 7 May 2021 released on ASX announcement platform on 29 June 2021).

With the lowering of the overall levels, the Loxton Sands or equivalents of the Murray and Otway Basins were formed on the beach on the shore of the emergent land (Strandlines). Locally, heavy minerals were concentrated by wave action, including rutile zircon and ilmenite (Mineral Sands). In addition, Light and Heavy Rare Earth Elements may have formed an ionic bond with the fine clay fraction (Ionic Clays) of the Loxton Sands at shallow depths.

This clay fraction will be the primary exploration target within the Tertiary Strandlines.

Subject to grant of the tenements, completion of landholder access agreements and government approval, orientation fine fraction sampling and analysis of the strandlines will be carried out ahead of shallow Aircore Drilling to test for the clay fraction.

REE have been designated critical minerals by Australia, EU, USGS and IEA and are used in rare earth permanent magnets for electric vehicles (EV), wind turbines and many electronic devices.

During the period while awaiting grant of the tenements, an exploration strategy has been developed whereby selected sites would be visited (**Figure 19**) and if there is available material a bulk sample would be collected to see if there is sufficient clay fraction that can be sieved. In addition, during the roadside traverses, sites would be selected for later Aircore drill traverses. In addition to the near surface evaluation of the REE ionic clay potential, a further evaluation of the deeper bedrock potential for gold and base metal mineralisation sites will be carried out based on a lithostructural interpretation of available geophysical data sets (**Figure 20**).

REVIEW OF OPERATIONS (continued)

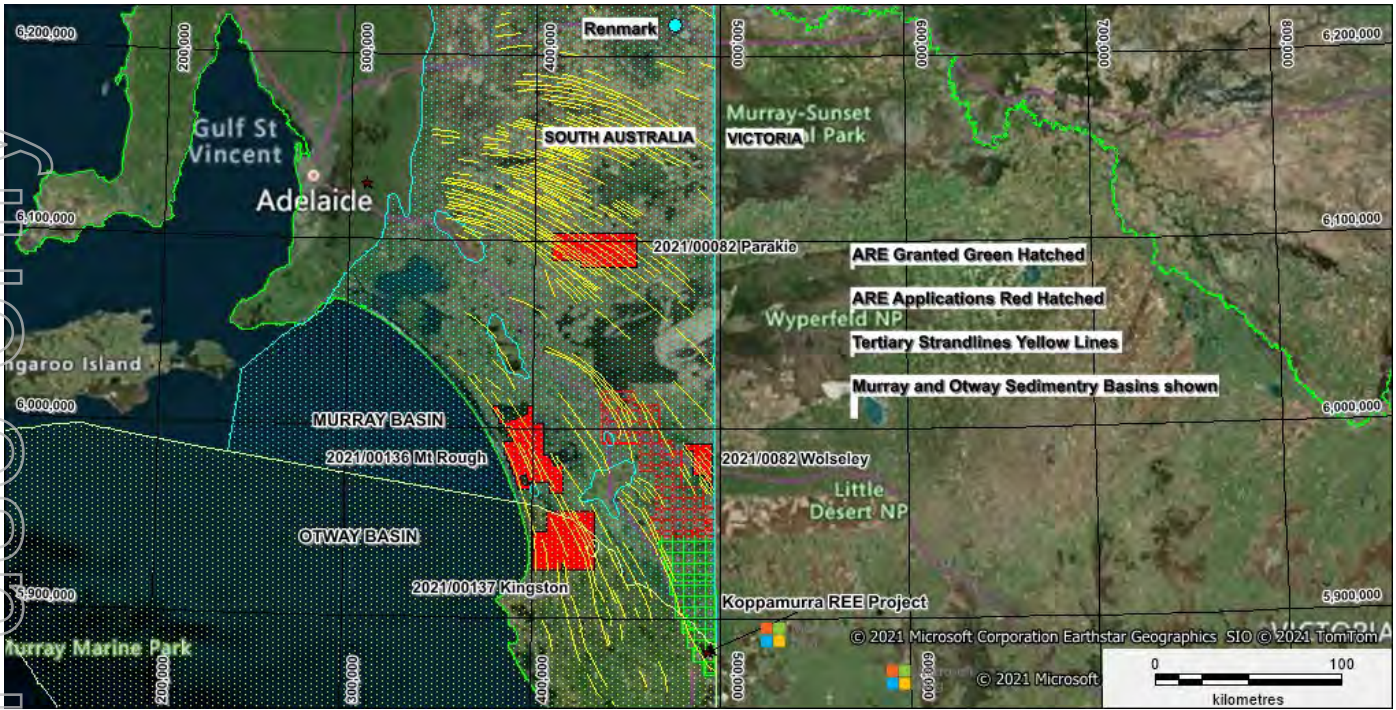


Figure 18 South Australian REE Application Areas and associated Murray and Otway Basins

