

**AUSMON RESOURCES LIMITED**  
ABN 88 134 358 964

**ANNUAL REPORT 2020**

## CONTENTS

|                                    |    |
|------------------------------------|----|
| Corporate Directory                | 1  |
| Chairman’s Letter                  | 2  |
| Review of Operations               | 3  |
| Licence Schedule                   | 37 |
| Directors’ Report                  | 40 |
| Auditor’s Independence Declaration | 48 |
| Corporate Governance Statement     | 49 |
| Financial Statements               | 50 |
| Directors’ Declaration             | 74 |
| Independent Auditor’s Report       | 75 |
| Additional Information             | 79 |

## CORPORATE DIRECTORY

### Directors

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

### Home Stock Exchange

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### Company Secretary

Eric W Y M Sam Yue

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### Website

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### Auditors

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### Share Registry

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## CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to present the 2020 Annual Report of the Group.

During the year, following field sampling work and laboratory analyses we have been further encouraged by the potential of our tenements in Broken Hill, especially at Stirling Vale in EL 8747 for, cobalt, zinc and gold and at Nth Kanbarra in EL 8745 where we confirmed a potential zinc area for more advanced exploration.

At the time of this report we are carrying out a ground Induced Polarisation survey at Nth Kanbarra to identify any targets for drilling and at Stirling Vale we are soon commencing an RC drilling programme of ten holes. Unfortunately, the impact of the Covid-19 pandemic delayed our field work by 4 to 5 months and we are catching up as fast as possible.

The cobalt market remains subdued, but our view is that demand for that commodity will increase as the take up of electric vehicles increases in the coming years. As we are still in the exploration phase, a discovery and successful development of cobalt may be timely to meet the future market improvement. Gold price has been strong and base metals prices have been improving. A gold and a zinc resource discovery in Broken Hill would be most welcomed.

Following field work, we have assessed the potential of all our tenements very critically and have relinquished those in Queensland which do not withstand scrutiny of potential future returns to capital required for exploration. In maintaining a reasonable portfolio of exploration assets, we have applied and been granted the tenement Brungle Creek EL 8954 in NSW with potential for chromite, cobalt and base metals.

Our corporate overheads have been kept low so that we only raise sufficient equity capital, without undue dilution to our shareholders, mainly for what is needed to improve our exploration assets in a controlled manner.

I thank all our shareholders for their support, Chief Technical Officer Mr Mark Derriman for his invaluable insight on exploration, the staff and executives for their efforts during the year.



Boris Patkin  
Chairman

3<sup>rd</sup> September 2020

## REVIEW OF OPERATIONS

### SUMMARY

#### *CORPORATE*

- In November 2019, the Company raised \$207,500 before costs with the issue of 83,000,000 fully paid ordinary shares at \$0.0025 per share under a Share Purchase Plan offered to all shareholders.
- At the Annual General Meeting held on 29 November 2019 shareholders approved the issue within 3 months of up to 150 million fully paid ordinary shares in accordance with ASX Listing Rule 7.1. The shares have not been issued by the expiry of the 3 months on 28 February 2020.

#### *EXPLORATION*

The imposition of measures by authorities to contain the spread of Covid-19 in the March and June 2020 quarters has generally delayed field exploration work during the second half of the financial year.

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

- Surficial geochemical sampling was completed during the first half year with indication of a 1.5 km trend prospective for cobalt, base metal and gold mineralisation.
- Spectral mineralogical analyses of the pulps from the core from historic hole DD95STV3 (ASX announcement 17 July 2018) indicate there may be subtle differences in the mineralogical makeup of the mineralised zones. A Scanning Electron Microscopic (SEM) study of pyrite grains within a core sample confirms up to 0.6% to 0.8% cobalt within the primary pyrite and 0.3% to 0.4% within the secondary pyrite. Total pyrite in the sample comprises approximately 23% of the sample analysed.
- Further surficial geochemical exploration completed in June 2020. Collected 3 rock samples from a garnet sandstone that returned arsenic results to 9,220 ppm and gold to 0.45 ppm. Arsenic is commonly associated with gold mineralisation. The area will be targeted down dip by the RC drilling program scheduled for September 2020.
- 10 sites have been marked with collar and siter grid pegs for RC holes to test the indicative 1.5 km cobalt, gold and base metal exploration target. Drilling scheduled with drilling contractor to commence in early September 2020.
- 44 soil samples from a small grid in an area of amphibolite and garnet amphibolite associated with some quartz veining were analysed with pXRF and no base metal anomalism detected.

## REVIEW OF OPERATIONS (continued)

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

- Surficial geochemical exploration at 3 prospects, namely Long Tank, Sampson's Dam and Nth Kanbarra, completed in June 2020. Collected 286 soil samples within the prospects and 16 rock samples from Nth Kanbarra. Sampling at Nth Kanbarra confirmed the Zn anomalism associated with a small outcropping gossan. No encouraging results from the sampling at Long Tank and Sampson's Dam but for a small area of elevated Zn at Long Tank to be further assessed.
- The next exploration phase commenced on 25 August 2020 to complete 8 IP survey lines of 1.4 km long running NS across the gossan zone at Nth Kanbarra to test for sulphide mineralisation to depth of 300 m.

### *Redan Base Metals Exploration EL 8746, Broken Hill, NSW (100% interest)*

- A field trip was conducted in the southern half of the tenement in June 2020. As no significant alteration, veining or mineralisation was noted, no further exploration is to be pursued and the tenement was relinquished in August 2020.

### *Brungle Creek Cobalt and Base Metals Exploration EL 8954 (ELA 5829), Tumut, NSW (100% interest)*

- Exploration licence application ELA 5829 was lodged in July 2019 for cobalt and base metal exploration near Tumut, Brungle Creek tenement of 19 blocks, that covers a portion of the Coolac Serpentinite Belt with numerous chromite and copper historical workings. The tenement has been granted under exploration licence EL 8954 for 6 years to 11 March 2026.

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

- Under consideration for a stream sediment sampling and geological mapping of all drainage basins within EL 6400 for field-based exploration of slate belt orogenic style gold mineralisation.

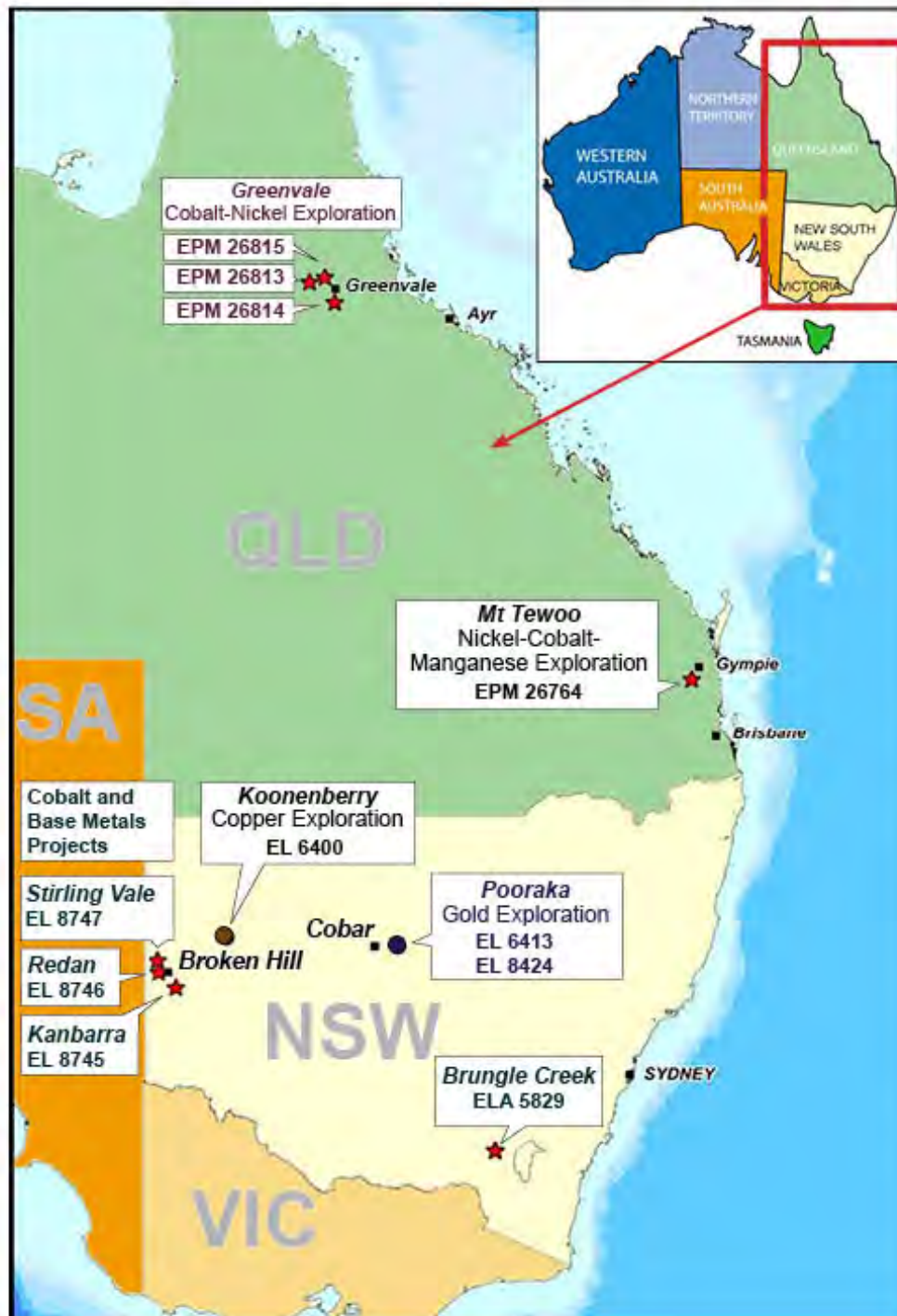
### *Pooraka 3 Gold Exploration ELs 8424 and 6413, Cobar, NSW (100% interest)*

- Field work under consideration prior to expiry of the ELs in 2021.

### *Greenvale Cobalt-Nickel Exploration Areas in EPMs 26813, 26814 and 26815 and Mount Tewoo Nickel Cobalt Manganese Exploration Area EPM 26764, QLD (100% interest)*

- All four QLD tenements assessed not to meet Company's expectations have been relinquished to cut expenditure commitments that are unlikely to produce a return on investment. Field based exploration within EPM 26813 and EPM 26815 found that the sought after Sconi cobalt resource model did not apply at Greenvale. The new landowner, Department of Defence, at EPM 26814 would allow restricted access for exploration but not future mining, possibly for security reasons. Studies and surface geology within EPM 26764 concluded that the exploration potential of Mt Cobalt within EPM 26764 to be limited.

REVIEW OF OPERATIONS (continued)



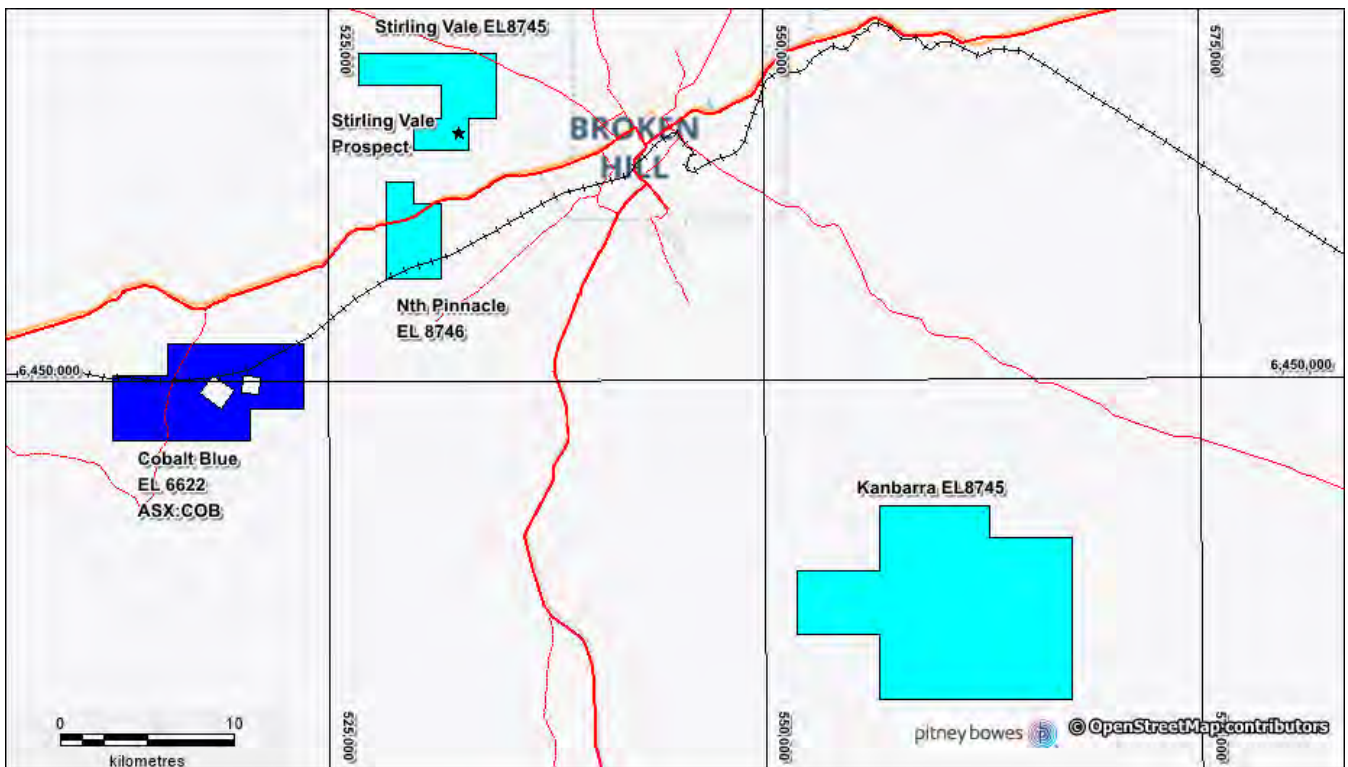
*Figure 1: Location of Licences of Ausmon Resources Limited Group  
All 4 EPMs in QLD were relinquished during the year*

REVIEW OF OPERATIONS (continued)

NSW: BROKEN HILL EXPLORATION AREAS

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

The 3 ELs cover an area of approximately 174 km<sup>2</sup> near Broken Hill and the cobalt development areas of Cobalt Blue (ASX:COB).



*Figure 2: Location of ELs near Broken Hill.*

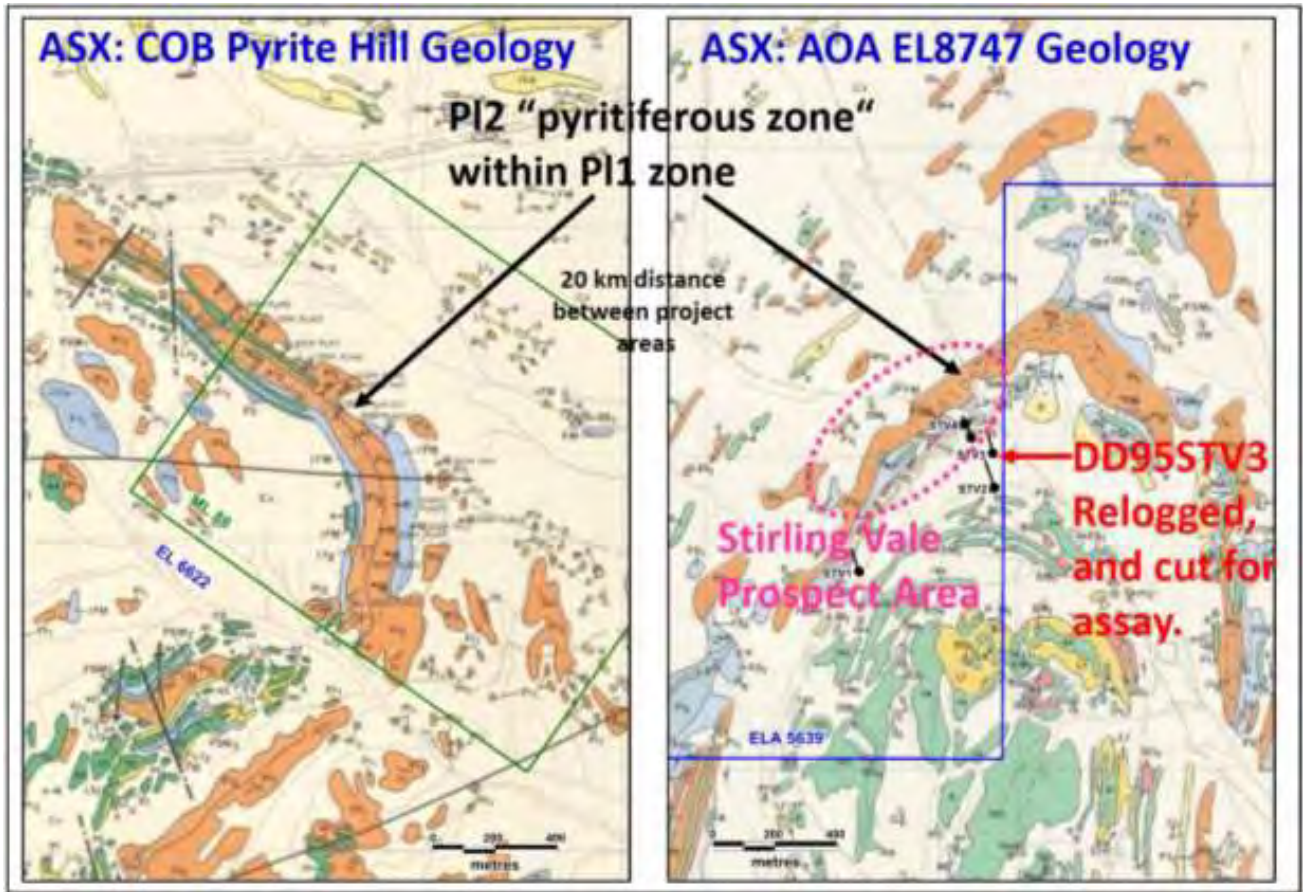
**Stirling Vale Cobalt, Gold and Base Metals Exploration EL 8747**

*Background on Prior Year Exploration Leading to Current Year Work*

After the grant of the tenement and in July 2018, the Company geologically relogged and sampled historic core hole DD95STV3 drilled in 1995 by Pasminco into the Stirling Vale Synform targeting “garnet sandstone” hosted base and precious metals. The core hole was not previously sampled by Pasminco.

The Stirling Vale Synform appears to be geologically similar to Cobalt Blue’s Pyrite Hill Project with the “P12” pyritic bearing horizon present at both locations, as shown below by the black arrows in Figure 3. Cobalt Blue has released encouraging reports for that area and is constructing a pilot plant as a first step to developing its cobalt resource. The Stirling Vale Synform is located 20 km north east of Cobalt Blue’s Thackaringa deposit in EL 6622, and 10 km west of Broken Hill.

REVIEW OF OPERATIONS (continued)



**Figure 3: Geological similarities of Stirling Vale Prospect with Cobalt Blue's Cobalt Deposits\*.**

\*{Source of Geology Maps: NSW Geological Survey "Thackaringa" 1:25k Map (1977) for Cobalt Blue (COB); and "Broken Hill" 1:25k (1979) for Ausmon Resources Limited (AOA)}.

A total of 51 samples covering 42.1 prospective metres from the core were analysed revealing two significant findings as follows:

1. An extensive pyritiferous zone from 108.6 m to the end of hole at 143.3 m was identified (open at depth). This total intersection of 34.7 m was cut and submitted for cobalt, gold and multi element analyses analysis at the Intertek Laboratory in Adelaide.
2. Two zones of Broken Hill Type Lode Rocks have been identified from 51.5 m to 52.7 m (0.7 m wide) and from 85.5 m to 86.9 m (1.4 m wide). See Figures 6 and 7. These were also submitted for gold and base metal analyses.



REVIEW OF OPERATIONS (continued)



*Figure 4: An example of the strongly pyritic (potentially cobaltiferous) bands in albitic gneiss in DD95STV3.*

Figure 5 is a photo of the core tray from DD95STV3 showing the diamond core from around 123 m to 133 m with the yellow hue of pyrite sulphide bands visible throughout this core section.



*Figure 5: Pyrite zone in DD95STV3 from around 123 m to 133 m relogged.*

REVIEW OF OPERATIONS (continued)

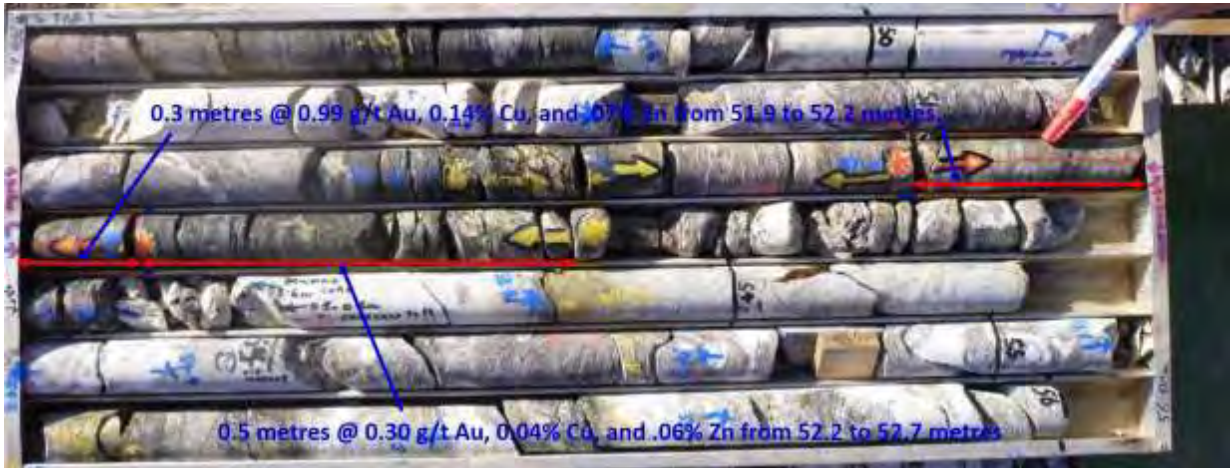


Figure 6: Mineralised quartz gahnite bearing BHT Lode Zone 1 from 51.5 m to 52.7 m.



Figure 7: Mineralised garnet & BIF bearing BHT Lode Zone 2 from 85.5 m to 86.9 m.

There were encouraging assay results for cobalt, base and precious metals from the samples collected within historic diamond hole DD95STV3 (see ASX Announcement: 17 July 2018).

Best cobalt (Co) results include:

- 1.4 m @ 0.096% Co from 130 m to 131.4 m downhole, or 962 ppm Co.
- 0.3 m @ 0.074% Co from 131.7 m to 132 m downhole, or 739 ppm Co.

The first zone of geologically interpreted Broken Hill Lode Unit type rocks from 51.9 m to 52.7 m downhole returned:

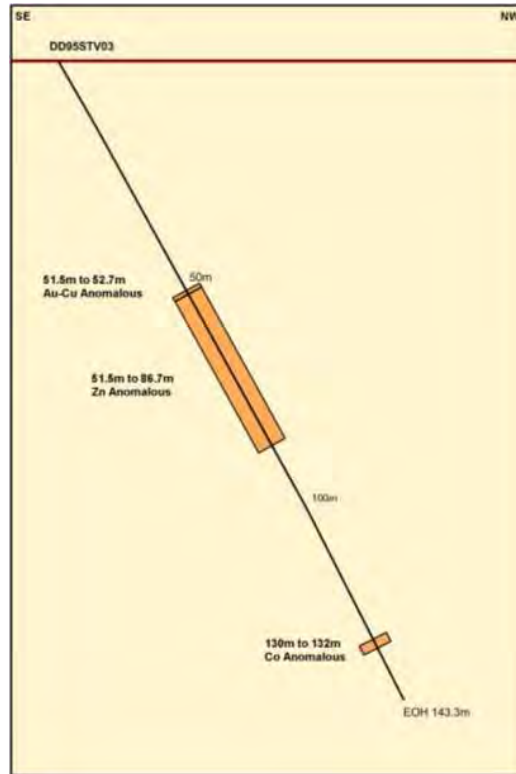
- 0.3 m @ 0.99 g/t Au, 0.14% Cu, and 0.07% Zn from 51.9 m to 52.2 m downhole.
- 0.5 m @ 0.30 g/t Au, 0.04% Cu, and 0.06% Zn from 52.2 m to 52.7 m downhole.

