

2014 ANNUAL REPORT

A U S M O N R E S O U R C E S L I M I T E D



**AUSMON RESOURCES
LIMITED**



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CORPORATE DIRECTORY

Directors

Boris Patkin - Chairman
John Q Wang – Managing Director
Liubao Qian
Gang (Gary) Zheng

Company Secretary

John Q Wang

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Solicitors

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Auditors

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

CHAIRMAN'S LETTER

Dear Shareholder,

I have been appointed Chairman of the Board of Ausmon Resources Limited after the financial year end on 17 July 2014. It is my pleasure to write to you on this occasion of presenting the 2014 Annual Report of the Company.

The 2014 financial year has been quite eventful on the corporate side:

- Mr Luibao Qian joined the Board on 26 September 2013 after investing \$300,000 for 10 million shares in the Company making him an 11.83% substantial shareholder at the time.
- Mr King Fan retired from the Board at the Annual General Meeting held on 29 November 2013.
- The office relocated to a low cost sharing facility and administration staff cost has been reduced; all in the aim of reducing operations costs to the minimum to survive in the low cash availability environment.
- A private placement succeeded to raise \$200,000 on 26 February 2014 in a share market which has been hostile to small minerals exploration companies.
- A 1:1 non-renounceable rights issue was launched on 17 March 2014 and succeeded in raising \$397,512 with 53.7% acceptance from eligible shareholders, including Directors Mr John Wang and Mr Luibao Qian accepting their full entitlements.

Mr John Wang had assumed several responsibilities since the end of November 2013 as Acting Chairman, Chief Financial Officer and Company Secretary in order to keep operations costs down. John has been appointed Managing Director on my joining the Board and I look forward to work with him to reinvigorate the Company.

In the spirit of aligning the interests of Directors with shareholders who have seen the share price of the Company declined to unprecedented level - therefore with substantial shareholder value lost – and who have also been asked to contribute more capital, the Board has agreed that no Director's remuneration is payable for the financial year 2014 either in cash or shares.

The corporate actions taken during the second half of the financial year have ensured a future for the Company with cash to fund its exploration programme while at the same time containing cash burn.

All the exploration licences are now in good standing with the Government and exploration has recommenced in the field at Koonenberry with a gravity survey in April 2014, a project with good potential for copper. Plans have been made to drill 2 holes at Koonenberry in the September 2014 quarter to test for sulphide concentrations usually found in and about porphyry copper-gold systems and to carry out further field exploration in the prospects Pooraka and Cumnock in late 2014 or early 2015.

The Company will continue to look for new opportunities that have the potential to create value for shareholders.

I would like to thank the shareholders for their support during the year especially those who supported the rights issue to recapitalise the Company so that it is able to continue in its path of developing the potential of its assets and searching for new opportunities.

Boris Patkin
Chairman



18th August 2014

REVIEW OF OPERATIONS

SUMMARY

Exploration

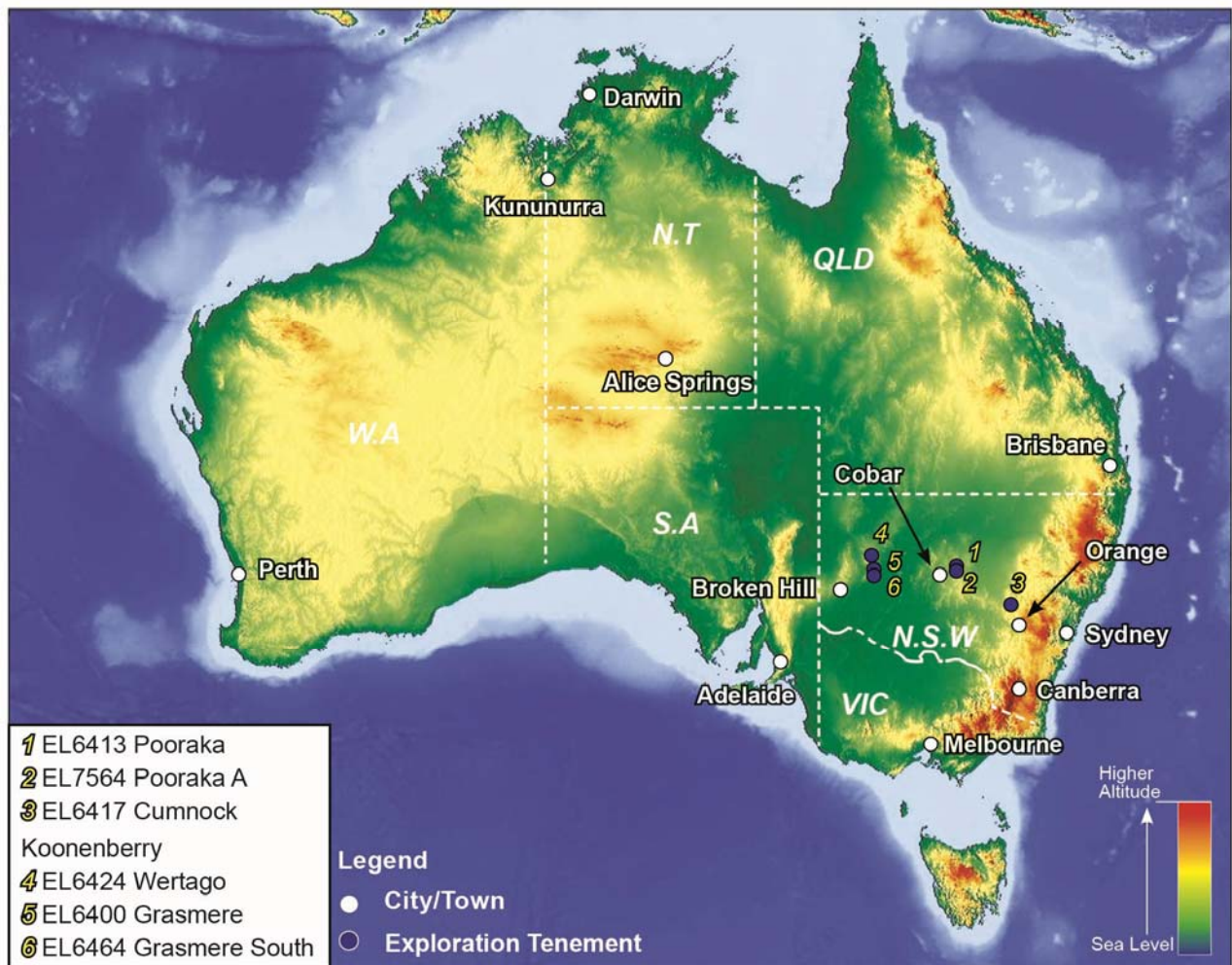
- **Koonenberry:**
 - EL 6400 was renewed with no area reduction to March 2015. Drill targets on suspected WNW extensions to the Grasmere-Peveril line of lode were inspected, imaged, and applications to drill submitted to the Department of Primary Industry (“DPI”). The extensions will be further honed using IP (induced electrical polarization) geophysics as a precursor to RC-percussion drilling planned for late 2014, or early 2015.
 - ELs 6464 and 6424 have been renewed with 50% area reduction to September 2016 and May 2015 respectively. A detailed gravity survey over EL 6424 (covers the Wertago copper diggings and Nutherungie silver field) was undertaken in April 2014 and interpreted in May 2014. Two exciting gravity targets, at relatively shallow depths (ie 250-270 metres, and 320 metres), were identified for drilling in September 2014 quarter, to test for sulphide concentrations analogous to those found in and about known porphyry Cu-Au systems.
- **Cumnock:** EL 6417, near Orange, has been renewed with 50% area reduction to May 2015. The Annual Report to the DPI was prepared, and submitted in June 2014. The EL contains prime targets for skarn-type Cu-Zn-Sn-Ag-Au mineralisation, and several of these will be tested by RC percussion drilling in late 2014, or early 2015.
- **Pooraka:** EL 6413, near Cobar, has been renewed with 50% area reduction to May 2015. The Annual Reports for Pooraka EL 6413 and joined EL 7564, near Cobar, were submitted to the DPI in June 2014. Application has been made to renew EL 7564 for a further 2 years, to June 2016. These 2 joined ELs are proximal to, and on strike from, the nearby Mt Boppy gold-copper deposits, and contain several drill ready targets. Exploration is planned to resume later in 2014 with a TDEM (ground level electromagnetic) survey, designed to further hone targets in areas of interest, as a precursor to drilling in late 2014, or early 2015.

Corporate and Financial

- On 26 September 2013, the Company raised \$300,000 by private placement of 10,000,000 fully paid ordinary shares at \$0.03 per share to fund exploration.
- Mr Qian who subscribed for the full amount of the placement became a substantial shareholder with 11.8% of the Company’s issued capital and joined the Board with special responsibility for exploration and mining projects.
- King M Fan ceased to be a Director and Chairman on 29 November 2013 when he was not re-elected to the Board at the Annual General Meeting held on that date.
- On 26 February 2014, the Company raised \$200,000 by private placement of 20,000,000 fully paid ordinary shares at \$0.01 per share to fund exploration and working capital.
- On 20 June 2014, the Company issued 56,787,361 fully paid ordinary shares raising \$397,512 under the 1:1 Non-Renounceable Rights Issue offer that was launched on 17 March 2014.

REVIEW OF OPERATIONS (continued)

- On 16 July 2014, Mr Boris Patkin was appointed Non-Executive Chairman and Mr John Wang was appointed Managing Director.



*Figure 1 – List of Licences and Locations in New South Wales, Australia
– Company holds 100% interest in all licences*

**ACTIVITIES IN THE KOONENBERRY BELT – Copper-Zinc-(Silver) and Gold Exploration
ELs 6400, 6464, and 6424 - NSW (100%)**

The Company holds a 100% interest in 3 ELs covering a total area of 510 sq kms in the highly prospective and under-explored Koonenberry Belt of Western NSW, near Broken Hill. During the year the DPI confirmed renewal of ELs 6424 & 6464 with 50% area reduction, and EL 6400 with 100% retention.