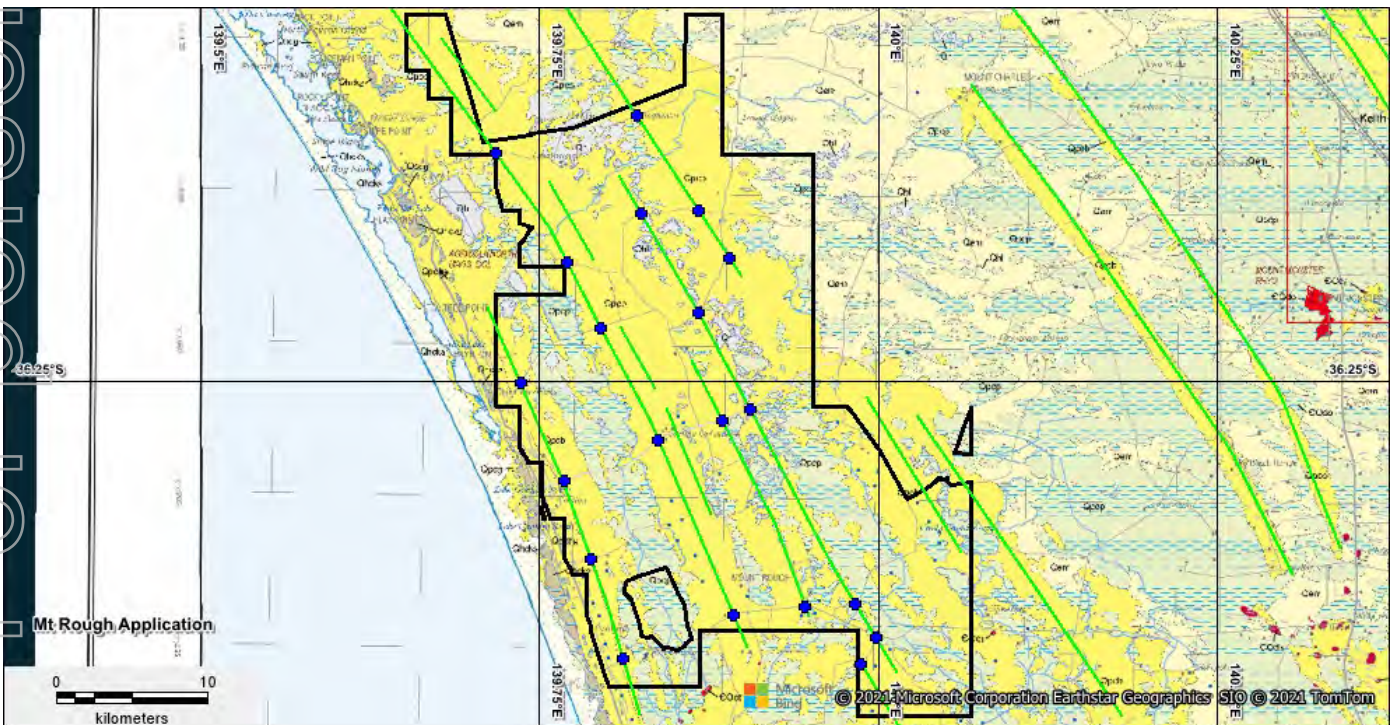


Figure 19: Mt Rough application showing Tertiary strand lines in yellow and proposed road side orientation sites on outcrop geology

REVIEW OF OPERATIONS (continued)