Best results from the second zone of geologically interpreted Broken Hill Type Lode Rocks returned 0.87 m @ 0.15% Zn from 85.8 m to 86.67 m downhole. The interval from 51.5 m to 86.7 m averaged 460 ppm Zn over 35.2 m.

See Figure 8 for the drill hole plot of anomalous cobalt and base and precious metal intersections for DD95STV3.

**REVIEW OF OPERATIONS (continued)**

The assay results provide encouragement for cobalt, gold and base metal exploration along the western limb of the Stirling Vale Synform located as an area that has the potential to host ore grade mineralisation.



*Figure 8: DD95STV3 Anomalous cobalt, gold, and zinc zones.*



*Figure 9: Outcropping PI2 Zone comprising a pyritic chert*

REVIEW OF OPERATIONS (continued)

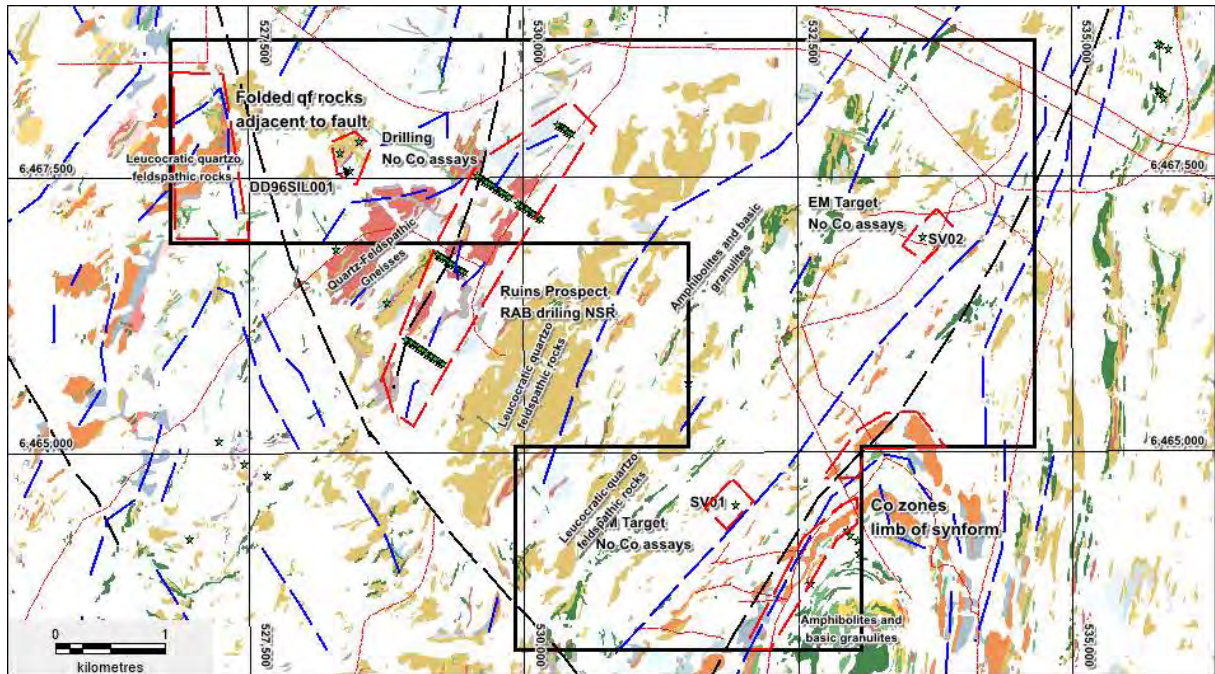


Figure 10: Outcrop geology showing target zones (red outlines) for future exploration and historical drilling as green stars.

In addition to the cobaltiferous pyrite zone “PI2” located on the western limb of the Stirling Vale Synform (Figure 10 lower right of tenement) the area is also prospective for Broken Hill style massive Zn+/Pb, Ag mineralisation as is currently being mined at Broken Hill. In a field visit to EL8747 several occurrences of Zn gossan were noted between drill holes SV01 and SV02 near the eastern margin of the tenement (Figure 10).

**Current Year Exploration Work**

In November 2019, a field exploration program was completed comprising 13 soil traverses (Figure 11) across the western limb of the Stirling Synform with 191 soil samples collected at 25 m intervals along the soil lines.

Samples of clay fraction (<2 microns) material were analysed at LabWest Mineral Laboratories in Perth for a suite of multi elements. The clay fraction in soils can be representative of bedrock lithologies rather than coarser depositional silts and sands which have been transported to the location by wind/water and so mask the geochemical response. Regolith and geological information have been recorded at each sample site. The fine fraction soil sampling has delineated areas of elevated cobalt in soils as shown in Figure 12 as dark blue outlines. The elevated cobalt in soil areas are adjacent to the east of a linear outcrop comprising garnet sediment and pegmatite which was the focus of historical drilling by Pasminco in 1995. RC drilling scheduled for early September 2020 will test the area.

In addition to the geochemistry, all soil samples were also analysed for their spectral mineralogical properties. The “spectral mineralogy” analysis provides an insight into the make of the bedrock lithologies and any possible alteration resulting in changes to the primary mineralogy caused by mineralising fluids. Figure 13 shows those samples whose spectral signature showed a high % of mica. There is a concentration of mica minerals (phengite, muscovite, muscoviticillite and phengiticillite) in the north of the soil grid. The concentration of micaceous minerals could be an indication of alteration associated with base metal mineralisation. Spectral mineralogical analyses of the pulps from the 51 samples of core from historic hole DD95STV3 submitted for geochemical analyses by the Company in 2018 indicate there may be subtle differences in the mineralogical makeup of the mineralised zones.

**REVIEW OF OPERATIONS (continued)**

Table 1 shows the relationship between spectral mineralogy, assays and geology with the “GAP” being the core intervals not sampled by the Company in 2018. The blue cells indicate elevated/anomalous geochemistry with the cobalt mineralised zone shown between 100 m and 132 m. Of interest is the appearance of chlorite on the hanging wall side of the “Cobalt Zone”. Further work needs to be done to determine if spectral mineralogy can be a useful guide to cobalt and base metal mineralisation.

| Sample From | Sample To  | Sample # From | Sample # To | m Width | Au | As | Co | Cu | Pb | Zn | S | % Pyrite | Geology                          | High Magnetics | Mineral 1  | Mineral 2  | Mineral 3 | Minerl 4   |
|-------------|------------|---------------|-------------|---------|----|----|----|----|----|----|---|----------|----------------------------------|----------------|------------|------------|-----------|------------|
| 51.5        | 52.7       | 1             | 4           | 1.2     |    |    |    |    |    |    |   | 2 to 20  | <b>BHT Lode Unit</b>             |                | White Mica | Kaolinite  | Chlorite  | Biotite    |
| <b>7.8</b>  | <b>GAP</b> |               |             |         |    |    |    |    |    |    |   |          |                                  |                |            |            |           |            |
| 60.5        | 72         | 5             | 7           | 11.5    |    |    |    |    |    |    |   |          | Stronly Pyritic Metasediments    |                | WhiteMica  | Chlorite   | Kaolinite | Biotite    |
| <b>13.5</b> | <b>GAP</b> |               |             |         |    |    |    |    |    |    |   |          |                                  |                |            |            |           |            |
| 85.5        | 97.3       | 8             | 13          | 11.8    |    |    |    |    |    |    |   |          | <b>Slightly Pyritic BHT Lode</b> |                | White Mica | Chlorite   | Biotite   | Kaollinite |
| <b>11.3</b> | <b>GAP</b> |               |             |         |    |    |    |    |    |    |   |          |                                  |                |            |            |           |            |
| 108.6       | 126.2      | 14            | 30          | 17.6    |    |    |    |    |    |    |   | 10       | Metasediments and Pegmatite      |                | Kaolinite  | Biotite    | Chlorite  | White Mica |
| 126.2       | 130        | 30            | 34          | 3.8     |    |    |    |    |    |    |   | 25       | Pegmatitic Albitic Gneiss        |                | Chlorite   | White Mica | Biotite   |            |
| 130         | 132        | 35            | 37          | 2       |    |    |    |    |    |    |   | 25       | <b>Pegmatitic Albitic Gneiss</b> |                | White Mica | ?          | ?         |            |
| 132         | 142.3      | 37            | 49          | 10.3    |    |    |    |    |    |    |   | 25       | Pegmatitic Albitic Gneiss        |                | White Mica |            |           |            |
| 142.3       | 142.9      | 49            | 50          | 0.6     |    |    |    |    |    |    |   | 25       | Amphibolite                      |                | Amphibole  | Chlorite   |           |            |
| 142.9       | 143.3      | 50            | 51          | 0.4     |    |    |    |    |    |    |   | 25       | Pegmatitic Albitic Gneiss        |                | ?          | ?          | ?         |            |

**Table 1: Drill core spectral mineralogy**

During the soil sampling program, the PI2 pyritic zone (locally enriched on cobalt) was mapped over a strike distance of 1.5 km with variable outcrop expression. 7 rock samples were collected for analysis at ALS Mineral Laboratories in Orange, NSW; the rock sample sites are shown as red dots (cobalt ppm highlighted in blue) in Figure 12. The PI2 zone has limited surface exposure, however 3 of the 7 rock samples returned cobalt > 100 ppm to a maximum of 216 ppm, the results varied from 2 ppm to 216 ppm from the 7 samples collected. As the depth of weathering can be up to 20 m thick, there may be a near surface depleted zone below the surface expression of the PI2 zone meaning cobalt results could increase beneath the weathered zone. RC drilling scheduled for early September 2020 will test selected locations along the length of the PI2 zone.

The hatched area in Figure 12 is the extent of outcrop/subcrop. From a review of the detailed geological logging by consultant Wolfgang Leyh it appears the cobalt zone in DD95STV3 is situated in a plagioclase albite gneiss near its upper contact with metasediments and albitic pegmatite and may not be associated with the downdip extension of the PI2 Zone. Figure 12 shows some elevated cobalt to the east of the PI2 zone which was investigated further in the second half year.

On reviewing the results of the fine fraction assays, the ppb Au highlighted a 1.5 km linear trend (Figure 15) adjacent to the PI2 zone and associated with a mapped zone comprising fine grained garnet rock (NSW Government 1:25K Broken Hill Geological Mapping), quartz-gahnite rock and pegmatite. The zone is defined by ppb Au between 15 ppb and 104 ppb, outside this zone Au is <15 ppb. This zone was the target of the 1995 Pasminco drilling for Broken Hill style base metal mineralisation. Based on the results of the 2019 surficial geochemical sampling the Company has planned to drill Exploration Areas A and B shown as hatched zones in Figure 15.

The results on the above field work of November 2019 were released to ASX on 15 January 2020.

REVIEW OF OPERATIONS (continued)

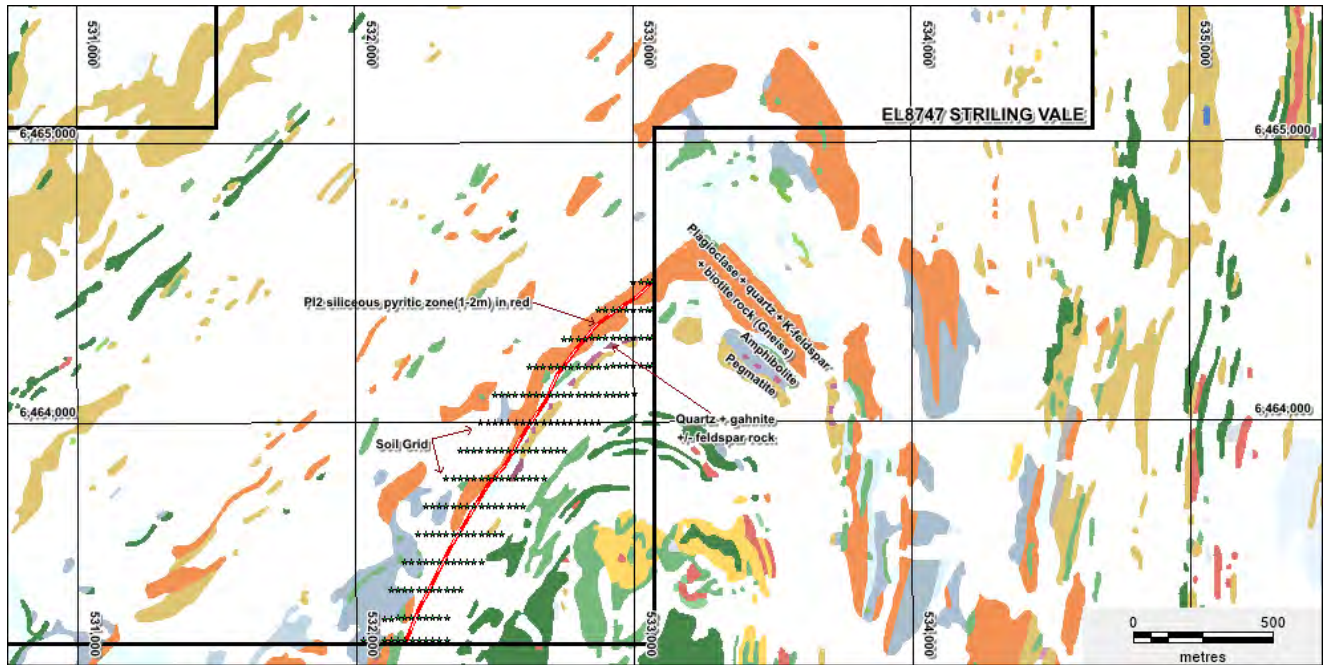


Figure 11: EL 8747 showing the mapped PI2 silica pyrite zone (red) and soil sample locations in black.

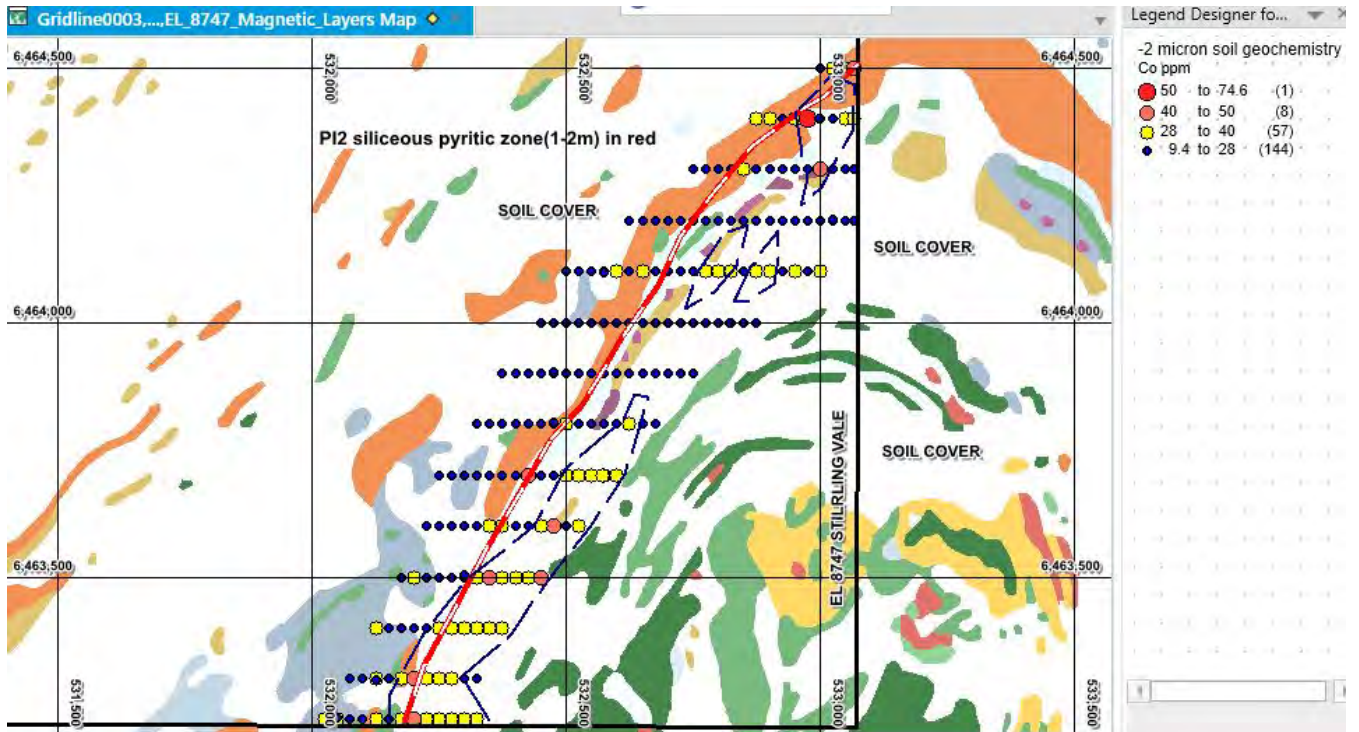


Figure 12: EL 8747 showing the extent of outcropping geology in colour and Cobalt ppm in soil and the extent of the elevated Cobalt in soil areas as dark blue polygons.

REVIEW OF OPERATIONS (continued)

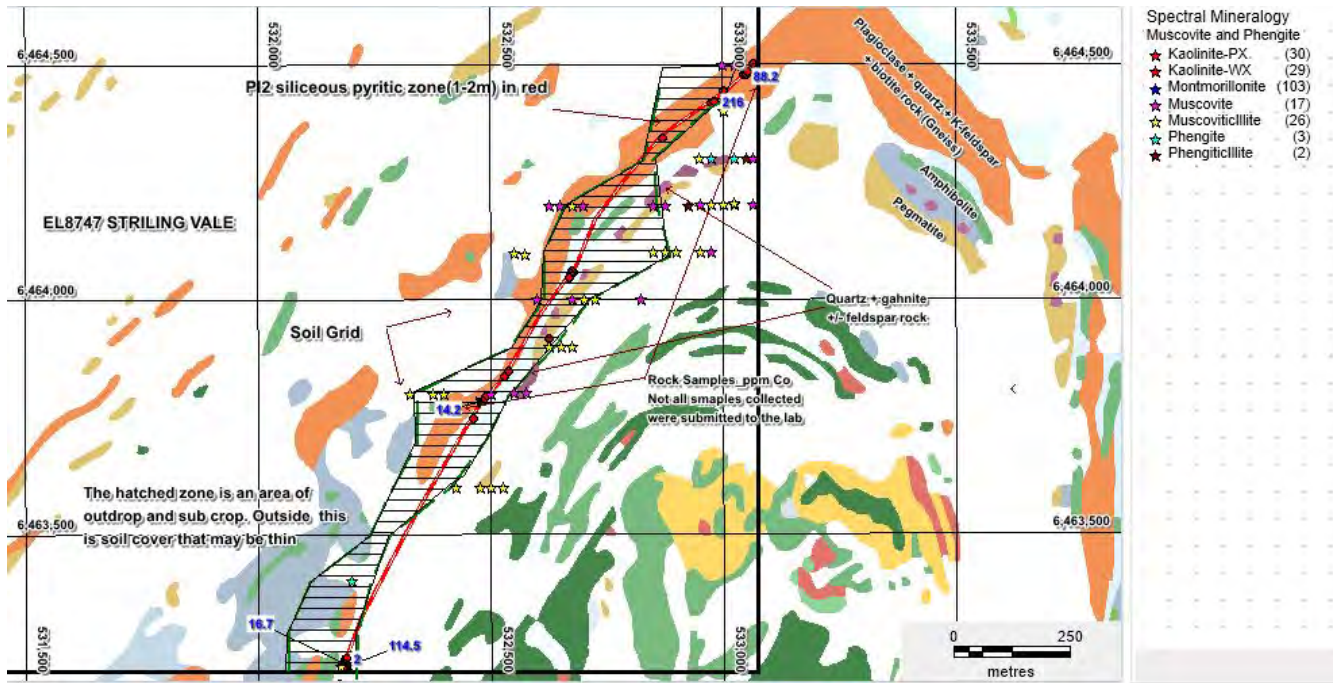


Figure 13: EL 8747 showing the extent of outcropping geology in colour and Cobalt ppm in soil and the extent of the elevated Cobalt in soil areas as dark blue polygons.

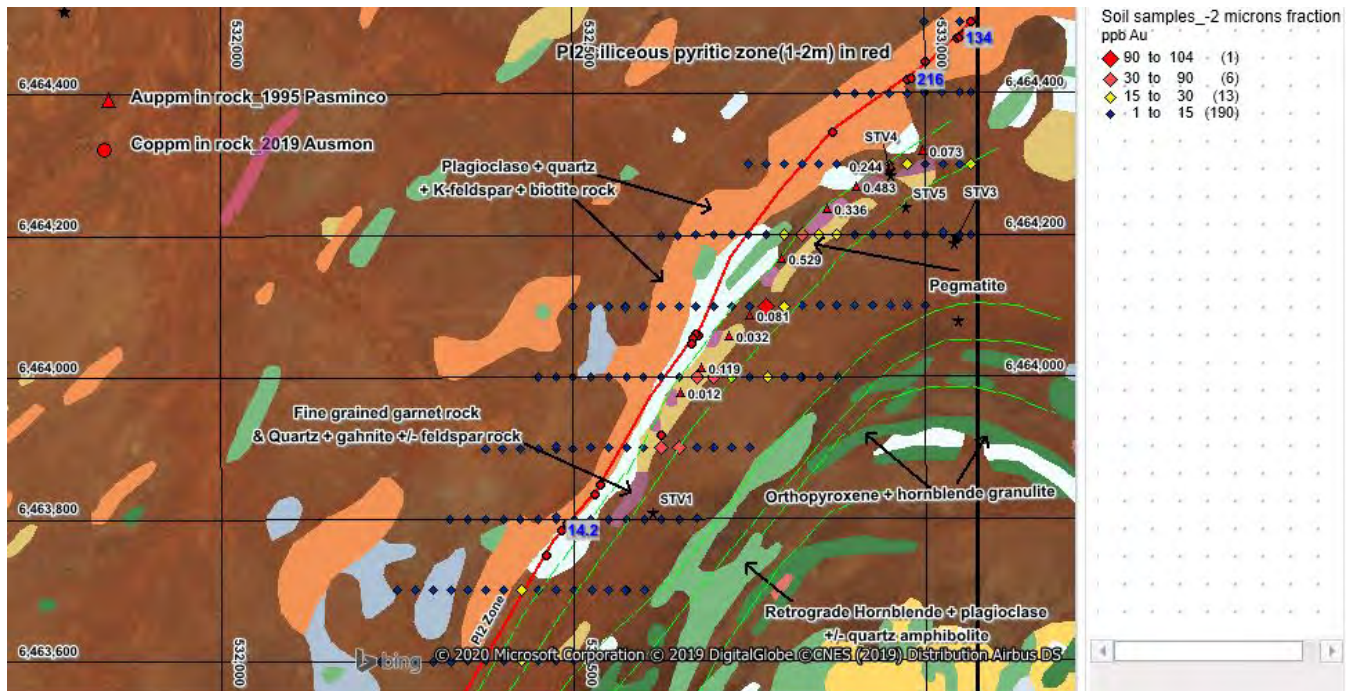
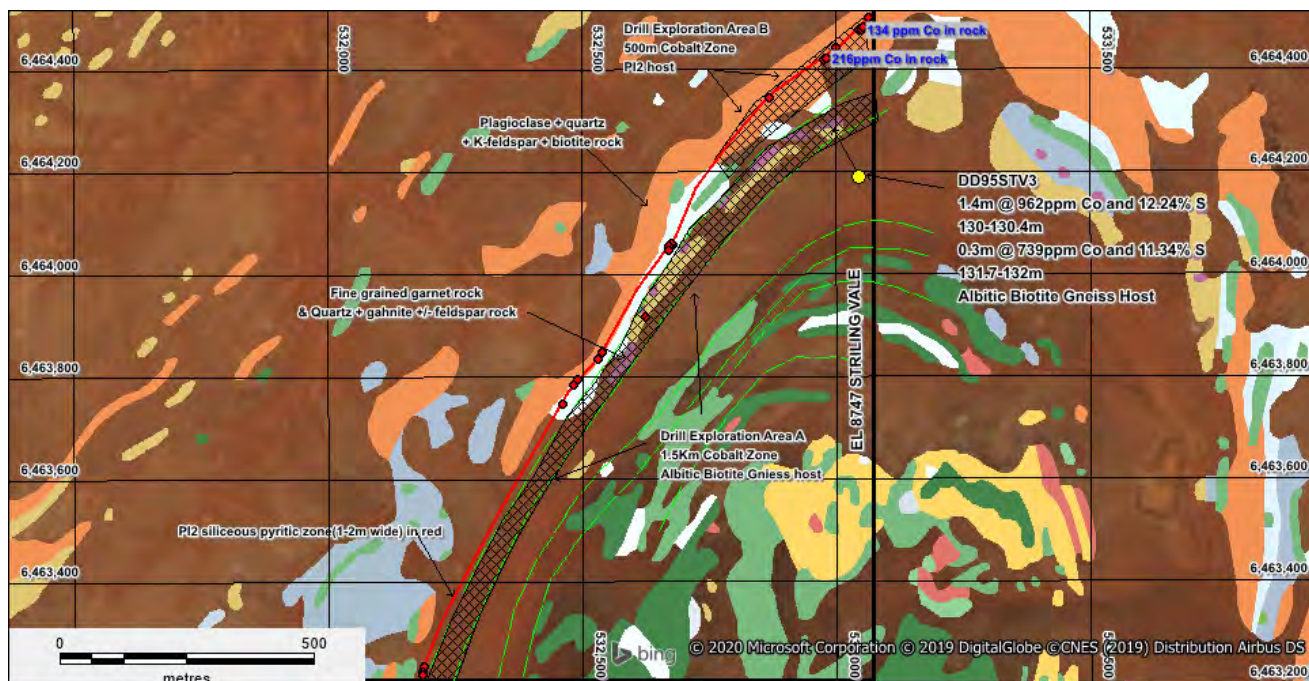


Figure 14: EL 8747 showing the extent of outcropping geology in colour and Cobalt ppm in soil and the extent of the elevated Cobalt in soil areas as dark blue polygons.

