AUSMON RESOURCES LIMITED

ABN 88 134 358 964

ANNUAL REPORT 2013

CONTENTS

CORPORATE DIRECTORY

Directors
King M Fan – Chairman and Chief Executive Officer
John Q Wang – Director (Finance)
Gang (Gary) Zheng – Director (Projects)
Liuboa Qian – Director (Exploration and Mining)

Company Secretary
John Q Wang

Registered Office
Suite 1502
370 Pitt Street
Sydney NSW 2000
Telephone: 61 2 9264 3100
Facsimile: 61 2 9264 0099
Email: office@ausmonresources.com.au

Website
www.ausmonresources.com.au

Share Registry
Boardroom Pty Limited
Level 7
207 Kent 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 Codes: AOA (shares)
AOAO (options)

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

Auditors
Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000

Home Stock Exchange
ASX Limited
Exchange Centre, 20 Bridge St
Sydney NSW 2000

CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to present you the 2013 Annual Report of Ausmon Resources Limited.

During the year, we have maintained a level of exploration work in our gold and copper licences that satisfies the work commitments with the limited funds available. Continuing with our target programs we have proceeded with renewal of Koonenberry ELs 6400 and 6424 and Cumnock EL 6417. Following a re-assessment of the risks and prospects we have not pursued renewal of EL 7691, EL 6413 and EL 6416 and all capitalised costs in connection with these exploration licences have been fully written off.

We maintain our plan to carry out drill testing of the Grasmere-Peveril copper deposit within EL 6400 and to carry out a gravity survey over EL 6424 later in 2013. These projects in the under-explored Koonenberry Belt in Western NSW, near Broken Hill, have the potential to significantly upgrade the value of the Company.

To fund continuing exploration within our licences we raised $300,000 by the placement of 10,000,000 shares on 26 September 2013 with Mr Liubao Qian who joined the Board on that day. I welcome Mr Qian to the Board as he brings additional talents to our Company. Mr Qian is particularly interested in the development of the mineral licences of the Company with intention to invest further capital and he has been entrusted with specific responsibility for exploration and mining projects of the Company. We look forward to some exciting results in the 2014 financial year.

The proposed joint development, announced at the end of 2011, of a gas-fired thermoelectric co-generation power project with Jiangsu Datang International Jintan has proved very time consuming to implement. The regulatory approvals that we sought are still not forthcoming. We are persevering with our plan although it may take more time to achieve significant results.

I would like to thank our loyal shareholders for their continued patience and support as we look for avenues to develop the Company to generate value in an environment that is very harsh for junior companies in Australia.

King M Fan
Chairman

30th September 2013

OPERATING AND FINANCIAL REVIEW

Summary

Exploration

- *Annual Reports were prepared and submitted to Department of Primary Industries ("DPI") for Koonenberry ELs 6400, 6464, and 6424. Renewal reports were also submitted for ELs 6400 and 6424, the latter with 50% area reduction. EL 7691 was relinquished in January 2013 after we have assessed its prospects to be low. Prospecting and anomaly follow-up on ELs 6400 and 6464, and a gravity survey over EL 6424 (covers the Wertago copper diggings and Nutherungie silver field) are planned for late 2013.*

- *Work on Cumnock EL 6417, near Orange, was kept on hold due to cropping and wet weather; however magnetic highs were examined in detail, as skarn deposits are normally associated with the magnetic mineral magnetite. The Gumble sub-area remains a prime target for skarn-type Cu-Zn-Sn-Ag-Au deposits, and application was made to retain that block. Renewal and Annual Reports were submitted to DPI.*

- *Not securing farm-in partners in EL 6413 and EL 6416 and following an assessment of risk rewards, the Company decided not to pursue renewal of those two ELs.*

Financial

- *Group loss after income tax for the year was $766,323 which included the write off of $486,412 of projects costs on abandonment of exploration licences EL 7691, EL 6413 and EL 6416.*

- *Group net assets at 30 June 2013 were $2,872,111 (2012: $3,587,833). Total assets decreased by $733,468 to $2,925,047 and total liabilities decreased by $17,746 to $52,936 with cash on hand of $229,971 (2012: $112,252) and no borrowings.*

- *Sale of remaining 6,951,000 shares in Premium Exploration Inc. provided $517,173 cash for operating and investing activities.*

OPERATING AND FINANCIAL REVIEW (*continued)*

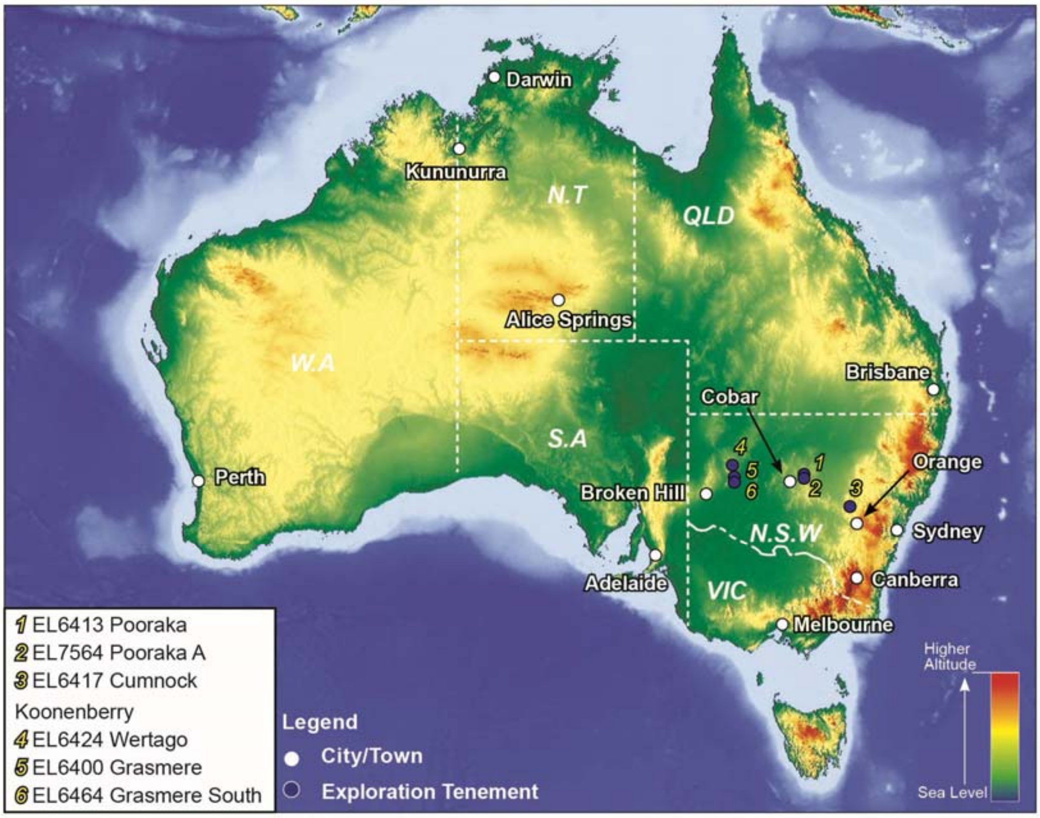


Figure 1 - Licence Locations in New South Wales, Australia

COPPER EXPLORATION AT KOONENBERRY BELT
ELs 6400, 6424 and 6464 - NSW (100%)

The Company retains a 100% interest in 3 ELs, after relinquishment of EL 7691, covering a total area of 510 sq kms in the highly prospective and under-explored Koonenberry Belt in Western NSW, near Broken Hill.

OPERATING AND FINANCIAL REVIEW (*continued)*

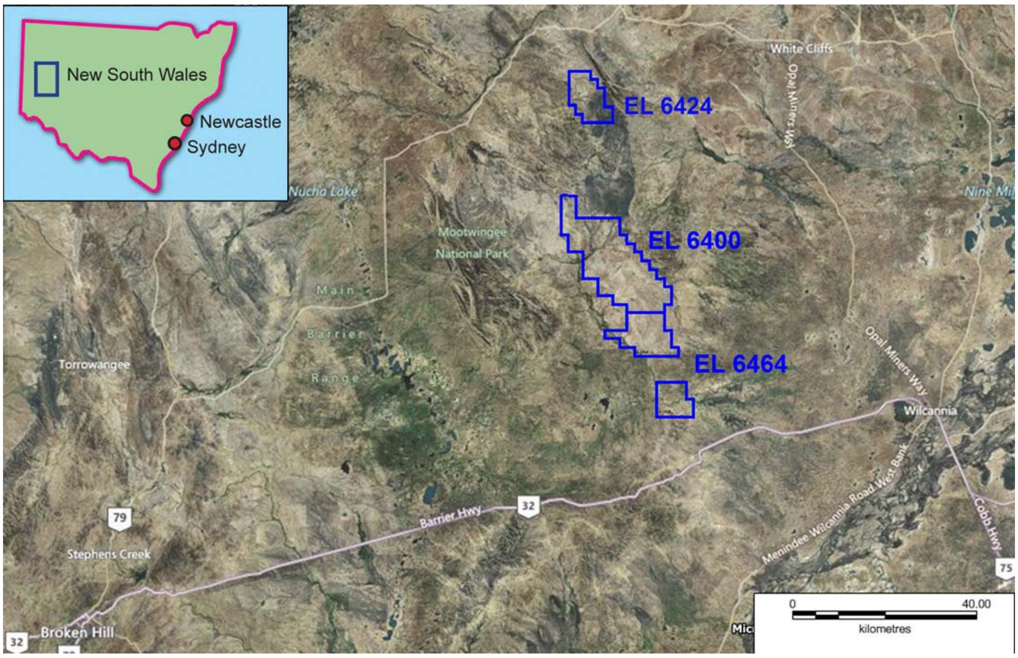


Figure 2 - Location map of Koonenberry Exploration Licences

Results of Diamond drilling- Koonenberry Copper Project (EL 6400)

Four diamond drill holes (ADD01-ADD04) were drilled in June 2011 into broader and/or more metal rich parts of the Grasmere-Peveril line of lode**.** Known Cu-Zn mineralisation occurs continually over a west-north-west strike of about 3.8 km. The lode is broken by several offsetting faults, and is most thickly developed in two near vertically dipping bodies, referred to as the Grasmere and Peveril bodies.

Results from four diamond drill holes completed by Ausmon at Grasmere and Peveril were as follows:

***Hole ADD01** intersected the western part of the Peveril ore body and substantially increased the down dip extension of known mineralisation.*

***Hole ADD04** was drilled 100 m further to the west and made a much narrower intersection, indicating proximity to the western edge of the Peveril ore body.*

***Hole ADD02** was drilled to test for thickening of the mineralisation in earlier drill holes 300 m west of the Peveril ore body.*

***Hole ADD03** was drilled to test the western part of the Grasmere ore body at a drill hole length of c. 250 m. Between 245.20 m and 255.55 m, it intersected a fault zone with core losses suggesting that the Grasmere body is displaced by a fault.*
From the core samples collected, sulphide minerals were noted to consist of pyrite, with lesser chalcopyrite, and sphalerite, but proportions were hard to estimate visually. Shears and crush zones were noted in all holes. High grade intersections (45% - 65+% sulphides) were noted to be associated in part with lower grade intersections (2% - 20% sulphides) consisting of the same sulphide minerals.

High grade Cu intersections, with Zn and Ag credits, were as follows (*see Footnote on true widths at end of this report*):

OPERATING AND FINANCIAL REVIEW (*continued*)

Hole No	Intersection, m		Length m	Cu%	Zn%	Ag g/t	Au g/t
	from	to					
ADD01	254.00	257.33	3.33	3.33	0.44	7.3	0.08
ADD02	158.20	158.40	0.20	3.17	0.31	5.2	0.04
ADD04	268.81	269.54	0.73	4.81	0.80	10.1	0.15

Discovery of Probable WNW Extension to Line of Lode (see Diagram)

Detailed (1:1000 scale) fault delineation and lithological mapping in prior years led to the discovery of a new, south-east displaced, fault bounded, slice of the line of lode, roughly one kilometre north of the Company's June 2011 drilling area. Lithological, fault line, and aeromagnetic evidence also pointed to further extensions to the west-north-west as indicated. Earlier explorers were beguiled by high copper concentrations in soils draining the area, leading to the drilling of extensive lines of RAB (bedrock probing) holes—shown as brown dots on Figure 3. The presence of strong copper anomalies also suggests the possibility of higher concentrations of copper sulphides in that area.