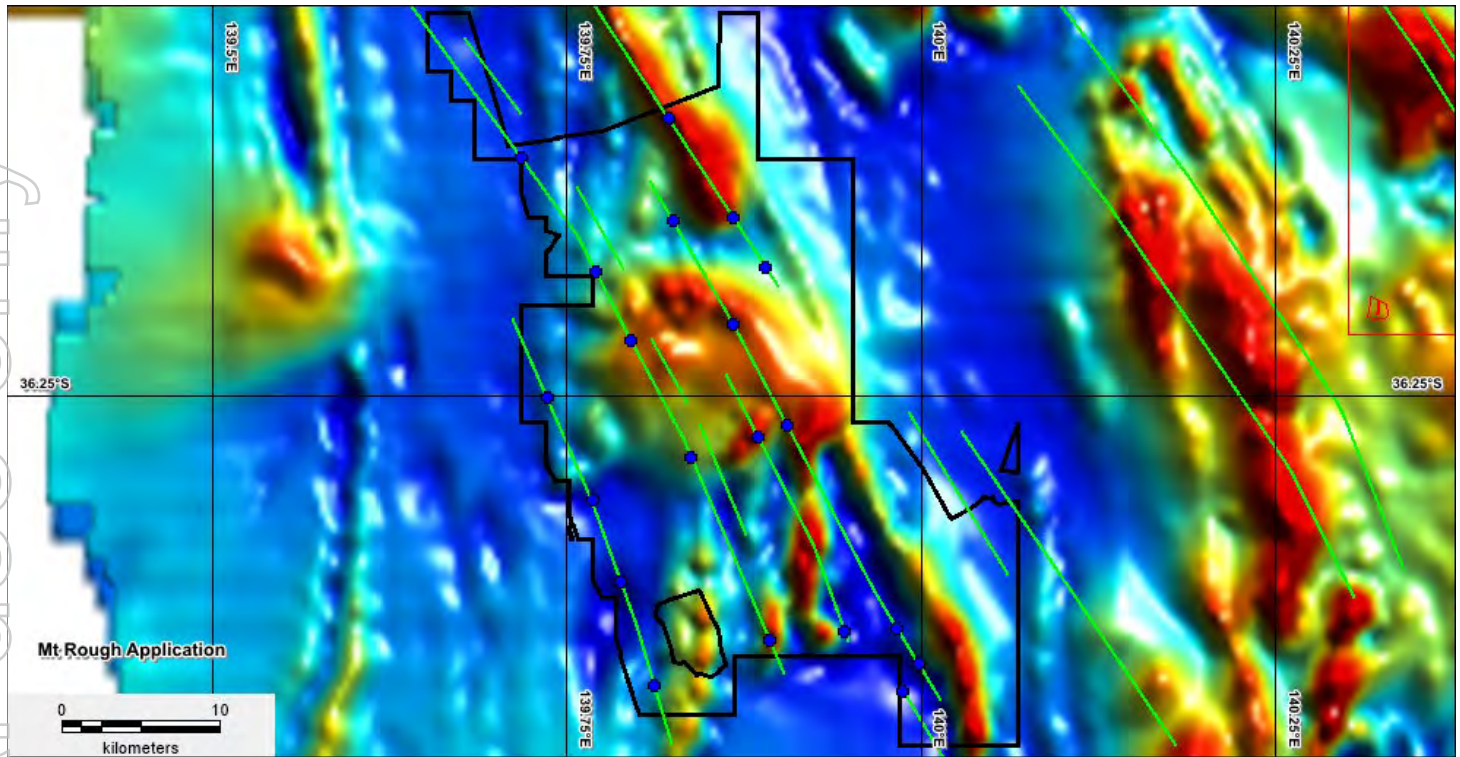


Figure 20: Mt Rough application showing Tertiary strand lines in yellow and proposed road side orientation sites on magnetics

WA EXPLORATION LICENCE APPLICATIONS

West Duketon: Lithium Exploration – WA (100% Interest)

Barneys (ELA 38/3718) and Neckersgat (ELA 38/3719)

The Company’s wholly owned subsidiary AUSBCM Pty Ltd lodged applications for two new exploration licences in Western Australia at the end of January 2022, accepted by the DMIRS in early March 2022. The Company identified the application areas, Barneys ELA 38/3718 and Neckersgat ELA 38/3719, covering a total area of 275.8 km² north-west of Laverton to contain pegmatites that may have potential for lithium exploration. The DMIRS is assessing the applications and the timing for the grant is not known.

REVIEW OF OPERATIONS (continued)