REVIEW OF OPERATIONS (continued)



**Figure 15: EL 8747 showing Drill Exploration Areas A and B in relation to surface and drill intersections of cobalt in ppm.**

In June 2020 following the relaxation of measures that were imposed by authorities from March 2020 because of the Covid-19 pandemic, the Company was able to carry out the field work program that was originally planned for the March 2020 quarter but which had been deferred.

That field work established 10 drill sites (SVRC001 to SVRC010) with collar and siter grid pegs and determined access requirements for the RC drilling (Figures 16 and 17) with 2 drillholes targeting the PI2 zone and 8 drillholes targeting the garnetiferous zone drill tested by Pasminco in 1995. The Company’s drilling scheduled for early September 2020 will test the PI2 pyrite/silica zone at 50 m below the surface and the cobaltiferous orthogneiss at 50 m and 100 m below the surface. The surface trace of all drill holes was geologically mapped in the field.

3 rock samples from a “garnet sandstone” in the garnetiferous zone were collected for gold and multi element geochemical analyses. The results indicated elevated arsenic values to 9,220 ppm and gold to 0.45 ppm. The area will be targeted down dip by the RC drilling scheduled for early September 2020.

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



REVIEW OF OPERATIONS (continued)

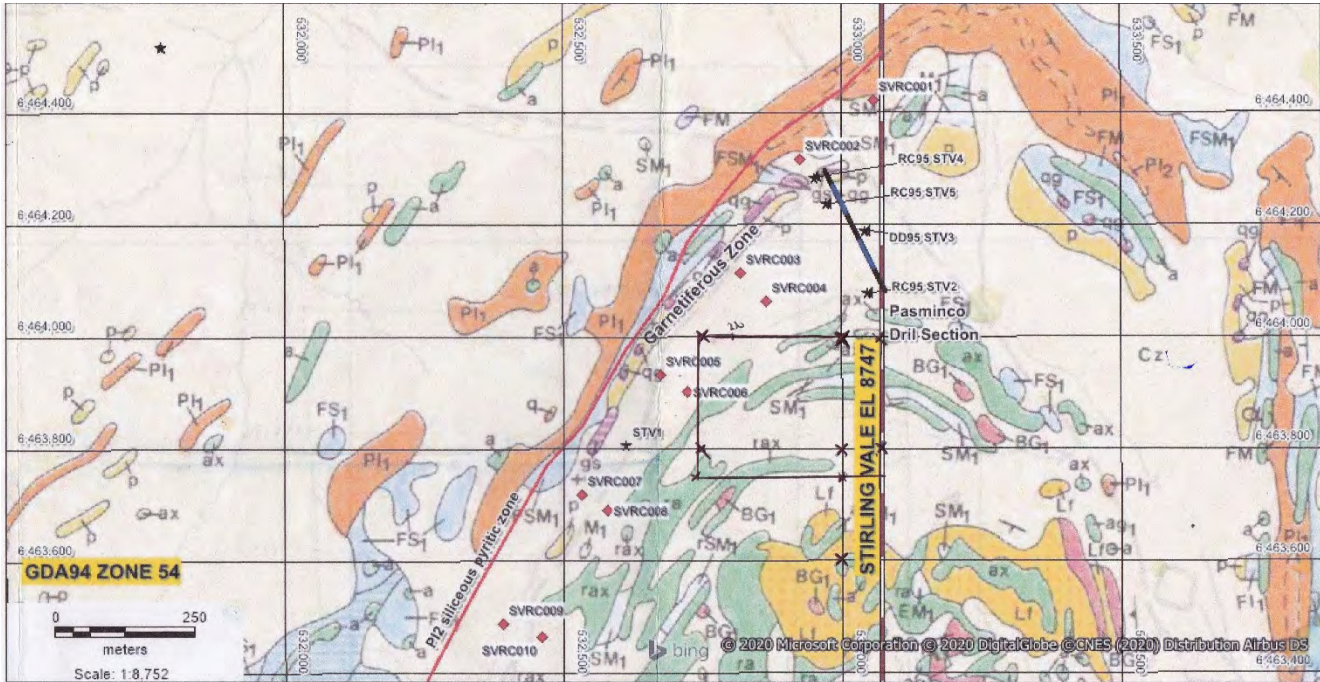


Figure 16 - EL 8747 showing the 10 drill collars SVRC001 to SVRC010 and the areas of soil sampling as a box adjacent to the eastern margin of the tenement.



EL 8747 drill sites SVRC003 and SVRC001

REVIEW OF OPERATIONS (continued)

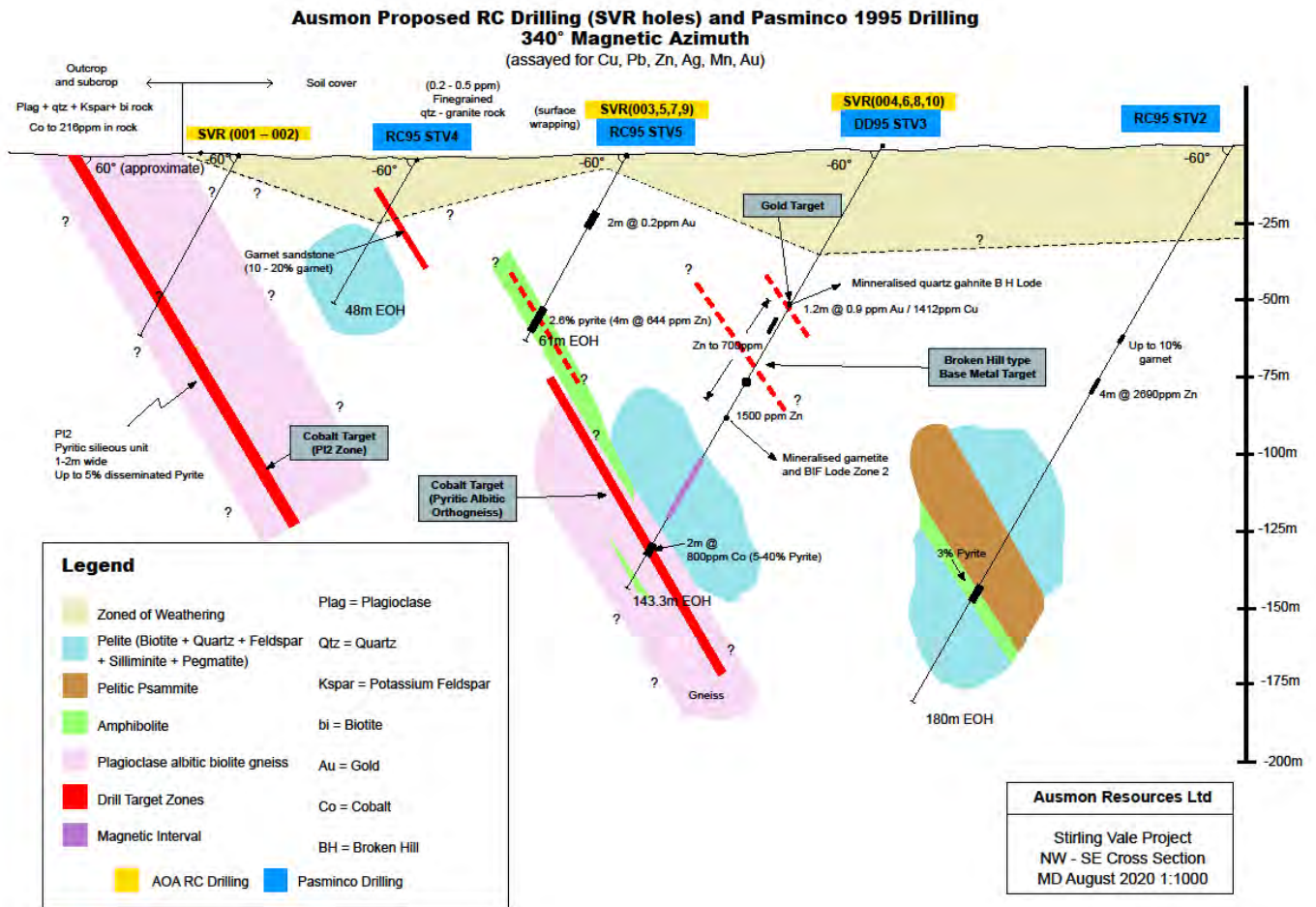
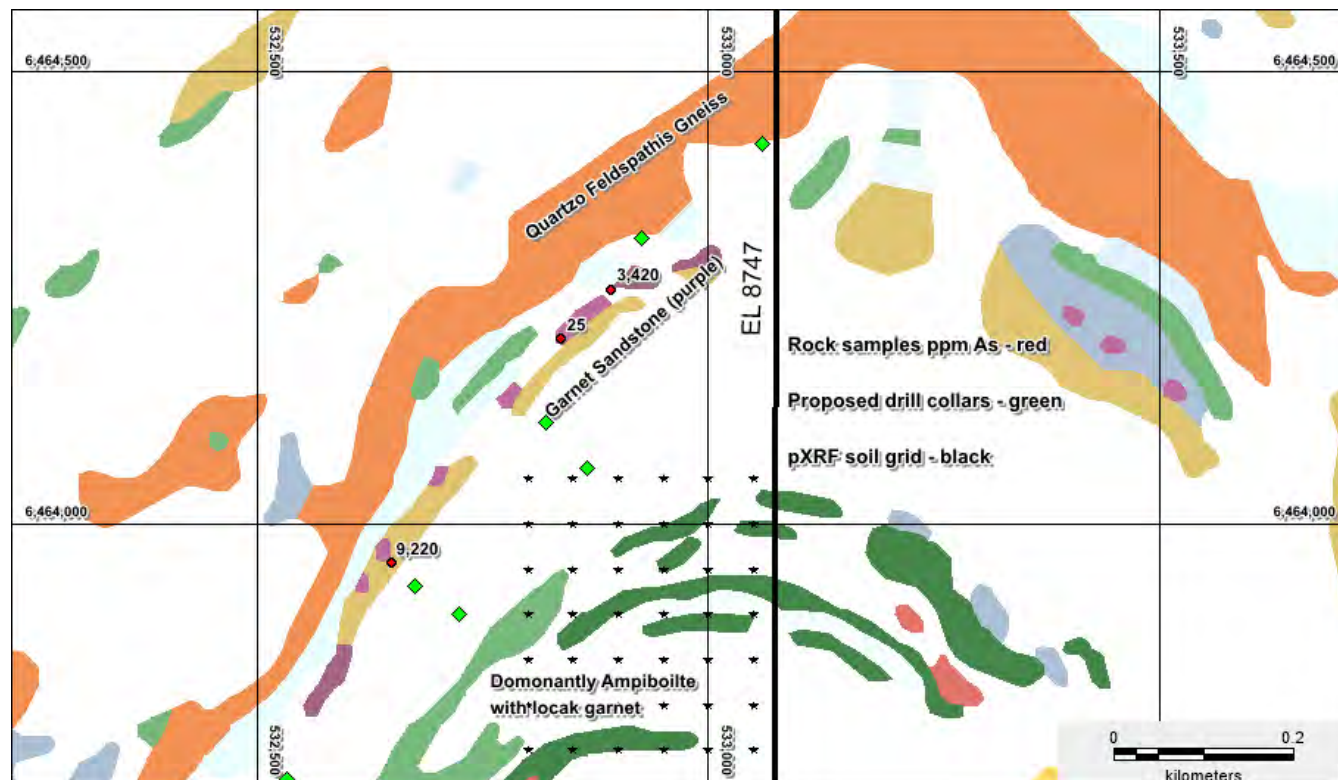


Figure 17 – Cross-section showing targets of SVR 001 – SVR 010 and the Pasmenco 1995 drillholes

**REVIEW OF OPERATIONS (continued)**

In addition, 44 soil samples (SVS192 to 235) were collected in a small grid (shown as black stars in Figure 18) to the South East of the drill collars in an area comprising amphibolite and garnet amphibolite associated with some quartz veining. The soil samples were scanned with the pXRF unit. There was no base metal anomalism associated with this area, so no further exploration is warranted.



*Figure 18 - Stirling Vale Prospect showing the rock samples collected from the “garnet sandstone” unit.*

The core hole (DD95STV3) was re-examined at the Mines Department Core Facility and 3 core samples were collected for petrological analyses to determine if spectral mineralogy of surficial exploration/drill samples can be an effective tool using alteration as a tool for vectoring towards mineralised zones. Detailed study of the results from the 3 core samples that were subject to mineralogical, petrological and scanning electron microscope investigations (SVP001 to SVP003) assists in understanding the mineralised system intersected in DD95STV3.

The magnetite in SVP001 directly above the ore zone in SVP002 is measured by a magnetic susceptibility meter to look for similar areas of elevated magnetics and the possibility of proximity to the mineralised zone. The understanding of where the cobalt is and the levels of cobalt enrichment in pyrite will be beneficial during drilling in combination with the nature of the host rocks above and below the mineralised zone. The meta-pelite of SVP001 contains abundant magnetite so this oxidized “cap” may have allowed the pyrite to develop well immediately beneath it in SVP002.

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

## REVIEW OF OPERATIONS (continued)

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

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

A Scanning Electron Microscopic (SEM) study of pyrite grains within a core sample from DD95STV3 confirms up to 0.6% to 0.8% cobalt within the primary pyrite and 0.3% to 0.4% within the secondary pyrite. Total pyrite in the sample comprises approximately 23% of the sample analysed.

The results of the June 2020 field work were released to ASX on 10 August 2020.

### **Kanbarra Base Metals Exploration EL 8745**

This licence is located 30 km south east of Broken Hill with more extensive recent cover than the Company's other two Broken Hill licences. Figure 19 shows the extent of outcropping geology as coloured polygons and areas where the cover sediments are generally <2 m in thickness. In other areas the thickness of cover sediment can be in excess of 50 m. A broad structural interpretation of the aeromagnetics was completed and target areas based on a combination of known structures and likely thin depositional cover. These areas formed part of the Company's Phase 1 field exploration program carried out in April 2019.

Figures 20 and 21 show the prospects sampled and the sampling lines. Regolith mapping by the NSW government shows the extensive depositional cover (shades of yellow) across the tenement. In the case of Sampson's Dam and Long Tank the cover is relatively thin with bedrock sub crop and lag locally observable. Erosional/outcrop areas are primarily confined to the North East of the tenement. The thickness of cover sediments is generally <2 m at Long Tank and Sampson's Dam and can be up to 40 m thick at Nth Kanbarra. The combination of regolith mapping, fine fraction geochemistry and ground magnetics is used explore the Broken Hill tenements.

Figure 22 shows a comparison between the -2 mm pXRF zinc (Zn) ppm sample numbers and the blue outlines of the -2 micron 100 ppm Zn areas. For reference, the only outcrop is shown by a green polygon in the centre of the map. Within the central broad 100 ppm Zn region which encompasses the mineralised subcrop, the results of the -2 mm pXRF sampling show that the clay fraction analyses increase the tenor and aerial extent of the Zn anomaly. The mineralised zone as shown by areas of gossan and gossan/quartz as defined from historical drilling are associated with a NE-SW trending magnetic low. Additional clay fraction Zn anomalies flank the main anomaly to the north and south.

REVIEW OF OPERATIONS (continued)

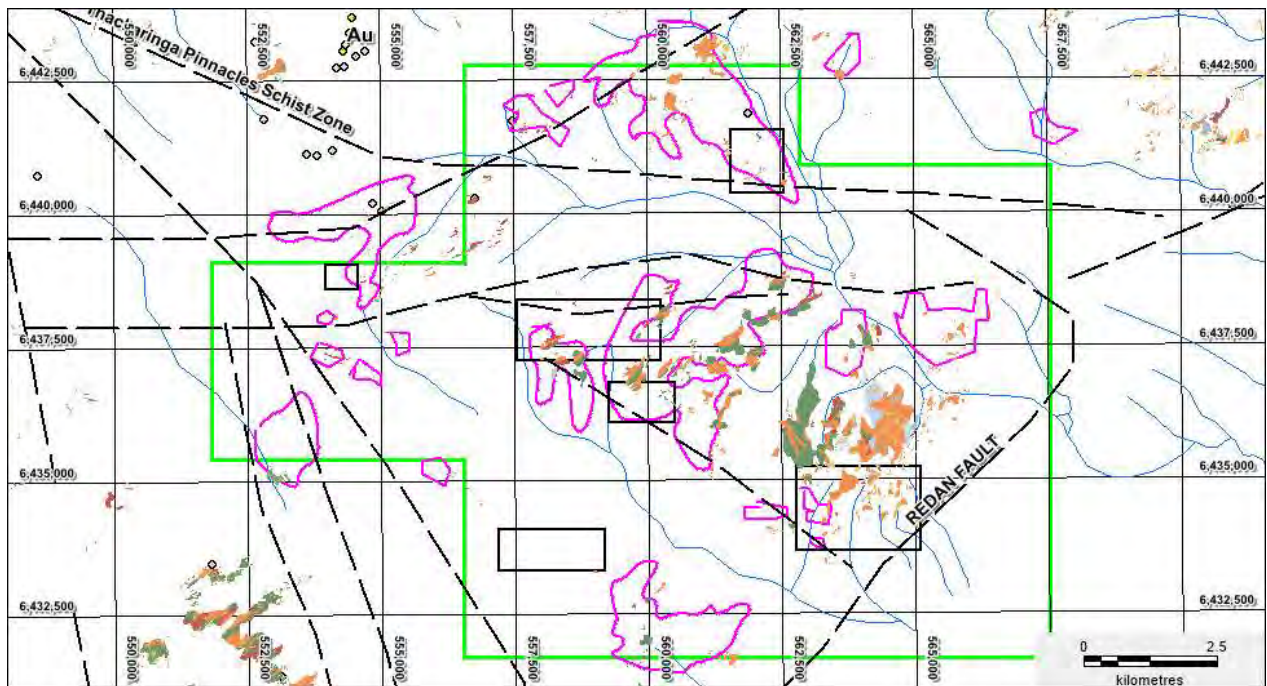


Figure 19: EL 8745 showing areas of outcropping geology and recent cover sediments with aeromagnetic structures and target areas (boxes).

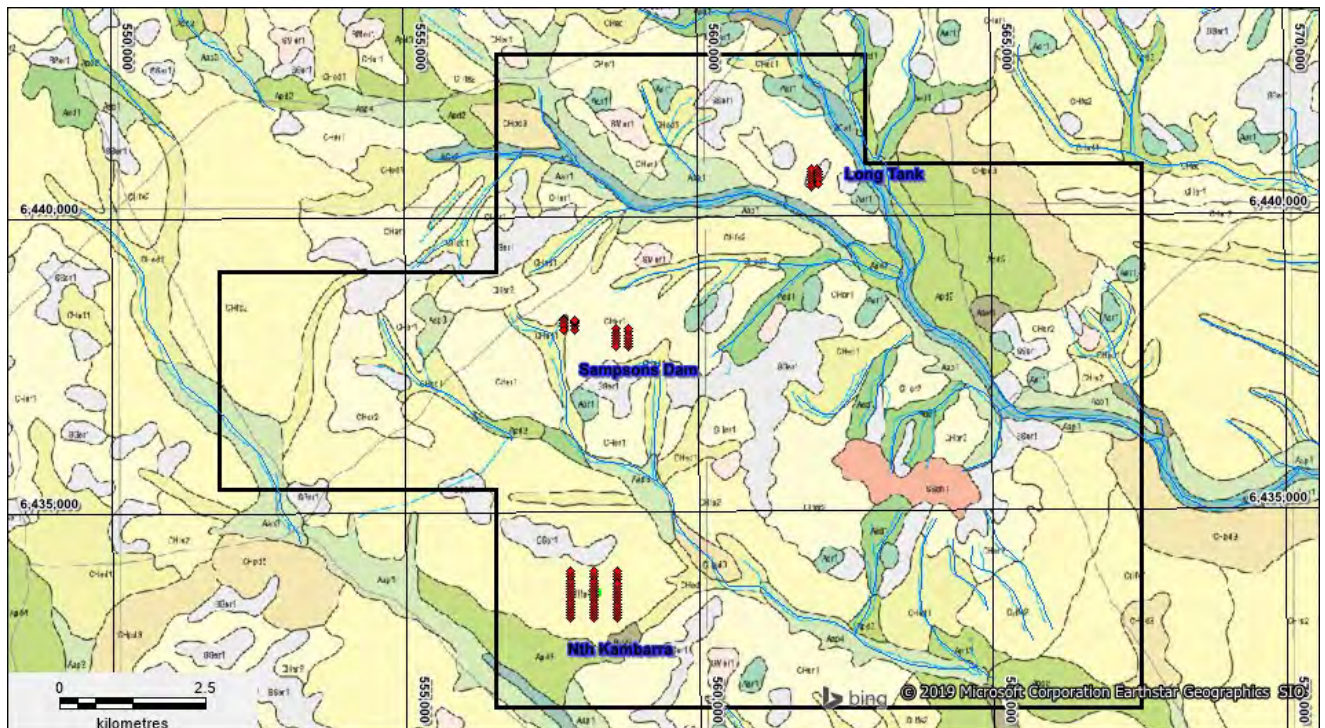


Figure 20 - EL 8745 showing the prospects sampled and sample lines showing mapped regolith units with interpreted structures

REVIEW OF OPERATIONS (continued)

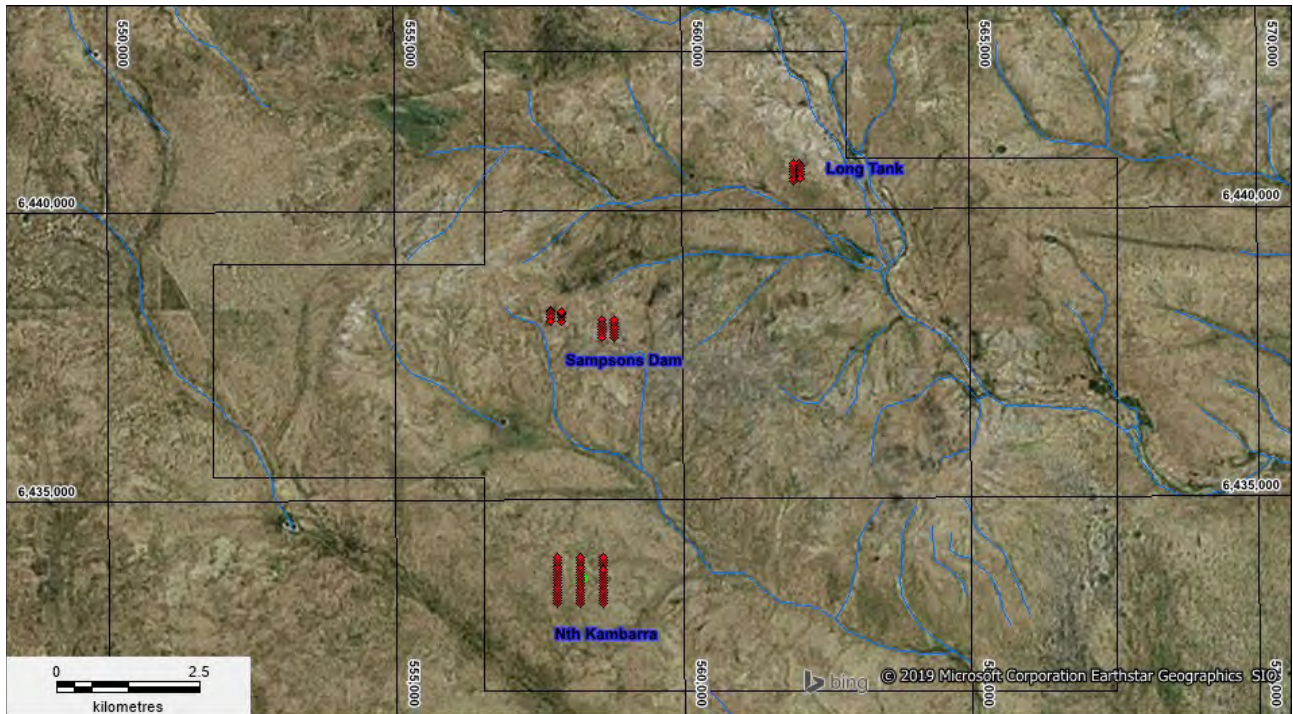


Figure 21 - EL 8745 showing the prospects sampled and 1:100K government regolith mapping.

