

AUSMON RESOURCES LIMITED
ABN 88 134 358 964

ANNUAL REPORT 2021

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CORPORATE DIRECTORY

Directors

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

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CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to present the 2021 Annual Report of the Group.

During the year, the Covid-19 pandemic inevitably impacted our operations causing delays in implementing some of our planned exploration and in receiving laboratory results for samples collected and from drilling. However, in spite of the drawbacks we achieved an eventful year. We completed the following field work near Broken Hill:

- soil and rock sampling and drilling of 10 reverse circulation holes within EL 8747 Stirling Vale to test a 1.5 km cobalt and base metals exploration target with significant intersections of gold and zinc;
- soil and rock sampling at the Porcupine Prospect within EL 8747 Stirling Vale returning elevated results of copper, zinc and lead;
- soil and rock sampling leading to completion of a ground IP over a 1.5 km chargeability anomaly at the Eaglehawk Prospect within EL 8745 Kanbarra; and
- drilling at the Eaglehawk Prospect comprising 4 reverse circulation holes including two with diamond core tails with significant results of copper, zinc and lead.

After the relinquishment of three tenements in Queensland last year we replenished our portfolio with new tenements in New South Wales. In that respect, we applied for 3 new licences near Broken Hill and one near Tumut to explore for base metals, including copper, zinc, nickel and cobalt, and gold. All four licences have been granted as of August 2021 and place us well in the exploration for battery minerals utilised in electric vehicles.

With rare earths elements ("REE") declared critical minerals of the future by Australia, USA and European Union we moved to extend our exposure to exploring for those minerals. We applied in August 2021 for tenements over two areas totalling 998 square kilometres within the Loxton Sands of the Murray Basin in South Australia prospective for ionic clay REE deposits. In September 2021, we applied for two additional tenements covering a total area of 1,779 square kilometres in the same region. When all are granted the Company will have a total area of 2,777 square kilometres to explore for rare earths. REE are used in manufacture of magnets for electric vehicles and wind turbines and in electronic devices.

Those new areas present significant exploration work for the financial year 2022 which has already started with substantial data analyses to identify targets for sampling, surveys and if warranted, drilling.

In August 2021 the disposal of EL 6400 Koonenberry as non-core among our exploration assets was completed for \$97,360 cash applied to working capital and 15 million shares in ASX listed Odin Metals Limited (ASX:ODM") which provide us a continued exposure to gold and copper exploration potential in the Koonenberry region.

We have continued to keep low corporate overheads even with an increase in exploration activities. We had raised equity capital sufficient to fund the exploration activities and working capital for the 2021 year. For the 2022 work program, we intend to raise fresh equity capital in a measured way, mindful of undue dilution to our shareholders.

I thank all our shareholders for their continued support, Chief Technical Officer Mr Mark Derriman for his implementation of our exploration programs within tightly controlled budgets, the staff and executives for their efforts during the year.



Boris Patkin
Chairman
22 September 2021

REVIEW OF OPERATIONS

SUMMARY

CORPORATE

- In July 2020, the Company was successful in its application for an allocation by the Commissioner of Taxation of exploration credits of \$150,000 that may be distributed to eligible investors when the Company raises new equity capital and conducts eligible exploration activities in the income year ended 30 June 2021. Following lodgement and assessment of the Company's FY2021 tax return, the Company will distribute the exploration credits. In September 2021, the Company has been allocated an additional \$500,000 of exploration credits for distribution with respect to new equity capital raised after 1 September 2021 and eligible exploration activities in the income year ending 30 June 2022.
- In September 2020, the Company raised \$300,000 from the issue of 40 million fully paid ordinary shares at \$0.0075 per share by private placement and in October 2020 under a Share Purchase Plan offered to all shareholders 29,120,000 shares were issued at \$0.0075 per share raising \$218,400.
- At the Annual General Meeting held on 27 November 2020, shareholders approved the issue of:
 - 5 million fully paid ordinary shares at \$0.0075 per share together with the grant of a 5 year, interest free, secured with limited recourse, loan of \$37,500 to acquire the shares under the Ausmon Employee Incentive Plan to each of the Directors, Boris Patkin, John Wang and Eric Sam Yue. The shares were issued and allotted on 11 December 2020; and
 - of up to 175 million fully paid ordinary shares within 3 months in accordance with ASX Listing Rule 7.1. On 25 February 2021, 30 million shares were issued by private placement raising \$165,000. The balance of 145 million shares have not been issued by the time of expiry of the approval on 26 February 2021.