Detailed mapping along the west-north-west extensions of the Grasmere-Peveril line of lode located new features, including narrow, late stage, cross cutting veins, showing at surface as silicified ironstones. Portable XRF (Niton) field testing of these detected the presence of Cu and Zn. Other evidence included lines of sink holes located precisely where fault mapping indicated the lodes should be located. Also sink holes indicate gypsum-rich soils, with the gypsum most probably derived from weathering of sulphides at depth. A number of targets were selected for later testing by RC percussion drilling. Data from 2011 diamond drilling of the line of lode have demonstrated that higher grade Cu zones (shoots) are primary in nature, and not caused by supergene enrichment effects. Suspected lode extensions to the west-north-west now require to be confirmed by RAB/ air-core drilling. Thicker parts will then need to be tested by RC percussion and possibly diamond drilling. The aim will be to confirm continuity, thickness and Cu contents of lodes to the west-north-west.

The line of lode is now considered to most probably be structurally controlled along a major fault, however given the highly deformed and altered nature of the host rocks, primary features could have been largely or entirely obliterated, which means a re-constituted Cyprus-type VMS seafloor origin cannot be ruled out**.**

Petrographic/ Mineragraphic Study of Drill Cores and Chips at CODES, Tasmania

In prior year fifteen samples of cores and chips were collected over 5 km from drill holes along the Grasmere-Peveril line of lode and submitted to CODES (University of Tasmania) for petrographic/mineragraphic analysis. The results of this work were as follows:

- Host rocks to the lode are thinly bedded shale-siltstone-fine sandstone metasediments of the Ponto Group, associated with lesser amounts of strongly veined and altered mafic volcanic, or volcaniclastic rocks.

- The lode itself is consistently fine-grained, with strong cataclasis (deformation of rigid particles by fracture, sliding and rolling, without internal strain) of the dominant sulfide mineral, pyrite, which is associated with variable amounts of chalcopyrite and minor sphalerite.

- Limited assay data provided shows very high Cu/Zn ratios, with Pb almost always less than 30 ppm, in keeping with the observed sulfide mineralogy and absence of galena.

- Although the pyritic, Cu-rich, Pb-poor lode is broadly similar to Cyprus-type VHMS deposits in mineralogy and metal ratios, over its entire 5 km extent there is no known evidence of stockwork

OPERATING AND FINANCIAL REVIEW *(continued)*

zones, barite, exhalative sediments, or seafloor sulfide deposit constructional features (chimneys, mounds, concentrically banded sulfides) suggesting that it is unlikely to represent a Cyprus-type VHMS system.

- The strong and lode-wide cataclasis of brittle pyrite, coupled with evidence from detailed mapping-- that the lode appears to transect the host stratigraphy in places, suggests that the lode is structurally controlled, along a major fault. Further study is required however to thoroughly characterize the nature and origin of the lode.

- Other features noted include local plastic deformation of chalcopyrite, rare alteration along chalcopyrite rims to (blue) covellite, and very rare sulphosalt inclusions.

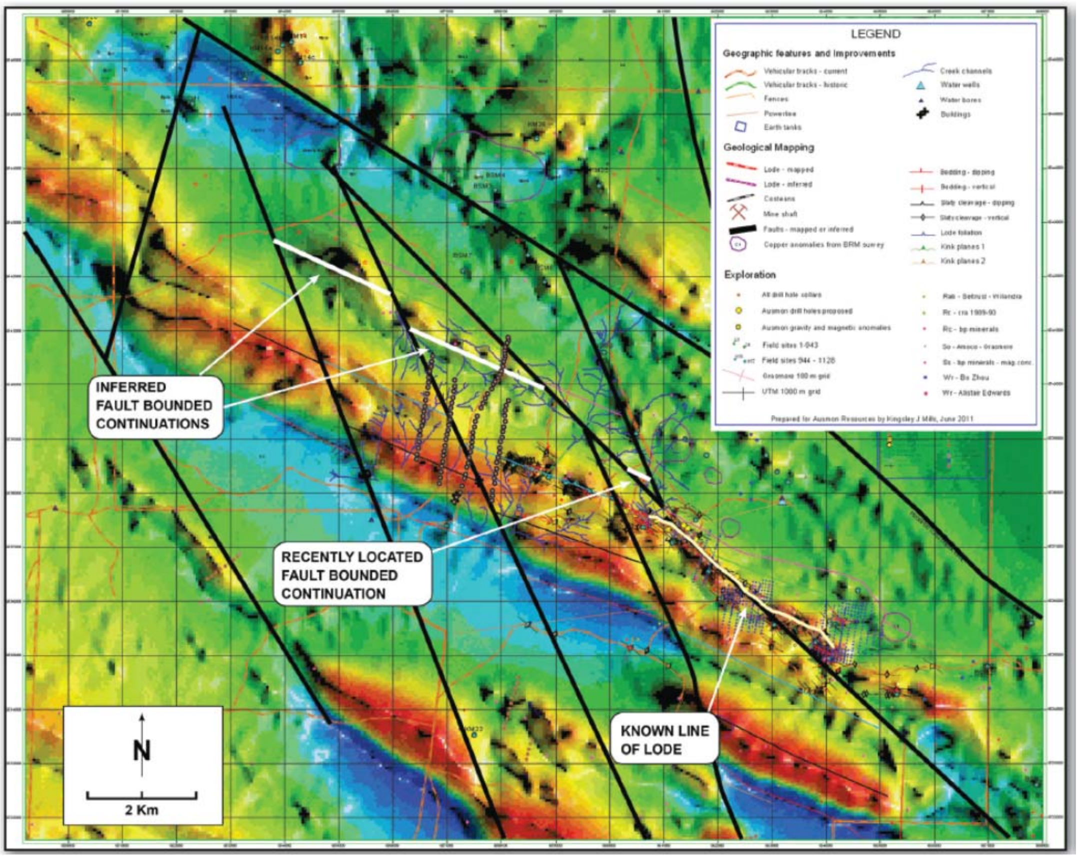


Figure 3 - EL 6400 – Probable WNW Extension to Grasmere Peverill Line of Lode

GOLD, SILVER AND BASE METAL EXPLORATION AT ORANGE AND COBAR
EL 6413, EL 6416 EL 6417 and EL 7564 - NSW (100%)
EL 6417 (Cumnock)

EL 6417 (Cumnock) is composed of 3 segments (sub areas) centred about the town of Cumnock, near Orange. The EL contains gold and base metal mineralization hosted in a range of rock units of Ordovician to Devonian age. There are many recorded mineral occurrences, and the presence of historic mine workings, at Gumble, Cumnock, and Mt Catombal.

OPERATING AND FINANCIAL REVIEW (*continued*)

Work Undertaken and Results

In August 2011 6 targets were drilled - 2 each on the Mt Catombal, Gumble, and Cumnock sub areas. Hole drilled were follows, in the order completed:

Hole No	Location	GPS Co-Ordinates		Plunge	Direction	Length
Hole 3A	Cumnock	0661753 E	6352209 N	50	W	100m
Hole 3	Cumnock	0661656 E	6352210 N	50	E	100m
Hole 4	Mt Catombal	0675867 E	6377293 N	50	E	30m
Hole 4A	Mt Catombal	0675897 E	6377291 N	60	E	80m
Hole 1A	Gumble	0656538 E	6342578 N	55	E	87m
Hole 1B	Gumble	0656518 E	6342409 N	55	E	91m

Samples were collected over 1 m intervals - total 488 samples. Chips were separated by dry and wet sieving, geologically logged, and retained in sample boxes. Intervals of interest were homogenised in collection bags, and 1 kg splits taken for chemical analyses. In all 279 such splits were collected and submitted to the ALS laboratory in Orange. All were analysed for Cu, Pb, Zn, Ag analysis (method ICP 41). Fifty of those samples were also submitted for Au analysis (AA 25), and 20 for Sn analysis (XRF).

Extensive close spaced soil grid sampling was undertaken at Gumble in 2009, and 2010 to cover the contact areas of the Gumble Granite, mainly in the prospective Ordovician Kabadah Formation, which hosts numerous gold and base metal occurrences along its western margin. Another aim was to test fault-bound Ordovician and Silurian-age units to the north for skarn type mineralization associated with shallow granite apophasis features. Some 12 anomalies were detected, and 2, (labeled A and G) were selected for initial drilling, viz:

***Anomaly A** (~656550mE, 6342000mN), takes in old surface diggings, and is a Cu (<135 ppm), Au (<23 ppb), As (<23 ppm), Zn (<163 ppm) anomaly located about 200 m west of the contact of the Gumble Granite with the Kabadah Formation. Continues over some 500+ m.*

***Anomaly G** (~659850mE, 6344600mN) is a smaller copper (< 148 ppm), gold (<13 ppb), Bi (< 3 ppm), As (<102 ppm), Zn (<256 ppm) anomaly coinciding with a northwest-southeast trending fault in the Maradana Shale.*

The expectation was that these targets should contain Cu-Zn sulphides, with Ag-Au credits, and possibly Sn (tin) (as cassiterite- SnO_2). Anomaly G could not be drilled due to access issues, so it was decided to sink two (2), 55 degree inclined holes into Anomaly A.

OPERATING AND FINANCIAL REVIEW (*continued)*

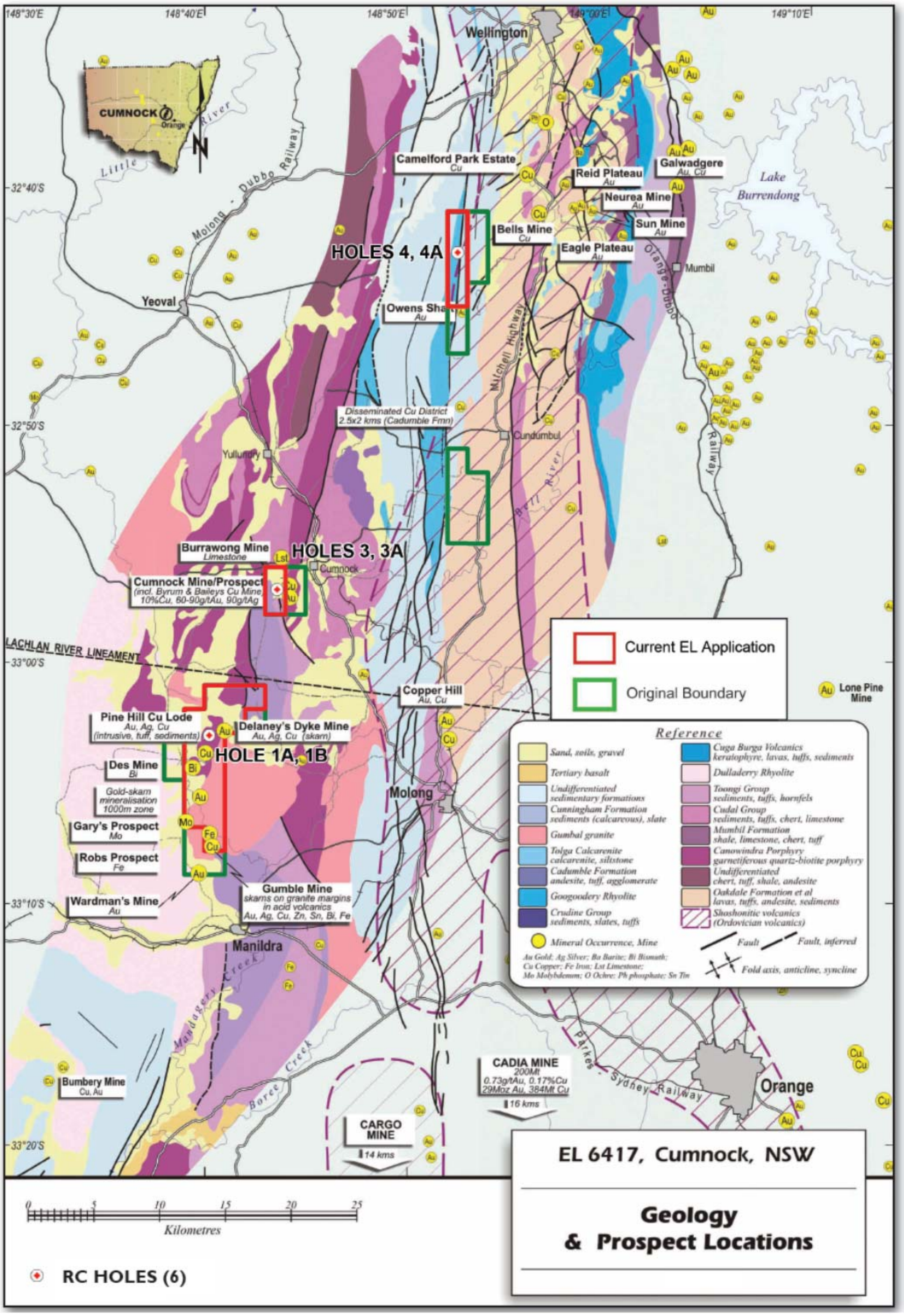


Figure 4 – EL 6417 Targets drilled in August 2011

OPERATING AND FINANCIAL REVIEW (*continued)*

Target 1—Gumble Skarns (2 holes)

The first hole (**Designated Hole 1A**) was about 170 m north of originally proposed Hole 1, and targeted old diggings in a gossanous (silicified ironstone) outcrop. The second (Designated Hole 1B) was on the same line as original Hole 1, but closer to the target soil anomaly. Hole 1A encountered red-brown soils (0 -12 m), followed by shaley sediments with lesser volcanic rocks (12 m - 45 m). This was underlain (45 m - 49 m) by what looked like weathered Fe sulphides, then by wet limestone karst (red-brown) muds containing sandstone and shale chips (49 m - 56 m). The interval from 56 m - 58 m consisted of similar karst muds, *but with 10 to 15% Cu carbonate (malachite and azurite) in sieved (i.e. concentrated) chips.* Muds, with traces of Cu carbonate chips persisted to 64 m, followed by black shales with minor traces of Cu carbonates and non- magnetic black specks (possibly SnO_2). The hole was stopped at 87 m in shales.
The second hole (**Designated Hole 1B**) intersected deep, rich soils underlain by weathered basic volcanics to 36 m. Below that monotonous limestones persisted, with lesser interbedded black shales. One weathered limestone/ shale contact zone (70 m -73 m) looked somewhat silicified and ferruginised (skarned). The hole was stopped at 91 m in black shales with minor limestone chips.