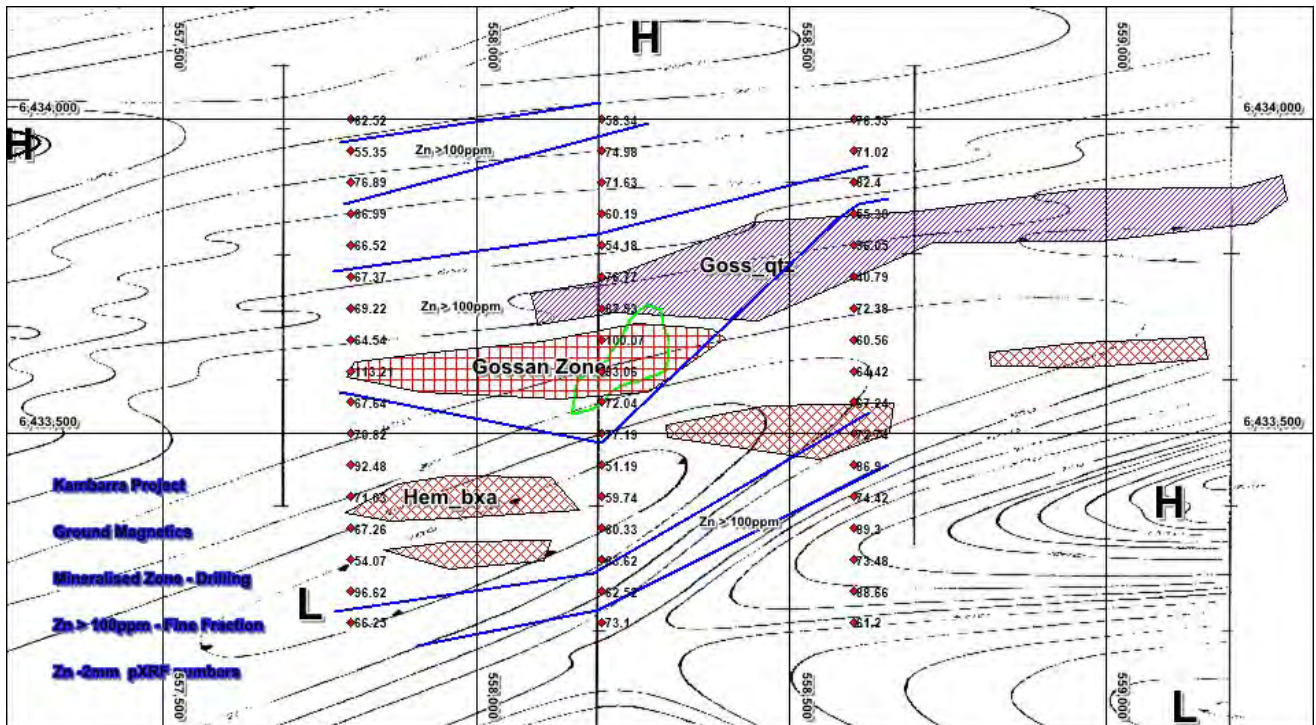
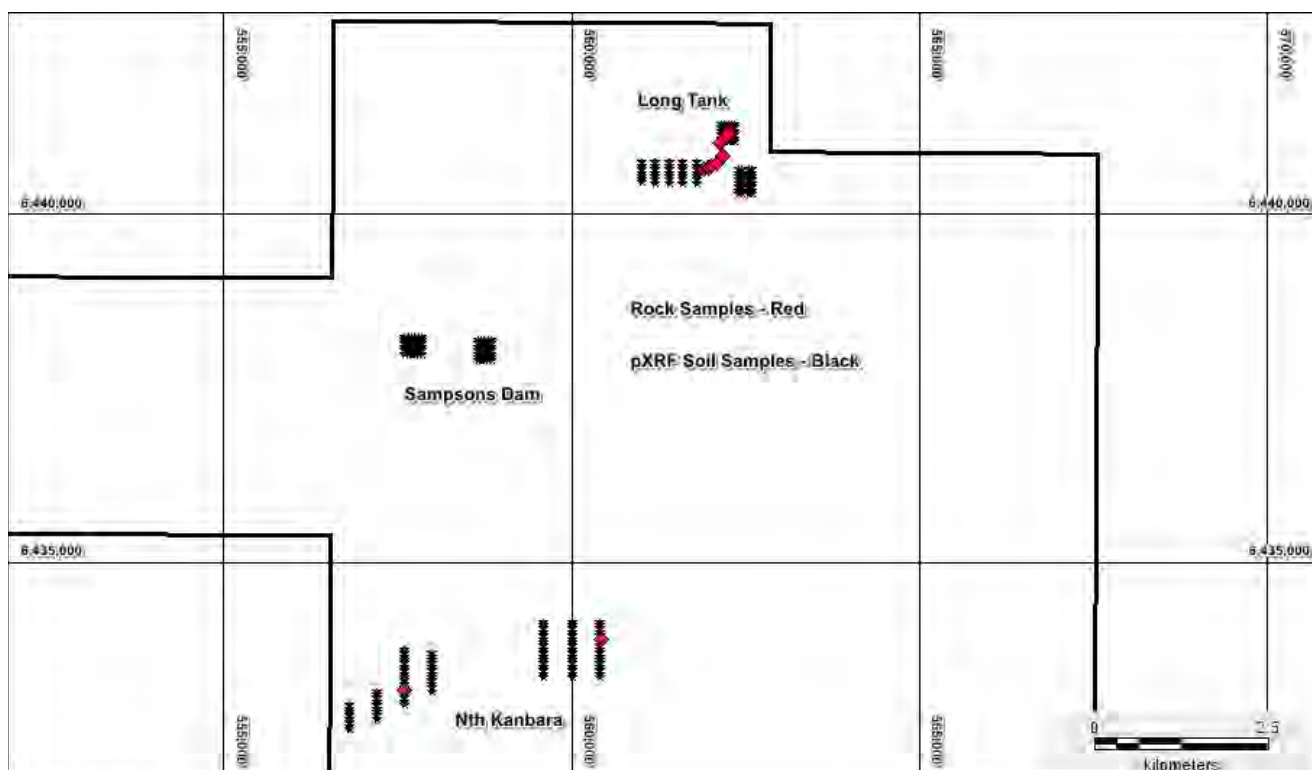


Figure 22 – Nth Kambarra Prospect (EL 8745) showing ground magnetic contours and surficial geochemistry.

**REVIEW OF OPERATIONS (continued)**

A statistical analysis was carried out using a correlation matrix to look for elemental associations. Based on a correlation coefficient >0.6 the following elements have a high correlation with Zn – Ag (0.8), Be (0.65), Cd( 0.93), Co (0.74), Pb (0.95), Sb (0.82), Sn (0.63) and Ti (0.71). The correlation with Pb, Ag and other elements may indicate a broad association with the Broken Hill Zn lode system.

In June 2020, a grid base soil sampling was completed at all three prospects, Nth Kanbarra, Sampson’s Dam and Long Tank with 286 samples (SVS 192 to SVS 235) collected at 50 m intervals along North-South soil lines (Figure 23). The target at Nth Kanbarra is a small gossanous zone shown in Figure 23 as a small red polygon to the South West of the Nth Kanbarra label. Sampson’s Dam comprises sub crop of psammite, pelite which are locally garnetiferous. In addition, local float comprising gossanous metasediment and quartz was located. The outcrop expression at Long Tank comprises strike extensive banded pyritic chert and pelitic metasediments. In addition to the soil sampling at Long Tank, 16 rock samples (KAR001 to KAR016) of the pyritic banded chert were collected for gold and multi element geochemical analyses.



**Figure 23 - Kanbarra soil and rock sampling locations**

Soil sampling at Nth Kanbarra confirmed the Zn anomalism associated with a small outcropping gossan and adds weight to the decision to complete a ground Induced Polarisation (IP) survey across the Nth Kanbarra Prospect. Figure 24 shows the Nth Kanbarra Area and the outcropping gossan in red. The gossan is elevated in Zn and copper (Cu) and the soil sampling defines a NE-SW zone of elevated Zn in soil. The ground IP survey commenced in mid-last week of August 2020 to complete 8 IP lines each of 1.4 km long across a 1.5 km gossan zone to test for sulphide mineralisation to depths of 300 m. The final interpretation of the survey to identify any targets for drilling is expected after the date of this report.

REVIEW OF OPERATIONS (continued)

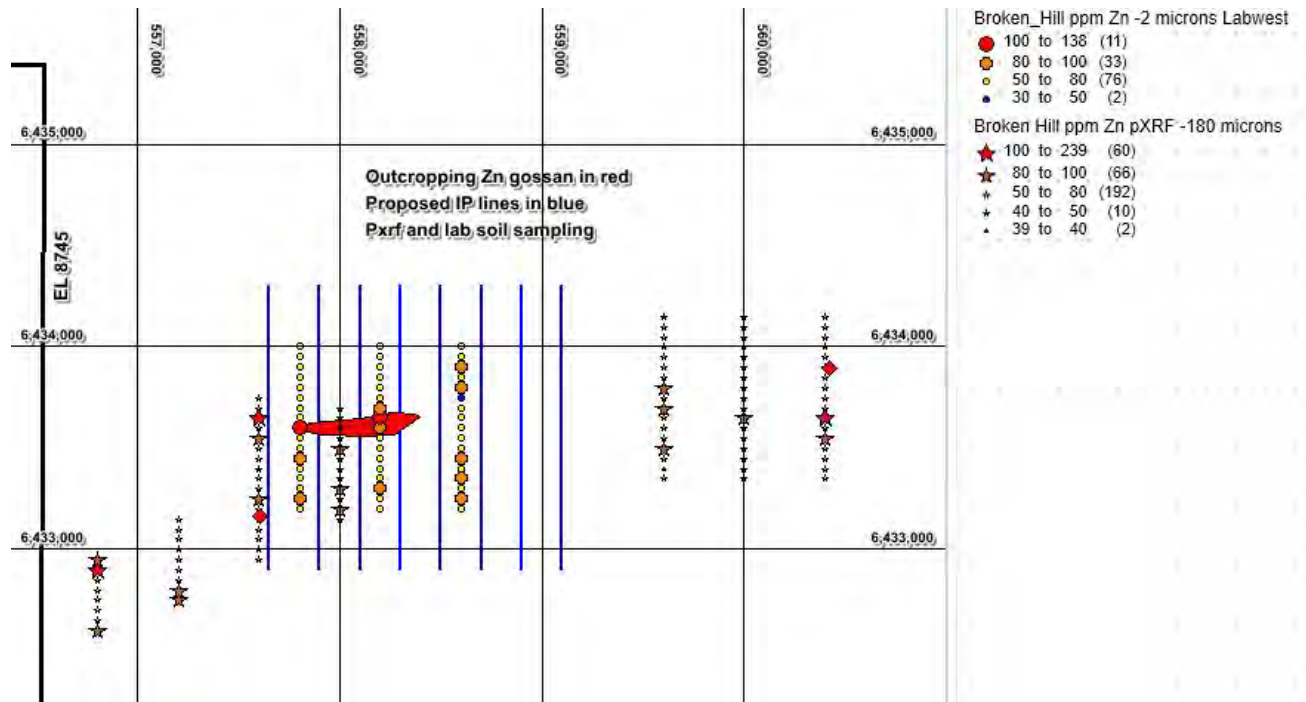


Figure 24 - Nth Kanbarra Prospect showing the geochemically anomalous zone, outcropping gossan and proposed IP survey in blue

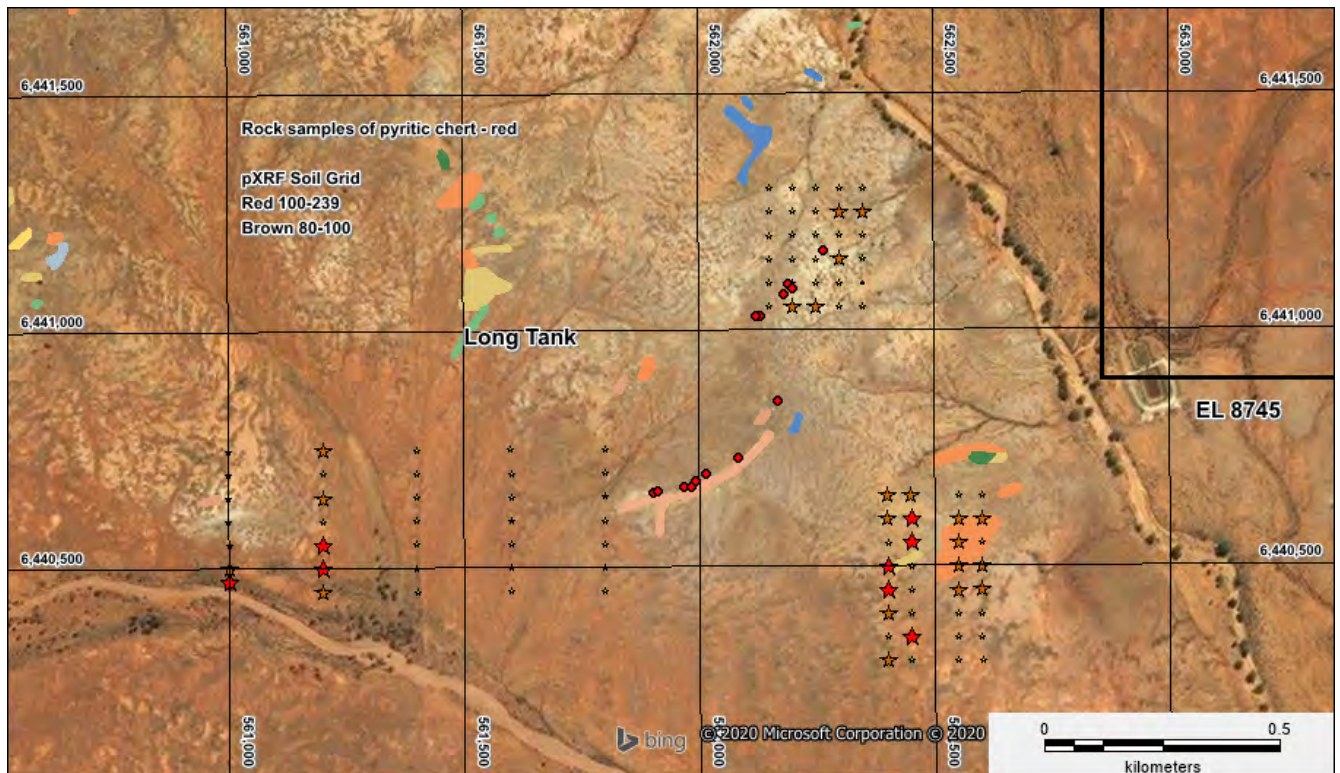


Figure 25 - Long Tank Prospect showing the Zn in soil results and rock sample

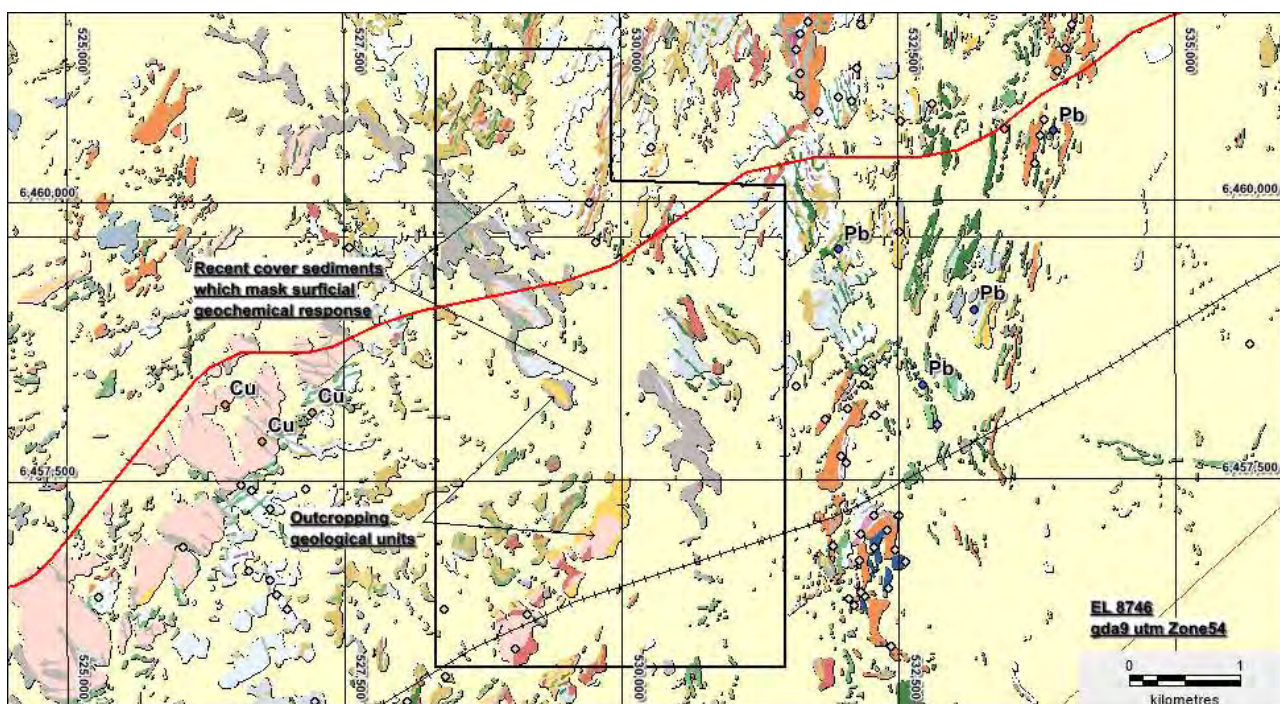


**REVIEW OF OPERATIONS (continued)**

The Long Tank prospect comprises several banded chert units with up to 2% disseminated pyrite extending over several hundred meters. The pyritic cherts form linear low ridges. Rock sampling along the ridges produced results not encouraging for gold and base metal with a small area of elevated Zn in the SE of the prospect worthy of follow up assessment. The sampling of the Sampson’s Dam area was also not encouraging with only very narrow gossanous zones located and low base metal geochemistry.

**Redan Base Metals Exploration EL 8746**

This tenement is located to the south of EL 8747 (Figure 2) and as is shown in Figure 26 comprises in excess of 60% transported cover sediments which will reduce the effectiveness of surficial geochemical exploration of which there has been very little done in the past.



*Figure 26: EL 8746 showing areas of outcropping geology and recent cover sediments.*

Figure 27 shows an aeromagnetic image with the transported cover sediments overlain and shown in a faint hatching. The known mineral occurrences (Cu and Pb) adjacent to EL 8746 are also shown and in many instances are associated with linear magnetic highs. As can be seen in Figure 27 many linear magnetic features are hidden by recent cover sediments. Before any further surficial geochemical sampling is contemplated, a program of regolith mapping is required and, in some instances, shallow (<10m) interface drilling may be used to get a geochemical signature of the cover’s geological units.

REVIEW OF OPERATIONS (continued)

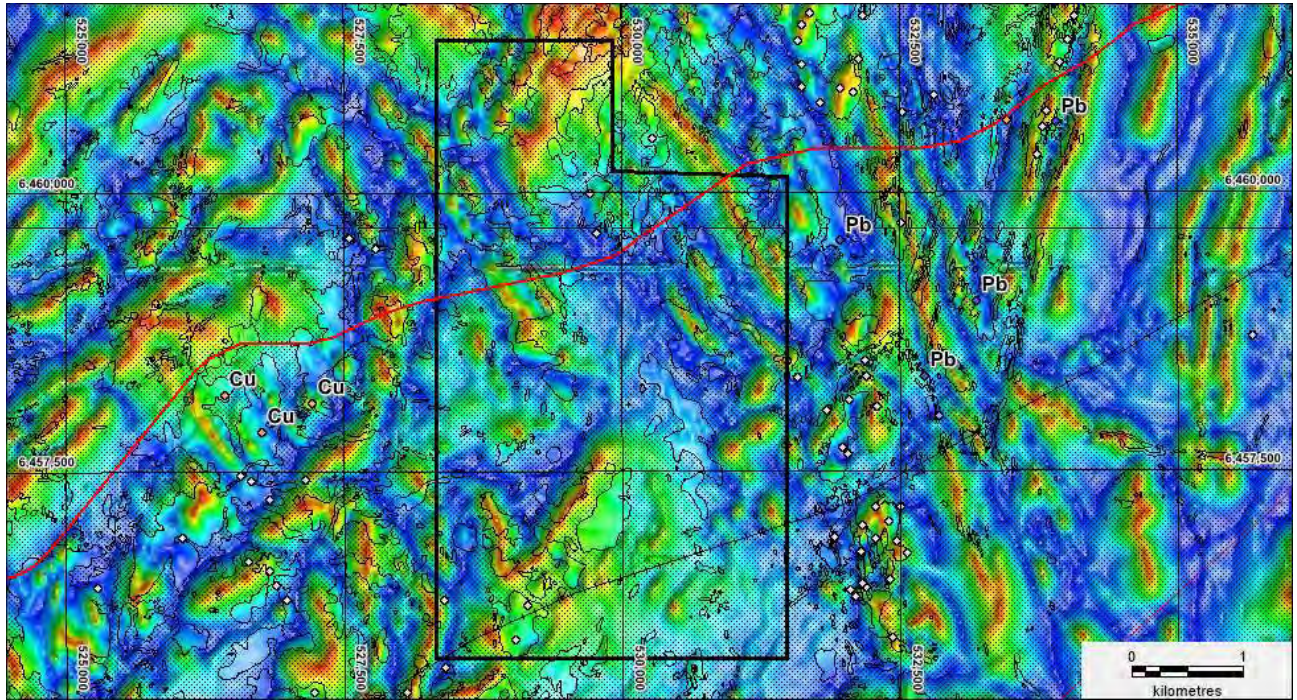


Figure 27: EL 8746 showing areas of recent cover sediments overlaid on aeromagnetics

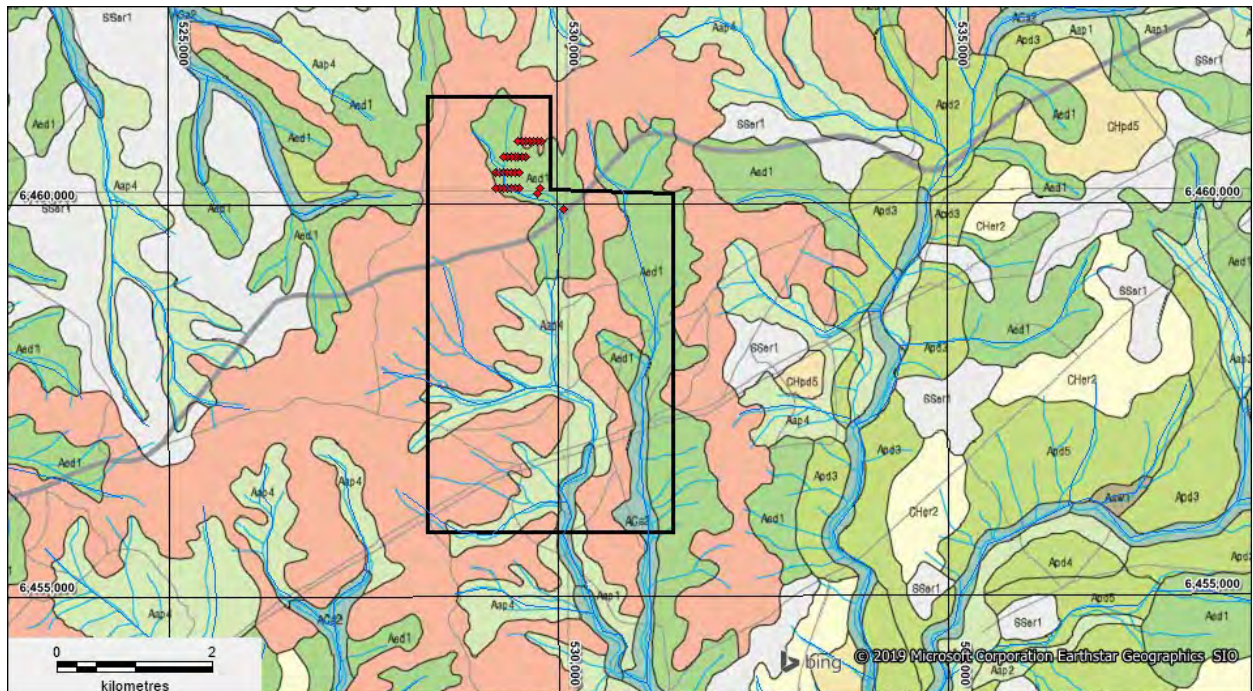


Figure 28: North Pinnacle Prospect (EL 8746) the 100K government regolith mapping and orientation sample lines.