EXPLORATION

During the year, the Company has successfully managed its operations and exploration programs to minimise the impact of the restrictions on travel and workplace, relating to the Covid-19 pandemic, imposed at various times by authorities.

NSW: BROKEN HILL

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

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

REVIEW OF OPERATIONS (continued)

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

- Following a surficial geochemical sampling in June 2020, the Company ran a Ground IP survey of 8 lines of 1.4 km each running NS across the gossan zone at Nth Kanbarra Prospect to test for sulphide mineralisation to depth of 300 m.
- The Ground IP survey defined a 1.5 km of chargeability anomaly which has been tested by a RC and Diamond Core drilling program.
- The drilling program was approved by Department of Primary Industry (“DPI”) in March 2021 after a “test of significance” in the proposed drill area for any habitat of the Thick-billed Grasswren which is listed as a critically endangered and threatened specie concluded no sighting of the specie.

Enmore EL 9220, Eureka EL 9224 and Mt Darling EL 9230 Cobalt and Base Metals Exploration, Broken Hill, NSW (100% interest)

- In February 2021, the Company applied for 3 new licences, ELAs 6210, 6211 and 6212, to explore for base metals, including cobalt, copper, nickel and zinc, covering a total area of 512 square kilometres near Broken Hill. The 3 licences were granted in August 2021 as ELs 9220, 9224 and 9230.

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

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

NSW: TUMUT

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

- Following completion of desk studies in prior year and delays due to Covid-19 travel restrictions the planned Phase 1 field exploration has been completed in February 2021.

McAlpine EL 9252, Cobalt and Base Metals Exploration, Tumut, NSW (100% interest)

- In August 2021, EL 9252 McAlpine, adjacent to Brungle Creek EL 8954, was granted following the lodgement of an application in March 2021 under ELA 6242

NSW: KOONENBERRY

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

- During the year no field work has been carried out and application for renewal for the EL was submitted in March 2021 while various exploration options have been under consideration. In April 2021 the Company agreed to sell, subject to conditions of the EL, to ASX listed ODM for \$100,000 cash and 15 million shares in ODM. The transaction was completed in August 2021.

NSW: COBAR

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

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

NSW: MURRAY BASSIN

Parrakie and Wolseley ELA 2021/0082, Rare Earth Elements, Renmark, Murray Basin, SA (100% interest)

- In August 2021, the Company lodged an application under ELA 2021/0082 for 2 tenements within the Loxton Sands of the Murray Basin in South Australia which are considered prospective for Rare Earths Elements (“REE”) contained in ionic clay.

REVIEW OF OPERATIONS (continued)



Figure 1: Location of Current Granted Licences (EL) and Licence Applications (ELA) of the Company

REVIEW OF OPERATIONS (continued)