REVIEW OF OPERATIONS (continued)

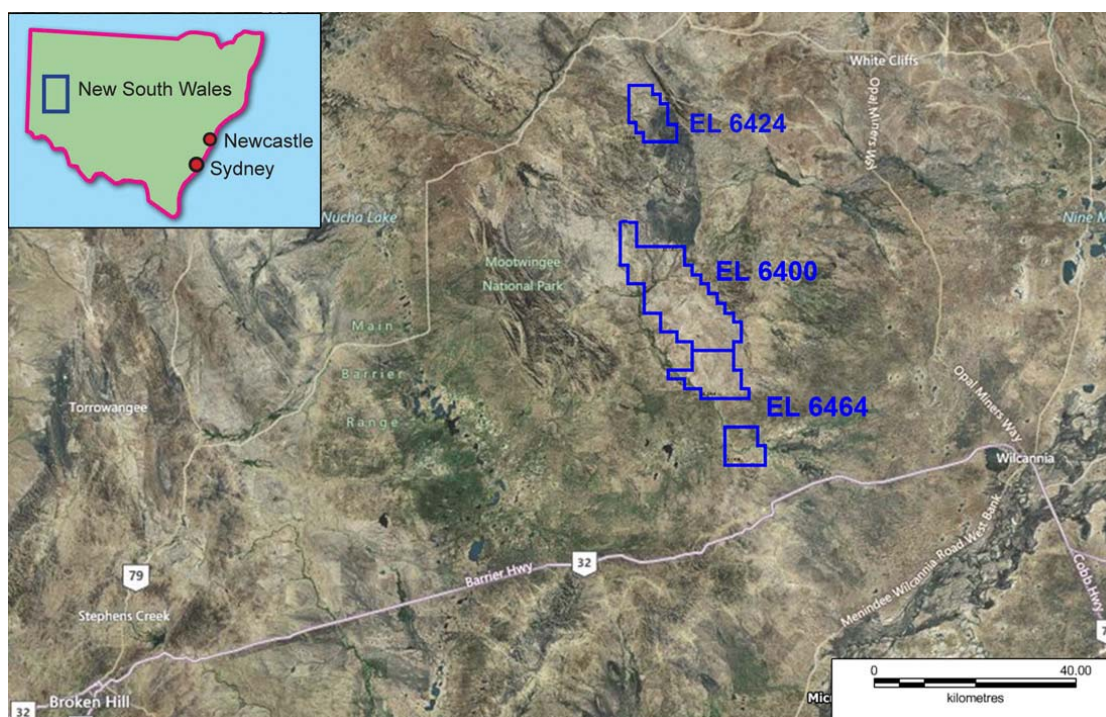


Figure 2 - Location map of Koonenberry Exploration Licences

EL 6400: This EL is of principal interest as it contains the Grasmere- Peveril Cu-Zn-(Ag) deposits, which contain a significant indicated and inferred JORC compliant resource (*estimated in 2006, prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported*) of 5.75mt @ 1.03% Cu, 0.35% Zn, 2.3g/t Ag and 0.05g/t Au (Inferred: 2.73 mt grading 0.9% Cu, 0.4% Zn, .04 g/t Au and 2.05 gt Ag. Indicated: 3.02 mt grading 1.15% copper, 0.3% Zn, 0.06 g/t Au and 2.53 g/t Ag).

In late 2011, a detailed (1:1000 scale) fault delineation and lithological mapping led to discovery of a probable new, south-east displaced, fault bounded slice of the line of lode, roughly 1 km north of the Company's June 2011 drilling targets. Lithological, fault line, and aeromagnetic evidence also pointed to 2 further extensions to the west-north-west. Mapping and prospecting continued to locate new features, including narrow, late stage, cross-cutting veins presenting at surface as silicified ironstones. Portable XRF (Niton) field testing of these detected the presence of Cu and Zn, as seen in the Grasmere-Peveril line of lode. The expectation is that the newly located line of lode will turn out to be wider and/or more Cu rich than at Grasmere or Peveril.

In July 2013, a field trip was made to check the three suspected WNW extensions, particularly the central one near Willandra Station, which expresses at surface as lines of gypsum bearing sink holes associated with high Cu soil anomalies. Since then targets have been honed and application made to test these targets at depth in the 3 locations (see Figure 3) using close spaced RC-percussion drilling. Drilling is planned for the second half of 2014, with drilling focused initially on the central target near Wilandra Station (see Figure 4). Targets will be further refined by undertaking a limited (short line) IP (induced electrical polarization) survey over that area.

REVIEW OF OPERATIONS (continued)

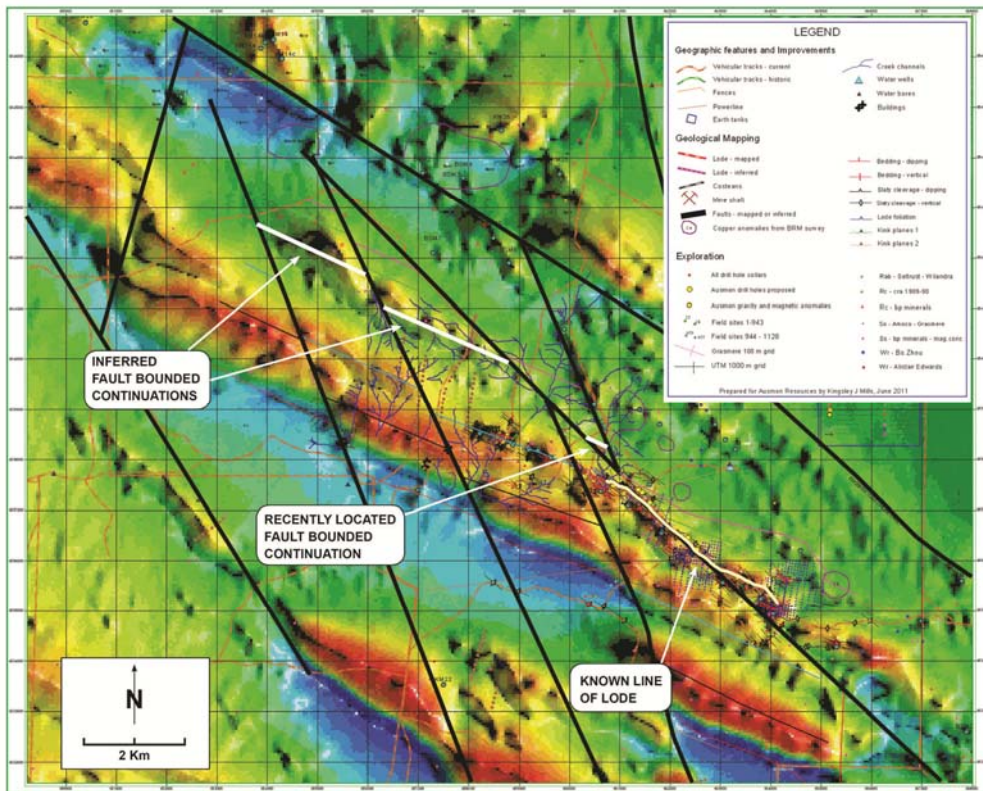


Figure 3 - EL 6400 – Probable WNW Extension to Grasmere Peverill Line of Lode

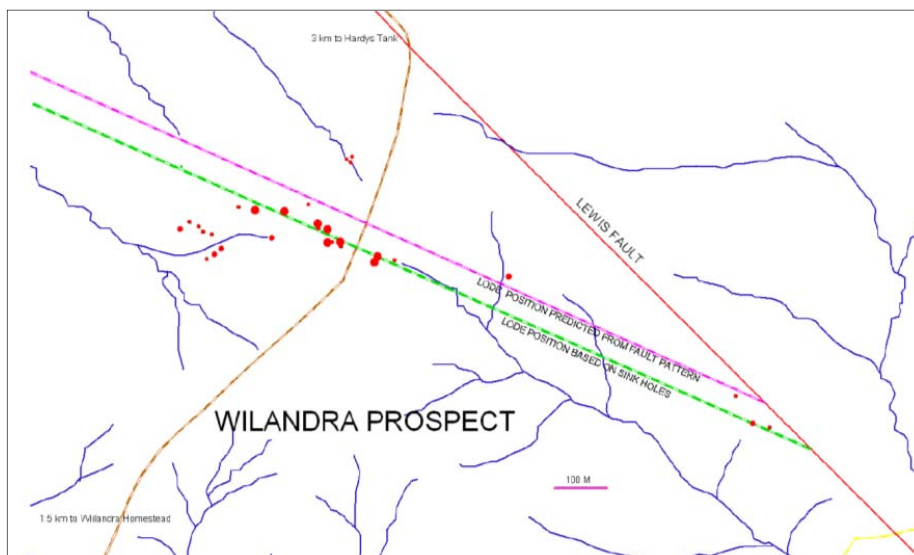


Figure 4 - EL 6400—Detail of Initial Target Area near Wilandra Station

REVIEW OF OPERATIONS (continued)

EL 6424: This EL covers the Wertago copper diggings and Netherungie silver field, where a detailed (250 station) gravity survey was undertaken in April 2014 and interpreted in detail in May 2014 (see Figure 5).