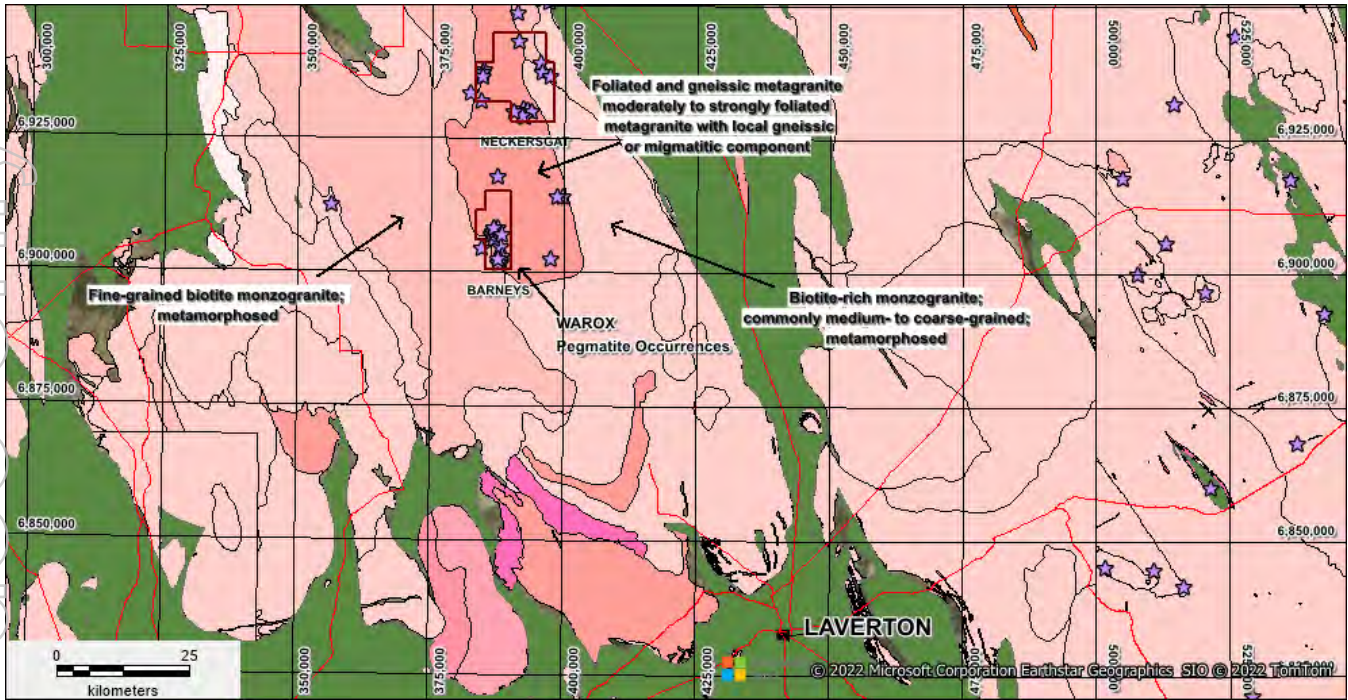


Figure 21: Laverton WA: ELA 38/3718 Barneys and ELA 38/3719 Neckersgat and nearby Pastoral Properties

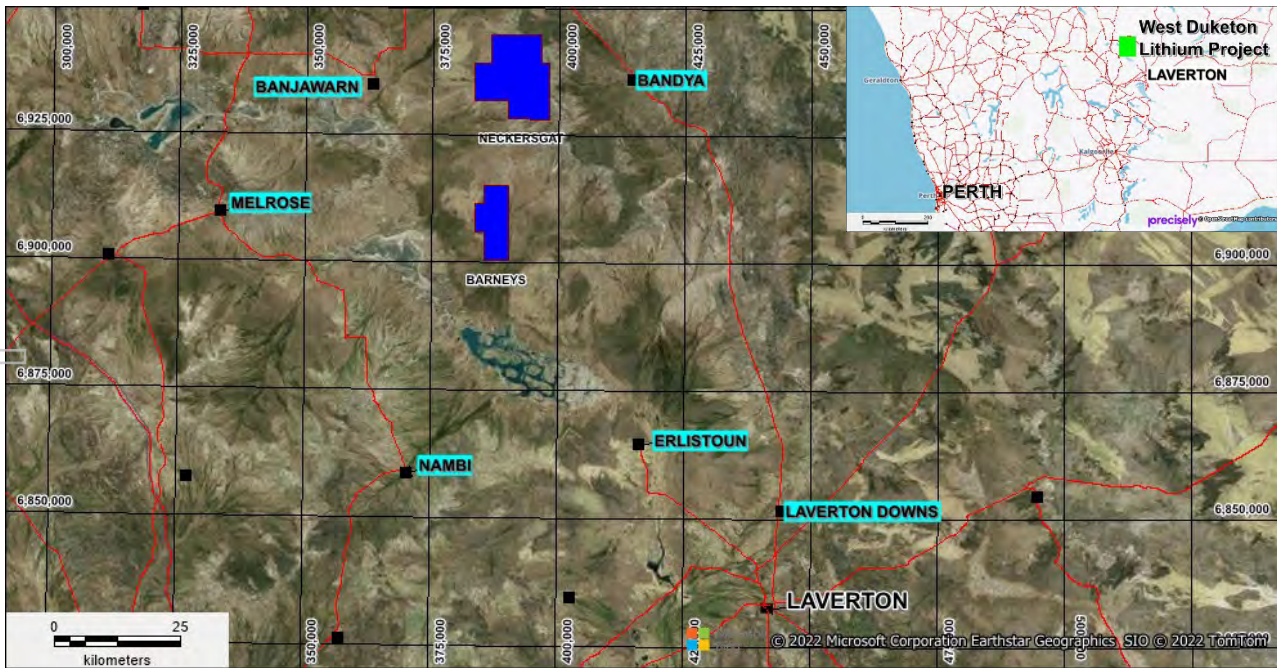


Figure 22: Laverton WA: DNRME Geological Interpretation and WAROX Pegmatite Occurrences