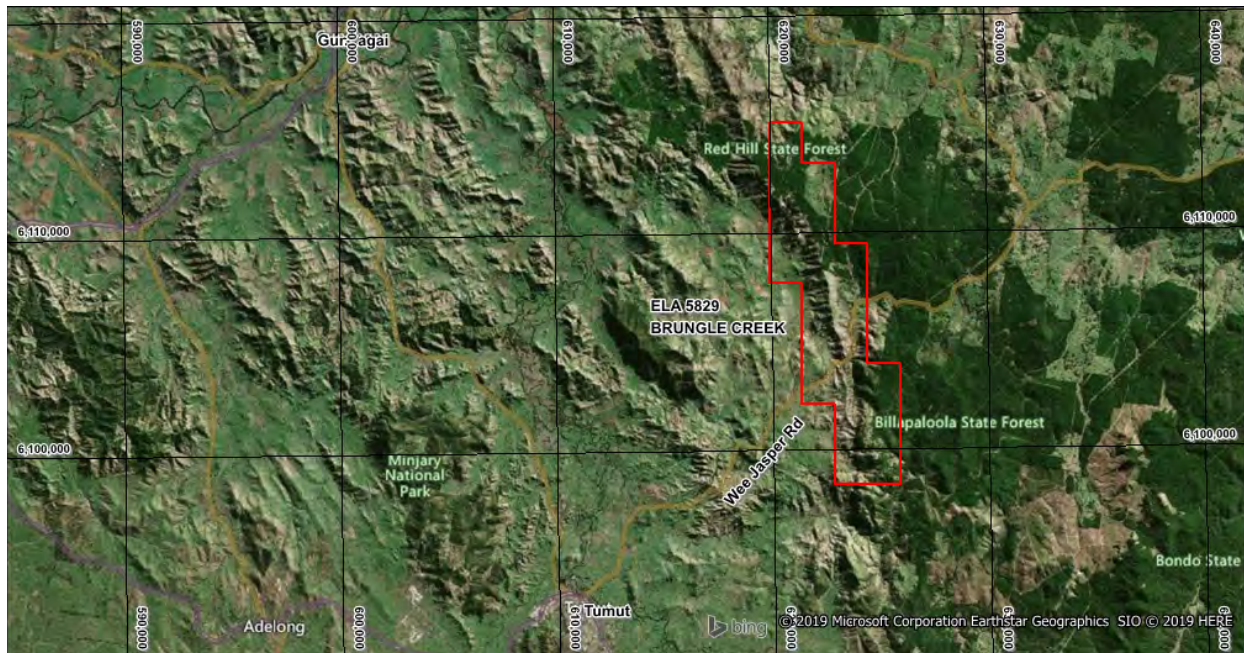
## REVIEW OF OPERATIONS (continued)

Historical exploration has not included extensive soil sampling programs and the recent surficial geochemical sampling by the Company at the Broken Hill tenements has shown that in areas of minimal outcrop analyses of the -2 micron fraction can be an effective exploration tool. An added benefit is the ability to measure the spectral mineralogy of the sample thus combining mineralogy (alteration vector) and geochemistry (element association). In addition, magnetics (either airborne or ground) may be used to add a structural component to the exploration strategy.

A field trip was conducted in the southern half of the tenement as a follow up to the initial exploration completed at North Pinnacle in the north of the tenement in 2019 (ASX Announcement: 16 May 2019). Outcrop and subcrop was extensive with local thin transported cover to <2 m. The geology comprises quartzo feldspathic gneiss, pelites and pegmatite. No significant alteration, veining or mineralisation was noted. The Company has concluded that the tenement does not warrant further exploration and has decided to relinquish the licence to eliminate future expenditure commitments.

### NSW: BRUNGLE CREEK EXPLORATION AREA

#### *EL 8954 (formerly ELA 5829) near Tumut in NSW – 100% interest granted Chromite Cobalt and Copper Exploration*



**Figure 29 – Brunngle Creek location map.**

Exploration Licence Application 5829 was lodged on 2 July 2019 and the tenement was granted as EL 8954 on 11 March 2020 for a 5 year period. The tenement is located 15 km north east of Tumut in the south and 15 km east of Gundagai in the north with the tenement following the serpentine ridge of the Honeysuckle Range (Figure 29). The tenement application comprised 19 sub blocks.

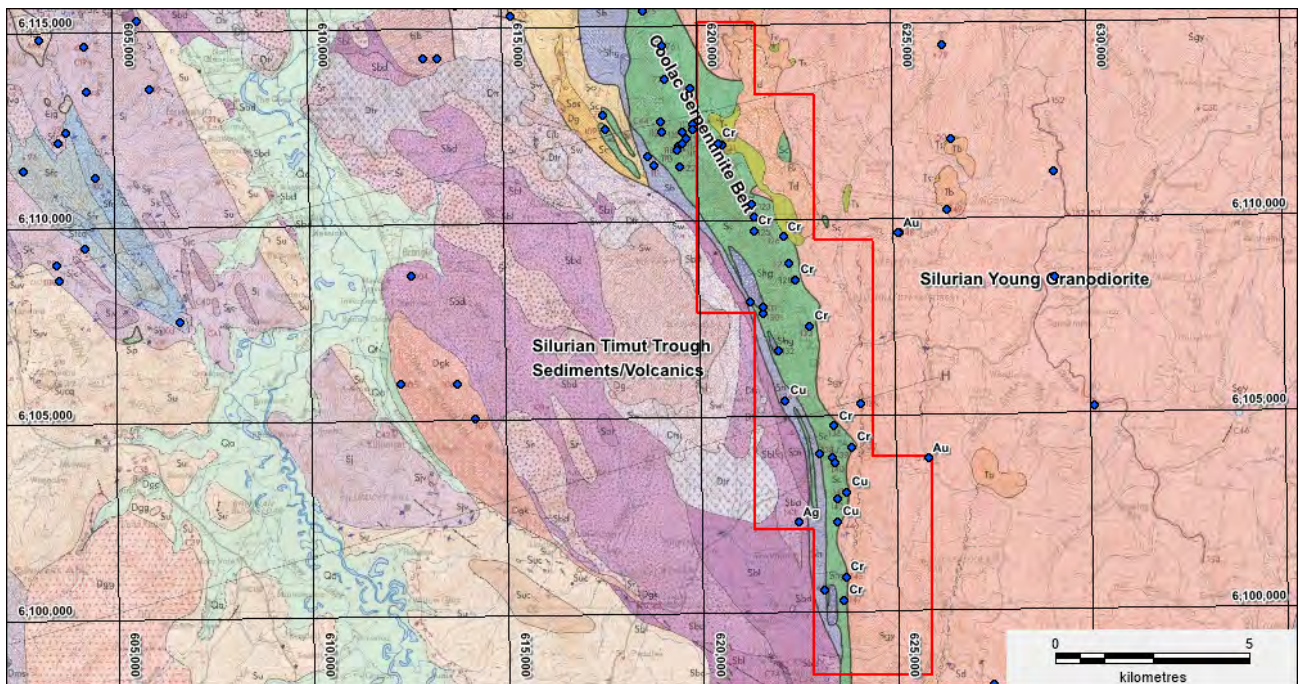
Regionally the tenement lies along the boundary of the Forbes Anticlinorial zone in the east and the Bogan Gate Synclinal zone to the west. The Mooney Mooney thrust system separates the two tectonic provinces.

**REVIEW OF OPERATIONS (continued)**

The Cambrian to Ordovician Jindalee Beds occur in two north-south trending belts near the eastern margin of the Bogan Gate Synclinal Zone. These beds comprise sediments and volcanics formed at the converging plate margin of a continental slope and ocean basin and merged in a trench to form a flysch wedge.

The Silurian-Devonian Blowering beds are separated by a ridge of basement Jindalee beds and consist mainly of acid volcanic rocks. Within these units the main serpentinite and talc-carbonate intrusive bodies occur in two trend lines striking roughly north-south along or parallel to the Mooney Mooney Thrust System. These intrusives are part of an ophiolite sequence formed in an orogenic belt.

Within the tenement, outcropping units of the Coolac Serpentinite are bounded against the Young Granodiorite rock of the Forbes Anticlinorial Zone to the east. Wehrlite, dunite, clinopyroxene and hornblende bearing gabbros of the North Mooney Complex lie to the west emplaced within largely acid volcanic rocks of the Silurian-Devonian Blowering Beds (Figure 30).



**Figure 30 – Brungle Creek geology map (1:250K series) showing the extent of the Coolac Serpentinite Belt.**

**Exploration Work within Brungle Creek EL8954**

The Company plans the following initial work for 2020/2021:

- Finalise review of all available historical exploration;
- Generate initial base metal targets from the review;
- Enter into land access agreements with selected landholders;
- Carry out field geochemical sampling traverses across any targets identified; and
- Use the Company’s Olympus Vanta pXRF instrument to collect multi element geochemical readings.

Further exploration will be subject to the results of the above work.

REVIEW OF OPERATIONS (continued)

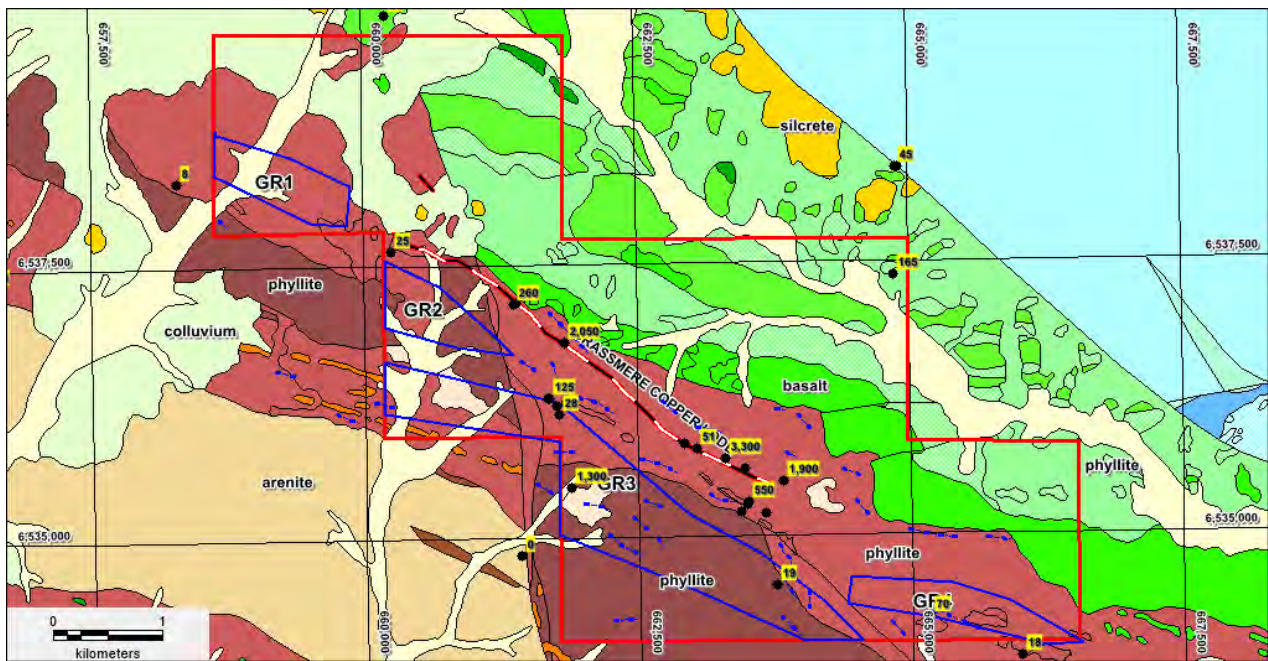
NSW: KOONENBERRY EXPLORATION AREA

*EL 6400 NSW – 100% interest granted*

**Copper - Zinc - (Silver) Exploration**

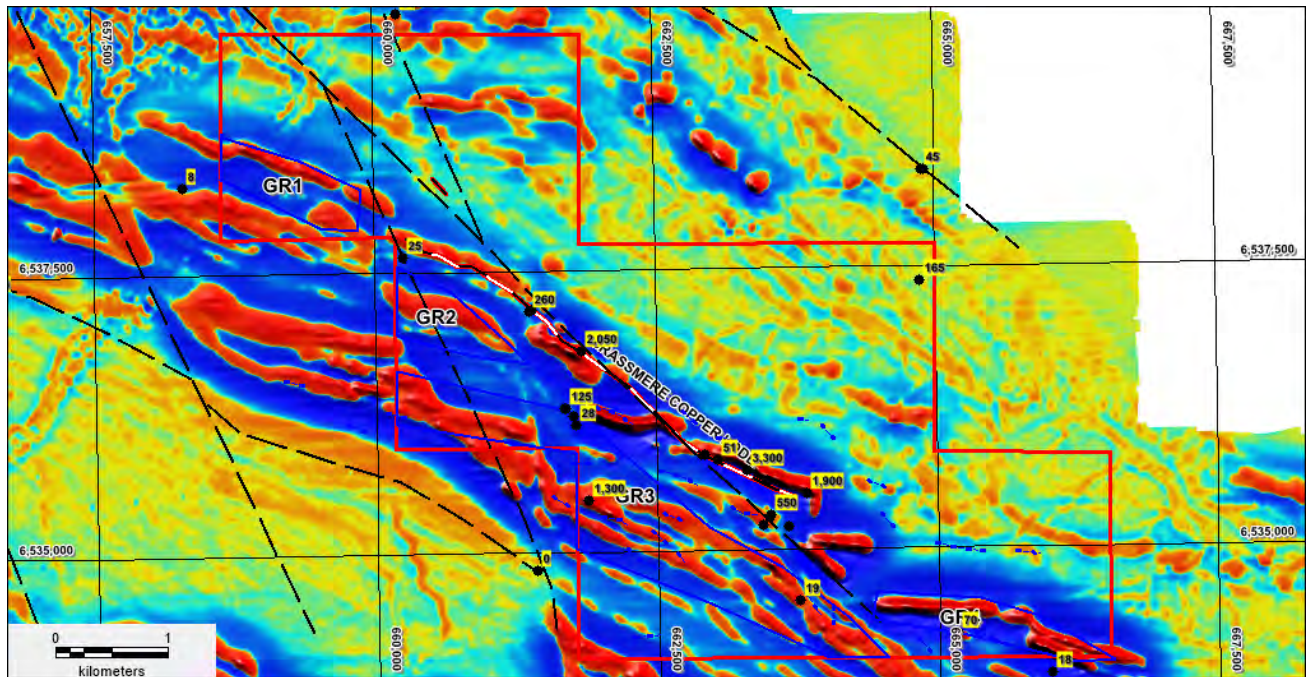
This EL covers the Grasmere-Peveril Cu-Zn-(Ag) deposits (Figure 31), which contain an indicated and inferred JORC Code 2004 compliant resource of 5.75mt @ 1.03% Cu, 0.35% Zn, 2.3g/t Ag and 0.05g/t Au (Inferred: 2.73 mt grading 0.9% Cu, 0.4% Zn, .04 g/t Au and 2.05 g/t Ag. Indicated: 3.02 mt grading 1.15% copper, 0.3% Zn, 0.06 g/t Au and 2.53 g/t Ag). Information relating to this mineral resource was prepared and first reported in accordance with the JORC Code 2004 in 2006 by the previous owner (see ASX Release on 18 December 2009). It has not been updated since, to comply with the JORC Code 2012, on the basis that the information has not materially changed since it was reported in 2006. Exploration to date has not achieved an increase in that resource.

Investigation indicates that in-situ leaching to extract copper is not feasible because of the mineralogy of the copper lode. However, the potential of slate belt orogenic style gold mineralisation is being considered. Initial field work would be stream sediment sampling and geological mapping of all drainage basins to define areas for soil sampling follow up. No field activities have been carried out during the year.



*Figure 31- Phyllites to the SW of the Grasmere copper lode for focus of gold exploration*

REVIEW OF OPERATIONS (continued)



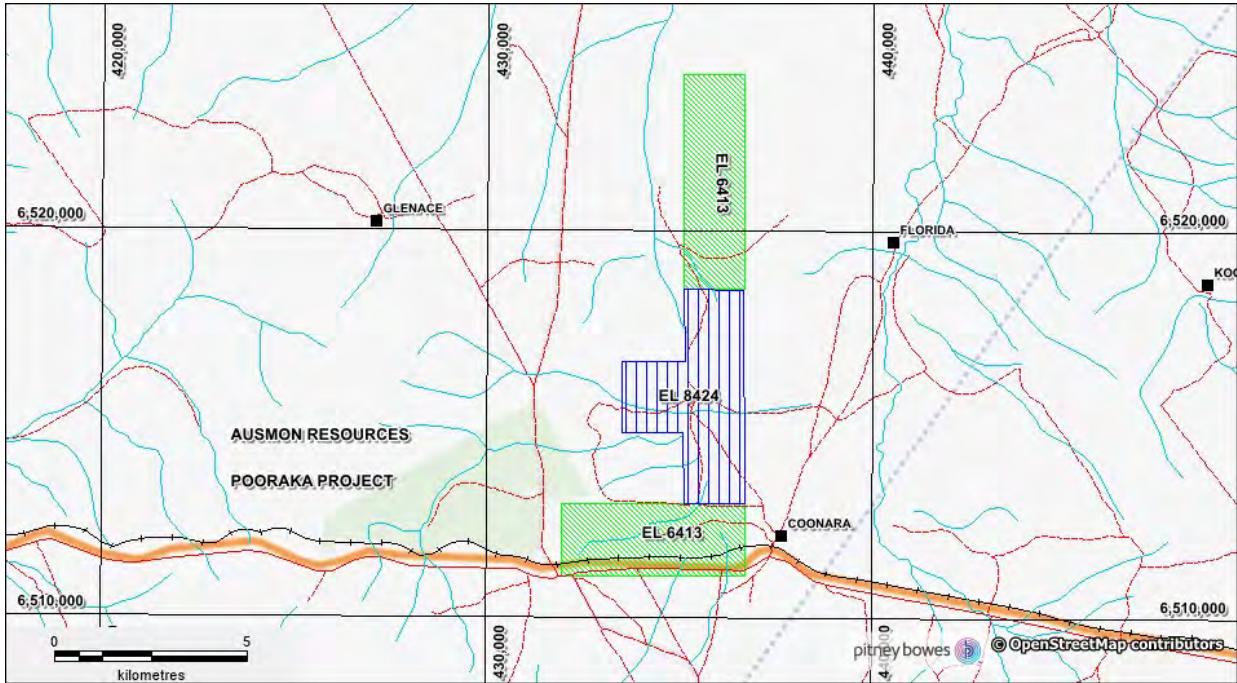
*Figure 32 – Phyllites to the SW of the Grassmere copper lode for focus of gold exploration*

**NSW: POORAKA EXPLORATION AREA**

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

EL 6413, 50 km east of Cobar, contains several gold and base metal target areas gleaned from earlier exploration results. The Company is considering a field-based exploration program within EL 6413 and EL 8424 for 2020/2021 prior to the expiry of the ELs. No field activities have been carried out during the year.

REVIEW OF OPERATIONS (continued)



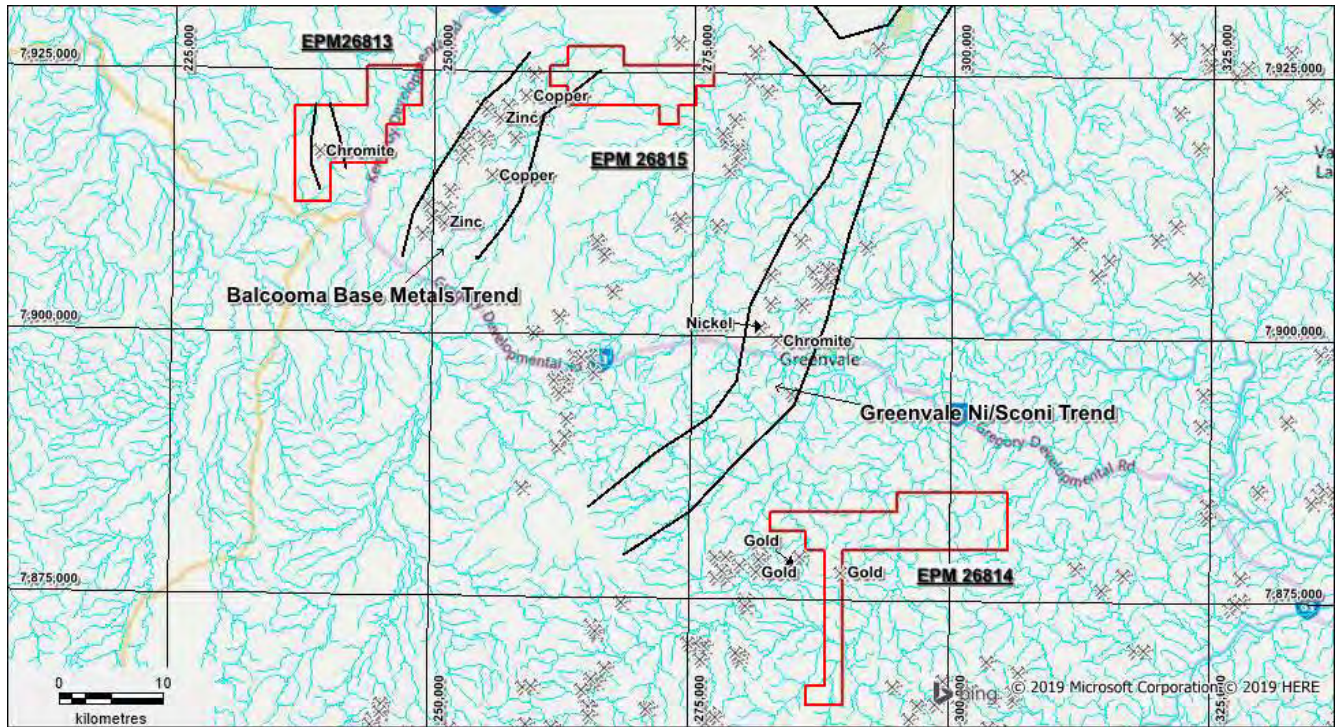
*Figure 33: Location of EL 6413 and EL 8424*

**QLD: GREENVALE EXPLORATION AREAS**

*EPMs 26813, 26814 and 26815 near Greenvale - 100% interest granted.  
Cobalt and Nickel Exploration*

EPM 26813, EPM 26814 and EPM 26815 (Figure 1 and Figure 34) cover a total area of approximately 276 km<sup>2</sup>.