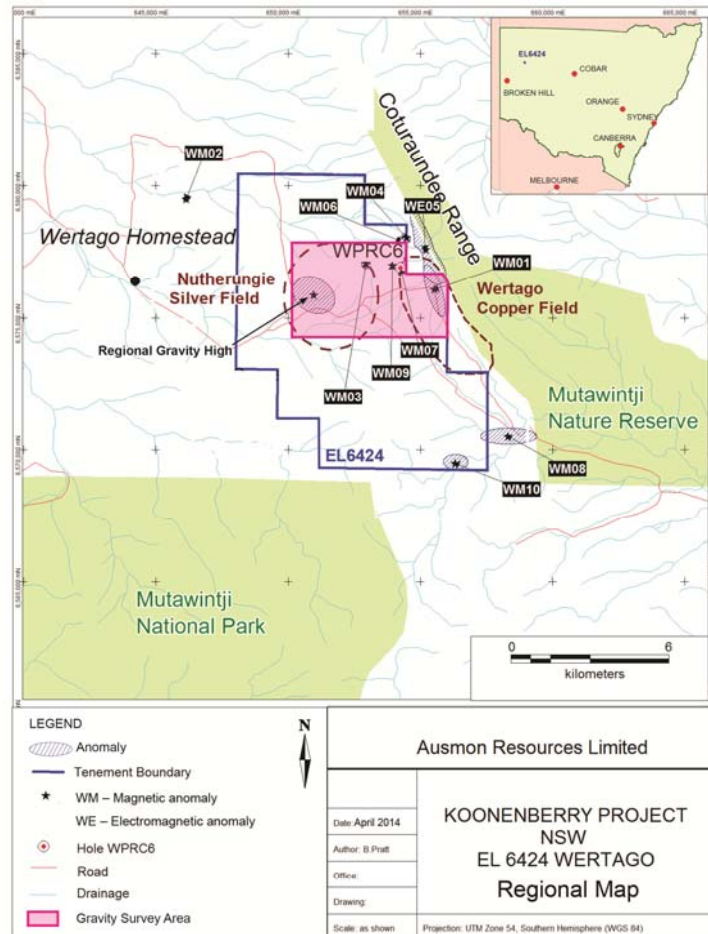


Figure 5 - Gravity Survey Area in EL 6424

Haines Surveys Ltd of Adelaide was contracted for the detailed gravity survey field work and Peter Gidley of Eureka Consulting Pty Ltd did the analysis and interpretation of the acquired data. The program was completed on time and on budget without incidence.

The silver field is strongly suspected to represent the epithermal cap above a concealed porphyry (Cu-Mo-Au) system, which itself should express at depth as a gravity low. Regional data already revealed a broad gravity high over the silver field. This was honed in much more detail to assist with selection of one or two deep drill targets.

REVIEW OF OPERATIONS (continued)

Results (Figure 6) revealed two exciting gravity (low) targets, at relatively shallow depths (ie 250-270 m, and 320 m) and the plan now is to test these targets with 2 steep drill holes of 400 & 450 m length for sulphide concentrations usually found in and about porphyry Cu-Au systems.

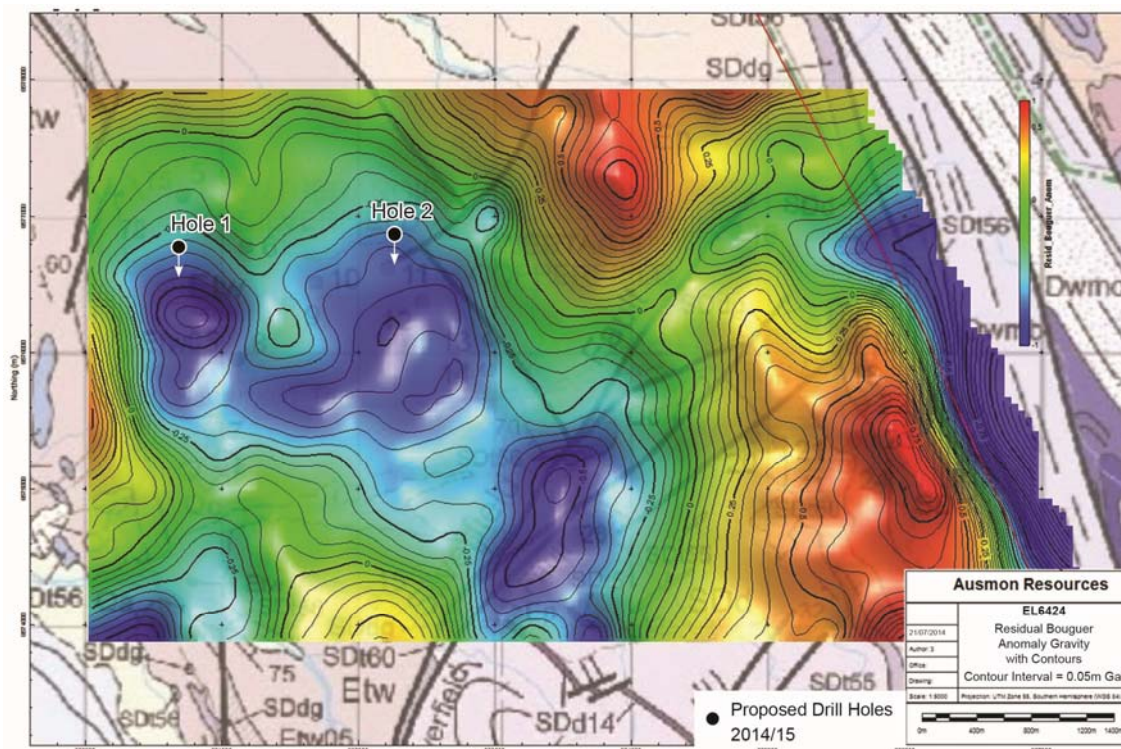


Figure 6 - Post processing Bouguer Anomaly data over the Nutheringie and Wertago areas with location of 2 proposed drill holes to test for sulphide concentrations

The Company has applied with the DPI to fund half of the direct drilling costs, under the Department’s New Frontiers Co-operative Drilling (2014) Programme.

The silver field is of interest in its own right, because when the White Cliffs opal field was discovered in the 1890s, Nuntherungi miners quickly deserted their unfinished shallow diggings, which remain untested in depth to this day. These include one shallow digging, proximal to Wertago, which the Company’s technical consultants have noted was abandoned in (valuable) silver-rich galena (PbS) veins. That digging represents a stand-alone RC-drilling target, because in the (analogous) Silverton silver field, near Broken Hill, similar mineralization does persist to considerable depths.

Details of Field Gravity Survey and Data Reduction

Previous geophysical work included regional and high resolution aeromagnetic and radiometric coverage, with some aerial and ground electromagnetic surveying. These earlier data collectively defined a number of shallow targets for ground follow-up (mapping and prospecting) which was undertaken earlier by the Company.

REVIEW OF OPERATIONS (continued)

The Nuntherungie silver field appears from processed magnetic data (Figure 6) to be bounded in the west by NW trending buried volcanic rocks with linear, regular, and well defined magnetic signatures. Some structural offsets imply faulting that extends to the NE. In the east, NW-trending (Cambrian) Ponto Group sediments and associated volcanic rocks form the margin to the field along a well-defined, NW trend that is likely to be structural. There is also a major fault which parallels the regionally extensive Koonenberry Fault 3.0 km further east.

The Nuntherungie silver field is considered to be of epithermal origin, as observed in shallow historic diggings, but there is no evidence of intrusive rocks. Deeper intrusive rocks would however be the logical source for the mineralisation, and it was concluded that these should be detectable using gravity geophysics. Indeed regional gravity data, from Geoscience Australia's National Gravity Database shows residual Bouguer Gravity contours, despite the large station spacing, (up to 7.0 km). A distinct 4-5 mGal anomaly is centred directly over the Nuntherungie Silver field (Figure 7), and a regional gravity high of this amplitude and wavelength is strongly suggestive of basement shallowing caused either by intrusions or uplift.

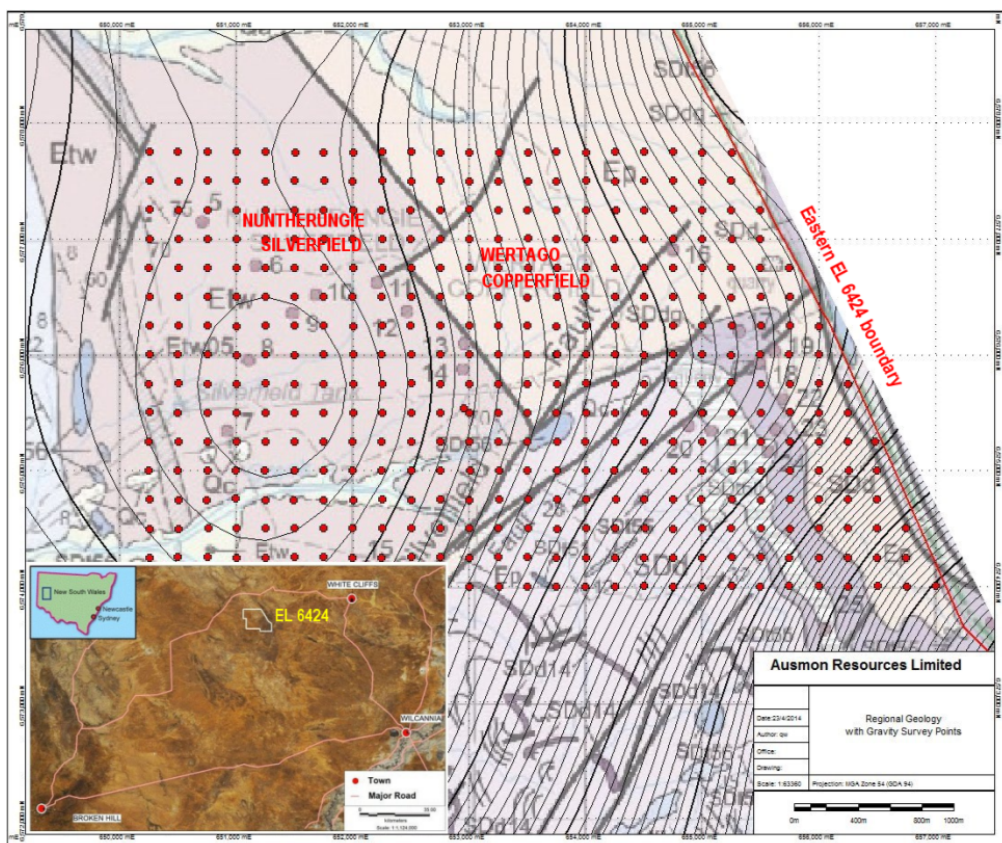


Figure 7 - Showing EL 6424 location, gravity survey reading stations and contours of Geoscience Australia Bouguer Gravity (interval 1.0 mGal).

During the detailed gravity survey in April 2014 over 425 gravity station readings were made on a grid pattern at 250 m spacing. The survey extended from west of the known Nuntherungie silver

field to over the Wertago copper field and to the Koonenberry Fault in the east (see Figure 7). Conventional gravity processing was undertaken on field data to account for instrument drift, tilt and Earth tides. Corrections for regional gravity fields were applied assuming a (conventionally accepted) regional rock density of 2.67 g/cm³. Once field data processing was completed, terrain and regional field corrections were also applied to data to produce a final residual Bouguer Anomaly response for the survey area. Results of this processing are shown in Figure 6. These data reveal a number of features reflective of known geology, and also some new exciting anomalies that should greatly assist target honing.