Analytical results for the two holes were as follows (*see Footnote on true widths at end of this report*):

Hole 1A*. 46 m to 56 m (****10 m****) @ 0.3% Cu (range 0.2% to 0.4%), 0.2% Zn (range 0.1% to 0.6%), and 3 g/t Ag (range 0.6 g/t to 6.8 g/t). 56 m to 64 m (****8 m****) @ 0.7% Cu (range 0.5% to 1.5%), 0.22 g/t Au (range 0.05 g/t - 0.61g/t), 30 g/t Ag (range 4 g/t to 79 g/t), and 0.15% Sn (last over 3 m from 62 m to 65 m). 65 m to 87 m (****23 m****) @ 0.1% Cu (range 0.05% - 0.4%), 4.5 g/t Ag (range 1.1 g/t to 13.7g/t).*

Hole 1B*. 68 m to 74 m (****7 m****) @ 3.9 g/t Au, and up to 0.2% Cu. Also nine non-limestone samples collected between 2 m and 65 m yielded 0.5 g/t to 12.1 g/t Ag, up to 0.18% Cu, up to 0.32% Zn, and up to 0.05% Sn.*

The above results are very encouraging, and significantly upgrade the potential of the Gumble sub-area for base metal and silver discoveries. At Anomaly A, a broad skarn system (caused by mineralised granitic fluids reacting with limestones and associated rocks) is evident over 500+ m of strike. Elements present are the same as those seen in the nearby (historic) Delaney's Dyke mine—ie Cu, Zn, Ag-Au, and Sn. Another eleven anomalies remain to be tested by RC percussion drilling (labeled B to L in Figure 5). Silver grades in particular (e.g. 8 m at 30 g/t, 23 m at 4.5 g/t, 10m at 3 g/t, and 7 m at 3.9 g/t are very high and consistent (*see Footnote on true widths at end of this report*).

Target 2—Cumnock Cu Mine (2 holes)

In December 2007, a soil geochemical survey around the historic Cumnock Cu mine area, on a staggered 100 m by 100 m grid, revealed an extensive Cu anomaly, open to the south. Historically the Cumnock Cu Mine produced about 10 tonnes of 10+% Cu ore with Au (60 g/t - 90 g/t), and Ag (90 g/t) credits. Mineralisation in dumps exhibits as weathered sulphide blebs and disseminations associated with quartz veins in altered Silurian (mainly acid) volcanic rocks.

Two inclined (50 degree) scissors holes (designated 3 and 3A) were sunk beneath the Cumnock Cu Mine to test for possible disseminated and/or vein-type Cu-Zn sulphides and/or Au-Ag credits. Both holes mainly intersected fine grained, grey- olive acid volcanics, with variable amounts of vein quartz. In Hole 3 trace to minor amounts of very fine grained sulphides (mainly pyrite, with lesser chalcopyrite) were noted between 48 m and 62 m. The highest concentration (5% to 10%) was noted around 58 m. Minor lithologies included felsic volcanics (possibly cross cutting dykes) and thin grey shale bands.

Analytical results were as follows (*see Footnote on true widths at end of this report*):

OPERATING AND FINANCIAL REVIEW (*continued)*

Hole 3*. 57 m to 58 m (**1 m**) @ 0.45% Cu and 1.7 g/t Ag. 59 m to 63 m (**4 m**) @ 100 ppm to 388 ppm Cu (3 to 13 X background). 75 m to 76 m (**1 m**) @ 696 ppm Cu (23 X background)*

Hole 3A*. 68 m to 76 m (**8 m**) @ 148 ppm to 542 ppm Cu (5 to 18 X background). Ag up to 0.2 g/t.*

Drilling clearly detected the diminished downward continuation of the old Cumnock Cu diggings, which occur in a fracture zone in the acid volcanic host rocks. Lack of down dip continuity means that no further work is justified on this target area.

Target 3—Mt Catombal epithermal Cu-Au veins (2 holes)

This most northerly segment of EL 6417 is located south of Wellington, and covers a few old Cu and Au diggings, and extensive soil and rock chip Cu-Au anomalies. These occur in the Cuga Burga Volcanics, a 10 km long 1.8 km wide patch of fault bounded, noth-noth-east striking, mainly andesitic rocks. These dip moderately west, and are part of the eastern limb of a regional syncline. The volcanics exhibit widespread epidote alteration associated with disseminated pyrite-chalcopyrite and minor epithermal quartz, suggesting the possibility of large undiscovered Mt Aubrey type Cu-Au deposits. Variations in magnetic response (due to selective magnetite destruction) also point to extensive hydrothermal activity. Detailed soil sampling by the Company in 2009 and 2010 led to the delineation of 3 large Cu anomalous areas, referred to as the *Turner, Lawrence* and *Bayliss anomalies*, named after the current landholders.

Two inclined RC holes were sunk into the most Cu anomalous part of Turner anomaly. The anomaly (<1580 ppm, background 50 ppm) is extensive, near the eastern edge of the volcanic sequence, and close to a faulted contact with sedimentary rocks. The first hole, designated Hole 4, reached refusal at 30 m. The plunge angle (50 degrees) was apparently too low for the conditions (wet, hard, fractured rocks), so a second, more steeply inclined (60 degree) hole, designated 4A, was spudded about 30 m to the east, and drilled to 80 m. Both holes encountered weathered and iron stained intermediate volcanic rocks, with extensive quartz veining and epidote alteration, however no secondary Cu minerals were noted.

Analytical results were as follows (see Footnote on true widths at end of this report):

Hole 4*. 3 m to 4 m (**1 m**) @ 540 ppm Cu. 6 m to 16 m (**10 m**) @ 508 ppm to 1230 ppm Cu. Spot Ag - 0.2 g/t to 0.3. g/t.*

Hole 4A*. Average Cu content- 150 ppm. Nine samples were anomalous- in the range 500 ppm to 730 ppm Cu. Spot Ag - up to to 0.3 g/t.*

Clearly bedrock Cu values are sufficiently high to explain the soil Cu anomaly, but drilling failed to detect any meaningful Cu-Ag-(Au) mineralisation in bedrocks. An extensive epithermal mineralising system is nevertheless evident at Mt Catombal, with sulphide concentrations seen in old Cu diggings, as veins and in fractures. Future explorers would need to re-evaluate all data (soil, rock chip, old diggings, mapping, and geophysics) with the aim of finding any subtle targets.

In light of the above findings, in May 2013 Ausmon applied to only renew the Gumble sub-area, with minor area reduction, and to relinquish the remaining sub-blocks. Also and analysis of aeromagnetic highs was undertaken, because skarn-type deposits are associated with the mineral magnetite.

OPERATING AND FINANCIAL REVIEW (*continued)*

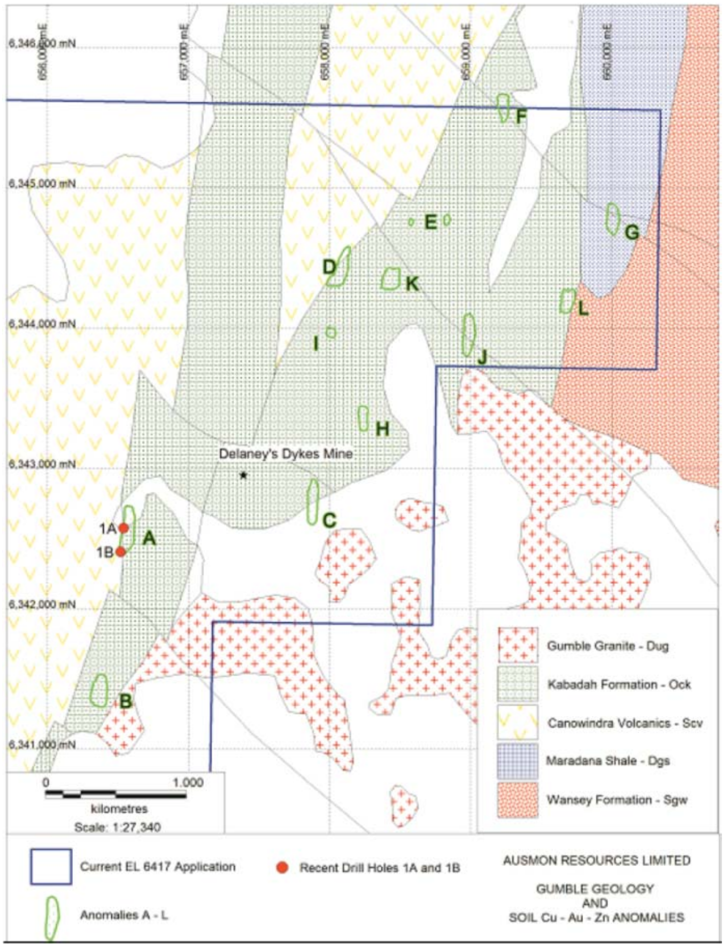


Figure 5 – EL 6417 - Gumble Geology and Soil Cu-Au-Zn Anomalies

ELs 6413 and 7564 (Pooraka) and EL 6416 (Mt Barrow)

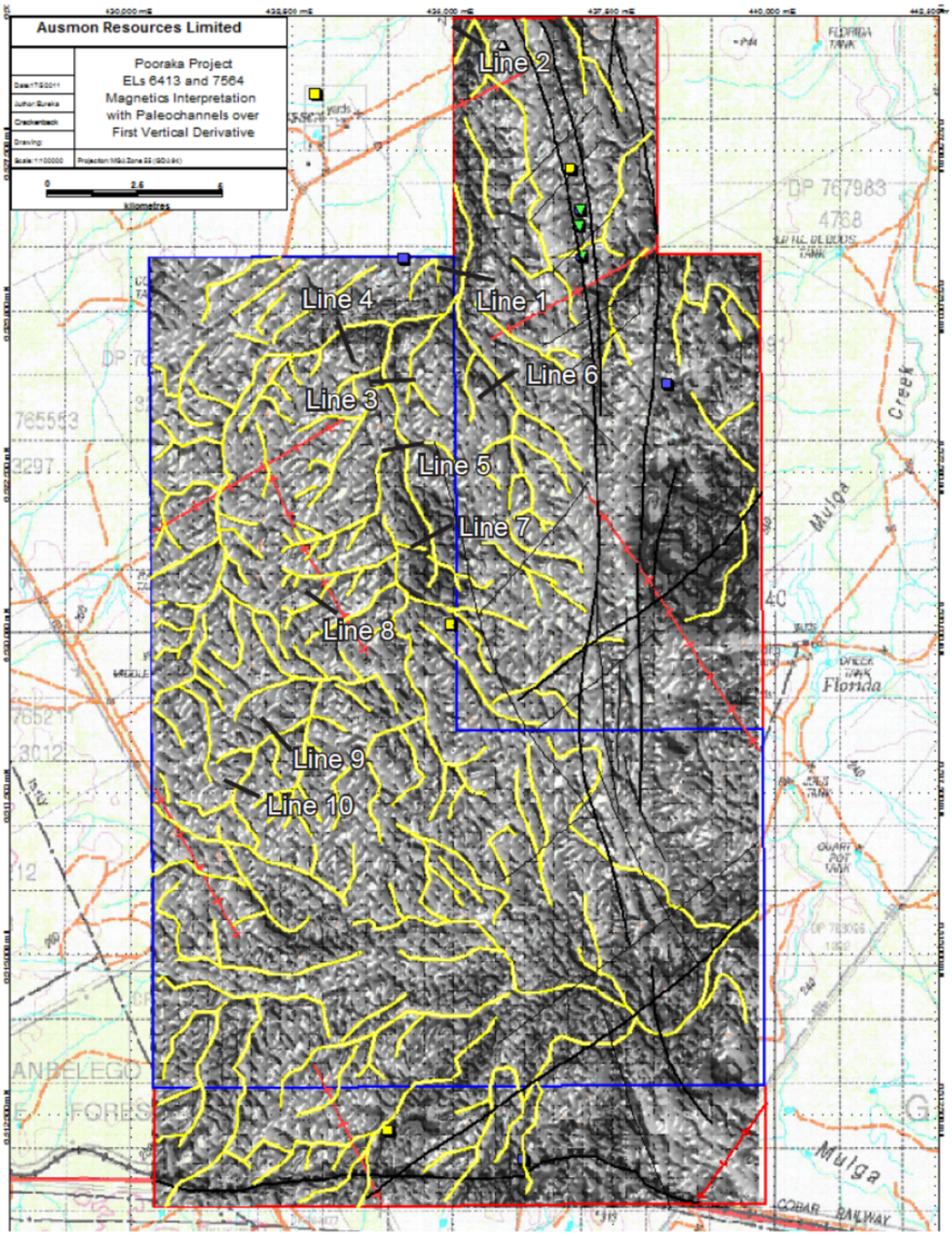
Eureka Consulting (Geophysical Consultants) prepared a detailed report on the analysis of 2011 aeromagnetic data from joined ELs 6413 and 7564, near Pooraka. The western parts of these ELs are covered by soils and alluvium which overlie extensive dendritic magnetic (maghemite bearing) palaeochannels of uncertain depth and thickness. TMI data acquired from the survey were analysed, using the first vertical derivative (tilt filter) which highlights shallow magnetic geological features and surface features like roads, train lines and fences. Abundant dendritic palaeochannels are evident—see Figure 6. Ferric mineral precipitation (as pisolites in soils and along drainage channels) is caused by occasional heavy rains in the high evaporation environment. Resultant channel iron deposits (CIDs) vary considerably in width and thickness, and are an important part of the regolith. In detail iron oxides (goethite and maghemite) are associated with clays, silica, carbonates, and detrital material, forming thin lenses that follow palaeochannels.