REVIEW OF OPERATIONS (continued)



*Figure 34: Greenvale Exploration Areas granted EPMs*

The Greenvale tenements are located in a highly mineralised region of North Queensland close to the regionally significant Greenvale Ni and Sconi cobalt/scandium trend and 20 km -50 km from the reportedly advanced cobalt project in Australia (ASX: AUZ “Sconi” ML10368). There is a chromite mineral occurrence located within EPM 26813 (QLD Department’s data base). In addition, EPM 26815 is located along the Balcooma base metal trend that has produced several Cu/Zn mines. EPM 26814 is located adjacent to several historical gold workings.

Based on the results of analysis and studies of all available historical data that have been completed since the grant of those EPMs in November 2018, site sampling work was carried out in September 2019 within EPM 26813 and EPM 26815. The aim of the sampling was to evaluate historical exploration targets and the overall prospectivity of the tenements.

This exploration comprised the collection of pXRF readings using the portable Olympus Vanta unit along soil traverses and of isolated rock outcrop. A total of 50 soil and 13 rock readings were taken.

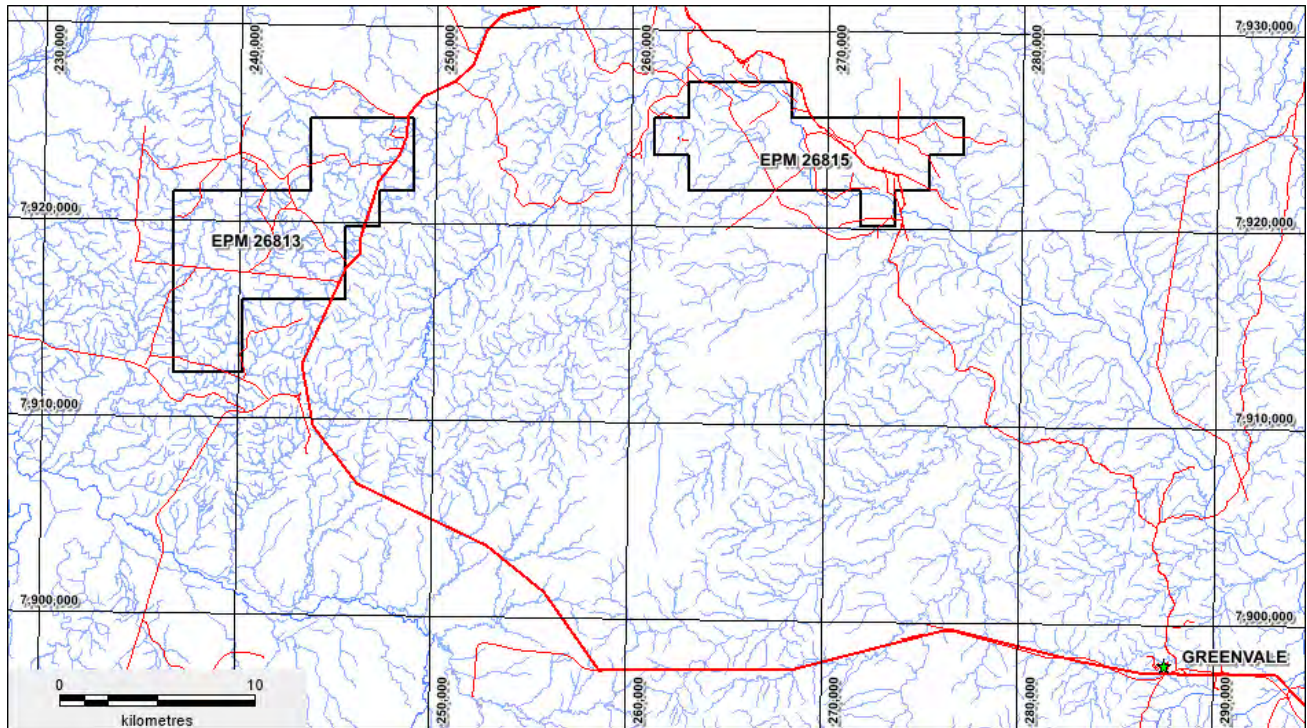
Meetings were held with landholders to explain the Group’s exploration methodology and discuss exploration field work in general.

**EPM 26813**

This licence is located 40 km north west of Greenvale (Figure 35) with access provided by the sealed Kennedy Development Road thence by station tracks and fence lines.



REVIEW OF OPERATIONS (continued)



**Figure 35: Greenvale tenements EPMs 26813 and 26815 located in northern QLD near the town of Greenvale**

During the year work within the tenement comprised three soil traverses and the collection of random pXRF readings on rock outcrop. The traverses targeted areas of historical geochemistry and drilling. Figure 36 is a solid geological interpretation and Figure 37 is a TIM aeromagnetic map of the tenement.

*North East Traverse:* Consisted of 2 soil traverses across a magnetic high that was tested with one drill hole. There was no anomalous geochemistry with Pb to 7 ppm and fresh amphibolite was noted in several creeks (Plate 1).

*Ultramafic Sampling:* Several pXRF readings were taken of a serpentinized ultramafic located in the centre of the tenement. The outcrop is very small and extends about 300 m north of the fence line. Maximum geochemistry of 2,199 ppm Ni and 192 ppm Co were noted. This level of Ni is at background levels for serpentinized ultramafics in the area.

*South Traverse:* A single pXRF soil traverse was completed across the south of the tenement (Figure 36) with lithologies encountered including granite (with local garnet development), coarse mica pegmatites and mica schists. Maximum pXRF readings were 26 ppm Ni, 118 ppm Zn, 26 ppm Pb and 18 ppm Cu.

REVIEW OF OPERATIONS (continued)

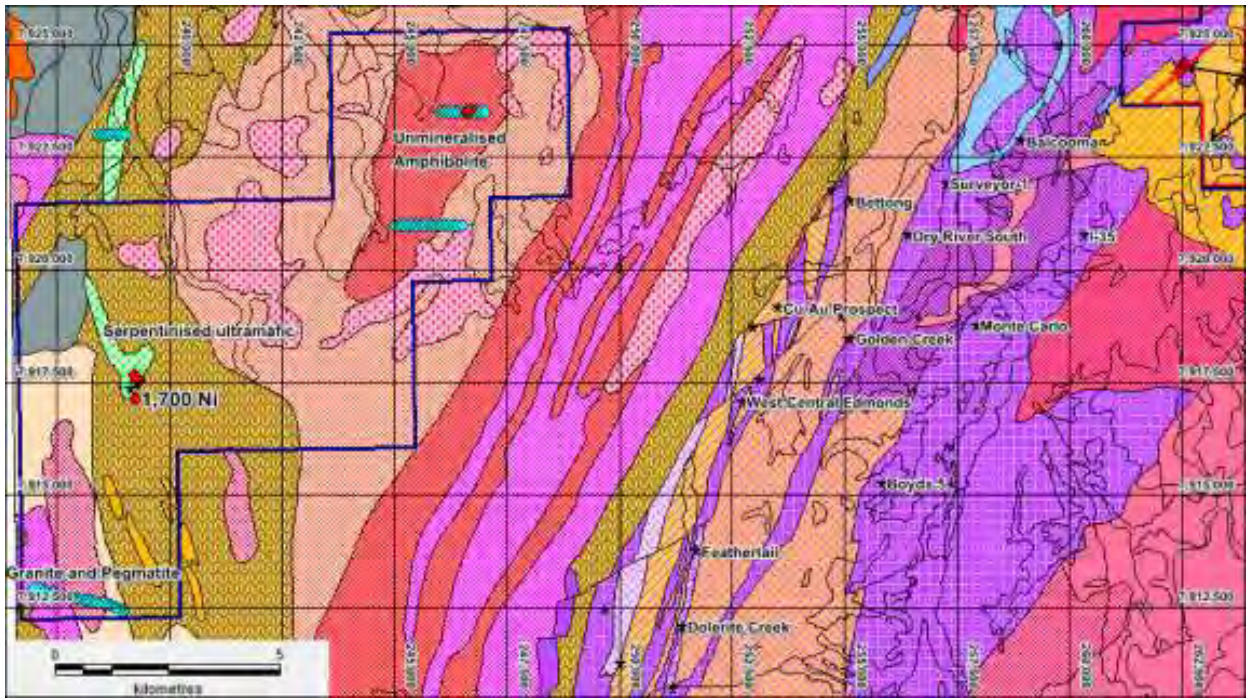


Figure 36: EPM 26813 solid geology, mineralisation and geochemistry

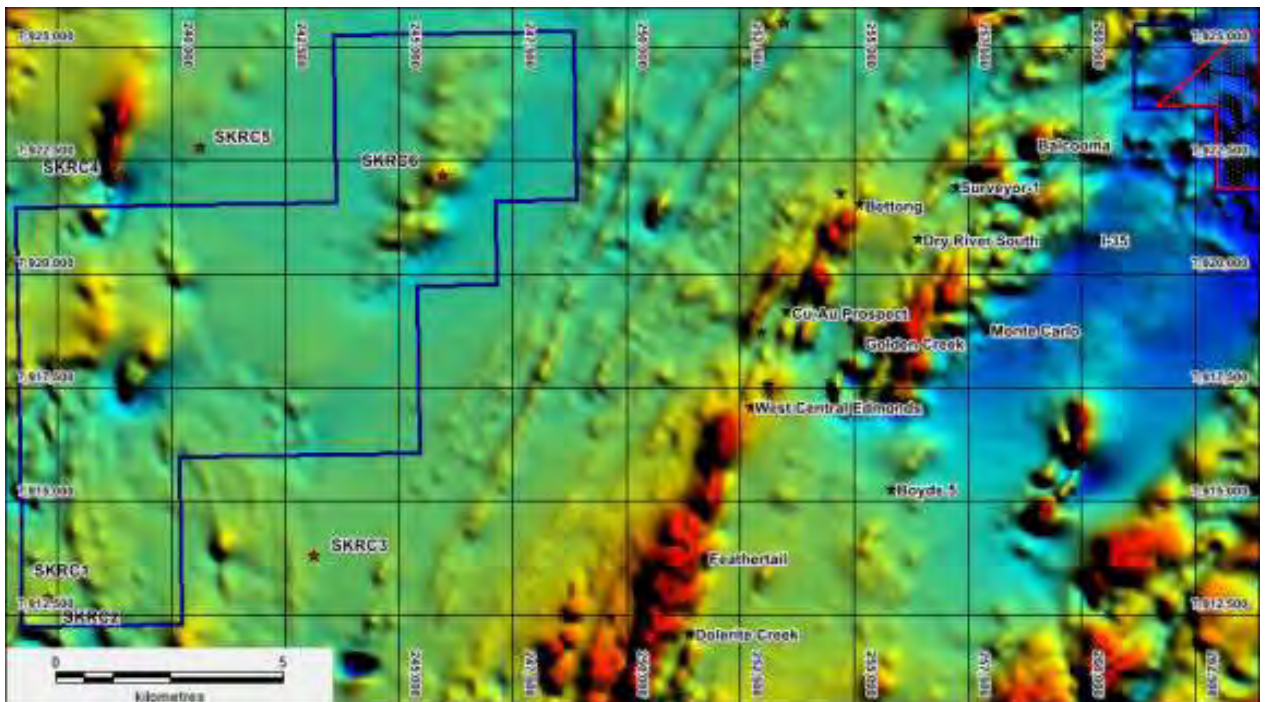


Figure 37: EPM 26813 aeromagnetics, mineralisation and drilling

REVIEW OF OPERATIONS (continued)



*Plate 1 - Amphibolite located in the north*



*Plate 2 - Fine grained granite/coarse grained pegmatite contact in the south*

**EPM 26815**

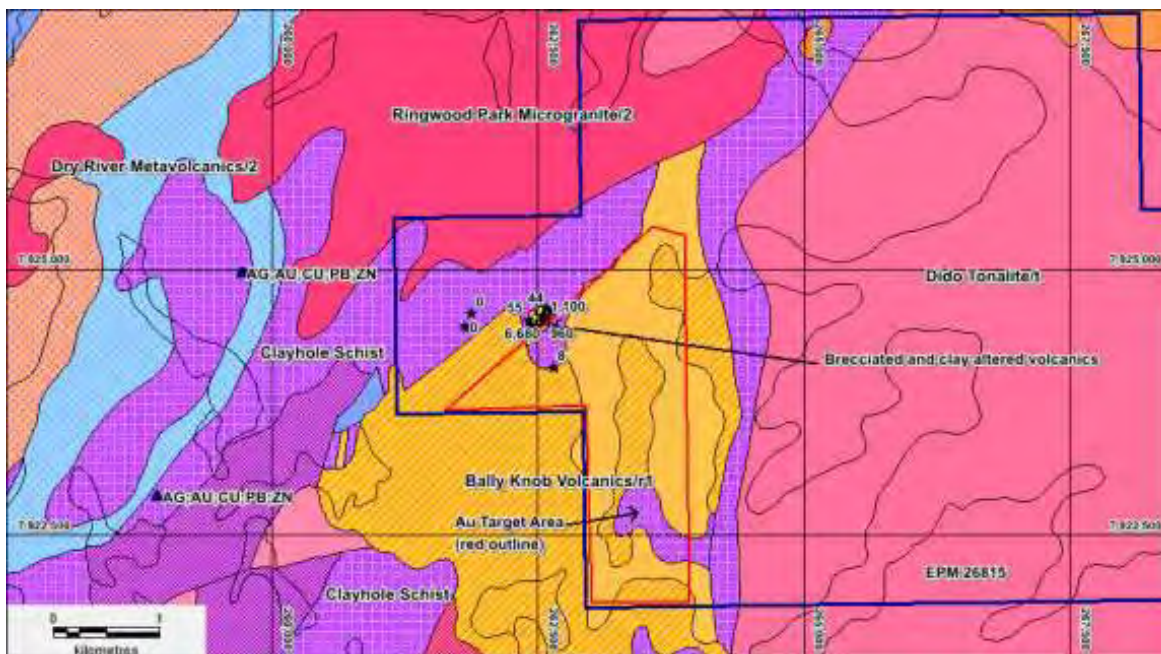
This licence is located 40 km north west of Greenvale (Figure 35) with access provided by the unsealed Conjuboy Road thence by station tracks and fence lines.



*Plate 3 - Felsic volcanic breccia and view of the outcrop*

Historical rock sampling in the western portion of EL 26815 returned anomalous base metal geochemistry within a site of felsic volcanics. A brief field traverse across the western portion of EL 26815 encountered several small hills comprising clay altered and brecciated felsic volcanics (Plate 3). Maximum pXRF readings were 26 ppm Ni, 18 ppm Cu and 26 ppm Pb.

**REVIEW OF OPERATIONS (continued)**



*Figure 38: EPM 26815 solid geology, mineralisation and rock geochemistry*

**Technical assessment of EPM 26183 and EPM 26185**

The results of the field work indicated low potential for nickel, cobalt and scandium mineralisation in the sought for Sconi geological model within the EPM 26183 and EPM 26815. With the downgraded outlook further capital investment in the areas could not be justified. The Company has relinquished those EPMs during the year prior to the year 2 expenditure commitment.

**EPM 26814**

EPM 26814 is located south east of Greenvale. The land substantially within EPM 26814 has been acquired by the Department of Defence (“DOD”) after the EPM was granted. While the DOD agrees to allow access for exploration work over restricted periods it would not agree to allow any mining, therefore creating potential future litigation if the area is to be exploited. On further assessment of risks based on available technical data and in light of the restrictions being imposed by the DOD, the Company sees no justification to pursue work in that area and has relinquished this permit during the year prior to the year 2 expenditure commitment.

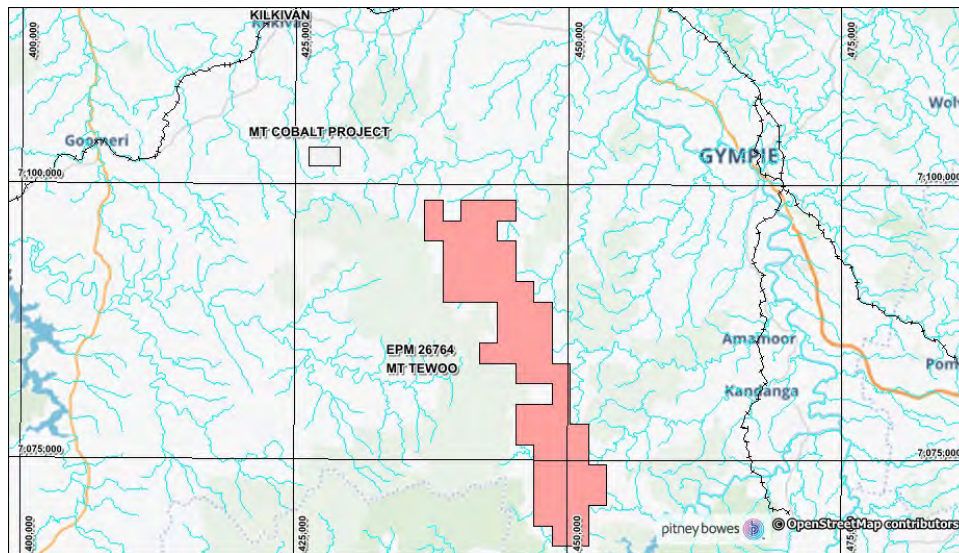
**QLD: MOUNT TEWOO EXPLORATION AREA**

*EPM 26764 near Gympie - 100% interest granted.  
Nickel Cobalt Manganese exploration*

The Mount Tewoo Nickel Cobalt Manganese Exploration Area within EPM 26764 covers an area of approximately 178 km<sup>2</sup> located 25 km south-west of Gympie, and 30 km south-east of Kilkivan (Figure 39).

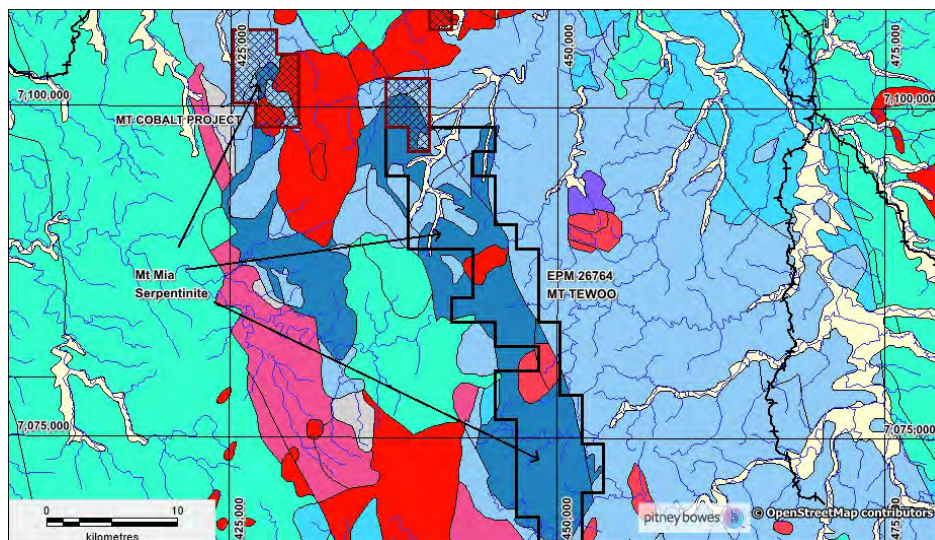
**REVIEW OF OPERATIONS (continued)**

Initial observations of the Company at time of acquisition were that the EPM 26764 has potential in that it is 15 km south-east of Aus Tin Mining’s (ASX: ANW) Mt Cobalt, Nickel-Cobalt deposit and Pembroke Nickel Sulphide discovery, in EPM 19366; covers approximately 32 kms of prospective Mt Mia Serpentinite, a potential host rock for nickel-cobalt mineralisation similar to that discovered by Aus Tin Mining (Figure 39); is in an area with similar geology to Pembroke and Mt Cobalt where nickel sulphide and oxide nickel-cobalt mineralisation have been discovered; and contains known mineral occurrences for gold and copper.



**Figure 39: Mt Tewoo EPM 26764 south east of ANW’s Mt Cobalt Project**

Following detailed study of available data and a site observation of the surface geology during the year, the Company’s geologist concluded that the minerals exploration potential of the area is very limited and would not reach that at Mt Cobalt; therefore on assessment of risks and potential rewards the area does not justify further investment of exploration funds. The Company has lodged a relinquishment of the EPM.



**Figure 40: EPM 26764 geology map indicating extent of Mt Mia Serpentinite coverage  
The Aus Tin Mining project is shown as hatched regions.**

**REVIEW OF OPERATIONS (continued)**

**LICENCES STATUS**

Minerals tenements and applications for tenements held at 30 June 2020 and acquired or disposed of during the year and their locations are as follows:

| <b>Tenement</b> | <b>Area Name</b> | <b>Location</b> | <b>Beneficial Interest</b> | <b>Status</b>   |
|-----------------|------------------|-----------------|----------------------------|---|
| EL 6400         | Koonenberry      | NSW             | 100%                       | Expiry on 1 April 2021  |
| EL 6413         | Pooraka 1        | NSW             | 100%                       | Expiry on 17 May 2021   |
| EL 8424         | Pooraka 3        | NSW             | 100%                       | Expiry on 17 February 2021  |
| EL 8745         | Kanbarra         | NSW             | 100%                       | Expiry on 15 May 2024   |
| EL 8746         | Redan            | NSW             | 100%                       | Expiry on 15 May 2024 – application for relinquishment submitted in August 2020 |
| EL 8747         | Stirling Vale    | NSW             | 100%                       | Expiry on 24 May 2024   |
| EL8954          | Brungle Creek    | NSW             | 100%                       | Granted on 11 March 2020 and expiry on 11 March 2026                            |

EPMs 26813, 26814, 26815 and 26764 were relinquished during the year.

***Competent Person Statement***

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

***Forward-Looking Statement***

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

## REVIEW OF OPERATIONS (continued)

### CORPORATE AND FINANCIAL REVIEW

#### Performance

During the year the Group incurred net losses of \$1,103,915 (2019: losses \$370,374) impacted primarily with the impairment of \$797,264 (2019: nil) on accumulated exploration and evaluation expenditure for licences relinquished.

#### Financial Position

Cash at 30 June 2020 was \$389,820 (2019: \$613,859) with total current assets being \$402,559 (2019: \$626,592) made up substantially of cash.

Current liabilities were \$135,824 (2019: 127,954) including Directors' fees of \$60,000 (2019: \$60,000) for the year ended 30 June 2020.

Total equity decreased from \$1,681,049 at 30 June 2019 to \$776,290 at 30 June 2020 mainly as a result of the impairment of accumulated exploration and evaluation expenditure and operating expenses during the year.

#### Funding

During the year, the Company raised \$207,500 before costs to fund its planned exploration work and working capital with the issue of 83,000,000 fully paid ordinary shares at \$0.0025 per share under a Share Purchase Plan offered to all shareholders. With the prevailing low share price during the year the Company has contained dilution of existing shareholders by raising equity capital only that is necessary to fund its planned operations and early stage development plan of its tenements.

The Group has preferred to relinquish the licences in Queensland after field work and analysis during the year rather than raise equity capital to pursue exploration in those tenements assessed to have less prospectivity than originally expected. Currently the Group is able to fund its financial commitments as and when they fall due.

#### Cash Flows

Operating activities resulted in net outflow of \$302,200 (2019: outflow \$188,872) as the Group is still in the exploration phase with no revenue. This outflow was funded from existing cash on hand. Government cash flow boost of \$10,000 relating to Covid-19 was received during the year. A further \$10,000 cash flow boost can be expected in the next financial year according to the government announcements.