Results of Gravity Analysis and Interpretation

A very comprehensive report produced by Eureka Consulting Pty Ltd is précised below, with emphasis on target areas (Figures 6 and 8).

In the east of the survey area (Figure 6), a strong, gravity low is reflective of reduced Cambrian formation thickness, with the downthrown western blocks of the Koonenberry Fault exhibiting a corresponding high gravity and steep localised gravity gradient marking the trace of the fault.

Similarly, in the central southern portion of the survey area, an elongate gravity low anomaly is caused by thinning of the down thrown denser units along the SE side of the Silverfield fault and splay faults. The continuation of this fault is evidenced in the gravity field to the NE for many kilometres.

In the central western portion of the survey area two significant gravity lows (blue in Figure 6) are clearly evident. Importantly these lie within the Nuntherungie silver field. Additionally, a number of silver-lead mineralisation occurrences mark the northern margin of the anomalies. The most westerly of these two anomalies is almost circular in shape, with an amplitude that suggests its source is not too far beneath the surface. The easterly anomaly is broader, with a lower amplitude, and with its NE and northern flanks are adjacent to, and truncated by, translational faults emanating from the large Silverfield Fault in the SE.

Both forward and inversion modelling of the detailed gravity data were undertaken to investigate the distribution of rock densities. 3D inversion modelling was used to define the extent of low density rocks under Nutherungie and results are summarised in Figure 8. The resulting density range of sources beneath the Nutherungie gravity low anomalies are in the average range for granites and acid intrusives (2.63 – 2.75 g/cm³). Additionally, the depth of a simulated intrusive source (for the western gravity low anomaly) results in an upper surface residing about 250 – 270 m below ground level. The eastern anomaly modelled source may be slightly deeper (to 320 m depth) assuming a similar source rock density.

By analogy with similarly mineralized areas elsewhere, low pressure/density interfaces between intrusions and enveloping host rocks can create suitable environments for sulphide concentrations (eg in and about porphyry Cu-Au systems) which could also give rise to the observed overlying epithermal silver-lead vein deposits.

REVIEW OF OPERATIONS (continued)

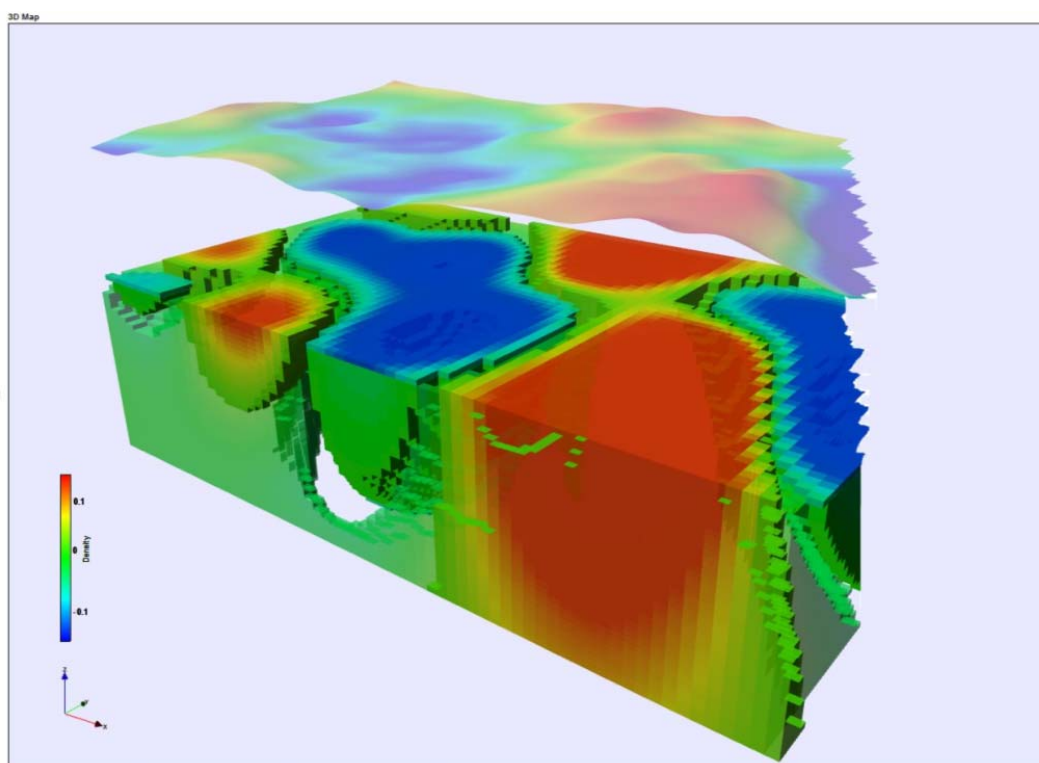


Figure 8 - 3D model of Netherungie prospect at a clipped depth of 200m below surface. View is to the NW with the residual gravity image overlaying the model. The display has the colour of density values relative to a default of 2.67 gm/cm3.

ACTIVITIES NEAR ORANGE- Gold, Silver and Base Metal Exploration

EL 6417-Cumnock- NSW (100%)

Drilling in prior periods considerably upgraded the potential of the Gumble sub-area within EL 6417. In particular "Anomaly A" (2 RC holes drilled in August 2011) was noted to be part of an extensive skarn system (caused by mineralising fluids from granitic intrusions reacting with limestones and associated country rocks) which is evident over 500+ m of strike. Elements concentrated are the same as those noted in the nearby (historic) Delaney's Dyke diggings i.e. Cu, Zn, Ag-Au, and Sn. Another 11 similar anomalies, labeled B to L, remain to be tested by RC percussion drilling (see Figure 9). Most targets occur within the prospective Kabadah Formation. EL 6417 has been formally renewed, with 50% area reduction, until 15 May 2015. Mineralization is of the skarn type so the presence of magnetite is expected and targets may be further honed by undertaking small scale ground magnetic and possibly short line IP surveys.

RC-percussion drilling is planned for late 2014 or early 2015. To date only Anomaly A has been drilled and that work yielded very encouraging results.

REVIEW OF OPERATIONS (continued)

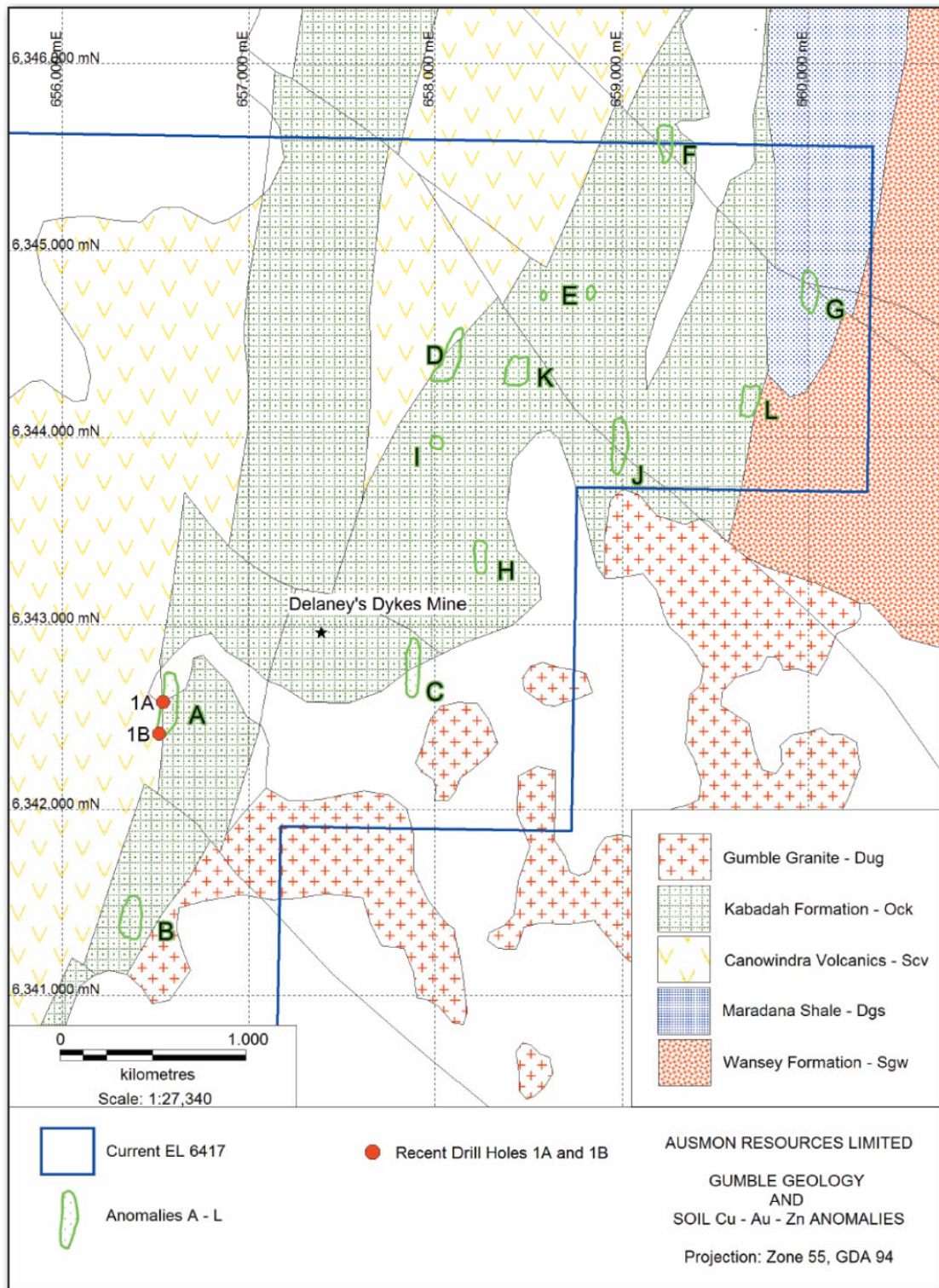


Figure 9 – EL 6417 - Gumble Geology and Soil Cu-Au-Zn Anomalies

REVIEW OF OPERATIONS (continued)

ACTIVITIES NEAR COBAR - Gold, Silver and Base Metal Exploration

ELs 6413 and 7564 – NSW (100%)

Joined ELs 6413 & 7564, located at Pooraka, 50 km east of Cobar, contain several gold and base metal target areas gleaned from the Company's earlier exploration work. However, much of these two highly prospective ELs is hidden beneath magnetic palaeo channels. The Company plans to undertake a ground based electromagnetic survey (TDEM survey) to test for conductors in known areas of interest.