For the analysis, 10 magnetic profiles across a range of palaeochannel types were studied to determine depths to channel tops, thicknesses, and magnetic responses. In the modeling process channels were assumed to be tabular and thinning towards edges. Data profiles, adjusted for terrain and regional effects, revealed channel thicknesses ranging from about 12 to 20 m and depths to tops ranging from 0 to 18m, averaging between 5 and 11m—see Diagrams after Figure 6 below.

OPERATING AND FINANCIAL REVIEW (*continued)*

These data are an important precursor to bedrock sampling by aircore or RAB drilling of deeper magnetic and/or geologic features, including in areas close to known mineralisation. Also, bedrock sampling beneath deeper channels and cover will most likely require wider spaced inclined holes.

Following an assessment of risks rewards, the Company decided not pursue further exploration in ELs 6413 and 6416 in the absence of interests from partners to joint venture to share the risks. Work will continue with EL 7564 until its expiry in 2014 before a decision is made on its renewal.



OPERATING AND FINANCIAL REVIEW (*continued*)

INVESTMENT IN ADVANCED GOLD EXPLORATION PROJECT - IDAHO, USA
Premium Exploration Inc. ("PEM")

Since 2010, the Company has invested in PEM which is focused on gold exploration at its district-sized land package along the Orogrande Shear Zone ("OSZ") in North-Central Idaho, USA. The "OSZ" is a +30 km regionally-significant structure with multiple known zones of gold mineralization.

During the year the Company has disposed of all its remaining share holdings in PEM on market for cash amounting to approximately $517,000 to fund working capital and to focus on its Australian and new projects.

NEW PROJECTS

During the year the Company continued to pursue new projects for investment with cornerstone partners in China with the objective to spur growth and generate income.

In November 2011, the Company announced its agreement with Jiangsu Datang International Jintan ("Jiangsu") setting out the framework for the parties to jointly develop a gas-fired thermoelectric co-generation power project ("Jintan Project") in Jiangsu Province in China to supply power to the Jintan Economic Development Zone. It was intended that the Company participates as a minority partner in the total Jintan Project with the percentage of equity yet to be determined.

The Jintan Project consists of the construction in two phases of a 1,200 MW gas-fired thermoelectric co-generation power plant. The Jintan Project also includes the construction of a natural gas pipeline to transport gas from the supplier to the power plant.

No material financial commitment has been made by the Company to date and the agreement is subject to condition precedents to be achieved before proceeding to a transaction. The conditions precedent are the securing of supply of gas for the Jintan Project under applicable quotas in China and obtaining government approvals applicable for this type of project. Progression of implementation of the agreement will also be subject to Australian Securities Exchange's consideration of applicable Listing Rules, including Listing Rule 11.1.

The Jintan Project has progressed very slowly and is not at a stage for further reports. The other projects considered by the Company have not proceeded to a transaction.

Footnote
Based on geometry, and geological information, intersection widths (in metres) described in this report are estimated to be 20% to 50% greater than true widths.

Glossary

Ag - silver	Cu - copper	Sn - tin	g/t - gram per tonne	ppb - parts per billion
Au - gold	O_2 - oxide	Zn - zinc	km - kilometre	ppm - parts per million
As - arsenic	Pb - lead		m - metre	

(The information in this report that relates to Exploration Results is based on information compiled by Dr Pieter Moeskops, the principal of Agaiva Holdings Pty Ltd and a member of The Australasian Institute of Mining and Metallurgy. Dr Moeskops 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Moeskops consents to the inclusion in this report of matters based on his information in the form and context in which it appears.)

OPERATING AND FINANCIAL REVIEW (*continued)*

FINANCIAL

Performance

The loss of the Group after income tax for the year was $766,323 (2012: $1,195,890) which included the write off of $486,412 (2012: $ nil) of projects costs on abandonment of exploration licences EL 7691, EL 6413 and EL 6416.

Financial Position

The net assets of the Group at 30 June 2013 were $2,872,111 (2012: $3,587,833). Total assets decreased by $733,468 to $2,925,047 and total liabilities decreased by $17,746 to $52,936 with cash on hand of $229,971 (2012: $112,252) and no borrowings.

During the year in an assessment of the lack of positive development at Premium Exploration Inc, the Company sold its remaining holding of 6,951,000 shares in that company for $517,173 providing cash for operations

To undertake exploration activities while the Group has no revenue producing assets, the Group requires regular injection of funds and the level of activities is dictated by the funds that are available.

To continue the exploration activities and to meet its financial commitments as and when they fall due the Group will be pursuing sources of finance that include:

- Undertaking further capital raisings.
- Selling part of the Company's interests in its exploration licences and entering into joint ventures for the potential development of the projects.
- Obtaining debt finance.

Going Concern – Emphasis of Matter

The Group has committed minimum expenditure under its licences of $300,000 in the year ending 30 June 2014.
Although the Group is still planning to undertake exploration activities on its various tenements, it has currently only budgeted for those amounts that satisfy the minimum expenditure and the financial position of the Group allows. Consistent with the nature of the Group's activities, its ongoing investments of funds into further exploration project will only be possible as and when sufficient funds are available to the Group.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it may not be able to realise the value of its assets and discharge its liabilities in the normal course of business. The audit opinion for the year ended 30 June 2013 therefore includes an emphasis of matter in this regard. For further details please refer to Note 1 of the financial statements with heading "*Going concern*".

Cash Flows

Use of cash in operating activities was reduced to $277,061 compared to $834,912 in 2012 and sale of shares in Premium Exploration Inc. provided the cash to fund operating and exploration activities.

OPERATING AND FINANCIAL REVIEW (*continued)*

Strategy and Prospects for Future

The Group proposes to continue its exploration program at Cobar, Cumnock and Koonenberry. However, no indication as to likely results in the future can be given due to the uncertainties usually associated with exploration activities. However, the Group will also continue to seek new projects that may enhance the value of the Group.

Future financial performance will be driven by the following:

- successful results from the exploration work for copper at Koonenberry would increase the value of the ELs and attract joint venture partners to participate in their further exploration, appraisal and development. Negative results may require re-assessment of continuing exploration in certain of the ELs in that project.

- positive results in the planned exploration of Cumnock EL 6417 would upgrade this EL that would enable the Company to seek joint venture partners on favourable terms to continue exploration, appraisal and development of that area. Negative results may require re-assessment of continuing exploration in that EL.

- decision on renewal or otherwise of Pooraka EL 7564 in June 2014.

- the attempts to secure supply of gas for the Jintan Project under applicable quotas in China and obtain government approvals applicable for this type of project will continue. The Company will determine the nature and extent of its participation in that project when such attempts have been successful. However, the chance of achievement is not yet be definable.

LICENCE SCHEDULE

as at the date of this report

Licence	Location	Project Name	Interest
EL 7564	New South Wales	Pooraka 2	100%
EL 6417	New South Wales	Cumnock	100%
EL 6400	New South Wales	Koonenberry - Grasmere	100%
EL 6424	New South Wales	Koonenberry - Wertago	100%
EL 6464	New South Wales	Koonenberry – Grasmere South	100%

DIRECTORS' REPORT

The Directors present their report on Ausmon Resources Limited ("Company") and its controlled entity ("Group") for the financial year ended 30 June 2013.

DIRECTORS

The names of Directors in office at any time during or since the end of the year are:

King Ming Fan
Chairman and Chief Executive Officer

Mr Fan is also the Chief Executive Officer of the Company and has over 30 years' experience in diversified businesses in Hong Kong, China and Australia. He has a wide network of business and official relationships in China and has been assisting Australian companies to invest in China. More recently, he has been facilitating investment in Australia by both government and privately owned Chinese entities in a wide range of business sectors.

Special responsibilities: Chairman and Chief Executive Officer.
Current directorship of other listed public companies: None.
Former directorship of listed public companies in the last three years: None.

John Qiang Wang
Director (Finance)

Mr Wang holds a Bachelor of Computer Science from Shanghai University and a Master of Business Administration from the University of Technology, Sydney. He is a Justice of the Peace with more than 18 years' experience in the accounting profession in Australia. He is a Fellow Member of the Taxation Institute of Australia, a member of National Institute of Accountants and an affiliate member of the Financial Planner Association of Australia. He is also the Company Secretary of the Company.

Special responsibilities: Finance.
Current directorship of other listed public companies: None.
Former directorship of listed public companies in the last three years: None.

Gang (Gary) Zheng
Director (Projects)

Mr Zheng has over 18 years' experience in business in China, primarily in Shanghai and Beijing, and also in Australia. He has developed a good network of business and investors relationships in China and Australia. He has been working in conjunction with Mr Fan for a number of years.

Special responsibilities: Projects.
Current directorship of other listed public companies: None.
Former directorship of listed public companies in the last three years: None.

Liubao Qian
Director (Exploration and Mining)

Mr Qian joined after the end of the financial year on 26 September 2013. He is the General Manager of Shanghai Fudan Intelligent Monitoring Compete Equipment Co. Ltd., after having

DIRECTORS' REPORT (*continued*)

been the Deputy General Manager from 2008 to 2010. Since 2006, he is the Deputy Chief of Staff at the Research Centre of Optical Fibre in the Faculty of Material of Shanghai Fudan University. Mr Qian holds a Bachelor of Engineering from the University of Military Logistics of People's Liberation Army Air Force (PLAAF) and a Diploma in Economics from the University of Politics of PLAAF.

Special responsibilities: Exploration and mining projects.
Current directorship of other listed public companies: None.
Former directorship of listed public companies in the last three years: None.

COMPANY SECRETARY

Mr John Qiang Wang (Director - Finance) is the Company Secretary of the Company as at the end of the financial year and at the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year consisted of carrying out exploration in minerals tenements with a focus on gold, silver, copper and other base metals and also seeking new projects in the resources industry.

DIVIDENDS

No dividends have been paid or declared by the Company since the beginning of the year.

OPERATING AND FINANCIAL REVIEW, LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

A review of operations and financial performance for the financial year, together with future prospects, is set out on pages 3 to 16.

During the subsequent financial year the likely developments of the Group will involve continuation of exploration in its tenements to define mineral resources and seeking additional mineral prospects and other projects in Australia and overseas as set out on pages 3 to 16. The likely results of the exploration activities are unknown at the date of this report due to the uncertainties usually associated with such activities.

ENVIRONMENTAL ISSUES

The Group's operations are subject to significant environmental and other regulations under the laws of the Commonwealth and State. The Group has a policy of engaging appropriately experienced contractors and consultants to advise on and ensure compliance with environmental regulations in respect of its exploration activities. There have been no reports of breaches of environmental regulations in the financial year and at the date of this report.