#### Covid-19

The Covid-19 outbreak has developed rapidly in 2020, with a significant number of infections in Australia and overseas. Measures taken by various governments to contain the virus have affected economic activity worldwide. The Group has taken a number of measures to contain the possible impact Covid-19 on the safety and health of its Directors, employees and contractors (for example, use of sanitiser, social distancing and working from home).

At this stage, the impact on the Group's business has been the following:

## REVIEW OF OPERATIONS (continued)

- (a) field work within EL 8745 for soil sampling and within EL 8747 to prepare sites for drill testing planned for the March 2020 quarter had to be deferred following imposition of confinement and travel restriction measures by authorities. The field work was able to be completed during June/July 2020 on the lifting of travel restrictions to regional NSW in June 2020 and using a contracted local crew in Broken Hill. Drilling at EL 8747 and a ground Induced Polarisation Survey in EL 8745 are now planned for September 2020;
- (b) the Group received Government cash flow boost of \$10,000 during the year; and
- (c) there has been no other financial impact on the Group's operations.

Based on current observations on the effects of the pandemic in Australia it is not expected that Covid-19 will severely impact the Group's operations in the future other than preventing or delaying field exploration due to travel restrictions or lockdowns that may be imposed by the governments given that the main exploration areas are remote near Broken Hill. To mitigate such possible impact the Group has engaged Broken Hill based, experienced and qualified contractors who can carry out the field activities under the direction of the Chief Technical Officer from Sydney.

If the pandemic develops uncontrollably that results in loss of confidence of investors there may be difficulty to raise fresh capital which may require the Group to defer its development expenditure. Operations may be impaired should its Directors, employees, contractors and/or service providers contract the virus that disable them to operate normally. To date entities associated with the Group have not been affected by the virus.

### Junior Minerals Exploration Incentive

In July 2020 the Commissioner of Taxation allocated the Company exploration credits of up to \$150,000 that may be distributed to eligible investors when the Company raises new equity capital and conducts eligible exploration activities in the income year ending on 30 June 2021. The distribution of the allocated exploration credits will be based on the capital raised, the eligible exploration expenditure and the tax loss of the Company in the income year 2020/21. The exploration credits distributable to the investor will be in proportion to the amount invested and may be claimed as a refundable tax offset or franking credit by the investor in its 30 June 2021 income tax return depending on its status.

## 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 the exploration for gold, silver, copper, cobalt, nickel, zinc and other base metals and any new projects.

To carry out those above activities the Company will require funding which may be by farmout of interests or new 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.



## DIRECTORS' REPORT

The Directors present their report on Ausmon Resources Limited (“Company”) and its controlled entities (“Group”) for the financial year ended 30 June 2020.

### DIRECTORS

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

#### **Boris Patkin** **Non-Executive Chairman**

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 Morgans stockbroking division dealing in generic securities, margin lending and managed investments.

Appointed to the Board: 16 July 2014.

Special responsibilities: Chairman from 16 July 2014.

Current directorship of other listed public companies: Noxopharm Limited.

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

Interest in shares: 22,142,857 ordinary shares in Ausmon Resources Limited.

#### **John Qiang Wang** **Managing Director**

Mr Wang holds a Bachelor of Computer Science from Shanghai University and a Master of Business Administration from the University of Technology, Sydney. He is a Justice of the Peace with more than 20 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.

Appointed to the Board: 26 November 2008 on incorporation.

Special responsibilities: Managing Director from 16 July 2014

Current directorship of other listed public companies: None.

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

Interest in shares: 24,327,859 ordinary shares in Ausmon Resources Limited.

#### **Eric W Y M Sam Yue** **Director – Executive**

Mr Sam Yue holds a Bachelor of Science in Economics and is a Chartered Accountant with international experience in both public accounting and commerce. His financial management and corporate experience span over 25 years in senior financial executive positions in professional services, shipping, mining and oil and gas companies in Australia and New Zealand in private and ASX listed companies.

Appointed to the Board: 25 October 2017.

Special responsibilities: Chief Financial Officer and Company Secretary.

Current directorship of other listed public companies: None.

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

Interest in shares: 37,504,857 ordinary shares in Ausmon Resources Limited

## **DIRECTORS' REPORT (continued)**

### **COMPANY SECRETARY**

Mr Eric W Y M Sam Yue is the Company Secretary of the Company and is also an Executive Director.

### **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, cobalt, nickel, zinc and other base metals, and also seeking new projects.

### **OPERATING RESULTS**

The loss of the Group after income tax for the year was \$1,103,915 (2019: \$370,374).

### **FINANCIAL POSITION**

Total equity of the Group at 30 June 2020 was \$776,290 (2019: \$1,681,049). Total assets decreased by \$896,889 to \$912,114 and total liabilities increased by \$7,870 to \$135,824 with cash and cash equivalents of \$389,820 (2019: \$613,859) 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:

- (a) Issue of 83,000,000 fully paid ordinary shares at \$0.0025 per share under a Share Purchase Plan that raised \$207,500 before costs, in new capital;
- (b) The Group was granted new exploration licence EL 8954 Brungle Creek in NSW; and
- (c) The Group relinquished 4 exploration permits in Queensland, EPMs 26813, 26814, 26815 and 26764.

### **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 39.

During the subsequent financial year, the likely developments of the Group will involve continuation of exploration in its tenements to define mineral resources and assessment of new ventures. 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 Group would increase the value of the licences and may 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

## **DIRECTORS' REPORT (continued)**

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 the following:

- In July 2020, the Company was successful in its application for an allocation by the Commissioner of Taxation of exploration credits of \$150,000 that may be distributed to eligible investors when the Company raises new equity capital and conducts eligible exploration activities in the income year ending 30 June 2021; and
- On 1 September 2020, the Company entered in an agreement with an unrelated party for an unsecured loan facility of \$350,000 at 8% interest per annum available for drawdown until 15 September 2021 while the Company considers alternative sources of finance. No amount has been drawn down under the facility at the date of this report.

### **REMUNERATION REPORT (AUDITED)**

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

#### **Remuneration Policy and Practices**

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

(i) 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.

As the Directors continued to discharge their duties and work for the future development of the Group, it was considered appropriate for them to be remunerated. The Board resolved to remunerate Directors B Patkin, J Wang and E Sam Yue director fees for directorship functions for the period from July 2019 to June 2020 of \$20,000 each i.e. a total amount of \$60,000 (2019: total amount \$86,000 for July 2018 to June 2019 consisting of \$60,000 director fees in cash and \$26,000 in share-based payments), a reduction of 30% over the prior year. Fees for executive functions continue to be remunerated on time cost basis.

(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 contracts for

## DIRECTORS' REPORT (continued)

service between the Company and Directors currently in place. Services may be terminable by the Company by giving one month's notice or by payment of one month's fees in lieu of notice.

The Board determines payments to Non-Executive and Executive Directors and other key management personnel. The Board had resolved to pay fees to existing Directors for directorship and executive functions. Fees for executive functions continue to be remunerated on time cost basis. Non-executive Directors are remunerated at the rate of \$1,000 per day when performing services that are not the normal duties of non-executive directors.

### Company performance, shareholder wealth and Director and executive remuneration

The remuneration policy at this early stage of development 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 2019 Annual General Meeting (AGM)

At least 75% of the votes cast at the Company's 2019 AGM were in favour of the adoption of the prior year remuneration report. The Company did not receive any specific feedback at the annual general meeting on its remuneration report.

#### Employee Incentive Plan (EIP)

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 20% 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 and consultants participate in the Ausmon Resources Limited 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.

During the financial year, no EIP shares were issued.

#### Additional information

The factors that are considered to affect total shareholders return (TSR) are summarised below:

|  | 2020   | 2019   | 2018   | 2017   | 2016   |
|--|--------|--------|--------|--------|--------|
| Share price at financial year end (\$)   | 0.004  | 0.003  | 0.007  | 0.004  | 0.012  |
| Basic loss per share (cents per share)   | (0.18) | (0.07) | (0.15) | (0.78) | (0.45) |
| Diluted loss per share (cents per share) | (0.18) | (0.07) | (0.15) | (0.78) | (0.45) |

**DIRECTORS' REPORT (continued)**

**Key management personnel remuneration**

The key management personnel of the Group during the year were the Directors B Patkin, J Q Wang, and E Sam Yue.

The following table show details of the remuneration of each Director and key management personnel for the year ended 30 June 2020:

|                  | Short-term<br>employee<br>benefits | Post-<br>employment<br>benefits | Other long-<br>term<br>benefits | Termination<br>benefits | Share-<br>based<br>payments | Total   |
|------------------|------------------------------------|---------------------------------|---------------------------------|-------------------------|-----------------------------|---------|
|                  | Cash salary<br>and fees<br>\$      | Super-<br>annuation<br>\$       | Long<br>service<br>leave<br>\$  | \$                      | EIP shares<br>\$            | \$      |
| <b>2020</b>      |                                    |                                 |                                 |                         |                             |         |
| <b>Directors</b> |                                    |                                 |                                 |                         |                             |         |
| B Patkin         | 20,000 <sup>1</sup>                | -                               | -                               | -                       | -                           | 20,000  |
| E Sam Yue        | 59,288 <sup>1,2</sup>              | 3,732                           | -                               | -                       | -                           | 63,020  |
| J Q Wang         | 20,000 <sup>1</sup>                | -                               | -                               | -                       | -                           | 20,000  |
|                  | 99,288                             | 3,732                           | -                               | -                       | -                           | 103,020 |

<sup>1</sup> \$20,000 of Director's fees for each Director due at balance date and not yet paid.

<sup>2</sup> \$39,288 for management fees of which \$1,260 was outstanding at balance date

|                  | Short-<br>term<br>employee<br>benefits | Post-<br>employment<br>benefits | Other<br>long- term<br>benefits | Termina-<br>tion<br>benefits | Share-based<br>payments <sup>3</sup> |                      | Total   |
|------------------|--|---------------------------------|---------------------------------|------------------------------|--------------------------------------|----------------------|---------|
|                  | Cash<br>salary<br>and fees<br>\$       | Super-<br>annuation<br>\$       | Long<br>service<br>leave<br>\$  | \$                           | For FY<br>2018<br>\$                 | For FY<br>2019<br>\$ | \$      |
| <b>2019</b>      |  |                                 |                                 |                              |                                      |                      |         |
| <b>Directors</b> |  |                                 |                                 |                              |                                      |                      |         |
| B Patkin         | 20,000 <sup>2</sup>                    | -                               | -                               | -                            | 20,000                               | 10,000               | 50,000  |
| E Sam Yue        | 51,397 <sup>1,2</sup>                  | 2,983                           | -                               | -                            | 16,000                               | 8,000                | 78,380  |
| J Q Wang         | 20,000 <sup>2</sup>                    | -                               | -                               | -                            | 16,000                               | 8,000                | 44,000  |
|                  | 91,397                                 | 2,983                           | -                               | -                            | 52,000                               | 26,000               | 172,380 |

<sup>1</sup> \$31,397 for management fees of which \$5,220 were accounted in exploration and evaluation expenditure.

<sup>2</sup> \$20,000 of Director's fees for each Director paid after balance date.

<sup>3</sup> Directors' fees settled with new ordinary shares in the Company approved by shareholders at Annual General Meeting held on 25 October 2018

None of the remuneration was performance based.

**DIRECTORS' REPORT (continued)**

**Shares held by Key Management Personnel**

The number of ordinary shares in the Company during the financial year held by each of the Group's Key Management Personnel, including their related parties, is set out below:

|                                | Balance at start<br>of year | Granted as<br>remuneration | Other changes | Balance at<br>end of year |
|--------------------------------|-----------------------------|----------------------------|---------------|---------------------------|
| <b>Year ended 30 June 2020</b> |                             |                            |               |                           |
| B Patkin <sup>1</sup>          | 16,142,857                  | -                          | 6,000,000     | 22,142,857                |
| J Q Wang <sup>2</sup>          | 18,327,859                  | -                          | 6,000,000     | 24,327,859                |
| E Sam Yue <sup>3</sup>         | 22,304,857                  | -                          | 15,200,000    | 37,504,857                |
|                                | 56,775,573                  | -                          | 27,200,000    | 83,975,573                |

<sup>1</sup> Shares are held by Snowy Plains Pty Ltd of which Director B Patkin is the sole director and owns all of the shares.

<sup>2</sup> 6,510,000 shares are registered in the name of John Wang & Co Pty Ltd (J Q Wang is a director and controller) and 2,800,000 shares are registered in the name of John Wang & Co Pty Ltd Atf JM Wang Family Trust of which J Q Wang is a director and beneficiary.

<sup>3</sup> 32,504,857 shares are registered in the name of Vesway Pty Ltd Atf ESVSY Super Fund of which Director E Sam Yue is a beneficiary

**Other transactions with Key Management Personnel**

|  | 2020   | 2019   |
|--|--------|--------|
|  | \$     | \$     |
| Paid to Australian MBA Accountants an entity controlled by Director J Q Wang |        |        |
| - Office rental  | 10,400 | 10,400 |
| - Professional and consultancy services                                      | 4,900  | 8,145  |
|  | 15,300 | 18,545 |

***End of audited remuneration report.***

**SHARE OPTIONS**

There are no share options issued during the year or on issue at the date of this report.

## DIRECTORS' REPORT (continued)

### MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2020, and the number of meetings attended by each Director:

| <b>Directors' meetings</b> |                                  |                        |
|----------------------------|----------------------------------|------------------------|
|                            | <b>Number eligible to attend</b> | <b>Number attended</b> |
| B Patkin                   | 2                                | 2                      |
| J Q Wang                   | 2                                | 2                      |
| E Sam Yue                  | 2                                | 2                      |

During the year, Board business was also affected by execution of circulated resolutions.

Because of the small size of the Board, no separate sub-committees of the Board have operated and all matters were dealt with in the Directors' meetings or by circulated resolutions.

### INDEMNIFICATION OF OFFICERS OR AUDITORS

During the financial year, the Group paid a premium in respect of a contract insuring the Directors and officers of the Group against a liability incurred as such a Director or officer to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify a former officer or auditor of the Group against a liability incurred as such an officer or auditor.

### 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 2020.

### 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 2020 has been received and can be found on page 48 of the Annual Report and forms part of this report.

**DIRECTORS' REPORT (continued)**

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

A handwritten signature in black ink, appearing to read 'John Wang', is written over a light grey rectangular background.

John Wang  
Director

Dated this 3<sup>rd</sup> day of September 2020



3 September 2020

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

Dear Directors

**RE: AUSMON RESOURCES LIMITED**

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

As Audit Director for the audit of the financial statements of Ausmon Resources Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**



**Martin Michalik**  
Director

## **CORPORATE GOVERNANCE**

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Ausmon Resources Limited and its controlled entities ('the Group') have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The ASX Corporate Governance Council has published the Corporate Governance Principles and Recommendations – 4<sup>th</sup> edition which takes effect for a listed entity's first full financial year commencing on or after 1 January 2020. The Group which has adopted the 3<sup>rd</sup> edition will adopt the 4<sup>th</sup> edition from 1 July 2020.

The Group has chosen to publish its Corporate Governance Statement on its website rather than in this Annual Report. The Corporate Governance Statement and governance policies and practices can be found in the corporate governance section of the Company's website at <http://www.ausmonresources.com.au>.

The Group's Corporate Governance Statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2020

|   | Note | 2020<br>\$         | 2019<br>\$       |
|---|------|--------------------|------------------|
|   |      |                    |                  |
| <b>Revenue</b>  |      |                    |                  |
| Interest and other income                                 | 5    | 12,578             | 4,556            |
| <b>Expenses</b>   |      |                    |                  |
| Employee benefits expense                                 |      | (40,625)           | (39,858)         |
| Directors and management fees                             |      | (99,960)           | (89,160)         |
| Impairment of exploration and evaluation expenditure      | 12   | (797,264)          | -                |
| Share-based payments                                      |      | -                  | (78,000)         |
| Projects costs  |      | (21,337)           | (9,284)          |
| Other expenses  | 6    | (157,307)          | (158,628)        |
| <b>Loss before income tax expense</b>                     |      | <b>(1,103,915)</b> | <b>(370,374)</b> |
| Income tax expense  | 7    | -                  | -                |
| <b>Loss for the year</b>                                  |      | <b>(1,103,915)</b> | <b>(370,374)</b> |
| <b>Other comprehensive income</b>                         |      |                    |                  |
| Other comprehensive income for the year, net of tax       |      | -                  | -                |
| <b>Other comprehensive income for the year</b>            |      | <b>-</b>           | <b>-</b>         |
| <b>Total comprehensive loss for the year</b>              |      | <b>(1,103,915)</b> | <b>(370,374)</b> |
| <b>Loss attributable to:</b>                              |      |                    |                  |
| - members of the Parent Entity                            |      | (1,103,915)        | (370,374)        |
| <b>Total comprehensive income (loss) attributable to:</b> |      | <b>(1,103,915)</b> | <b>(370,374)</b> |
| - members of the Parent Entity                            |      | <b>(1,103,915)</b> | <b>(370,374)</b> |
| <b>Loss per share</b>                                     |      |                    |                  |
| Basic and diluted loss per share                          | 20   | (0.18 cents)       | (0.07 cents)     |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

|  | Note | 2020<br>\$     | 2019<br>\$       |
|--|------|----------------|------------------|
| <b>ASSETS</b>                          |      |                |                  |
| <b>CURRENT ASSETS</b>                  |      |                |                  |
| Cash and cash equivalents              | 8    | 389,820        | 613,859          |
| Trade and other receivables            | 9    | 8,591          | 9,286            |
| Other assets                           | 11   | 4,148          | 3,447            |
| <b>TOTAL CURRENT ASSETS</b>            |      | <b>402,559</b> | <b>626,592</b>   |
| <b>NON-CURRENT ASSETS</b>              |      |                |                  |
| Financial assets                       | 10   | 70,000         | 70,000           |
| Exploration and evaluation expenditure | 12   | 439,555        | 1,112,411        |
| <b>TOTAL NON-CURRENT ASSETS</b>        |      | <b>509,555</b> | <b>1,182,411</b> |
| <b>TOTAL ASSETS</b>                    |      | <b>912,114</b> | <b>1,809,003</b> |
| <b>CURRENT LIABILITIES</b>             |      |                |                  |
| Trade and other payables               | 13   | 135,824        | 127,954          |
| <b>TOTAL CURRENT LIABILITIES</b>       |      | <b>135,824</b> | <b>127,954</b>   |
| <b>TOTAL LIABILITIES</b>               |      | <b>135,824</b> | <b>127,954</b>   |
| <b>NET ASSETS</b>                      |      | <b>776,290</b> | <b>1,681,049</b> |
| <b>EQUITY</b>                          |      |                |                  |
| Issued capital                         | 14   | 13,516,892     | 13,317,736       |
| Reserves                               | 15   | 464,770        | 464,770          |
| Accumulated losses                     |      | (13,205,372)   | (12,101,457)     |
| <b>TOTAL EQUITY</b>                    |      | <b>776,290</b> | <b>1,681,049</b> |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2020

|  | Issued<br>capital<br>\$ | Option<br>reserve<br>\$ | Accumulated<br>losses<br>\$ | Total<br>\$ |
|--|-------------------------|-------------------------|-----------------------------|-------------|
| <b>Balance at 01 July 2018</b>                               | 13,215,736              | 464,770                 | (11,731,083)                | 1,949,423   |
| Total comprehensive loss for the year                        | -                       | -                       | (370,374)                   | (370,374)   |
| <b>Transactions with owners in their capacity as owners:</b> |                         |                         |                             |             |
| Issue of share capital                                       | 102,000                 | -                       | -                           | 102,000     |
| <b>Balance at 30 June 2019</b>                               | 13,317,736              | 464,770                 | (12,101,457)                | 1,681,049   |
| <b>Balance at 01 July 2019</b>                               | 13,317,736              | 464,770                 | (12,101,457)                | 1,681,049   |
| Total comprehensive loss for the year                        | -                       | -                       | (1,103,915)                 | (1,103,915) |
| <b>Transactions with owners in their capacity as owners:</b> |                         |                         |                             |             |
| Issue of share capital                                       | 207,500                 | -                       | -                           | 207,500     |
| Transaction costs  | (8,344)                 | -                       | -                           | (8,344)     |
| <b>Balance at 30 June 2020</b>                               | 13,516,892              | 464,770                 | (13,205,372)                | 776,290     |

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2020

|   | Note  | 2020<br>\$ | 2019<br>\$ |
|---|-------|------------|------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>          |       |            |            |
| Payments to suppliers and employees                 |       | (314,778)  | (193,428)  |
| Interest received                                   |       | 2,578      | 4,556      |
| Receipt under Government cash flow boost            |       | 10,000     | -          |
| <b>Net cash used in operating activities</b>        | 18(b) | (302,200)  | (188,872)  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>          |       |            |            |
| Payments for exploration and evaluation expenditure |       | (120,995)  | (162,261)  |
| Purchase of equipment                               |       | -          | (40,575)   |
| Payments for security deposits                      |       | (10,000)   | (10,000)   |
| Refunds of security deposits                        |       | 10,000     | 12,500     |
| <b>Net cash used in investing activities</b>        |       | (120,995)  | (200,336)  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>          |       |            |            |
| Proceeds from issue of shares                       |       | 207,500    | -          |
| Capital raising costs                               |       | (8,344)    | -          |
| <b>Net cash inflow from financing activities</b>    |       | 199,156    | -          |
| <b>Net decrease in cash and cash equivalents</b>    |       | (224,039)  | (389,208)  |
| Cash and cash equivalents at beginning of year      |       | 613,859    | 1,003,067  |
| <b>Cash and cash equivalents at end of year</b>     | 18(a) | 389,820    | 613,859    |

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

## **Notes to the Financial Statements for the Year Ended 30 June 2020**

### **Note 1 – Nature of operations**

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

### **Note 2 – General information and statement of compliance**

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Ausmon Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Ausmon Resources Limited is the Group's ultimate Parent Company. Ausmon Resources Limited is a public company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is World Tower, Suite 1312, 87-89 Liverpool Street, Sydney NSW 2000.

The consolidated financial statements for the year ended 30 June 2020 were approved and authorised for issue by the board of Directors on 3<sup>rd</sup> September 2020.

### **Note 3 – New and revised standards that are effective for these financial statements**

A number of new and revised standards, including AASB 16 Leases became effective for the first time to annual periods beginning on or after 1 July 2019. None has had any impact on the Group.

## Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

### New accounting standards and interpretations

Certain new accounting standards and interpretation have been issued but were not mandatory for annual reporting periods ending 30 June 2020 and have not been adopted early by the Group as follows:

| New or revised pronouncement   | Nature of change  | Effective for annual reporting periods beginning on or after | Likely impact on initial application  |
|--|---|--|---|
| <i>AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material</i>                                  | Amends AASB 101 and AASB 108, refines the definition of material in AASB 101 and clarifies the definition of material and its application by improving the wording and aligning the definition across the Australian Accounting Standards and other publications. | 1 January 2020   | When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements. |
| <i>AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework</i>                  | Amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the revised Conceptual Frameworks for Financial Reporting.  | 1 January 2020   | When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements. |
| <i>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current</i> | Makes amendments to AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.   | 1 January 2020   | When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements. |

### Note 4 – Summary of accounting policies

#### (a) Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarized below.



## **Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

### **(b) Basis of consolidation**

The Group financial statements consolidated those of the Parent Company and its subsidiaries as of 30 June 2020. The Parent Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiaries in the Group have a reporting date of 30 June.

Details of the subsidiaries (controlled entities) are contained in Note 22 to the financial statements.

All inter-company balances and transactions between entities in the Group, including 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 Company.

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 profit or loss and other comprehensive income.

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

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

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.

### **(c) Going concern**

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

At balance date the Group had current assets of \$402,559 including total cash of \$389,820 and current liabilities of \$135,824, and had incurred a net loss of \$1,103,915 in the year after impairment of accumulated exploration expenditure of \$797,264. The Group has an unfulfilled expenditure requirement under its exploration licences at 30 June 2020 of \$246,000 for the next 12 months (\$215,000 after relinquishment of a licence after balance date).