EL 6413 has been renewed with 50% area reduction, until May 2015. Joined EL 7564 was due for renewal in June 2014, and application has been made to retain it for a further 2 years to June 2016.

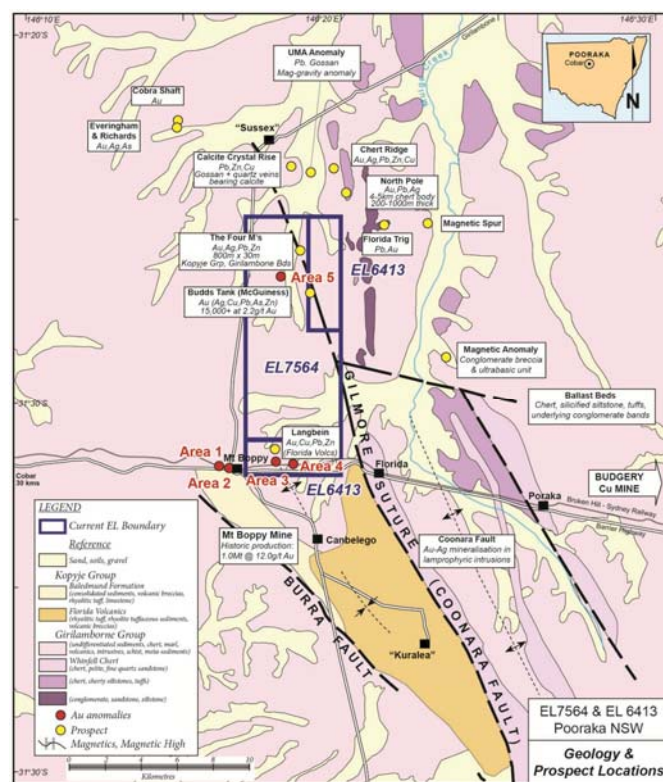


Figure 10 – Geology and Prospect Locations of Pooraka Project

Glossary

Ag - silver	Cu - copper	Sn - tin	g/cm ³ - gram per cubic metre	m - metre
Au - gold	Mo - Molybdenum	Zn - zinc	g/t - gram per tonne	Mt - metric tonne
As - arsenic	Pb - lead		km - kilometre	sq - square

(The information in the report above 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.

REVIEW OF OPERATIONS (continued)

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.)

CORPORATE AND FINANCIAL

Corporate

On 26 September 2013, Mr Qian joined the Board with special responsibility for exploration and mining, particularly to oversee the use of the capital raised for exploration in New South Wales exploration licences.

King M Fan ceased to be a Director and Chairman on 29 November 2013 when he was not re-elected to the Board at the Annual General Meeting held on that date.

In December 2013, the Company moved office and employment of office staff was terminated to reduce office and administration costs to the minimum.

On 16 July 2014, the Board was reorganized to follow the recommendations of the ASX Corporate Governance Principles and Recommendations. Mr Boris Patkin was appointed as an independent Non-Executive Chairman and Mr John Wang was appointed Managing Director.

Mr John Wang ceases to be Acting Chairman, a responsibility he had assumed since November 2013 when the Company commenced its search for an independent Chairman. As Managing Director he will continue to be responsible for finance and Company secretarial matters to limit operations costs.

Funding

On 26 September 2013, the Company issued 10,000,000 fully paid ordinary shares at \$0.03 per share raising \$300,000. The shares were placed with Mr Qian who became a substantial shareholder with 11.8% of the Company's issued capital prior to his appointment to the Board.

On 26 February 2014, the Company raised \$200,000 by private placement of 20,000,000 fully paid ordinary shares at \$0.01 per share to fund exploration and working capital excluding payment of Directors' fees and expenses.

On 20 June 2014, the Company completed a 1:1 Non-Renounceable Rights Issue offer that was launched on 17 March 2014 and issued 56,787,361 fully paid ordinary shares raising \$397,512 with an acceptance rate of 53.7% from eligible shareholders. Directors Mr John Wang and Mr Luibao Qian supported the raising by accepting their full entitlements. The net funding will be used primarily to fund the Company's exploration work and otherwise as general working capital. The Directors had resolved that the net proceeds of the rights issue will not be used to pay fees to current or past Directors or otherwise used to pay for the overseas travel or other expenses of the current or past Directors.

To undertake exploration activities while the Company has no revenue producing assets, the Company requires regular injections of funds and the level of activities is dictated by the funds that are available. Currently the Company is able to fund the exploration expenditure that satisfies the

REVIEW OF OPERATIONS (continued)

minimum licence commitments activities and to meet its financial commitments as and when they fall due.

To continue the exploration activities the Company 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.

Performance

During the half year the group incurred net losses of \$351,064 (2013 - \$766,323) which included \$126,000 (2013 – Nil) of Directors' fees for the year ended 30 June 2013 paid with 4,200,000 fully paid ordinary shares as approved by shareholders at the Annual General Meeting held on 29 November 2013.

Financial Position

Total equity increased to \$3,477,359 from \$2,872,111 primarily as a result of the share issues raising \$300,000 in September 2013, \$200,000 in February 2014 and \$397,512 in June 2014.

Cash at 30 June 2014 was \$707,785 (30 June 2013: \$229,971) whereas current assets was \$742,665 (30 June 2013: \$257,474) made up substantially of cash.

Current liabilities was \$49,861 (30 June 2013: \$52,936) reduced as creditors have been paid off from cash during the period.

Cash Flows

Operating activities resulted in net outflow of \$291,856 (2013: outflow \$277,061) as the Group is still in the exploration phase with no revenue. This outflow was funded from existing cash on hand and new capital raised.

STRATEGY AND PROSPECTS FOR FUTURE

The Group proposes to continue its mineral exploration program in Australia and search for new projects. However, no indication as to likely results in the future can be given due to the uncertainties usually associated with exploration activities and new projects. Future financial performance will be driven by success in following:

- exploration for copper at Koonenberry;
- gold exploration near Cobar and Orange; and
- new projects.

To carry out those above activities the Company will require funding which may be by farmout of interests or equity capital. The method of funding will be determined at the appropriate time as part of the group's capital management in maintaining a capital structure that minimises the cost of capital and benefits all shareholders.

GOING CONCERN

At balance date the Group has current assets of \$742,665 including total cash of \$707,785, current liabilities of \$49,861 and has incurred a net loss of \$351,064 in the year. In addition, the Group has an unfulfilled expenditure requirement under its exploration licences of \$427,000 for the next 12 months.

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 committed exploration expenditure and that the financial position of the Group allows. Consistent with the nature of the Group's activities, the continuing viability of the Group and its ability to continue as a going concern, its ongoing investment of funds into exploration project and ability 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.

The directors are however confident of the Group's ability to obtain additional funding.

As a result of these matters, there is 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 be unable to realise its assets and discharge its liabilities in the normal course of business. The audit opinion for the year ended 30 June 2014 therefore includes an emphasis of matter in this regard. For further details please refer to Note 1 of the financial report.

LICENCE SCHEDULE

as at the date of this report

Licence	Location	Project Name	Interest
EL 7564	New South Wales	Pooraka 2	100%
EL 6413	New South Wales	Pooraka	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 2014.

DIRECTORS

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

Boris Patkin

Non-Executive Chairman from 17 July 2014

Mr Patkin holds a Bachelor of Science (Industrial Chemistry) with a number of industry qualifications. He worked for the Shell Group from 1973 – 1980 and subsequently operated his own businesses for many years in various industries, including textile, footwear, freight forwarding, property and independent living communities. He is presently an authorised representative at Morgan's stockbroking division dealing in generic securities, margin lending and managed investments.

Special responsibilities: Chairman.

Current directorship of other listed public companies: None.

Former directorship of listed public companies in the last three years: None.

John Qiang Wang

Managing Director from 17 July 2014 and Acting Chairman from 29 November 2013 to 17 July 2014

Mr Wang is also the Chief Financial Officer of the Company. He 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: Managing Director and Finance.

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 Projects

Mr Qian is the General Manager of Shanghai Fudan Intelligent Monitoring Complete Equipment Co. Ltd, and also 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.

DIRECTORS' REPORT (continued)

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.

Special responsibilities: Projects.

Current directorship of other listed public companies: None.

Former directorship of listed public companies in the last three years: None.

King Ming Fan Executive Chairman

Mr Fan was Executive Chairman and Chief Executive Officer of the Company from the beginning of the year until he ceased to be a Director on 29 November 2013.

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.

COMPANY SECRETARY

Mr John Qiang Wang 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.

OPERATING RESULTS

The loss of the Group after income tax for the year was \$351,064 (2013: \$766,323).

FINANCIAL POSITION

The net assets of the Group at 30 June 2014 were \$3,477,359 (2013: \$2,872,111). Total assets increased by \$602,173 to \$3,527,220 and total liabilities decreased by \$3,075 to \$49,861 with cash on hand of \$707,785 (2013: \$229,971) and no borrowings.

DIVIDENDS

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

STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the financial year:

DIRECTORS' REPORT (continued)

Issued capital increased by \$956,312 to \$10,473,388 as the result of the followings:

- (a) On 26 September 2013, issued to the Director Liubao Qian 10,000,000 fully paid ordinary shares for \$300,000 for funding exploration and working capital.
- (b) On 4 December 2013, issued 4,200,000 fully paid ordinary shares at a deemed value of \$126,000 in payment of Director's fees for the year ended 30 June 2013 as approved by shareholders at the Annual General meeting held on 29 November 2013.
- (c) On 28 February 2014, issued of 20,000,000 fully paid ordinary shares under private placement for \$200,000 for funding exploration and working capital.
- (d) On 20 June 2014, issued of 56,787,361 fully paid ordinary shares under rights issue for \$397,152 for funding exploration and working capital.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

A Review of Operations 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 other projects in Australia and overseas. Except as described elsewhere in this Annual Report, the likely results of the exploration activities are unknown at the date of this report.