DIRECTORS' REPORT (*continued*)

AFTER BALANCE DATE EVENTS

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 year 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 that

on 26 September 2013 the Company raised $300,000 to fund exploration and working capital by the placement of 10,000,000 fully paid ordinary shares at $0.03 per share with Mr Liubao Qian who was appointed a Director on that day.

REMUNERATION REPORT (AUDITED)

Details of the nature and amount of remuneration for each key management personnel of Ausmon Resources Limited are set out below.

Remuneration Policy and Practices

The Group's policy for determining the nature and amount of remuneration of Board members and senior executives is as follows:

(i) Non-Executive Directors

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities with annual reviews based on market practices.

The maximum aggregate annual remuneration of Non-Executive Directors is subject to approval by the shareholders in general meeting. The Company had determined the maximum aggregate amount at $500,000 per year.

No Non-Executive Directors remuneration was paid during the year as the Board has resolved not to remunerate Directors for the year ended 30 June 2013 having regards to the Company's cash availability and performance.

(ii) Key Management Personnel

The remuneration structure for senior executives, including Executive Directors, is based on a number of factors, including qualifications, particular experience and general past performance of the individual concerned, overall performance of the Group and general human resources market pricing. There is no predetermined equity compensation element within the remuneration structure nor predetermined performance condition to be satisfied. Remuneration including equity compensation is reviewed on an annual basis with advice from external remuneration advisers as may be required. There are no contracts for service between the Company and Executive Directors and other key management personnel currently in place.

The Board determines payments to Non-Executive and Executive Directors and other key management personnel. The Board resolved not to remunerate the Key Management

DIRECTORS' REPORT (*continued*)

Personnel for the year ended 30 June 2013 having regards to the Company's cash availability and performance.

Company performance, shareholder wealth and Director and executive remuneration

The remuneration policy at this early stage of the Group has been tailored for goal congruence between shareholders, directors and executives.

Use of remuneration consultants

No remuneration consultants were used during the year.

Voting and comments made at the Company's 2012 annual general meeting

The Company received 100% of "yes" votes on its remuneration report for 2012 financial year. The Company did not receive any specific feedback at the annual general meeting on its remuneration report.

Employee Incentive Plan

The Company has established an Ausmon Resources Limited Employee Incentive Plan under which the Directors may offer options and ordinary shares in the Company to eligible persons. The Directors may also offer non-recourse interest free 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 options are issued free at grant. The shares may not be subscribed for less than the market value of the shares at the time an offer is made under the plan. The maximum total number of options and shares that may be offered or issued under the plan may not exceed 10% of the issued shares of the Company.

The shares issued under the plan rank pari passu with other issued ordinary shares and are not listed while there are loans outstanding on the subscription of the shares. Executives participate in the Ausmon Resources Employee Incentive Plan at the invitation of the Board after a review of performance. Directors may participate in the Plan subject to approval of shareholders.

No options or ordinary shares were granted under the plan during the financial year.

1,000,000 options exercisable at $0.25 per share issued under the Employee Incentive Plan expired on 30 June 2013 without being exercised.

Key management personnel remuneration

The key management personnel of the Group are the Directors K M Fan, J Q Wang and G Zheng.

No remuneration was paid or payable to the Key Management Personnel of the Group during the year. Also, no options were granted to Key Management Personnel during the year.

DIRECTORS' REPORT (*continued*)

	Short-term benefits		Post employ-ment		Share-based payment		Total remune-ration repre-sented by options
	Cash salary and fees $	Non-cash benefits $	Super-annuation $	Termi-nation benefits $	Options $	Total $	%
2012							
K M Fan	109,944	-	10,800	-	-	120,744	-
D W King[1]	-	-	-	-	-	-	-
J Q Wang	109,944	-	10,800	-	-	120,744	-
G Zheng	109,944	-	10,800	-	-	120,744	-
	329,832	-	32,400	-	-	362,232	-

[1] Resigned on 25 July 2011

Directors' Securities Holdings

As at the date of this report, the relevant interests of the Parent Entity Directors in the securities of the Parent Entity were as follows:

	Number	
	Fully paid ordinary shares	Options exercisable at $0.80 on or before 30 June 2014
K M Fan, J Q Wang and G Zheng[1]	24,300,000	12,150,000
K M Fan[2]	2,725,001	937,500
J Q Wang[3]	2,117,501	668,750
G Zheng[4]	2,807,501	768,750
L Qian	10,000,000	-
	41,950,003	14,525,000

[1] Shares are held by Aumeng Investments Limited of which Directors K M Fan, J Q Wang and G Zheng are directors and in which they have substantial financial interests.
[2] 850,000 shares are registered in the name of KMFan Family Pty Ltd <FMFan Family Trust A/C>
[3] 1,180,000 shares and 200,000 options are registered in the name of MBA Accountants Pty Ltd <Australian MBA Super Fund> of which J Q Wang is a beneficiary.
[4] 50,000 shares and 50,000 options are registered in the name of H&G Camden Pty Ltd. 1,850,000 shares and 250,000 options are registered in the name of C K Camden Pty Ltd. G Zheng is a director and has financial interests in H&G Camden Pty Ltd and C K Camden Pty Ltd.

End of audited remuneration report.

DIRECTORS' REPORT (*continued*)

SHARE OPTIONS

The number of options over unissued ordinary shares at the date of this report were as follows:

Options exercisable on or before 30 June 2014 at $0.80 per share:	
Listed	33,750,000

No option holder has any right under the options to participate in any share issue of the Company or of any other body corporate.

MEETINGS OF DIRECTORS

The number of meetings of Directors and number of meetings attended by each of the Directors of the Company during the financial year are as follows:

	Directors' Meetings	
	Number eligible to attend	**Number Attended**
K M Fan	1	1
J Q Wang	1	1
G Zheng	1	1

During the year, because of the small size of the Board, no separate sub-committees of the Board has operated and all matters were dealt with in the Directors' meetings. Board business during the year has also been effected by execution of circulated resolution by Directors.

INDEMNIFYING OFFICERS OR AUDITORS

The Group has not during or since the end of the year indemnified an officer or an auditor of the Group or of any related body corporate, against a liability incurred by such an officer or auditor. The Group has not paid or agreed to pay a premium to insure a current or former officer or the auditor against legal liabilities.

PROCEEDINGS

During the financial year and in the interval between the end of the financial year and the date of this report, the Group has made no application of leave under section 237 of the Corporations Act 2001.

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings in the year.

DIRECTORS' REPORT (*continued*)

NON-AUDIT SERVICES

No non-audit services were provided by the auditor during the year ended 30 June 2013.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001 the auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 25 of the Annual Report and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

J Q Wang
Director
Dated this 30th day of September 2013

Grant Thornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 19, 2 Market Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Ausmon Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Ausmon Resources Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 30 September 2013

CORPORATE GOVERNANCE STATEMENT

The table below on Corporate Governance Statement sets out the extent to which the Company has followed the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition.

	Principles and Recommendations	Compliance	Comment
1.	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Complies	The Group's Corporate Governance Statement includes a Board Charter, which discloses the specific responsibilities of the Board. The Board delegates responsibility for the day to day operations and administration of the Group to the Executive Directors. The Corporate Governance Statement is posted on the Group's website.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Does not comply	The small size of the Board of 3 members does not justify the operation of a separate formal Remuneration Committee. The Board evaluates the performance of senior executives annually.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Complies	Explanation of departure from the Recommendation 1.2 is set out in this section. There are no departures from the Recommendations 1.1 and 1.3. The Corporate Governance Statement is posted on the Group's website.
2.	**Structure the Board to Add Value**		
2.1	A majority of the board should be independent directors.	Does not comply	The Board consists of three Executive Directors (K Fan, J Wang and G Zheng). The current stage of establishment and size of the Group does not justify the cost of increasing the number of directors. However new Non-Executive Directors will be appointed at an appropriate time.
2.2	The chair should be an independent director.	Does not comply	The Chairman is Executive Chairman and Chief Executive Officer. With the current stage of development, it was decided that the Chair takes a more active role in the day to day business of the Company, in particular in negotiations of new projects.

CORPORATE GOVERNANCE STATEMENT *(continued)*

	Principles and Recommendations	Compliance	Comment
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Does not comply	The Chairman is Executive Chairman and Chief Executive Officer. With the current stage of development, it was decided that the Chair takes a more active role in the day to day business of the Company, in particular in negotiations of new projects.
2.4	The board should establish a nomination committee	Does not comply	Given the present size of the Group, the existing Board structure is able to meet the needs of the Group in the examination of selection and appointment practices without the establishment of a nomination committee of the Board.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Does not comply	The Group has not yet established a formal process for evaluating the performance of the Board and its committees although there is a peer review procedure for evaluating the performance of individual directors. The Board intends to put in place an evaluation process by an independent consultant as the Group develops.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Complies	Explanation of departures from the Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 are set out in this section. There are no departures from the Recommendations 2.6.The Corporate Governance Statement is posted on the Group's website.

CORPORATE GOVERNANCE STATEMENT (*continued)*

	Principles and Recommendations	Compliance	Comment
3.	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Complies	The Group's Corporate Governance Statement includes a Code of Conduct on Ethical Standards, which provides a guide to ethical conduct of Directors and management. The Corporate Governance Statement is posted on the Group's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Does not comply	The Company has not implemented a diversity policy given its relatively small size and the small number of employees. The recommendation is inappropriate to the Company's particular circumstances.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Does not comply	The Company has not implemented a diversity policy given its relatively small size. The recommendation is inappropriate to the Company's particular circumstances.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Complies	% women in whole organisation – 20% % women in senior executive positions – nil % women on the board - nil
3.5	Provide the information indicated in Guide to reporting on Principle 3.	Complies	Explanation of departures from the Recommendation 3.2 and 3.3 are set out in this section. There are no departures from the Recommendations 3.1, 3.4 and 3.5. The Corporate Governance Statement is posted on the Group's website.

CORPORATE GOVERNANCE STATEMENT (*continued)*

	Principles and Recommendations	Compliance	Comment
4.	**Safeguard integrity in financial reporting**		
4.1	The board should establish an Audit Committee.	Does not comply	With a 3 member Board, the Company has not set up an Audit Committee and all audit matters are dealt with by the Board.
4.2	Structure the Audit Committee so that it: • consists of only non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chairperson of the board • has at least three members.	Does not comply	No Audit Committee is established with a 3 member Board consisting of executives. Presently the cost of a larger Board size with sufficient number of non-executives is not justifiable.
4.3	The audit committee should have a formal charter.	Does not comply	There is a formal charter (policy) for an Audit Committee that is included within the Corporate Governance Statement although no Audit Committee is operating. The Corporate Governance Statement is posted on the Group's website.
4.4	Provide the information indicated in Guide to reporting on Principle 4.	Complies	Explanation of departures from the Recommendation 4.1, 4.2 and 4.3 are set out in this section. There are no departures from the Recommendation 4.4. The Corporate Governance Statement is posted on the Group's website.
5.	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Complies	The Group's Corporate Governance Statement states the policy and procedures to ensure compliance with ASX Listing Rule disclosure requirements. The Board has delegated the function of continuous disclosure as required under the ASX Listing Rule to the Executive Directors and the Company Secretary to assess the type of information that needs to be disclosed and to ensure that Group's announcements are made in a timely manner, are factual, do not omit

CORPORATE GOVERNANCE STATEMENT (*continued)*

	Principles and Recommendations	Compliance	Comment
			material information and complies with the ASX Listing Rules. Information which is considered to be price sensitive is approved by the Board before its release.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Complies	There is no departure from the Recommendations 5.1 and 5.2. The Corporate Governance Statement is posted on the Group's website.
6.	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Complies	The Board's policy is for all investors to have equal and timely access to material information concerning the Group, including its financial position, performance, ownership and governance. The Board has established practices to facilitate communication with the Company's shareholders. The Company Secretary oversees this process through the Group's website and direct mailing of announcements by email. Briefings are held with professional investors. Prior to such briefings, information to be given will be first released to ASX (if not previously released) and later broadcast to shareholders/investors who have registered their email address with the Company. All shareholders are notified in writing of general meetings and encouraged to attend and participate.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Complies	There is no departure from the Recommendations 6.1 and 6.2. The Corporate Governance Statement is posted on the Group's website.

CORPORATE GOVERNANCE STATEMENT *(continued)*

	Principles and Recommendations	Compliance	Comment
7	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Complies	The Group's Corporate Governance Statement includes a business risk oversight and management policy. The Board monitors and receives advice as required on areas of operational and financial risk, and considers appropriate risk management strategies. Specific areas of risk that are identified are regularly considered at Board meetings. Included in these areas are performance of activities, human resources, health, safety and the environment, continuous disclosure obligations, asset protection and financial exposures.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Complies	The Board requires the Executive Directors including the Chief Financial Officer to provide such a report at the relevant time.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complies	The Board requires the Executive Directors including the Chief Financial Officer to provide such a statement at the relevant time.