The Group is planning exploration activities on its licences and has budgeted for those amounts that the financial position of the Group allows. Consistent with the nature of the Group's activities, it will

## **Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

require funding which may be by farmout of interests or new equity capital. On 1 September 2020, the Company entered in an agreement with an unrelated party for an unsecured loan facility of \$350,000 at 8% interest per annum available for drawdown until 15 September 2021 while the Company considers alternative sources of finance. No amount has been drawn down under the facility at the date of this report.

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

### **(d) 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.

## **Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

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

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

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

### **(e) Revenue and other income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Interest income is accrued using the effective interest rate method.

Government grant income is recognised when it is received or when the right to receive payment is established. It is recognised in other income.

### **(f) 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.

### **(g) Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

### **(h) 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 2020 (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.

### **(i) Critical accounting estimates and judgments**

The Directors evaluates 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 estimates**

#### **(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.

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.

When the Group does not intend to renew a licence expiring subsequent to balance date or is not planning substantive exploration expenditure within the licence having regards to its perceived prospectivity, it impairs the deferred exploration expenditure at balance date.

## **Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

The Directors have reviewed the carrying value of exploration and evaluation expenditure at the year end and, based on the above policies and in accordance with the requirements of AASB 6 – *Exploration for and Evaluation of Mineral Resources*, have impaired the capitalised expenditure in the amount of \$797,264 during the year.

### **(ii) 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.

### **(j) 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. There were no foreign exchange transactions during the year.

### **(k) Accounts payable**

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

### **(l) 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.

## **Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

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.

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

Fees for services rendered by Directors and suppliers may also be settled by the issue of shares in the Company. The fair value of the services received is measured by reference to the fair value of the equity instruments granted.

### **(m) Financial assets**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

### ***Classification and subsequent measurement of financial liabilities***

The Group's financial liabilities include borrowings, trade and other payables. Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

### **(n) 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,

## Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

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.

### (o) 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.

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.

### (p) 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.

### (q) Parent Entity financial information

The financial information for the Parent Entity, Ausmon Resources Limited, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements.

### (r) Comparative information

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

|   | 2020   | 2019  |
|---|--------|-------|
|   | \$     | \$    |
| <b>Note 5 – Interest and other income</b> |        |       |
| Interest                                  | 2,578  | 4,556 |
| Government cash flow boost                | 10,000 | -     |
|   | 12,578 | 4,556 |

**Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

|                                  | 2020           | 2019           |
|----------------------------------|----------------|----------------|
|                                  | \$             | \$             |
| <b>Note 6 – Other expenses</b>   |                |                |
| Audit fees                       | 21,750         | 21,000         |
| Consulting and professional fees | 58,923         | 54,584         |
| Listing expenses                 | 16,193         | 30,434         |
| Operating leases                 | 10,400         | 10,400         |
| Registry expenses                | 12,068         | 12,692         |
| Insurance                        | 23,648         | 16,274         |
| Other                            | 14,325         | 13,244         |
|                                  | <u>157,307</u> | <u>158,628</u> |

**Note 7 - Income tax**

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

|  |             |           |
|--|-------------|-----------|
| Loss before income tax expense   | (1,103,915) | (370,374) |
| Prima facie tax benefit on the loss from ordinary activities calculated at 27.5% | (303,577)   | (101,853) |
| Tax effect of:   |             |           |
| Non-temporary differences  | 91          | -         |
| Equity capital raising costs debited to equity                                   | (8,564)     | (8,105)   |
| Temporary differences and tax losses not recognised                              | 312,050     | 109,958   |
| 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 27.5% | 3,701,861 | 3,312,980 |
|---|-----------|-----------|

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.

The Group tax consolidated in Australia from December 2009. There is presently no tax sharing of funding agreements in place. The Parent Entity and each of the tax subsidiaries are in tax loss for the year and have substantial tax losses carried forward.



**Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

The Directors are of the view that there is insufficient probability that the Parent Entity and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets and deferred tax liabilities.

|   | 2020    | 2019    |
|---|---------|---------|
|   | \$      | \$      |
| <b>Note 8 – Cash and cash equivalents</b> |         |         |
| Cash at bank and in hand                  | 389,820 | 613,859 |

**Note 9 – Trade and other receivables**

**Current**

|                   |       |       |
|-------------------|-------|-------|
| Other receivables | 8,591 | 9,286 |
|-------------------|-------|-------|

(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) Interest rate risk

Detail regarding interest rate risk exposure is disclosed in Note 21.

**Note 10 – Financial assets**

**Non-current**

|  |        |        |
|--|--------|--------|
| Security deposits – exploration licences bonds | 70,000 | 70,000 |
|--|--------|--------|

**Note 11 – Other assets**

**Current**

|             |       |       |
|-------------|-------|-------|
| Prepayments | 4,148 | 3,447 |
|-------------|-------|-------|

**Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

|   | 2020      | 2019      |
|---|-----------|-----------|
|   | \$        | \$        |
| <b>Note 12 – Exploration and evaluation expenditure</b> |           |           |
| (a) Exploration areas of interest at cost               | 439,555   | 1,112,411 |
| <b>Movements during the year:</b>                       |           |           |
| <b>Exploration areas :</b>                              |           |           |
| Balance at beginning of year                            | 1,112,411 | 913,389   |
| Additions at cost                                       | 124,408   | 199,022   |
| Impairment  | (797,264) | -         |
| Balance at end of year                                  | 439,555   | 1,112,411 |

Exploration and evaluation expenditures are capitalised in respect of each identifiable area of interest. 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 by the Group are detailed in the Licences Status on page 37.

Impairment indicators in *AASB 6 – Exploration for and Evaluation of Mineral Resources* are considered on a project by project basis at each reporting balance date and impairment are recognised under its requirements.

**Note 13 – Trade and other payables**

|                          |         |         |
|--------------------------|---------|---------|
| Trade and other payables | 135,824 | 127,954 |
|--------------------------|---------|---------|

No trade and other payables were past due dates.

**Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

**Note 14 – Issued capital**

|  | 2020 |            | 2019 |            |
|--|------|------------|------|------------|
|  |      | \$         |      | \$         |
| 632,639,343 (2019: 549,639,343) fully paid ordinary shares |      | 13,516,892 |      | 13,317,736 |

|  | 2020        |            | 2019        |            |
|--|-------------|------------|-------------|------------|
|  | Number      | \$         | Number      | \$         |
| <b>(a) Fully Paid Ordinary shares</b>  |             |            |             |            |
| Balance at beginning of year   | 549,639,343 | 13,317,736 | 518,353,627 | 13,215,736 |
| Shares issued during the year:   |             |            |             |            |
| - Share issues for cash: Share Purchase Plan (SPP) <sup>1</sup>                | 83,000,000  | 207,500    |             |            |
| - For payment of Directors' fees <sup>2</sup>                                  | -           | -          | 13,000,000  | 78,000     |
| - For payment of supplier services   | -           | -          | 4,000,000   | 24,000     |
| - Shares issued on acquisition of New Base Metals Pty Ltd ("NBM") <sup>3</sup> | -           | -          | 14,285,716  | -          |
| Transaction costs  | -           | (8,344)    | -           | -          |
| Balance at end of year   | 632,639,343 | 13,516,892 | 549,639,343 | 13,317,736 |

<sup>1</sup> The Company raised \$207,500 before costs from Share Purchase Plan at \$0.0025 per share in November 2019. The capital was used for exploration, investigation of new ventures and for general working capital.

<sup>2</sup> The shares were for issued for payment of Directors' fees amounting to \$78,000 approved by shareholders at the Annual General Meeting held on 25 October 2018.

<sup>3</sup> The balance of deferred shares issued for the acquisition of NBM.

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.

**(b) Capital management**

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

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

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

**Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

|  | 2020 | 2019 |
|--|------|------|
|  | \$   | \$   |

**Note 15 – Reserves**

**Option reserve**

The option reserve records items recognised as expenses on shares granted under the Employee Incentive Plan.

|                |         |         |
|----------------|---------|---------|
| Option reserve | 464,770 | 464,770 |
|----------------|---------|---------|

Non-recourse loans owing on the EIP shares at balance date were as follows:

| Expiry date     | Exercise price | Number of shares         | \$      | \$      |
|-----------------|----------------|--------------------------|---------|---------|
|                 |                | At 30 June 2020 and 2019 |         |         |
| 6 December 2021 | \$0.010        | 100,000                  | 1,000   | 1,000   |
| 3 January 2023  | \$0.007        | 5,000,000                | 35,000  | 35,000  |
| 18 January 2023 | \$0.008        | 1,000,000                | 8,000   | 8,000   |
| 7 February 2023 | \$0.007        | 15,000,000               | 105,000 | 105,000 |
|                 |                | 21,100,000               | 149,000 | 149,000 |

**Note 16 – 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:

**Transactions with Key Management Personnel (KMP)**

Key management of the Group are the members of Ausmon Resources Limited’s Board of Directors. KMP remuneration includes the following expenses:

|                              |         |         |
|------------------------------|---------|---------|
| Short-term employee benefits | 99,288  | 91,397  |
| Post-employment benefits     | 3,732   | 2,983   |
| Long-term benefits           | -       | -       |
| Termination benefits         | -       | -       |
| Share-based payments         | -       | 78,000  |
|                              | 103,020 | 172,380 |

Detailed remuneration disclosures are provided in the remuneration report on pages 42 to 45.

**Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | \$            | \$            |
| <b>Other transactions with Key Management Personnel</b>                       |               |               |
| Paid to Australian MBA Accountants, an entity controlled by Director J Q Wang |               |               |
| - Office rentals  | 10,400        | 10,400        |
| - Professional and consultancy services                                       | 4,900         | 8,145         |
|   | <u>15,300</u> | <u>18,545</u> |

**Note 17 – Remuneration of auditors**

Remuneration of the auditor for:

|   |               |               |
|---|---------------|---------------|
| - auditing or reviewing the financial reports | <u>21,750</u> | <u>21,000</u> |
|---|---------------|---------------|

**Note 18 – Notes to the Cash Flow Statement****(a) Reconciliation of cash**

|                          |                |                |
|--------------------------|----------------|----------------|
| Cash at bank and on hand | <u>389,820</u> | <u>613,859</u> |
|--------------------------|----------------|----------------|

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

|   |                  |                  |
|---|------------------|------------------|
| Loss after income tax                                     | (1,103,915)      | (370,374)        |
| Add non-cash items in operating costs:                    |                  |                  |
| Exploration and evaluation expenditure written off        | 797,264          | -                |
| Supplier service fees paid by way of shares               | -                | 24,000           |
| Share-based payments                                      | -                | 78,000           |
| Changes in assets and liabilities relating to operations: |                  |                  |
| (Decrease)/Increase in trade and other payables           | (539)            | 67,973           |
| Decrease in receivables                                   | 5,691            | 14,976           |
| Increase in prepayments                                   | (701)            | (3,447)          |
| Net cash used in operating activities                     | <u>(302,200)</u> | <u>(188,872)</u> |

**Note 19 – 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 year.

**Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

**Note 20 – Loss per share**

|  | 2020<br>\$    | 2019<br>\$    |
|--|---------------|---------------|
| Operating loss after income tax used in the calculation of basic and diluted loss per share  | (1,103,915)   | (370,374)     |
|  | <b>Number</b> | <b>Number</b> |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share | 604,486,338   | 538,128,188   |

**Note 21 – Financial risk management**

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and loans to and from subsidiaries.

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:

|  | Note | 2020<br>\$     | 2019<br>\$     |
|--|------|----------------|----------------|
| <b>Financial Assets</b>                  |      |                |                |
| Cash and cash equivalents                | 8    | 389,820        | 613,859        |
| Trade and other receivables              | 9    | 8,591          | 9,286          |
| Financial assets                         | 10   | 70,000         | 70,000         |
| <b>Total Financial Assets</b>            |      | <b>468,411</b> | <b>693,145</b> |
| <b>Financial Liabilities</b>             |      |                |                |
| Financial liabilities at amortised cost: |      |                |                |
| Trade and other payables                 | 13   | 135,824        | 127,954        |
| <b>Total Financial Liabilities</b>       |      | <b>135,824</b> | <b>127,954</b> |

**(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 includes the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

## Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

### 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, 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. Interest rate risk for the Group is considered to be minimal.

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

|                           | 2020           | 2019           |
|---------------------------|----------------|----------------|
|                           | \$             | \$             |
| <b>Financial assets</b>   |                |                |
| Cash and cash equivalents | 389,820        | 613,859        |
| Security deposits         | 70,000         | 70,000         |
|                           | <u>459,820</u> | <u>683,859</u> |

(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 9.

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.

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, zinc, nickel and copper) and could impact future revenues once operational. However, management monitors current and projected commodity prices.

**Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

**(b) Net fair values**

The net fair value of financial assets and liabilities at balance date approximates their carrying value.

**(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:

|                              | Variable<br>interest rate | Fixed interest rate<br>maturing |                 | Non-interest bearing |                 | Total   |
|------------------------------|---------------------------|---------------------------------|-----------------|----------------------|-----------------|---------|
|                              |                           | Within<br>1 year                | 1 to<br>5 years | Within<br>1 year     | 1 to<br>5 years |         |
|                              | \$                        | \$                              | \$              | \$                   | \$              | \$      |
| <b>2020</b>                  |                           |                                 |                 |                      |                 |         |
| <b>Financial assets</b>      |                           |                                 |                 |                      |                 |         |
| Cash and cash equivalents    | 389,813                   | -                               | -               | 7                    | -               | 389,820 |
| Trade and other receivables  | -                         | -                               | -               | 8,591                | -               | 8,591   |
| Security deposits            | 70,000                    | -                               | -               | -                    | -               | 70,000  |
|                              | 459,813                   | -                               | -               | 8,598                | -               | 468,411 |
| <b>Financial liabilities</b> |                           |                                 |                 |                      |                 |         |
| Trade and other payables     | -                         | -                               | -               | 135,824              | -               | 135,824 |
| <b>2019</b>                  |                           |                                 |                 |                      |                 |         |
| <b>Financial assets</b>      |                           |                                 |                 |                      |                 |         |
| Cash and cash equivalents    | 613,852                   | -                               | -               | 7                    | -               | 613,859 |
| Trade and other receivables  | -                         | -                               | -               | 9,286                | -               | 9,286   |
| Security deposits            | 70,000                    | -                               | -               | -                    | -               | 70,000  |
|                              | 683,852                   | -                               | -               | 9,293                | -               | 693,145 |
| <b>Financial liabilities</b> |                           |                                 |                 |                      |                 |         |
| Trade and other payables     | -                         | -                               | -               | 127,954              | -               | 127,954 |

**(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.

|   | 2020    | 2019    |
|---|---------|---------|
|   | \$      | \$      |
| <b>Interest rate sensitivity analysis</b> |         |         |
| Decrease/ (increase) in loss              |         |         |
| - increase in interest rate by 0.25%,     | 1,150   | 1,710   |
| - decrease in interest rate by 0.25%      | (1,150) | (1,710) |



**Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)**

**Note 22– Controlled entities**

| Controlled entities            | Country of incorporation | Ownership interest |      |
|--------------------------------|--------------------------|--------------------|------|
|                                |                          | 2020               | 2019 |
| Great Western Minerals Pty Ltd | Australia                | 100%               | 100% |
| New Base Metals Pty Ltd        | Australia                | 100%               | 100% |

**Note 23 – Parent Entity information**

**Summary financial information**

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

|                              | 2020               | 2019             |
|------------------------------|--------------------|------------------|
|                              | \$                 | \$               |
| <b>Assets</b>                |                    |                  |
| Current assets               | 381,649            | 622,243          |
| Non-current assets           | 506,656            | 1,170,824        |
| Total assets                 | <u>888,305</u>     | <u>1,793,067</u> |
| <b>Liabilities</b>           |                    |                  |
| Current liabilities          | 112,017            | 110,652          |
| Total liabilities            | <u>112,017</u>     | <u>110,652</u>   |
| <b>Equity</b>                |                    |                  |
| Issued capital               | 13,516,892         | 13,317,736       |
| Reserves                     | 464,770            | 464,770          |
| Accumulated losses           | (13,205,374)       | (12,100,091)     |
|                              | <u>776,288</u>     | <u>1,682,415</u> |
| <b>Financial performance</b> |                    |                  |
| Loss for the year            | (1,105,283)        | (366,820)        |
| Total comprehensive loss     | <u>(1,105,283)</u> | <u>(366,820)</u> |

The Parent Entity has not entered into any financial guarantee which is outstanding and has no commitments for the acquisition of property, plant and equipment as at 30 June 2020 and 30 June 2019.

## Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

### Note 24 – Commitments

#### Exploration expenditure commitments

The expenditure commitments to maintain rights to tenure in exploration licences as at 30 June 2020 have not been provided for in the financial statements and are due:

|  | 2020      | 2019      |
|--|-----------|-----------|
|  | \$        | \$        |
| Within twelve months                                   | 246,000   | 96,000    |
| Twelve months or longer and not longer than five years | 814,000   | 1,862,000 |
| Longer than five years                                 | 120,000   | -         |
|  | 1,180,000 | 1,958,000 |

Exploration licence EL 8746 was relinquished in August 2020 thereby reducing the total commitments at balance date from \$1,180,000 to \$944,000 as follows:

- Within twelve months reduced from \$246,000 to \$215,000;
- Twelve months or longer and not longer than five years reduced from \$814,000 to \$609,000; and
- Longer than five years remained at \$120,000.

### Note 25 – Contingent liabilities

The Group has no contingent liabilities at 30 June 2020 or 30 June 2019.

### Note 26 – 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 the following:

- In July 2020, the Company was successful in its application for an allocation by the Commissioner of Taxation of exploration credits of \$150,000 that may be distributed to eligible investors when the Company raises new equity capital and conducts eligible exploration activities in the income year ending 30 June 2021; and
- On 1 September 2020, the Company entered in an agreement with an unrelated party for an unsecured loan facility of \$350,000 at 8% interest per annum available for drawdown until 15 September 2021 while the Company considers alternative sources of finance. No amount has been drawn down under the facility at the date of this report.

The financial report was authorised for issue on 3 September 2020 by the Board of Directors.

## **DIRECTORS' DECLARATION**

### **Directors' Declaration for the year ended 30 June 2020**

- 1 In the opinion of the directors of Ausmon Resources Limited:
  - (a) the consolidated financial statements and notes of Ausmon Resources Limited are in accordance with the Corporations Act 2001, including
    - (i) giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (b) as noted in Note 4(c) there are reasonable grounds to believe that Ausmon Resources Limited will be able to pay its debts as and when they become due and payable.
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2020.
- 3 Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated this 3<sup>rd</sup> day of September 2020



John Wang  
Director

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
AUSMON RESOURCES LIMITED**

**Report on the Audit of the Financial Report**

***Opinion***

We have audited the financial report of Ausmon Resources Limited the Company and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Material Uncertainty Relating to Going Concern**

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 4 (c) to the financial statements, the consolidated financial statements have been prepared on the going concern basis. At 30 June 2020, the Group had cash and cash equivalents of \$389,820, and incurred a loss after income tax of \$1,103,915.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

### Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a Key Audit Matter to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters   | How the matter was addressed in the audit   |
|---|---|
| <p data-bbox="236 674 759 730"><b>Carrying Value of Exploration and Evaluation Assets</b></p> <p data-bbox="236 757 778 842">As at 30 June 2020, Exploration and Evaluation Assets totalled \$439,555 (refer to Note 12 of the financial report).</p> <p data-bbox="236 869 778 925">The carrying value of exploration and evaluation assets is a key audit matter due to:</p> <ul data-bbox="236 952 778 1344" style="list-style-type: none"> <li data-bbox="236 952 778 1008">• The significance of the expenditure capitalised representing 48% of total assets;</li> <li data-bbox="236 1034 778 1202">• The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and</li> <li data-bbox="236 1229 778 1344">• The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.</li> </ul> | <p data-bbox="831 757 1374 813">Inter alia, our audit procedures included the following:</p> <ol data-bbox="831 840 1374 1581" style="list-style-type: none"> <li data-bbox="831 840 1374 954">i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries;</li> <li data-bbox="831 981 1374 1171">ii. Reviewing the directors' assessment of the carrying value of the capitalised exploration and evaluation costs, ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators and the stage of the Group's projects;</li> <li data-bbox="831 1198 1374 1451">iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included: <ul data-bbox="869 1361 1374 1451" style="list-style-type: none"> <li data-bbox="869 1361 1374 1395">▪ Minutes of the board and management; and</li> <li data-bbox="869 1395 1374 1451">▪ Announcements made by the Group to the Australian Securities Exchange; and</li> </ul> </li> <li data-bbox="831 1478 1374 1581">iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.</li> </ol> |

### ***Other Information***

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of the Directors 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 and for 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### ***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 entity'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 entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

***Report on the Remuneration Report***

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 42 to 45 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Ausmon Resources Limited for the year ended 30 June 2020 complies with section 300A of the Corporations Act 2001.

*Responsibilities*

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.

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

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
Director

West Perth, Western Australia  
3 September 2020

## ADDITIONAL INFORMATION

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

### 1. SHAREHOLDINGS

#### (a) Distribution of Shareholders as at 17 August 2020

| Size of Holding    | Holders    | Ordinary Shares Held | %              |
|--------------------|------------|----------------------|----------------|
| 1-1,000            | 21         | 4,562                | 0.000          |
| 1,001-5,000        | 15         | 49,739               | 0.010          |
| 5,001- 10,000      | 90         | 889,147              | 0.140          |
| 10,001-100,000     | 146        | 7,689,287            | 1.220          |
| 100,001 – and over | 332        | 624,006,608          | 98.630         |
|                    | <b>604</b> | <b>632,639,343</b>   | <b>100.000</b> |

244 shareholders held less than a marketable parcel.

#### (b) Top Twenty Shareholders as at 17 August 2020

| Shareholder                                       | Number of Ordinary Shares | % Held of Issued Ordinary Capital |
|---|---------------------------|-----------------------------------|
| VESWAY PTY LTD <ESVSY SUPER FUND A/C>             | 32,504,857                | 5.138%                            |
| MS CHUNYAN NIU                                    | 26,779,695                | 4.233%                            |
| FAST LANE AUSTRALIA PTY LTD                       | 25,000,000                | 3.952%                            |
| MR BAIRONG FENG                                   | 23,142,857                | 3.658%                            |
| LAMDIAN PTY LTD <SAMYUE SUPERFUND A/C>            | 21,533,312                | 3.404%                            |
| MR LIUBAO QIAN                                    | 20,000,000                | 3.161%                            |
| OCTAN ENERGY PTY LTD                              | 19,500,000                | 3.082%                            |
| SNOWY PLAINS PTY LTD                              | 17,142,857                | 2.710%                            |
| MRS MAN SUN NG                                    | 17,000,000                | 2.687%                            |
| WUJIANG INVESTMENT PTY LTD                        | 15,432,720                | 2.439%                            |
| YAU MAN FAMILY PTY LTD <YAU MAN FAMILY A/C>       | 13,788,989                | 2.180%                            |
| MR GEORGE ALEXANDER BONNEY                        | 13,000,000                | 2.055%                            |
| AUSTRALASIA ACCESS PTY LTD                        | 12,000,000                | 1.897%                            |
| MR A W MAKARYN & MRS M F MAKARYN <TMAK SUPER A/C> | 11,100,000                | 1.755%                            |
| MS CAROL MCCOLL                                   | 10,000,000                | 1.581%                            |
| MR JOHN WANG                                      | 9,642,859                 | 1.524%                            |
| MS JIN QIN WANG                                   | 8,565,654                 | 1.354%                            |
| COMSEC NOMINEES PTY LIMITED                       | 8,377,670                 | 1.324%                            |
| MS XIA ZHANG                                      | 8,307,481                 | 1.313%                            |
| KEV CAPITAL PTY LTD                               | 6,542,857                 | 1.034%                            |
| <b>Twenty largest shareholders</b>                | <b>319,361,808</b>        | <b>50.481%</b>                    |
| <b>Others</b>                                     | <b>313,277,535</b>        | <b>49.519%</b>                    |
|   | <b>632,639,343</b>        | <b>100%00</b>                     |



## **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 authorised.
- (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:

| <b>Name</b>      | <b>Number of shares</b> |
|------------------|-------------------------|
| ERIC WYM SAM YUE | 37,504,857              |