Successful results from exploration within the exploration licences held by the Company would increase the value of the licences and attract joint venture partners to participate in their further exploration, appraisal and development.

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.

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 16 July 2014, Mr Boris Patkin and Mr John Wang were appointed as Non-Executive Chairman and Managing Director respectively.

REMUNERATION REPORT (AUDITED)

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

DIRECTORS' REPORT (continued)

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) 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 Directors remuneration is payable for the year ended 30 June 2014 as the Board has not resolved for fees to be paid 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 has not resolved to pay fees to Directors with respect to the year ended 30 June 2014.

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 2013 annual general meeting

The Company received 100% of "yes" votes on its remuneration report for 2013 financial year. The Company did not receive any specific feedback at the annual general meeting on its remuneration report.

DIRECTORS' REPORT (continued)

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.

Key management personnel remuneration

The key management personnel of the Group are the Directors J Q Wang, L Qian, G Zheng during the year and K Fan until his departure on 29 November 2013.

During the year, the Company issued 1,400,000 fully paid ordinary shares to each of the Director (J Q Wang, G Zheng and K Fan) at a deemed value of \$42,000 (total 4,200,000 shares issued at \$126,000) in payment of Director's fees for the year ended 30 June 2013 as approved by shareholders at the annual general meeting held on 29 November 2013. The fair value of the ordinary shares issued was \$58,800 at the date of issue on 4 December 2013.

No remuneration was paid to Directors in the year ended 30 June 2013.

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
J Q Wang ¹	7,035,002
G Zheng ²	18,225,000
G Zheng ³	4,207,501
L Qian	20,000,000
	<hr/> 49,467,503 <hr/>

¹ 2,360,000 shares are registered in the name of MBA Accountants Pty Ltd <Australian MBA Super Fund> and 2,800,000 shares are registered in the name of John Wang & Co Pty Ltd Atf JMWang Family Trust of which J Q Wang is a beneficiary.

DIRECTORS' REPORT (continued)

² Shares are held by Aumeng Investments Limited of which Director G Zheng has a substantial financial interest.

³ 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. 1,400,000 shares are registered in the name of Hong Chen which is the spouse of G Zheng. 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.

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:	2014	2013
Listed	-	33,750,000

On 30 June 2014, 33,750,000 listed options expired without being exercised.

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
L Qian	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.

DIRECTORS' REPORT (continued)

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.

NON-AUDIT SERVICES

No non-audit services were provided by the auditor during the year ended 30 June 2014.

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 2014 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.



John Wang

Director

Dated this 18th day of August 2014

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**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 2014, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P J Woodley
Partner – Audit & Assurance

Sydney, 18 August 2014

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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 4 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	During the year the Board consisted of three to four Directors (K M Fan, J Wang, L Qian and G Zheng) who carry out executive duties and are substantial shareholders.
		The current stage of establishment and size of the Group do not justify the cost of increasing the number of directors. However, in July 2014 the Company appointed Mr B Patkin as a new independent Non-Executive Chairman.
2.2 The chair should be an independent director.	Does not comply but complies from July 2014	During the year the Chairman was the Chief Executive Officer and on his retirement at the end of November 2013, the Acting Chairman is the Chief Financial Officer and Company Secretary. However, in July 2014 the Company appointed Mr B Patkin a new independent Non-Executive Chairman.

	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 but complies from July 2014	During the year the Chairman was the Chief Executive Officer until his retirement at end of November 2013 when an Acting Chairman was appointed who is also the Chief Financial Officer and carries the duties of chief executive officer. However, in July 2014 the Company appointed Mr B Patkin a new independent Non-Executive Chairman.
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.

	Principles and Recommendations	Compliance	Comment
3.	Promote ethical and responsible decision-making		
3.1	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> • 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 <p>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	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	<p>% women in whole organisation – 25%</p> <p>% women in senior executive positions – nil</p> <p>% women on the board - nil</p>

	Principles and Recommendations	Compliance	Comment
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.
4.	Safeguard integrity in financial reporting		
4.1	The board should establish an Audit Committee.	Does not comply	With a 4 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: <ul style="list-style-type: none"> • 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 3/4 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	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

Principles and Recommendations	Compliance	Comment
policies or a summary of those policies.		information that needs to be disclosed and to ensure that Group’s announcements are made in a timely manner, are factual, do not omit 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	<p>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.</p> <p>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.</p>
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	Complies	<p>All shareholders are notified in writing of general meetings and encouraged to attend and participate.</p> <p>There is no departure from the Recommendations 6.1 and 6.2. The Corporate Governance Statement is posted on the Group’s website.</p>

	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	<p>The Group's Corporate Governance Statement includes a business risk oversight and management policy.</p> <p>The Board monitors and receives advice as required on areas of operational and financial risk, and considers appropriate risk management strategies.</p> <p>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.</p>
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.
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.

	Principles and Recommendations	Compliance	Comment
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: <ul style="list-style-type: none"> • 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 8.1 and 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 OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2014

	Note	Consolidated Group	
		2014	2013
		\$	\$
Revenue			
Interest revenue		10,434	5,054
Other Income			
Premium on shares issued		67,200	-
Expenses			
Depreciation expense		(4,574)	(8,414)
Employee benefits expense		(42,611)	(66,636)
Projects written off		-	(486,412)
Plant and equipment written off		(1,467)	-
Debts written off		-	(2,394)
Other expenses	2	(380,046)	(207,521)
Loss before income tax expense		(351,064)	(766,323)
Income tax expense	3	-	-
Loss for the year		(351,064)	(766,323)
Other comprehensive income			
Realised fair value gain/(loss) on available-for-sale financial assets		-	50,601
Other comprehensive income (loss) for the year, net of tax		-	50,601
Total comprehensive income (loss) for the year		(351,064)	(715,722)
Loss attributable to:			
- members of the Parent Entity		(351,064)	(766,323)
Total comprehensive income (loss) attributable to:			
- members of the Parent Entity		(351,064)	(715,722)
Earnings per share			
Basic and diluted loss per share	18	0.4 cents	1.0 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	Consolidated Group	
		2014	2013
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	707,785	229,971
Trade and other receivables	5	24,880	17,503
Financial assets	6	10,000	10,000
TOTAL CURRENT ASSETS		<u>742,665</u>	<u>257,474</u>
NON-CURRENT ASSETS			
Financial assets	6	70,000	70,000
Plant and equipment	7	152	6,193
Exploration and evaluation expenditure	8	2,714,403	2,591,380
TOTAL NON-CURRENT ASSETS		<u>2,784,555</u>	<u>2,667,573</u>
TOTAL ASSETS		<u>3,527,220</u>	<u>2,925,047</u>
CURRENT LIABILITIES			
Trade and other payables	9	49,861	42,063
Provisions	10	-	10,873
TOTAL CURRENT LIABILITIES		<u>49,861</u>	<u>52,936</u>
TOTAL LIABILITIES		<u>49,861</u>	<u>52,936</u>
NET ASSETS		<u>3,477,359</u>	<u>2,872,111</u>
EQUITY			
Issued capital	11	10,473,388	9,517,076
Reserves	12	47,540	47,540
Accumulated losses		(7,043,569)	(6,692,505)
TOTAL EQUITY		<u>3,477,359</u>	<u>2,872,111</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2014

	Reserves				Total \$
	Issued capital \$	Option reserve \$	Asset revaluation reserve \$	Accumulated losses \$	
CONSOLIDATED GROUP					
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
Total comprehensive income (loss) for the year	-	-	-	(351,064)	(351,064)
Transactions with owners in their capacity as owners:					
Shares issued for Director remuneration	58,800	-	-	-	58,800
Issue of share capital	897,512	-	-	-	897,512
Balance at 30 June 2014	10,473,388	47,540	-	(7,043,569)	3,477,359

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2014

	Note	Consolidated Group	
		2014	2013
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(302,290)	(282,115)
Interest received		10,434	5,054
Net cash used in operating activities	16(b)	(291,856)	(277,061)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(127,842)	(82,393)
Proceeds from sale of available-for-sale financial assets		-	517,173
Payments for security deposits		-	(50,000)
Proceeds from refund of security deposits		-	10,000
Net cash provided by investing activities		(127,842)	394,780
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		897,512	-
Net cash inflow from financing activities		897,512	-
Net increase (decrease) in cash and cash equivalents		477,814	117,719
Cash and cash equivalents at beginning of year		229,971	112,252
Cash and cash equivalents at end of year	16(a)	707,785	229,971

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

Notes to the Financial Statements for the Year Ended 30 June 2014

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).

The financial report for the year ended 30 June 2014 was approved and authorised for issue by the board of Directors on 18 August 2014.

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

There is a material uncertainty whether the Group will continue as a going concern and realise the value of its assets in the normal course of business and at the amounts stated in the financial report. The continuing viability of the Group and its ability to continue as a going concern and 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.

At balance date the Group has current assets of \$742,665 including total cash of \$707,785, current liabilities of \$49,861 and has incurred a net loss of \$351,064 in the year. In addition, the Group has an unfulfilled expenditure requirement under its exploration licences of \$427,000 for the next 12 months.

Notwithstanding the net loss for the year, the Directors have reviewed the cash flow forecast for the next twelve months including consideration of the unfulfilled expenditure requirement and other committed expenses. 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

Notes to the Financial Statements for the Year Ended 30 June 2014

the amount at which it is recorded in the financial report at 30 June 2014. 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 Group 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.