CORPORATE GOVERNANCE STATEMENT (*continued*)

	Principles and Recommendations	Compliance	Comment
7.4	Provide the information indicated in Guide to reporting on Principle 7.	Complies	There is no departure from the Recommendations 7.1, 7.2, 7.3 and 7.4. The Corporate Governance Statement is posted on the Group's website.
8.	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	Does not comply	Given the present size of the Group, the Board carries out the function of a remuneration committee.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members	Does not comply	The present size of the Group does not justify the cost of establishing a remuneration committee with the recommended composition.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Complies	The Company's constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. Remuneration of the Executive Directors is determined by the Board.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Complies	Explanation of departure from the Recommendations 8.1and 8.2 is set out in this section. There is no departure from the Recommendations 8.3 and 8.4. The Corporate Governance Statement is posted on the Group's website.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2013

	Note	Consolidated Group	
		2013	**2012**
		$	$
Revenue			
Interest revenue		5,054	14,915
Expenses			
Depreciation expense		(8,414)	(10,206)
Employee benefits expense		(66,636)	(114,735)
Projects written off		(486,412)	-
Debts written off		(2,394)	(5,473)
Other expenses	2	(207,521)	(1,080,391)
Loss before income tax expense		(766,323)	(1,195,890)
Income tax expense	3	-	-
Loss for the year		(766,323)	(1,195,890)
Other comprehensive income			
Unrealised fair value loss on available-for-sale financial assets, net of tax		-	(2,577,532)
Realised fair value gain/(loss) on available-for-sale financial assets		50,601	(147,529)
Other comprehensive income (loss) for the year, net of tax		50,601	(2,725,061)
Total comprehensive income (loss) for the year		(715,722)	(3,920,951)
Loss attributable to:			
- members of the Parent Entity		(766,323)	(1,195,890)
Total comprehensive income (loss) attributable to:			
- members of the Parent Entity		(715,722)	(3,920,951)
Earnings per share			
Basic and diluted loss per share	18	1.03 cents	1.67 cents

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	Consolidated Group	
		2013	2012
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	229,971	112,252
Trade and other receivables	5	17,503	59,685
Financial assets	6	10,000	466,572
TOTAL CURRENT ASSETS		257,474	638,509
NON-CURRENT ASSETS			
Financial assets	6	70,000	10,000
Plant and equipment	7	6,193	14,607
Exploration and evaluation expenditure	8	2,591,380	2,995,399
TOTAL NON-CURRENT ASSETS		2,667,573	3,020,006
TOTAL ASSETS		2,925,047	3,658,515
CURRENT LIABILITIES			
Trade and other payables	9	42,063	60,004
Provisions	10	10,873	10,678
TOTAL CURRENT LIABILITIES		52,936	70,682
TOTAL LIABILITIES		52,936	70,682
NET ASSETS		2,872,111	3,587,833
EQUITY			
Issued capital	11	9,517,076	9,517,076
Reserves	12	47,540	(1,895,331)
Accumulated losses		(6,692,505)	(4,033,912)
TOTAL EQUITY		2,872,111	3,587,833

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2013

	Issued capital	Option reserve (Reserves)	Asset revaluation reserve (Reserves)	Accumulated losses	Total
	$	$	$	$	$
CONSOLIDATED GROUP					
Balance at 30 June 2011	8,893,076	47,540	681,590	(2,838,022)	6,784,184
Total comprehensive loss for the year	-	-	(2,725,061)	(1,195,890)	(3,920,951)
Transactions with owners in their capacity as owners:					
Shares issued during the year	624,000	-	-	-	624,000
Share options issued under Employee Incentive Plan during the year	-	100,600	-	-	100,600
Balance at 30 June 2012	9,517,076	148,140	(2,043,471)	(4,033,912)	3,587,833
Total comprehensive income (loss) for the year	-	-	50,601	(766,323)	(715,722)
Asset revaluation reserve transferred to accumulated losses	-	-	1,992,870	(1,992,870)	-
Transactions with owners in their capacity as owners:					
Share options forfeited during the year	-	(100,600)	-	100,600	-
Balance at 30 June 2013	9,517,076	47,540	-	(6,692,505)	2,872,111

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2013

	Note	Consolidated Group	
		2013	**2012**
		$	**$**
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(282,115)	(849,827)
Interest received		5,054	14,915
Net cash used in operating activities	16(b)	(277,061)	(834,912)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(82,393)	(383,156)
Proceeds from sale of available-for-sale financial assets		517,173	1,114,753
Payments for security deposits		(50,000)	(30,000)
Proceeds from refund of security deposits		10,000	20,515
Net cash provided by investing activities		394,780	722,112
Net increase/(decrease) in cash and cash equivalents		123,096	(112,800)
Cash and cash equivalents at beginning of year		112,252	230,284
Exchange difference on cash and cash equivalents		(5,377)	(5,232)
Cash and cash equivalents at end of year	16(a)	229,971	112,252

These financial statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the Year Ended 30 June 2013

Note 1 – Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards (including Australian Accounting Interpretations) other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover Ausmon Resources Limited ("Parent Entity") and its controlled entity as a consolidated entity ("Group"). Ausmon Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

Statement of compliance

Compliance with Australian Accounting Standards ensures that the financial statements and notes of Ausmon Resources Limited comply with International Financial Reporting Standards (IFRS).

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

Going concern

The Group has net current assets of $204,538, has incurred a net loss of $766,323, including the write off of projects of $486,412, and has committed minimum expenditure under its licences of $300,000 in the year ending 30 June 2014.

Post balance date the Group has raised $300,000 through share placement.

Although the Group is still planning to undertake exploration activities on its various tenements, it has currently only budgeted for those amounts that satisfy the minimum expenditure and the financial position of the Group allows. Consistent with the nature of the Group's activities, its ongoing investments of funds into further exploration project will only be possible as and when sufficient funds are available to the Group.

The continuing ability of the Group to continue as a going concern and to meet its commitments as and when they fall due is dependent upon one, or a combination of, the following alternatives:

- Undertaking further capital raisings.
- Selling part of the Company's interests in its exploration licences and entering into joint ventures for the potential development of the projects.
- Obtaining debt finance.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued)*

may not be able to realise the value of its assets and discharge its liabilities n the normal course of business.

The Directors believe the Group has sufficient funds to settle its debts as and when they become due and payable.

On that basis the Directors have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2013. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Adoption of new and revised accounting standards

In the current year, the Group has adopted all of the new and revised accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.
There were no significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts.

There are two new and revised Australian accounting requirements that apply mandatorily for the first time to annual reporting periods ending 30 June 2013, which are summarised in the table below:

Standard/Interpretation	**Mandatory effective date (Annual periods beginning on or after)**	**Applicable for the first time to the year ending 30 June 2013**
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets	1 January 2012	Yes
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income	1 July 2012	Yes

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued)*

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets.

AASB 2010-8 provides clarification on the determination of deferred tax assets and deferred tax liabilities when investment property is measured using the fair value model in AASB 140 Investment Property. It introduces a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model where the objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

AASB 2010-8 also includes the requirement that the measurement of deferred tax assets and deferred tax liabilities on non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment should always be based on recovery through sale.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

AASB 2011-9 requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (i.e. reclassification adjustments).

AASB 2011-9 does not:

- remove the option to present profit or loss and other comprehensive income in two statements; or
- change the option to present items of OCI either before tax or net of tax.

However, if the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified to profit or loss and those that will not be reclassified) must be shown separately.

Furthermore, AASB 2011-9 changes the title of ‘statement of comprehensive income’ to ‘statement of profit or loss and other comprehensive income’. When a two-statement approach is followed, the title of the first statement is amended to read ‘statement of profit or loss’. However, these amendments do not prohibit entities using titles other than those used in AASB 101 Presentation of Financial Statements.

Requirements applying for the first time to periods ending 30 June 2013

Although a large number of new and revised standards became effective for annual financial reporting periods ending 30 June 2013, this TA Alert focuses only on AASB 10, AASB 11, AASB 13, AASB 119, AASB 2012-2 and AASB 2012-5 as the other standards are unlikely to have any significant impact on 30 June 2013 annual financial reports

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued)*

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

AASB 9 Financial Instruments (December 2010)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

> (i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
>
> (ii) The remaining change is presented in profit or loss.
> If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

> (i) Classification and measurement of financial liabilities; and

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued)*

(ii) Derecognition requirements for financial assets and liabilities.

Consequential amendments arising from AASB 9 are contained in AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures.

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities.

The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control. This is likely to lead to more entities being consolidated into the group.

AASB 11 Joint Arrangements (AASB 11)

AASB 11 replaces AASB 131 Interests in Joint Ventures and AASB Interpretation 113 Jointly controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly-controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations for liabilities are accounted for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method.

AASB 12 Disclosure of Interests in Other Entities (AASB 12)

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued)*

Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128 Investments in Associates and Joint Ventures (AASB 128)

As a consequence of issuing AASB 10, AASB 11 and AASB 12, revised versions of AASB 127 and AASB 128 have also been issued.

AASB 127 now only deals with separate financial statements. AASB 128 incorporates the requirements in Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, and guidance relating to the equity method for associates and joint ventures.

AASB 13 Fair Value Measurement (AASB 13)
Application Date: 1 January 2013

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The board has not assessed the full impact of AASB 13 on the company financial statements.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)*
Application date: 1 July 2013

The Standard amends AASB 124 *Related Party Disclosures* to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

In March 2013, the Australian government released *Corporations Legislation Amendment Regulation 2013* which proposed to insert these disclosures into *Corporations Regulations 2001* to ensure the disclosure requirements continue to be operative for financial years commencing on or after 1 July 2013. The closing date for submissions was 10 May 2013.

The board has not assessed the full impact of AASB 2011-4 on the company financial statements.

AASB 119 Employee Benefits (September 2011) (AASB 119)
Application date: 1 January 2013

Main changes include:
- Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans;
- Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods;

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued)*

- Subtle amendments to timing for recognition of liabilities for termination benefits;
- Employee benefits ‘expected to be settled’ (as opposed to ‘due to be settled’ under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of end of reporting period will in future be discounted when calculating leave liability.

Consequential amendments were also made to other standards via AASB 2011-10.

The board has not assessed the full impact of AASB 119 on the company financial statements.

(a) Principles of consolidation

A controlled entity is any entity that Ausmon Resources Limited has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 20 to the financial statements. All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the equity section of the consolidated statement of financial position and in the consolidated statement of comprehensive income.

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity’s incremental borrowing rate.

Goodwill is recognised initially as the excess of cost over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer’s interest is greater than cost, the surplus is immediately recognised in profit or loss after the fair value of the acquired assets and liabilities have been reassessed.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued)*

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets liabilities and contingent liabilities recognised.

(b) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Receivables

Receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and allowance for doubtful accounts.

(f) Plant and equipment

Plant and equipment are measured on the cost basis. On disposal of an item of plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss. All items of plant and equipment are depreciated using the straight line method over their expected useful lives to the Group. The expected useful lives are as follows:

Class	Useful life
Furniture and other office equipment	5 years

(g) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest, and carried forward in the statement of financial position where:

(i) rights to tenure of the area of interest are current; and

(ii) one of the following conditions is met :

- (i) such costs are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

(ii) exploration and/or evaluation activities in the area of interest have not at balance date yet reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas are continuing.

Indirect costs relating to exploration and evaluation in areas of interest are capitalised in the period they are incurred. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated expenditure on areas which have been abandoned, or are considered to be of no value, is written off in the year in which such a decision is made.

(h) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key estimate – Share-based payments

The fair value of options granted is measured based on the Black-Scholes option pricing model. The contractual life of the options is used as an input into the model. Expectations of early

exercise are incorporated into the model as well. The expected volatility is based on historic volatility (calculated on the average remaining life of the share option).

Significant estimate – Fair value of investments

The Group has decided to classify investments in listed and unlisted securities as "available-for-sale" investments and movements in fair value are recognised directly in other comprehensive income. The fair value of listed shares has been determined by reference to published price quotations in an active market.

(i) Impairment

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are dependent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Plant and equipment are assessed for impairment on a cash generating unit ("CGU") basis. A cash generating unit is the smallest grouping of assets that generates independent cash flows and generally represents an individual tenement. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the assets in the unit on a pro-rata basis. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less

than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior year. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value. Impairment of goodwill is not reversed.