REVIEW OF OPERATIONS (continued)

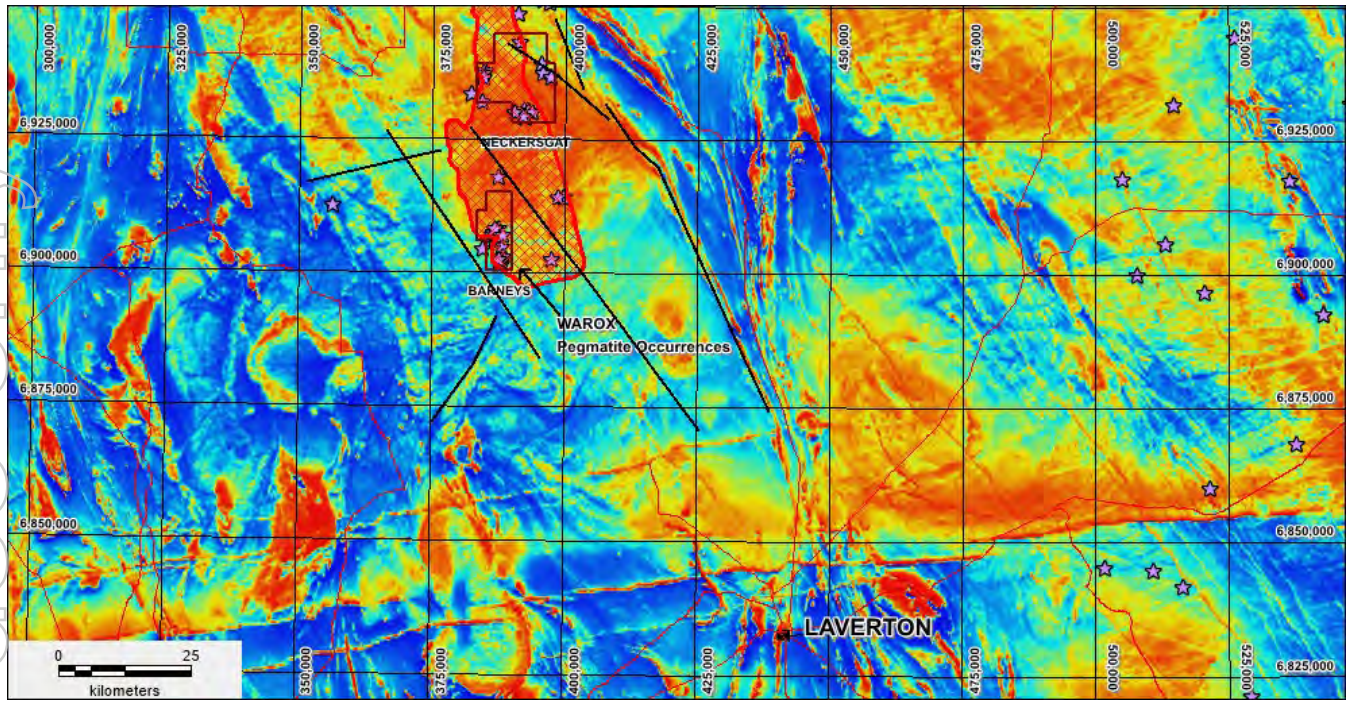


Figure 23: Laverton WA: DNRME State 20m Aeromagnetic Merge Image showing interpreted NW structures

Potential of the areas

In continuing the focus on battery and critical minerals exploration, the Company has been actively searching for lithium exploration opportunities in Western Australia and has carried out extensive reviews of published geological, geochemical and geophysical data sets both within the Government’s GeoVIEW and the Company’s in-house MapInfo GIS systems. A large database has been assembled comprising whole rock geochemistry which includes lithium assays and detailed interpreted geology across the state (**Figure 22**).

A concentration of pegmatite occurrences was noted (DNRME WAROX Database) to the NW of Laverton (**Figure 22**). The Company believes that given the limited understanding of the nature of these pegmatites a more focussed exploration is warranted to determine whether these pegmatites belong to the LCT (Lithium, Caesium and Tantalum) variety that is associated with lithium mineralisation currently being mined at several mine sites within Western Australia.