NSW: BROKEN HILL EXPLORATION AREAS

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

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

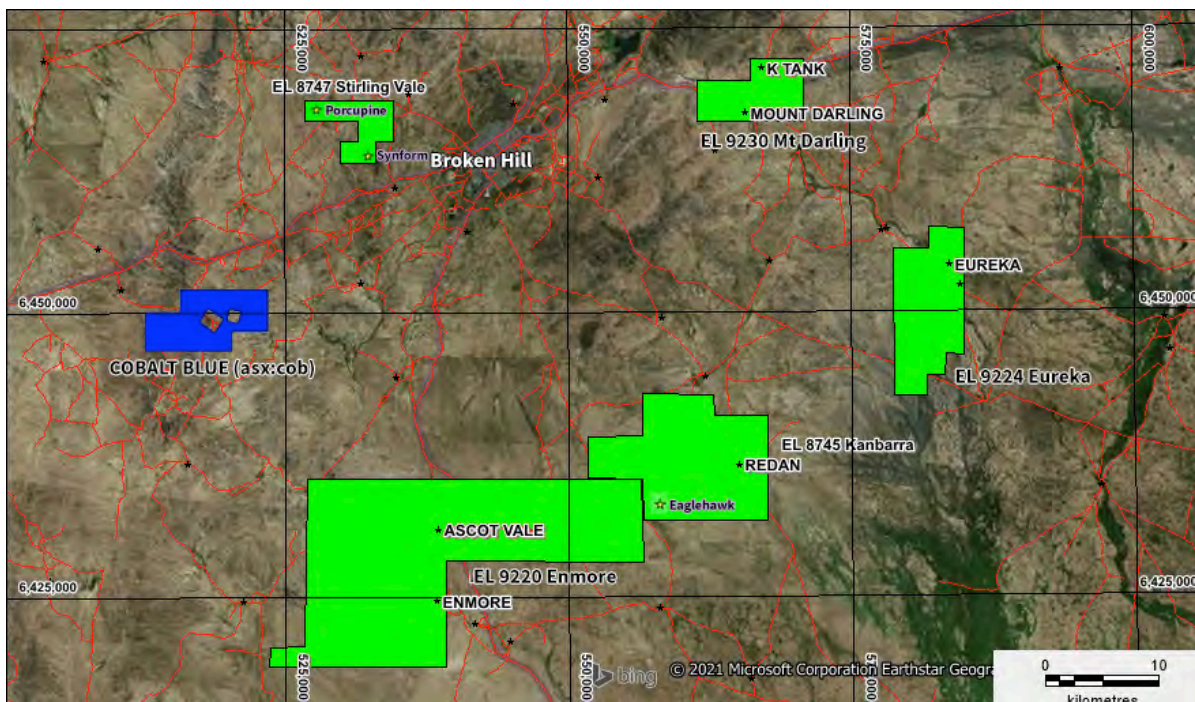


Figure 2: Location of Company’s granted tenements (green) near Broken Hill showing the key Prospects

*Stirling Vale EL 8747 – NSW – 100% interest
Cobalt, Gold and Base Metals Exploration*

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

SYNFORM WEST PROSPECT

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

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

REVIEW OF OPERATIONS (continued)

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

Arsenic values were elevated to 9,220 ppm with 0.45 ppm gold and the area was targeted down dip by 8 holes (SVRC003 to SVRC010) RC drilling in the September 2020 program.

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

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

The 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 the location of the cobalt and the levels of cobalt enrichment in pyrite is beneficial during drilling in combination with the nature of the host rocks above and below the mineralised zone.

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

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

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

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

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

REVIEW OF OPERATIONS (continued)

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

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

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

1. Cobalt mineralisation within the PI2 zone that outcrops as a discontinuous ridge over 1.5 km of strike with surface assays to 216 ppm cobalt. Holes SVRC001 and SVRC002 aimed to test that target at 50 m vertically below the surface.
2. Cobalt target associated with pyritic albitic gneiss (20% pyrite) at the contact with overlying metapelite and 1.4 m @ 962 ppm from 130 m to 131.4 m and 0.3 m @ 739 ppm from 131.7 m to 132 m. The pelite above the cobalt one has an increased % of magnetite which will be a good marker horizon when exploring for the cobalt mineralisation.
3. Base metals target in pyritic metasediments comprising quartz and gahnite and with similarities to the Broken Hill Lode System. Assays in the target comprise 0.3 m @ 0.07% zinc from 51.9 m to 52.2 m and 0.5 m @ 0.06% zinc from 52.2 m to 52.7 m and up to 6% pyrite. In addition, the interval from 51.5 m to 86.7 m averaged 460 ppm zinc over 35.2 m.
4. Gold target from the resampling of DD95STV3 of 0.3 m @ 0.99 g/t gold from 51.9 m to 52.2 m.

See ASX Releases of 17 July 2018 and 15 June 2020 relating to the information above. The Company is not aware of any new information or data that materially affects the information included in those announcements other than that described in this review.