(j) Restoration, rehabilitation and environmental protection expenditure

Where applicable, a provision for material restoration obligations is recognised for exploration licences. The amount recognised includes costs of reclamation and site rehabilitation after taking into account restoration works which are carried out during exploration. The provision for restoration costs are determined from an estimate of future costs and are capitalised as exploration expenditure.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(k) Foreign currency transactions and balances

Functional and presentation currency

The Group's financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions during the year are translated into functional currency using the rates of exchange prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the income statement.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

(l) Accounts payable

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(m) Equity-settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant

date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting

conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(n) Financial assets

The Company elected to early adopt AASB 9 Financial Instruments from 1 July 2011. This new standard has been adopted as it includes requirements for the classification and measurement of financial assets which improve and simplify the approach when compared with the requirements of the previous Accounting Standard AASB 139 Financial Instruments: Recognition and Measurement.

When adopting this standard the Company designated investments held as at 1 July 2011 as financial assets at fair value through other comprehensive income. All gains and losses on investments are presented in other comprehensive income as part of the statement of profit or loss and other comprehensive income. Under AASB 9, there is no recycling of the realised gains and losses to the income statement as was previously required by AASB 139. There is also no requirement to test the Company's long-term investments for impairment with the result that there is no transfer of unrealised impairment revaluation charge from the investment revaluation reserve to the statement of profit or loss and other comprehensive income.

Other financial assets

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

i. Financial assets measured at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Such impairment losses are recognised in the income statement.

ii. Financial assets at fair value

Prior to the early adoption of AASB 9, investments were classified as available for sale in accordance with the AIFRS definition. From 1 July 2011, all investments form part of the Company's investment portfolio and have been classified as financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include investments in the Company's investment portfolio. Financial assets at fair value through other comprehensive income are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity (into the asset revaluation reserve).

Note no impairment is required to be assessed for financial assets at fair value through other comprehensive income.

iii. Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(q) Earnings per share

Basic loss per share is determined by dividing the operating loss after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

When the Group has an operating loss after income tax and the conversion of ordinary share capital in respect of potential ordinary shares does not lead to a diluted earnings per share that shows an inferior view of the earnings performance of the Group, than is shown by basic loss per share, the diluted loss per share is reported as the same as basic earnings per share.

(r) Segment reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information may be provided using different measures to those used in preparing the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the financial statements have been included, where applicable.

(s) Parent Entity financial information

The financial information for the Parent Entity, Ausmon Resources Limited, disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements.

(t) Comparative information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

Note 2 – Other expenses

	Consolidated Group	
	2013	**2012**
	$	**$**
Audit fees	40,883	44,000
Consulting and contract fees	45,522	334,481
Directors' remuneration	-	362,232
Listing expenses	21,481	27,690
Operating leases	48,264	48,718
Registry and ASX fees	11,718	13,297
Professional fees	3,800	4,769
Foreign exchange costs	5,377	-
Share-based payments	-	100,600
Travel	12,233	101,690
Other	18,243	42,914
	207,521	1,080,391

Note 3- Income tax

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expenses as follows:		
Prima facie tax benefit on the loss from ordinary activities calculated at 30%	(229,897)	(358,767)
Tax effect of:		
Non-temporary differences	1,680	30,480
Equity capital raising costs debited to equity	(14,066)	(14,066)
Temporary differences and tax losses not recognized	242,283	(375,181)
Income tax expense	-	-

Tax losses

Unused tax losses for which no tax loss has been recognised as a deferred tax asset adjusted for non-temporary differences at 30%	2,051,015	2,026,559

The taxation benefits will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;

(ii) the Group continues to comply with the conditions for deductibility imposed by law; and

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

(iii) no changes in tax legislation adversely affect the Group in realising the benefits from the deductions for the loss.

	Consolidated Group	
	2013	**2012**
	$	**$**
Note 4 – Cash and cash equivalents		
Cash at bank and in hand	229,971	112,252

Note 5 – Trade and other receivables

Current		
Other receivables	17,503	59,685

(a) Allowance for impairment loss

The Group does not have trade receivables. Other receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. No impairment has been recognised by the Group in the current period. No receivables are past due.

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(c) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 19.

Note 6 – Financial assets

Current		
Security deposits	10,000	-
Financial assets at fair value through other comprehensive income[1]	-	466,572
	10,000	466,572

[1]Nil (2012 – 6,951,000) ordinary shares held in Premium Exploration Inc.

During the year the Group has disposed of the remaining fully paid ordinary shares held in Premium Exploration Inc ("PEM") at fair value of $517,173 and has recognised a gain of $50,601 under other comprehensive income. The relevant accumulated losses recognised in Asset Revaluation Reserve of $1,992,870 were transferred to the Accumulated Losses as a result of the disposal.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

	Consolidated Group 2013 $	Consolidated Group 2012 $
Non-current		
Security deposits	70,000	10,000

Note 7 – Plant and equipment

	2013 $	2012 $
Office equipment and furniture – at cost	42,070	42,070
Accumulated depreciation	(35,877)	(27,463)
	6,193	14,607
Leasehold improvements – at cost	7,392	7,392
Amortisation	(7,392)	(7,392)
	-	-
Total plant and equipment	6,193	14,607

Movements during the year

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Office equipment and furniture $	Leasehold improvements $	Total $
Balance at 30 June 2011	23,581	1,232	24,813
Depreciation	(8,974)	(1,232)	(10,206)
Balance at 30 June 2012	14,607	-	14,607
Depreciation	(8,414)	-	(8,414)
Balance at 30 June 2013	6,193	-	6,193

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

	Consolidated Group	
	2013	**2012**
	$	**$**
Note 8 – Exploration and evaluation expenditure		
Exploration areas of interest at cost	2,591,380	2,995,399
Movements during the year		
Exploration areas :		
Balance at beginning of year	2,995,399	2,809,585
Additions at cost	82,393	185,814
Write off	(486,412)	-
Balance at end of year	2,591,380	2,995,399

The Group has decided to relinquish EL 6413 and EL 6416 at their licence renewal dates on 16 May 2013 and EL 7691 on 20 January 2013 respectively due to an assessed lack of prospectivity. Consequently, the accumulated exploration expenditure of $214,776, $191,203 and $80,433 in each licence respectively has been written off.

Ultimate recoupment of the carrying value of the exploration areas is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas of interest. The areas of interest are exploration licences held or being earned by the Group are detailed in the Licence Schedule on page 17.

Note 9 – Trade and other payables

Sundry payables and accrued expenses	42,063	60,004

Note 10 – Provisions

Current		
Employee entitlement provisions	10,873	10,678

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

Note 11 – Issued capital

	2013	2012
	$	$
74,499,125 (2012: 74,499,125) fully paid ordinary shares	9,517,076	9,517,076

	2013		2012	
	Number	$	Number	$
(a) Fully Paid Ordinary shares				
Balance at beginning of year	74,499,125	9,517,076	71,379,125	8,893,076
Shares issued during the year:				
For consultancy services at 20 cents each	-	-	1,100,000	220,000
For 2011 Directors' fees at 20 cents each	-	-	2,020,000	404,000
Balance at end of year	74,499,125	9,517,076	74,499,125	9,517,076

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote.

Ordinary shares have no par value.

	2013	2012
	Number	Number
(b) Options over unissued shares		
Options exercisable at $0.80 each on or before 30 June 2014:		
Listed		
Balance at beginning and end of year	33,750,000	33,750,000
Options exercisable at $0.25 each on or before 30 June 2013:		
Unlisted		
Balance at beginning of year	1,000,000	-
Expired during the year	(1,000,000)	1,000,000
Balance at end of year	-	1,000,000
Total	33,750,000	34,750,000

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

(c) Capital management

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

Management adjusts the capital structure to the extent possible to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

Note 12 – Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records movements in financial assets recorded at fair value through other comprehensive income.

(b) Option reserve

The option reserve records items recognised as expenses on shares granted under the Employee Incentive Plan and the fair value of options issued for the acquisition of an exploration licence.

Note 13 – Share-based payments

Employee incentive plan

The Company has established an Ausmon Resources Limited Employee Incentive Plan under which the Directors may offer options and ordinary shares in the Company to eligible persons. The Directors may also offer non-recourse interest free 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.

No Employee Incentive Plan shares were issued during the year. The loan amount on granted shares at the end of the year was $55,000 (2012 - $55,000) related to the Employee Incentive Plan is summarised as below:

No. of Options	Grant Date	Expiry Date	Exercise Price ($)
100,000	21 August 2009	21 August 2014	0.25
120,000	26 October 2009	26 October 2014	0.25

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

	Consolidated Group	
	2013 Number	**2012 Number**
Balance at beginning and end of year	220,000	220,000

During the year 1,000,000 options exercisable at $0.25 per share issued under the Employee Incentive Plan expired at 30 June 2013 without being exercised.

Note 14 – Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year the following related party transactions occurred in addition to the transactions disclosed elsewhere in these financial statements:

Key management personnel (KMP)

Names and positions held of Group and Parent Entity key management personnel in office at any time during the year were:

K M Fan	Executive Chairman and Chief Executive Office
J Q Wang	Finance Director and Company Secretary
G Zheng	Projects Director

(a) KMP compensation

The totals of remuneration payable to KMP of the Company and the Group during the year are as follows:

	Consolidated Group	
	2013	**2012**
	$	**$**
Short-term employee benefits	-	329,832
Post-employment benefits	-	32,400
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	-	362,232

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

(b) KMP share holdings

The number of ordinary shares in Ausmon Resources Limited held directly and indirectly by each key management personnel of the Group during the financial year is as follows:

2013	Balance at beginning of year	Granted as compensation	Issued on exercise of options	Other changes	Balance at end of year
K M Fan, J Q Wang and G Zheng[1]	24,300,000	-	-	-	24,300,000
K M Fan[2]	2,725,001	-	-	-	2,725,001
J Q Wang[3]	2,117,501	-	-	-	2,117,501
G Zheng[4]	2,807,501	-	-	-	2,807,501
	31,950,003	-	-	-	31,950,003

[1] Shares are held by Aumeng Investments Limited of which Directors K M Fan, J Q Wang and G Zheng are directors and in which they have substantial financial interests.
[2] 850,000 shares are registered in the name of KMFan Family Pty Ltd <KMFan Family Trust A/C>.
[3] 1,180,000 shares are registered in the name of MBA Accountants Pty Ltd <Australian MBA Super Fund> of which J Q Wang is a beneficiary.
[4] 50,000 shares are registered in the name of H&G Camden Pty Ltd. 1,850,000 shares are registered in the name of C K Camden Pty Ltd. G Zheng is a director and has financial interests in H&G Camden Pty Ltd and C K Camden Pty Ltd.

2012	Balance at beginning of period	Granted as compensation	Issued on exercise of options	Other changes	Balance at end of period
K M Fan, J Q Wang and G Zheng[1]	24,300,000	-	-	-	24,300,000
K M Fan[2]	2,125,001	-	-	600,000	2,725,001
D W King	630,001	-	-	(630,001)	-
J Q Wang[3]	1,517,501	-	-	600,000	2,117,501
G Zheng[4]	2,207,501	-	-	600,000	2,807,501
	30,780,004	-	-	1,169,999	31,950,003

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

(c) KMP Option holdings

2013	Balance at beginning of year	Granted as compensation	Exercised	Other changes	Balance at end of year
K M Fan, J Q Wang and G Zheng[1]	12,150,000	-	-	-	12,150,000
K M Fan	937,500	-	-	-	937,500
J Q Wang[2]	668,750	-	-	-	668,750
G Zheng[3]	768,750	-		-	768,750
	14,525,000	-	-	-	14,525,000

[1] Options are held by Aumeng Investments Limited of which Directors K M Fan, J Q Wang and G Zheng are directors and in which they have substantial financial interests.
[2] 200,000 options are registered in the name of MBA Accountants Pty Ltd <Australian MBA Super Fund> of which J Q Wang is a beneficiary.
[3] 50,000 options are registered in the name of H&G Camden Pty Ltd. 250,000 options are registered in the name of C K Camden Pty Ltd. G Zheng is a director and has financial interests in H&G Camden Pty Ltd and C K Camden Pty Ltd.