Regional Geology and Mineralisation

The broad geological setting is Archean Yilgarn Craton granite/greenstone terranes as shown in **Figure 22** with the greenstone terranes shown in green and the granites in pink/red. The state’s, major gold and nickel mines are generally situated on the greenstone terranes. The lithium operations are located primarily within the greenstone terranes ie Wodgina, Pilgangoora etc.. However, the Greenbushes Lithium, the largest in WA is located within the Balingup Metamorphic Belt of the Western Gneiss Terrane, dominated by metamorphosed granitic lithologies in addition to more mafic to ultramafic varieties of igneous rocks as occur at Greenbushes. The NW oriented Donnybrook-Bridgetown shear zone that appears to be associated with the emplacement of the pegmatites at Greenbushes is an ancient structure, characterised by steeply dipping mylonitic textures, horizontal

REVIEW OF OPERATIONS (continued)

stretching lineations, asymmetric folds and evidence of sinistral strike-slip movement. It corresponds to a sequence of sheared gneiss, orthogneiss, amphibolite and migmatite outcrops along the trace of the lineament. A series of syn-tectonic granitoid intrusives also occur within the Balingup Metamorphic Belt, elongated along the Donnybrook-Bridgetown Shear Zone.

Within the West Duketon Lithium Project the dominant lithology is a fine to coarse grained monzogranite flanked by the Duketon Greenstone Belt to the west (**Figure 2**). The pegmatites are hosted by strongly foliated and gneissic metagranite with local gneissic or migmatitic (a composite rock found in medium and high-grade metamorphic environments consisting of two or more constituents often layered repetitively with the alternate layer being a pegmatitic or finer granite). The gneissic nature represents a higher metamorphic grade and possibly significant structural component. The regional magnetics show the tenement areas as having a higher overall magnetic tenor (warm colours) and NW oriented magnetic linears that possibly represent significant structures (**Figure 23**).

Proposed Exploration upon grant of the Tenements

- Review of all historic exploration
- Execute access agreements with land holders and native title parties
- Digitisation of geochemical and drilling data into the Company's GIS data base.
- Targeted geological/regolith mapping and surficial geochemical sampling.
- Compilation of all geophysical survey data and a lithostructural interpretation.
- Targeted RC drill testing of high priority targets.

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

Minerals tenements and applications for tenements held at 4 March 2022 and acquired or disposed of during and since the end of the half-year and their locations are as follows:

Tenement	Area Name	Location	Beneficial Interest	Status
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 9220	Enmore	NSW	100%	Expiry on 21 July 2026
EL 9224	Eureka	NSW	100%	Expiry on 21 July 2026
EL 9230	Mt Darling	NSW	100%	Expiry on 21 July 2026
EL 9252	McAlpine	NSW	100%	Expiry on 26 August 2027
ELA 2021/00082	Parakie and Wolseley	SA	100%	Application lodged in August 2021
ELA 2021/00136	Mt Rough	SA	100%	Application lodged in September 2021
ELA 2021/00137	Kingston	SA	100%	Application lodged in September 2021
ELA 38/3718	Barney	WA	100%	Application lodged in January 2022
ELA 38/3719	Neckersgat	WA	100%	Application lodged in January 2022

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 2021.

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 profit of the Group for the half-year ended 31 December 2021 was \$45,708 (2020: loss \$357,125).

Review of Operations

A review of operations for the half-year ended 31 December 2021 is set out on pages 3 to 24.

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 26 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 14th day of March 2022



PO Box 1908
West Perth WA 6872
Australia
Level 2, 40 Kings Park Road
West Perth WA 6005
Australia
Tel: +61 8 9481 3188
Fax: +61 8 9321 1204
ABN: 84 144 581 519
www.stantons.com.au

14 March 2022

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 2021, 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 LTD
(An Authorised Audit Company)

A handwritten signature in blue ink that reads "Martin Michalik".

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 statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 Ausmon Resources Limited's financial position as at 31 December 2021 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 Consolidated Entity 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 Consolidated entity on 14 March 2022.

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 \$895,219 including total cash of \$522,424, current liabilities of \$511,005 and has recorded a net profit of \$45,708 for the period ended 31 December 2021. Subsequent to 31 December 2021 the Group raised a further \$352,200.

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.

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Responsibility of the Directors for the Financial Report

The directors of Ausmon Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 Company's financial position as at 31 December 2021 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
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
14 March 2022

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 2021 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 14th day of March 2022

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For The Half-Year Ended 31 December 2021**

	Note	31 December 2021 \$	31 December 2020 \$
Revenue			
Interest and other income	5	486,618	10,404
Expenses			
Employee benefits expense		(20,020)	(19,929)
Directors and management fees		(78,300)	(92,880)
Fair value loss on financial assets through profit or loss	8	(45,000)	-
Finance costs		(6,483)	-
Share-based payments	12	(134,820)	(145,440)
Projects costs		(16,698)	(1,816)
Other expenses	6	(139,589)	(107,464)
Profit/(Loss) before income tax expense		45,708	(357,125)
Income tax expense		-	-
Profit/(Loss) for the period		45,708	(357,125)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Profit/(Loss) for the period attributable to members of the Parent Entity		45,708	(357,125)
Total comprehensive profit for the period attributable to members of the Parent Entity		45,708	(357,125)
Earnings/(Loss) per share			
Basic and diluted earnings/(loss) per share	7	0.01 cents	(0.05) cents

The accompanying notes form part of this financial report.