Heavy workload and lack of availability staff at the laboratory delayed the assay of the samples from the September 2020 drilling and the results were announced on the ASX on 4 December 2020.

Section SVRC001

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

Section SVRC002

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

REVIEW OF OPERATIONS (continued)

Section SVRC003 and SVRC004

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

Section SVRC005 and SVRC006

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

Section SVRC007 and SVRC008

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

Section SVRC009 and SVRC010

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

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

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

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

REVIEW OF OPERATIONS (continued)

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

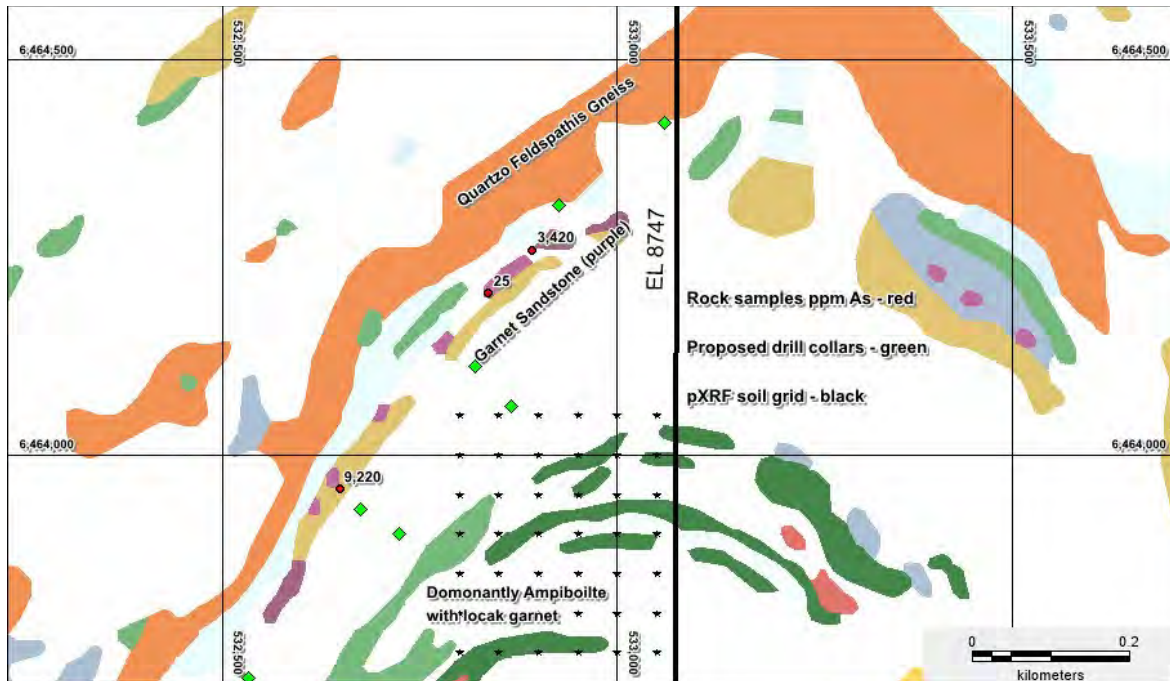


Figure 3 -Synform West Prospect showing the rock samples collected from the “garnet sandstone” unit.