2012	Balance at beginning of period	Granted as compensation	Exercised	Other changes	Balance at end of period
K M Fan, J Q Wang and G Zheng	12,150,000	-	-	-	12,150,000
K M Fan	937,500	-	-	-	937,500
D W King	145,000	-	-	(145,000)	-
J Q Wang	668,750	-	-	-	668,750
G Zheng	768,750	-		-	768,750
	14,670,000	-	-	(145,000)	14,525,000

(d) Other

	Consolidated Group 2013 $	Consolidated Group 2012 $
Paid to Australian MBA Accountants an entity controlled by Director J Q Wang		
- Services for tax return	3,000	3,000

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

Note 15 – Remuneration of auditors

	Consolidated Group	
	2013	**2012**
	$	**$**
Remuneration of the auditors for:		
- auditing or reviewing the financial reports	40,883	44,000

Note 16 – Notes to the Cash Flow Statement

(a) Reconciliation of cash

	2013	2012
Cash at bank and on hand	229,971	112,252

(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities

	2013	2012
Loss after income tax	(766,323)	(1,195,890)
Add non-cash items in operating costs:		
Depreciation	8,414	10,206
Exploration and evaluation expenditure written off	486,412	-
Provision for employee entitlements	195	722
Shares issued under Employee Incentive Plan	-	100,600
Debts written off	2,394	5,473
Foreign exchange differences	5,377	5,232
Changes in assets and liabilities relating to operations:		
Decrease in prepayments	-	205,636
(Decrease)/Increase in creditors and accruals	(25,712)	14,921
Increase in receivables	12,182	18,188
Net cash used in operating activities	(277,061)	(834,912)

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

Note 17 – Segment information

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 mineral 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 18 – Earnings per share

	Consolidated Group	
	2013	**2012**
	$	**$**
Operating loss after income tax used in the calculation of basic and diluted loss per share	(766,323)	(1,195,890)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	74,499,125	71,574,684

The options are non dilutive for the period to 30 June 2013 (see Note 1(q)).

Note 19 – Financial risk management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

	Note	Consolidated Group 2013 $000	2012 $000
Financial Assets			
Cash and cash equivalents	4	229,971	112,252
Trade and other receivables	5	17,503	59,685
Other financial assets	6	80,000	10,000
Financial assets at fair value through other comprehensive income			
— listed investments	6	-	466,572
Total Financial Assets		327,474	648,509
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	9	42,063	60,004
Total Financial Liabilities		42,063	60,004

(a) Financial risk management policies

The Board of Directors is responsible for, amongst other issues, monitoring and managing financial risk exposures of the Group. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, financing risk and interest rate risk. Management, in conjunction with the Board, reviews and agrees policies for managing each of these risks.

The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. This also include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and commodity and equity price risk.

(i) Interest rate risk

The Group has cash at bank and its income and operating cash flows are exposed to changes in market interest rates.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

At balance date the Group had the following financial assets exposed to variable interest rate risk:

	Consolidated Group	
	2013	**2012**
	$	**$**
Financial assets		
Cash and cash equivalents	229,971	112,252
Security deposits	80,000	10,000
	309,971	122,252

(ii) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 5.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

(iii) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group does not have a material exposure to liquidity risk.

(iv) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group is also exposed to securities price risk on investments held for trading or for medium to longer terms.

The Group has performed sensitivity analysis relating to its exposure to securities price risk at balance date. This sensitivity analysis demonstrates the effect on the current period results which could result from a change in these risks.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

	Consolidated Group	
	2013	**2012**
	$	**$**
Decrease/ (increase) in other comprehensive income, net of tax		
- increase in fair value of shares by 5%	-	23,329
- decrease in fair value of shares by 5%	-	(23,329)

As the Group does not derive revenue from sale of products, the effect on profit and equity as a result of changes in the price risk is not considered material. The fair value of the mining projects will be impacted by commodity price changes (predominantly gold, silver and copper) and could impact future revenues once operational. However, management monitors current and projected commodity prices.

(v) Foreign currency risk

The Group is exposed to foreign currency risk on purchases and financial assets that are denominated in a currency other than Australian dollar. The currency giving rise to foreign currency risk on financial assets is Canadian dollars (CAD). The Group does not currently enter into derivative financial instruments to hedge such transactions denominated in a foreign currency.

At 30 June 2013, the Group had the following exposure to Canadian dollars:

Financial assets

Financial assets at fair value through other comprehensive income	-	466,572

The Consolidated Group has performed sensitivity analysis relating to its exposure to foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the net exposure which could result from a change in this risk.

Foreign currency sensitivity analysis

Increase/(decrease) in net exposure

-Australian dollar depreciates by 5% against CAD	-	23,329
-Australian dollar appreciates by 5% against CAD	-	(23,329)

(b) Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

For assets and other liabilities, the net fair value approximates their carrying values. The Group has no financial assets where the carrying amount exceeds net fair values at balance date.

(c) Financial instruments

Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities, is as follows:

		Fixed interest rate maturing		Non-interest bearing	
	Variable interest rate	Within 1 year	1 to 5 years	Within 1 year	Total
2013	**$**	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	229,964	-	-	7	229,971
Trade and other receivables	-	-	-	17,503	17,503
Security deposits	80,000	-	-	-	80,000
	309,964	-	-	17,510	327,474
Financial liabilities					
Trade and other payables	-	-	-	42,063	42,063

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

	Variable interest rate	Fixed interest rate maturing		Non-interest bearing	Total
		Within 1 year	1 to 5 years	Within 1 year	
2012	**$**	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	112,245	-	-	7	112,252
Trade and other receivables	-	-	-	59,685	59,685
Security deposits	10,000	-	-	-	10,000
	122,245	-	-	59,692	181,937
Financial liabilities					
Trade and other payables	-	-	-	60,004	60,004

(d) Sensitivity analysis

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current period results which could result from a change in these risks.

	Consolidated Group	
	2013	**2012**
	$	**$**
Interest rate sensitivity analysis		
Decrease/ (increase) in loss		
- increase in interest rate by 2%,	4,599	2,245
- decrease in interest rate by 2%	(4,599)	(2,245)

Note 20 – Controlled entity

Great Western Minerals Pty Ltd (formerly Great Western Minerals Limited) is incorporated in Australia and is wholly-owned by the Parent Entity.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

Note 21 – Parent Entity information

	2013	2012
	$	**$**
Assets		
Current assets	257,472	169,541
Non-current assets	2,751,403	3,489,975
Total assets	3,008,875	3,659,516
Liabilities		
Current liabilities	52,936	70,682
Total liabilities	52,936	70,682
Equity		
Issued capital	9,517,076	9,517,076
Reserves	47,540	(1,895,331)
Accumulated losses	(6,608,677)	(4,032,911)
	2,955,939	3,588,834
Financial performance		
Loss for the year	(683,497)	(1,195,890)
Other comprehensive income	50,601	(2,725,061)
Total comprehensive income	(632,896)	(3,920,951)

The Parent Entity has not entered into any financial guarantees which is outstanding and has no contingent liabilities or commitments for the acquisition of property, plant and equipment as at 30 June 2013 and 30 June 2012.

Notes to the Financial Statements for the Year Ended 30 June 2013 (*continued*)

Note 22 – Commitments

Exploration expenditure commitments

The expenditure commitments to maintain rights to tenure and earn interests under joint venture arrangements in exploration licences as at 30 June 2013 have not been provided for in the financial statements and are due:

	2013	2012
	$	$
Within twelve months	300,000	486,500
Twelve months or longer and not longer than five years	175,000	149,500
	475,000	636,000

The Group has obligations to restore land disturbed during exploration under the terms and conditions of licences.

Note 23 – Contingent liabilities

The Group has no contingent liabilities at 30 June 2013 or 30 June 2012.

Note 24 – Events after balance sheet 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 year 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 that on 26 September 2013 the Company raised $300,000 to fund exploration and working capital by the placement of 10,000,000 fully paid ordinary shares at $0.03 per share with Mr Liubao Qian who was appointed a Director on that day.

The financial report was authorised for issue on 30 September 2013 by the Board of Directors.

Directors' Declaration
For the Financial Year ended 30 June 2013

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 33 to 68, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards;

   (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Consolidated Group; and

   (c) complies with International Financial Reporting Standards as disclosed in Note 1.

2. the Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

J Q Wang
Director

Dated this 30th day of September 2013

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 19, 2 Market Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Ausmon Resource Limited

Report on the financial report

We have audited the accompanying financial report of Ausmon Resource Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Ausmon Resource Limited is in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern
Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity's ability to continue as a going concern and meet its commitments as and when they fall due is dependent upon the Company being successful in either one or a combination of a number of alternatives; undertaking further capital raisings, or selling part of the Company's interests in its exploration licences and entering into a joint ventures for the potential development of the projects, or obtaining debt finance. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to

realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 20 to 22 of the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Ausmon Resource Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 30 September 2013

ADDITIONAL INFORMATION

Additional information included in accordance with Listing Rules of the ASX Limited.

1. SHAREHOLDINGS

(a) Distribution of Shareholders as at 26 September 2013

Size of Holding	Holders	Ordinary Shares Held	%
1-1,000	3	413	.000
1,001-5,000	14	52,255	.062
5,001- 10,000	102	997,911	1.181
10,001-100,000	103	4,640,571	5.492
100,001 – and over	78	78,807,975	93.265
	300	**84,499,125**	**100.000**

156 shareholders held less than a marketable parcel.

(b) Top Twenty Shareholders as at 26 September 2013

Shareholder	Number of Ordinary Shares	% Held of Issued Ordinary Capital
Aumeng Investments Limited	24,300,000	28.758
Liubao Qian	10,000,000	11.834
Octan Energy Pty Ltd	3,670,00	4.343
WVM & ML Sam Yue <Samyue Super Fund>	2,530,00	2.994
X P Pu & X Y Wang & J Wang <Ivy Family S/F	2,066,36	2.445
Yongjian Wang	2,000,00	2.367
Suzhou Jiutai Group Company	2,000,00	2.367
King Ming Fan	1,875,00	2.219
Alan & Melinda Brien <A&M Brien Super Fund	1,495,85	2.008
Johnny Venpin	1,480,00	1.751
Wujiang Investment Pty Ltd	1,360,00	1.609
Australian MBA Accountants Pty Ltd	1,180,00	1.396
Yaohua Yang	1,000,00	1.183
C K Camden Pty Ltd <Zhengs Family A/C>	1,000,00	1.183
Zhen Long Holdings Limited	1,000,00	1.183
Yelin Xu	991,000	1.173
Gang Zheng	907,501	1.074
KMFan Family Pty Ltd <KMFan Family A/C>	850,000	1.006
Seistend (Super) Pty Ltd	840,001	0.994
Australasia Access Pty Ltd	800,000	0.947
Twenty largest shareholders	61,345,718	72.599
Others	23,153,407	27.401
	84,499,125	**100.000**

ADDITIONAL INFORMATION (continued)

2. OPTION HOLDINGS

(a) Distribution of Option holders as at 26 September 2013
Listed options – $0.80 exercisable on or before 30 June 2014

Size of Holding	Holders	Options Held	%
1-1,000	-		0.000
1,001-5,000	-		0.000
5,001- 10,000	132	1,320,000	3.911
10,001-100,000	77	3,293,750	9.759
100,001 – and over	47	29,136,250	86.330
	256	**33,750,000**	**100.000**

(b) Top Twenty Listed Options holders as at 26 September 2013

Shareholder	Number of Ordinary Shares	% Held of Issued Ordinary Capital
Aumeng Investments Limited	12,150,000	36.000
WVM & ML Sam Yue <Samyue Super Fund a/c>	2,200,000	6.519
Yongjian Wang	1,500,000	4.444
Yaohua Yang	1,000,000	2.963
King Ming Fan	937,500	2.778
X P Pu & X Y Wang & J Wang <Ivy Family S/F a/c>	655,000	1.941
Yelin Xu	500,000	1.481
Songqing Ma	500,000	1.481
John Wang	468,750	1.389
Gang Zheng	468,750	1.389
Wujiang Investment Pty Ltd	450,000	1.333
Xiao Hua Li	400,000	1.185
Yongquan Zhang	400,000	1.185
Qin Liu	400,000	1.185
W Y M Sam Yue	335,000	0.993
Smlinda Pty Ltd	312,500	0.926
Huiqing Yuan	310,000	0.919
Xiao Ping Pu	250,000	0.741
Actwise Pacfic Pty Ltd	250,000	0.741
Andrew Ouyang	250,000	0.741
Twenty largest optionholders	23,737,500	70.334
Others	10,012,50	29.666
	33,750,000	**100.000**

ADDITIONAL INFORMATION (continued)

3. VOTING RIGHTS

(a) At meetings of members each member entitled to vote may vote in person or by proxy or attorney or, in the case of a member which is a body corporate, by representative duly authorized.

(b) On a show of hands every member entitled to vote and be present in person or by proxy or attorney or representative duly authorised shall have one (1) vote.

(c) On a poll every member entitled to vote and be present in person or by proxy or attorney or representative duly authorised shall have one (1) vote for each fully paid share of which he is a holder.

4. AUDIT COMMITTEE

As at the date of this report the Company does not have an Audit Committee.

5. SUBSTANTIAL SHAREHOLDERS

The securities held by substantial shareholders are as follows:

Name	Number of Shares
Aumeng Investments Limited, K M Fan, J Q Wang and G Zheng	31,950,003
Liubao Qian	10,000,000