Consolidated Statement of Financial Position

As At 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		522,424	54,595
Trade and other receivables		14,865	35,794
Financial assets	8	345,000	-
Prepayments		12,930	13,747
TOTAL CURRENT ASSETS		895,219	104,136
NON-CURRENT ASSETS			
Financial assets		70,000	80,000
Exploration and evaluation expenditure		1,211,977	1,151,269
TOTAL NON-CURRENT ASSETS		1,281,977	1,231,269
TOTAL ASSETS		2,177,196	1,335,405
CURRENT LIABILITIES			
Trade and other payables		286,005	228,157
Borrowings	9	225,000	-
TOTAL CURRENT LIABILITIES		511,005	228,157
NON-CURRENT LIABILITIES			
Borrowings	9	-	125,000
TOTAL NON-CURRENT LIABILITIES		-	125,000
TOTAL LIABILITIES		511,005	353,157
NET ASSETS		1,666,191	982,248
EQUITY			
Issued capital	11	14,663,425	14,160,010
Reserves		745,030	610,210
Accumulated losses		(13,742,264)	(13,787,972)
TOTAL EQUITY		1,666,191	982,248

The accompanying notes form part of this financial report.

Consolidated Statement of Changes In Equity

For The Half-Year Ended 31 December 2021

	Issued capital \$	Option reserve \$	Accumulated losses \$	Total \$
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
Balance at 1 July 2021	14,160,010	610,210	(13,787,972)	982,248
Total comprehensive profit for the period	-	-	45,708	45,708
Transactions with owners in their capacity as owners				
Issue of share capital	503,415	-	-	503,415
Employee incentive plan	-	134,820	-	134,820
Balance at 31 December 2021	14,663,425	745,030	(13,742,264)	1,666,191

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 2021

	31 December 2021	31 December 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(154,466)	(202,934)
Interest received	7	404
Receipts under Government cash flow boost	-	10,000
Net cash outflow from operating activities	<u>(154,459)</u>	<u>(192,530)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(86,032)	(234,764)
Proceeds from sale of subsidiary	97,360	-
Refund of security deposits	10,000	10,000
Net cash outflow from investing activities	<u>21,328</u>	<u>(224,764)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	503,415	518,400
Transaction costs	-	(40,282)
Proceeds from borrowings	175,000	-
Repayment of borrowings	(75,000)	-
Interest and other costs of finance paid	(2,455)	(3,500)
Net cash inflow from financing activities	<u>600,960</u>	<u>474,618</u>
Net increase in cash held	467,829	57,324
Cash and cash equivalents at the beginning of period	54,595	389,820
Cash and cash equivalents at the end of period	<u>522,424</u>	<u>447,144</u>

The accompanying notes form part of this financial report.

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Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2021

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 2021 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 2021 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 14 March 2022.

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 2021. It has been determined that there is no material impact of the new and revised Accounting Standards and Interpretations on its business.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(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 \$895,219 including total cash of \$522,424, current liabilities of \$511,005 and has made a net profit of \$45,708 in the period. The Group has an unfulfilled expenditure requirement under its exploration licences at 31 December 2021 of \$41,000 for the next 12 months.

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. The Company entered into an agreement with an unrelated company for an unsecured loan facility of \$1,150,000 available until

Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2021 (cont'd)

1 October 2023 to fund general working capital. The loan amount drawn under the facility at balance date of \$225,000 was repaid in full subsequent to balance date.

On 14 February 2022, the Company raised capital of \$210,000 before costs with the issue of 35,000,000 fully paid ordinary shares at \$0.006 per share under private placement.

On 15 February 2022, the Company received \$142,200 from the repayment of loans under the Employee Incentive Plan (“EIP”) for EIP shares issued in prior years.

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 – Critical accounting estimates and judgments

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 2021.

Note 5 – Interest and other income

	31 December 2021	31 December 2020
	\$	\$
Interest income	7	404
Gain on sale of subsidiary ¹	484,611	-
Government cash flow boost	-	10,000
Other	2,000	-
	<u>486,618</u>	<u>10,404</u>

¹On 24 August 2021 the Company disposed of its wholly-owned subsidiary Great Western Minerals Pty Ltd that owned EL 6400 Koonenberry to ASX listed Odin Metals Limited (“ODM”) for \$97,360 cash and 15 million shares in ODM (escrowed for 12 months) valued at fair value of \$390,000 (based on the ODM share price of \$0.026 per share on that date), with transaction costs of \$2,746. The carrying value of net identifiable assets disposed of amounted to \$3 on 24 August 2021, resulting in a gain on sale of \$484,611.