New and revised standards that are effective in the current year

There are new and revised Australian accounting requirements that apply mandatorily for the first time to annual reporting periods ending 30 June 2014, 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 2014
<i>AASB 10 Consolidated Financial Statements</i>	1 January 2013	Yes
<i>AASB 11 Joint Arrangements</i>	1 January 2013	Yes
<i>AASB 12 Disclosure of Interest in Other Entities</i>	1 January 2013	Yes
<i>AASB 13 Fair Value Measurement</i>	1 January 2013	Yes
<i>AASB 119 Employee Benefits (September 2011)</i>	1 January 2013	Yes
<i>AASB 127 Separate Financial Statements (August 2011)</i>	1 January 2013	Yes
<i>AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i>	1 July 2013	Yes
<i>AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13</i>	1 January 2013	Yes
<i>AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i>	1 January 2013	Yes
<i>AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013	Yes

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

Standard/Interpretation	Mandatory effective date (Annual periods beginning on or after)	Applicable for the first time to the year ending 30 June 2014
AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i>	1 January 2013	Yes
AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i> (amendments to AASB 10 and related standards)	1 January 2013	Yes

Requirements applying for the first time to periods ending 30 June 2014

AASB 10 Consolidated Financial Statements

AASB 10 replaces the existing consolidation requirements in AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*.

AASB 10 is based on a new principles-based definition of control and applies to all types of investees, including special purpose entities (which are now called ‘structured entities’). It also provides additional application guidance on a number of areas where control is difficult to assess. This includes situations involving potential voting rights, principal/agent relationships, control of specified assets within an entity (called ‘silos’) and circumstances in which voting rights are not the dominant factor in determining control.

Management has concluded that there is no impact on the Group’s financial statements.

AASB 11 Joint Arrangements

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. It replaces AASB 131’s three categories of ‘jointly controlled entities’, ‘jointly controlled operations’ and ‘jointly controlled assets’ with two new categories (being ‘joint operations’ and ‘joint ventures’), and removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation.

Under AASB 11, 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.

Determining whether an arrangement is a joint operation or a joint venture in accordance with AASB 11 requires consideration of all facts and circumstances (including the structure/legal form of the arrangement and terms agreed by parties to the arrangement). The structure (i.e. legal form) of a joint arrangement is only one element to be considered in classifying a joint arrangement. AASB 11 focuses more on the nature and substance of the rights and obligations

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

arising from the arrangement. This is a significant change from AASB 131 where the legal form of the arrangement was the primary factor in determining the appropriate accounting. Nevertheless, the structure of the joint arrangement is still very important. A joint arrangement that is not structured through a separate vehicle is always classified as a joint operation. If there is a separate vehicle, the joint arrangement may not necessarily be a joint venture. The contractual terms of the joint arrangement itself, as well as other factors and circumstances, may impact its classification.

There has been no joint arrangement in the Group during the year.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 is a comprehensive disclosure standard containing all the disclosure requirements relating to subsidiaries, joint arrangements, associates and unconsolidated structured entities. It combines the existing disclosures in AASB 127, AASB 128 & AASB 131, and introduces a range of new disclosure requirements, including:

- significant judgements and assumptions made in determining whether control, joint control & significant influence exists;
- significant restrictions on investor's ability to access/use subsidiary's assets & liabilities;
- maximum exposure to loss arising from involvement with unconsolidated structured entities; and
- financial or other support provided to unconsolidated structured entities when there is no obligation to do so and any current intentions to provide such support

Management has concluded that there is no impact on the Group's financial statements.

AASB 13 Fair Value Measurement

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.

AASB 119 Employee Benefits (September 2011)

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 Other Comprehensive Income (OCI) rather than in profit or loss, and cannot be reclassified in subsequent periods.
- Subtle amendments to timing for recognition of liabilities for termination benefits; and
- Employee benefits 'expected to be settled wholly' (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. Unless all annual leave for all employees is expected to be used wholly within 12 months of the end

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

of reporting period this will in future be an ‘other long-term benefit’ which will be discounted when calculating the leave liability. This has no impact on the presentation of annual leave as a current liability.

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

Management has concluded that there is no impact on the Group’s financial statements.

Other standards are effective in the current year do not have significant impact on the Group’s financial statements.

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.

Standard/Interpretation	Date of Issue	Mandatory Effective Date (Annual periods beginning on or after)
<i>AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	6 December 2010	1 January 2015
<i>AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i>	6 July 2012	1 January 2014
<i>AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	27 June 2013	1 January 2014
<i>AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities</i>	14 August 2013	1 January 2014

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

Standard/Interpretation	Date of Issue	Mandatory Effective Date (Annual periods beginning on or after)
<i>AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>	20 December 2013	‘Part A – Conceptual Framework’ applies to annual periods ending on or after 20 December 2013 ‘Part B – Materiality’ applies from 1 January 2014 ‘Part C – Financial Instruments’ applies from 1 January 2015
<i>AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements</i>	27 September 2013	1 January 2014

(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

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

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.

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.

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

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 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:

<u>Class</u>	<u>Useful life</u>
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 2014 (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).

(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. 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

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

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.

Management has reassessed and no provision for restoration is required as any disturbance during the field exploration work has been recognised as part of exploration and evaluation expenditure.

(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.

(l) Accounts payable

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

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

(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 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.

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.

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

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.

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

(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 2014 (continued)

Note 2 – Other expenses

	Consolidated Group	
	2014	2013
	\$	\$
Audit fees	37,235	40,883
Consulting and contract fees	99,820	45,522
Directors' remuneration	126,000	-
Listing expenses	18,442	21,481
Operating leases	29,972	48,264
Registry and ASX fees	17,369	11,718
Professional fees	14,610	3,800
Foreign exchange costs	526	5,377
Travel	15,584	12,233
Other	20,488	18,243
	<u>380,046</u>	<u>207,521</u>

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%	(105,319)	(229,897)
Tax effect of:		
Non-temporary differences	150	1,680
Equity capital raising costs debited to equity	(14,066)	(14,066)
Temporary differences and tax losses not recognized	119,235	242,283
Income tax expense	<u>-</u>	<u>-</u>

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%

<u>2,945,013</u>	<u>2,051,001</u>
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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
- (iii) no changes in tax legislation adversely affect the Group in realising the benefits from the deductions for the loss.

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

Note 4 – Cash and cash equivalents

Consolidated Group	
2014	2013
\$	\$
707,785	229,971

Note 5 – Trade and other receivables

Current

Other receivables	24,880	17,503
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(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

Security deposits	10,000	10,000
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Non-current

Security deposits	70,000	70,000
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Note 7 – Plant and equipment

Office equipment and furniture – at cost	29,121	42,070
Accumulated depreciation	(28,969)	(35,877)
Total plant and equipment	152	6,193

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:

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

	Office equipment and furniture \$
Balance at 30 June 2012	14,607
Depreciation	(8,414)
Balance at 30 June 2013	<u>6,193</u>
Depreciation	(4,574)
Impairment	(1,467)
Balance at 30 June 2014	<u>152</u>

Note 8 – Exploration and evaluation expenditure

	Consolidated Group	
	2014	2013
	\$	\$
Exploration areas of interest at cost	2,714,403	2,591,380

Movements during the year

Exploration areas :

Balance at beginning of year	2,591,380	2,995,399
Additions at cost	123,023	82,393
Impairment	-	(486,412)
Balance at end of year	<u>2,714,403</u>	<u>2,591,380</u>

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

Trade and other payables	<u>49,861</u>	<u>42,063</u>
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Note 10 – Provisions

Current

Employee entitlement provisions	<u>-</u>	<u>10,873</u>
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Note 11 – Issued capital

165,486,486 (2013: 74,499,125) fully paid ordinary shares	<u>10,473,388</u>	<u>9,517,076</u>
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Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

	2014		2013	
	Number	\$	Number	\$
(a) Fully Paid Ordinary shares				
Balance at beginning of year	74,499,125	9,517,076	74,499,125	9,517,076
Shares issued during the year:				
- 26 September 2013 at 3 cents each	10,000,000	300,000		-
- 4 December 2013 for 2013 Directors' fees at 1.4 cents each*	4,200,000	58,800	-	-
- 28 February 2014 placement at 1 cent each	20,000,000	200,000		
- 20 June 2014 rights issue at 0.7 cents each	56,787,361	397,512		
Balance at end of year	165,486,486	10,473,388	74,499,125	9,517,076

*On 4 December 2013, the Company issued 4,200,000 fully paid ordinary shares at a deemed value of \$126,000 in payment of Director's fees for the year ended 30 June 2013 as approved by shareholders at the Annual General meeting held on 29 November 2013.

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.

	2014	2013
	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
Expired during the year	(33,750,000)	-
Balance at end of year	-	33,750,000

(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.

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

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 (2013 - \$55,000) related 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

Consolidated Group

	2014 Number	2013 Number
Balance at beginning and end of year	220,000	220,000

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:

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

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 (ceased to be a Director on 29 November 2013)
J Q Wang	Finance Director and Company Secretary. Acting Chairman from 29 November 2013
G Zheng	Projects Director
Liubao Qian	Exploration and Mining Projects Director (appointed on 26 September 2013)

(a) KMP compensation

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

	Consolidated Group	
	2014	2013
	\$	\$
Short-term benefits – non monetary	126,000	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	126,000	-

During the year, the company issued 4,200,000 fully paid ordinary shares to the Directors for the year ended 30 June 2013 which was not approved until 29 November 2013 at the annual general meeting. The shares were issued at a deemed value of \$0.03 per share and had a fair value of \$0.014 per share at date of issue on 4 December 2013.

(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:

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

	Balance at beginning of year	Granted as compensation	Other changes	Balance at end of year
2014				
K M Fan, J Q Wang and G Zheng ¹	24,300,000	-	(6,075,000)	18,225,000
K M Fan ²	2,725,001	1,400,000	-	4,125,001
J Q Wang ³	2,117,501	1,400,000	3,517,501	7,035,002
G Zheng ⁴	2,807,501	1,400,000	-	4,207,501
L Qian ⁵	-	-	20,000,000	20,000,000
	<u>31,950,003</u>	<u>4,200,000</u>	<u>17,442,501</u>	<u>53,592,504</u>

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. J Q Wang ceased to be an associate of Aumeng Investments Limited on 10 March 2014.

² 2,250,000 shares are registered in the name of KMFan Family Pty Ltd <KMFan Family Trust A/C>.

³ 2,360,000 shares are registered in the name of MBA Accountants Pty Ltd <Australian MBA Super Fund> and 2,800,000 shares are registered in the name of John Wang & Co Pty Ltd Atf JMWang Family Trust 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. 1,400,000 shares are registered in the name of Hong Chen which is the spouse of G Zheng. G Zheng is a director and has financial interests in H&G Camden Pty Ltd and C K Camden Pty Ltd.