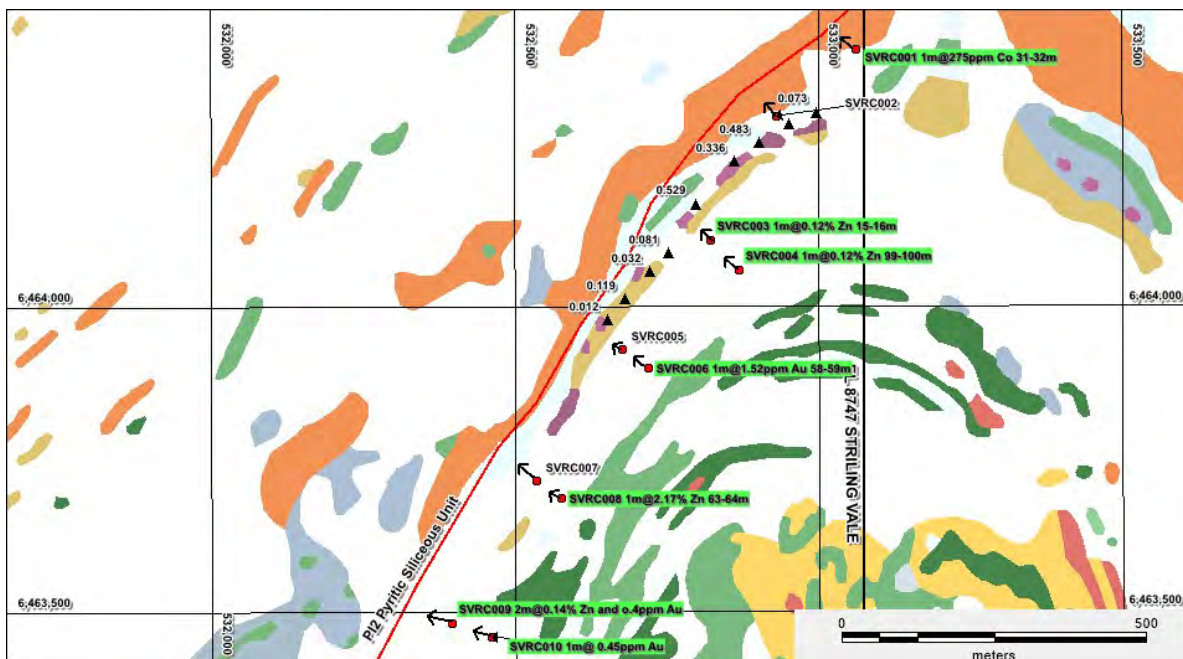


Figure 4: Synform West Prospect drill collars SVRC001 to SVRC010 significant drilling intersections and ppm Au in rock chip samples of the garnet sandstone (purple)

REVIEW OF OPERATIONS (continued)