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Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2021 (cont'd)

	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
Note 6 – Other expenses from ordinary activities		
Audit fees	11,925	8,831
Consulting and professional fees	68,635	50,150
Listing expenses	23,913	17,551
Office accommodation	5,400	5,200
Registry fees	10,128	8,161
Insurance	8,811	9,470
Other	10,777	8,101
	<u>139,589</u>	<u>107,464</u>
Note 7 – Earnings/(Loss) per share		
	\$	\$
Operating profit/(loss) after income tax used in calculation of basic and diluted profit/(loss) per share	45,708	(357,125)
	<u>759,899,180</u>	<u>669,054,560</u>
	31 December 2021 \$	30 June 2021 \$
Note 8 – Financial assets - current		
	\$	\$
Financial assets measured at Fair Value Through Profit or Loss		
ASX listed shares at fair value received as part consideration for sale of subsidiary (see Note 5)	390,000	-
Fair value loss through to profit or loss	(45,000)	-
Fair value at market price on balance date	<u>345,000</u>	<u>-</u>
Note 9 – Borrowings		
Current		
Loan drawn under loan facility agreement	<u>225,000</u>	<u>-</u>
Non-current		
Loan drawn under loan facility agreement	<u>-</u>	<u>125,000</u>

An unrelated company Fort Capital Pty Ltd provided a loan facility to fund the general working capital of up to \$1,150,000 until 1 October 2022. The funds advanced are unsecured and bear interest at 8% per annum. A loan facility fee of 1% is payable and the outstanding loan amount is to be repaid in priority to

Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2021 (cont'd)

any accounts payable or loans within 5 business days of receipt of proceeds from an equity capital raising by the Company. At balance date, \$225,000 has been drawn down by the Company. This amount was fully repaid subsequent to balance date.

The loan facility agreement was varied in March 2022 extending the loan availability period to 1 October 2023 with all terms remaining the same.

Note 10 – 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 segment 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.

Note 11 – Share Capital

	6 months to 31 December 2021		Year to 30 June 2021	
	Number	\$	Number	\$
Fully Paid Ordinary shares				
Balance at beginning of period	753,159,343	14,160,010	632,639,343	13,516,892
Shares issued during the period:				
• Share issue for cash under Share Purchase Plan	-	-	29,120,000	218,400
• Share issue for cash under private placement	91,530,000	503,415	70,000,000	465,000
• Issues under EIP (see Note 12)	21,400,000	-	21,400,000	-
Transaction costs	-	-	-	(40,282)
Balance at end of period	866,089,343	14,663,425	753,159,343	14,160,010

Note 12 – 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:

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Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2021 (cont'd)

Description	Number issued	Grant date	Share price at grant date \$	Exercise price \$	Life assumption	Risk free rate	Expected price volatility	Value of each EIP share \$	Share-based payments \$
EIP shares	6,400,000	13/10/21	0.0070	0.0075	5 years	1.00%	149.0%	0.0063	40,320
	<u>15,000,000¹</u>	15/11/21	0.0070	0.0075	5 years	1.39%	147.7%	0.0063	<u>94,500</u>
	<u>21,400,000</u>								<u>\$134,820</u>

¹15 million EIP shares issued to Directors (5 million EIP shares to each of Directors B Patkin, J Wang and E Sam Yue) following the approval of shareholders at the Annual General Meeting held on 15 November 2021. The interest free non-recourse loan for the EIP shares issued to each Director is \$37,500.

Note 13 – Commitments

Exploration Expenditure Commitments

The expenditure commitments to maintain and renew rights to tenure in exploration licences as at 31 December 2021 have not been provided for in the financial statements and are due:

	31 December 2021 \$	30 June 2021 \$
Within twelve months	41,000	53,000
Twelve months or longer and not longer than 5 years	708,000	460,000
Longer than five years	140,000	-
	<u>889,000</u>	<u>513,000</u>

Note 14 - Contingent Liabilities

At balance date, the Group has no contingent liabilities.

Note 15 – 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 14 February 2022, the Company raised capital of \$210,000 before costs with the issue of 35,000,000 fully paid ordinary shares at \$0.006 per share under private placement.
- On 15 February 2022, the Company received \$142,200 from the repayment of loans under the Employee Incentive Plan (“EIP”) for EIP shares issued in prior years.
- On 4 March 2022, Fort Capital Pty Ltd agreed to extend the availability period to 1 October 2023 of the unsecured loan facility of \$1,150,000 provided to the Company.