⁵ On 26 September 2013, an agreement was entered between the Company and Mr Liubao Qian for his subscription of 10 million fully paid shares at \$0.03 per share and his appointment to the Board. Under the terms of the agreement, on or before 30 September 2015, Mr Qian has to invest a further \$1,200,000 in the Company's shares at a price that is not less than \$0.03 per share and at the volume weighted average price over 5 days when the shares traded on the Australian Securities Exchange. That investment is subject to shareholders' approval and to Mr Qian's total shareholding not exceeding 20% of the issued capital of the Company and the money invested shall be applied only to exploration projects.

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

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

(c) KMP Option holdings

	Balance at beginning of year	Granted as compensation	Expired	Other changes	Balance at end of year
2014					
K M Fan, J Q Wang and G Zheng ¹	12,150,000	-	(9,112,500)	(3,037,500)	-
K M Fan	937,500	-	(937,500)	-	-
J Q Wang ²	668,750	-	(668,750)	-	-
G Zheng ³	768,750	-	(768,750)	-	-
L Qian	-	-	-	-	-
	<u>14,525,000</u>	<u>-</u>	<u>(11,487,500)</u>	<u>(3,037,500)</u>	<u>-</u>

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. J Q Wang ceased to be an associate of Aumeng Investments Limited on 10 March 2014.

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.

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

	Balance at beginning of year	Granted as compensation	Exercised	Other changes	Balance at end of year
2013					
K M Fan, J Q Wang and G Zheng	12,150,000	-	-	-	12,150,000
K M Fan	937,500	-	-	-	937,500
J Q Wang	668,750	-	-	-	668,750
G Zheng	768,750	-	-	-	768,750
	<u>14,525,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,525,000</u>

(d) Other

	Consolidated Group	
	2014	2013
	\$	\$
Paid to Australian MBA Accountants an entity controlled by Director J Q Wang		
- Services for tax return	2,500	3,000
- Office Rentals	3,600	-
- Professional services	12,000	-
	<u>18,100</u>	<u>3,000</u>

Note 15 – Remuneration of auditors

Remuneration of the auditors for:

- auditing or reviewing the financial reports	<u>37,235</u>	<u>40,883</u>
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Note 16 – Notes to the Cash Flow Statement

(a) Reconciliation of cash

Cash at bank and on hand	<u>707,785</u>	<u>229,971</u>
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Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

	Consolidated Group	
	2014	2013
	\$	\$
(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Loss after income tax	(351,064)	(766,323)
Add non-cash items in operating costs:		
Depreciation	4,574	8,414
Exploration and evaluation expenditure written off	-	486,412
Plant and equipment written off	1,467	-
Debts written off	-	2,394
Foreign exchange differences	526	5,377
Premium on shares issued	(67,200)	-
Directors' fees paid by way of share issues(c)	126,000	-
Changes in assets and liabilities relating to operations:		
Increase/(Decrease) in creditors and accruals	12,092	(25,712)
(Decrease)/Increase in receivables	(7,378)	12,182
(Decrease)/Increase in employee entitlements	(10,873)	195
Net cash used in operating activities	<u>(291,856)</u>	<u>(277,061)</u>

(c) Non-cash investing and financing activities

The Company issued 4,200,000 fully paid ordinary shares in payment of Director's fees amounting to a deemed value of \$126,000. The fair value at the date of issue on 4 December 2014 was \$58,800.

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.

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

Note 18 – Earnings per share

	Consolidated Group	
	2014	2013
	\$	\$
Operating loss after income tax used in the calculation of basic and diluted loss per share	(351,064)	(766,323)
	<hr/>	
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	99,256,776	74,499,125
	<hr/>	

The options are non dilutive for the period to 30 June 2014 (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 2014 (continued)

	Note	2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents	4	707,785	229,971
Trade and other receivables	5	24,880	17,503
Other financial assets	6	80,000	80,000
Total Financial Assets		812,665	327,474
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	9	49,861	42,063
Total Financial Liabilities		49,861	42,063

(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.

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

	Consolidated Group	
	2014 \$	2013 \$
Financial assets		
Cash and cash equivalents	707,785	229,971
Security deposits	80,000	80,000
	787,785	309,971

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

(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.

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.

(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 2014 (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	Total
	Variable interest rate	Within 1 year	1 to 5 years	Within 1 year	
2014	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	707,778	-	-	7	707,785
Trade and other receivables	-	-	-	24,880	24,880
Security deposits	80,000	-	-	-	80,000
	<u>787,778</u>	<u>-</u>	<u>-</u>	<u>24,887</u>	<u>812,665</u>
Financial liabilities					
Trade and other payables	-	-	-	49,861	49,861

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

	Variable interest rate	Fixed interest rate maturing		Non- interest bearing	Total
		Within 1 year	1 to 5 years	Within 1 year	
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
	<u>309,964</u>	<u>-</u>	<u>-</u>	<u>17,510</u>	<u>327,474</u>
Financial liabilities					
Trade and other payables	-	-	-	42,063	42,063

(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	
	2014	2013
	\$	\$
Interest rate sensitivity analysis		
Decrease/ (increase) in loss		
- increase in interest rate by 2%,	3,762	4,599
- decrease in interest rate by 2%	<u>(3,762)</u>	<u>(4,599)</u>

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.

Note 21 – Parent Entity information

(a) 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 2014 and 30 June 2013.

(b) Summary financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

	2014	2013
	\$	\$
Assets		
Current assets	742,662	257,472
Non-current assets	2,760,686	2,751,403
Total assets	<u>3,503,348</u>	<u>3,008,875</u>
Liabilities		
Current liabilities	49,861	52,936
Total liabilities	<u>49,861</u>	<u>52,936</u>
Equity		
Issued capital	10,473,388	9,517,076
Reserves	47,540	47,540
Accumulated losses	(7,067,441)	(6,608,677)
	<u>3,453,487</u>	<u>2,955,939</u>
Financial performance		
Loss for the year	(458,764)	(683,497)
Other comprehensive income	-	50,601
Total comprehensive income	<u>(458,764)</u>	<u>(632,896)</u>

At balance sheet date, the parent entity has made a provision for non-recovery of \$107,700 on impairment of its investment against the carrying value of exploration and evaluation expenditure in Great Western Minerals Pty Ltd. This amount expected to be recovered.

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 2014 have not been provided for in the financial statements and are due:

	2014	2013
	\$	\$
Within twelve months	427,122	300,000
Twelve months or longer and not longer than five years	200,000	175,000
	<u>627,122</u>	<u>475,000</u>

Notes to the Financial Statements for the Year Ended 30 June 2014 (continued)

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

Management has reassessed and no provision for restoration is required as any disturbance during the field exploration work has been recognised as part of exploration and evaluation expenditure.

Note 23 – Contingent liabilities

The Group has no contingent liabilities at 30 June 2014 or 30 June 2013.

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 16 July 2014, Mr Boris Patkin and Mr John Wang were appointed as Non-Executive Chairman and Managing Director respectively.

The financial report was authorised for issue on 18th August 2014 by the Board of Directors.

Directors' Declaration For the Financial Year ended 30 June 2014

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 33 to 66, 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 2014 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 who is also the Chief Financial Officer has 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.



John Wang
Director

Dated this 18th day of August 2014

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

Report on the financial report

We have audited the accompanying financial report of Ausmon Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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.

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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 Resources 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 2014 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 indicated 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, selling part of the Company's interests in its exploration licences and entering into 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 23 of the directors' report for the year ended 30 June 2014. 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 Resources Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P J Woodley
Partner - Audit & Assurance

Sydney, 18 August 2014

ADDITIONAL INFORMATION

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

1. SHAREHOLDINGS

(a) Distribution of Shareholders as at 15 August 2014

Size of Holding	Holders	Ordinary Shares Held	%
1-1,000	4	1,209	.001
1,001-5,000	11	40,255	.024
5,001- 10,000	94	920,123	0.556
10,001-100,000	100	4,294,283	2.595
100,001 – and over	102	160,230,616	96.824
	311	165,486,486	100.000

195 shareholders held less than a marketable parcel.

(b) Top Twenty Shareholders as at 15 August 2014

Shareholder	Number of Ordinary Shares	% Held of Issued Ordinary Capital
Liubao Qian	20,000,000	12.086
Aumeng Investments Limited	18,225,000	11.013
Wujiang Investment Pty Ltd	14,870,000	8.986
Australasia Access Pty Ltd	11,600,000	7.010
J Venpin	7,975,000	4.819
Octan Energy Pty Ltd	5,225,000	3.157
LM Zeng & GY Zeng <The Zeng S/F A/C>	4,027,771	2.434
Snowy Plains Pty Ltd	4,000,000	2.417
MS Ng	4,000,000	2.417
Suzhou Jiutai Group Company	4,000,000	2.417
Yongjian Wang	4,000,000	2.417
A Brien & M Brien <A&M Brien Super Fund A/C>	3,370,000	2.036
J C K To	3,350,000	2.024
X P Pu & X Y Wang & J Wang <lvy Family S/F a/c>	3,066,362	1.853
John Wang & Co Pty Ltd <JM Wang Family A/C>	2,800,000	1.692
WYMS Yue & SS Yue <ESVSY Super Fund A/C>	2,400,000	1.450
Australian MBA Accountants Pty Ltd <Australian MBA S/F>	2,360,000	1.426
WYMS Yue	2,262,000	1.367
KMFan Family Pty Ltd <KMFan Family A/C>	2,250,000	1.360
King Ming Fan	1,875,001	1.133
Twenty largest shareholders	121,656,134	73.514
Others	43,830,352	26.486
	165,486,486	100.00

ADDITIONAL INFORMATION (continued)

2. 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.

3. AUDIT COMMITTEE

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

4. SUBSTANTIAL SHAREHOLDERS

The securities held by substantial shareholders are as follows:

Name	Number of Shares
Aumeng Investments Limited, K M Fan and G Zheng	26,556.502
Liubao Qian	20,000,000
Wujiang Investment Pty Ltd	<u>15,670,000</u>

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