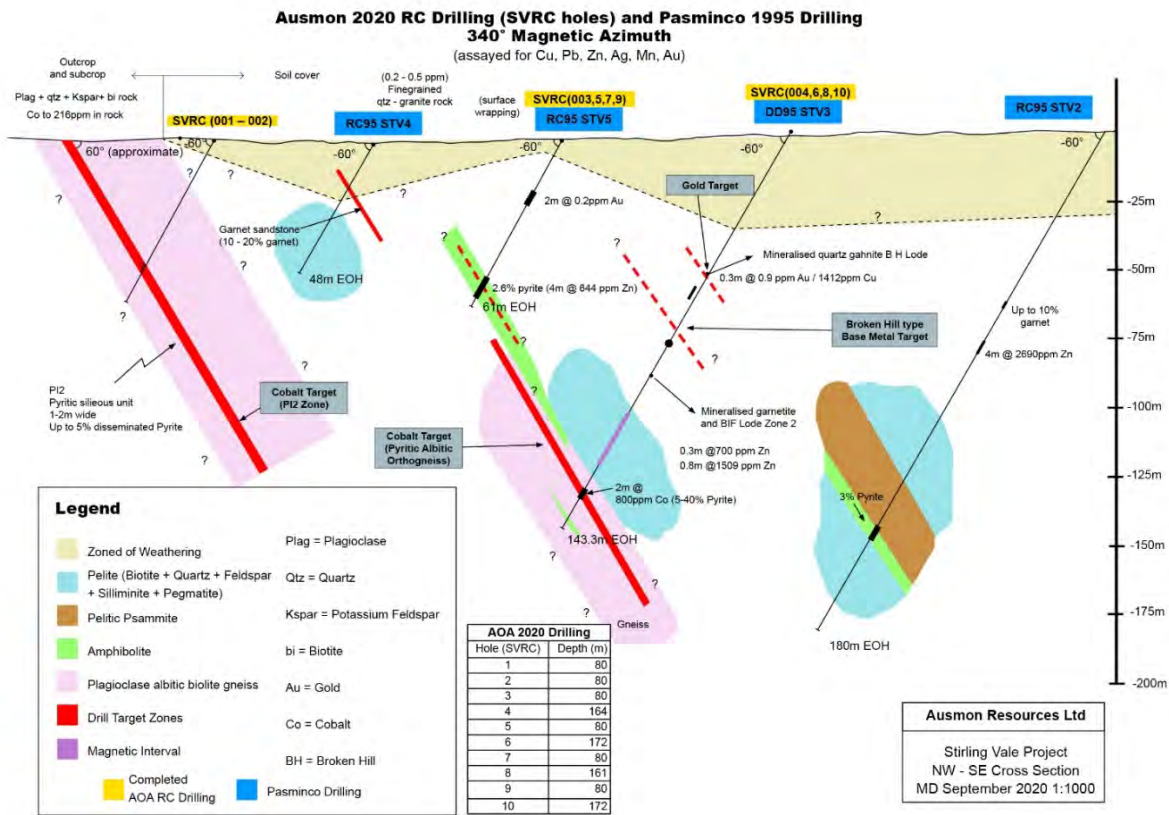


Figure 5: Cross section of Ausmon September 2020 RC Drilling and Pasmenco 1995 Drilling

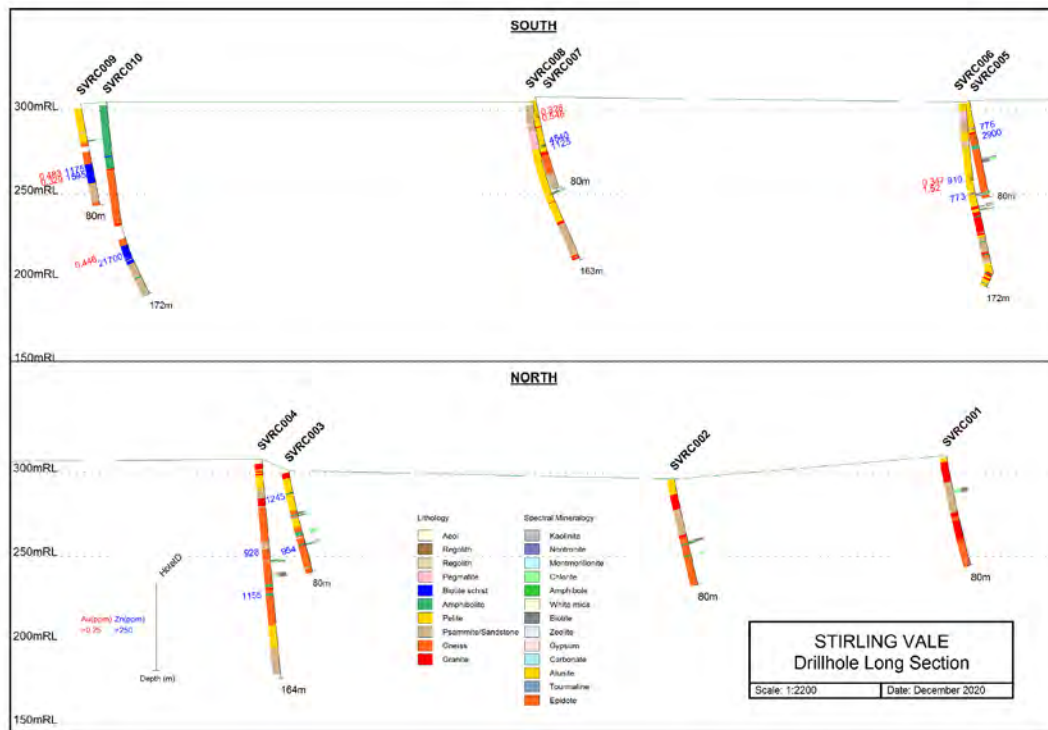


Figure 6: Synform West Prospect Long Section along the trend of the drilling

REVIEW OF OPERATIONS (continued)

Assessment: PI2 Zone

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

Orthogneiss with Cobaltiferous Pyrite

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

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

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

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

PORCUPINE PROSPECT

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

REVIEW OF OPERATIONS (continued)

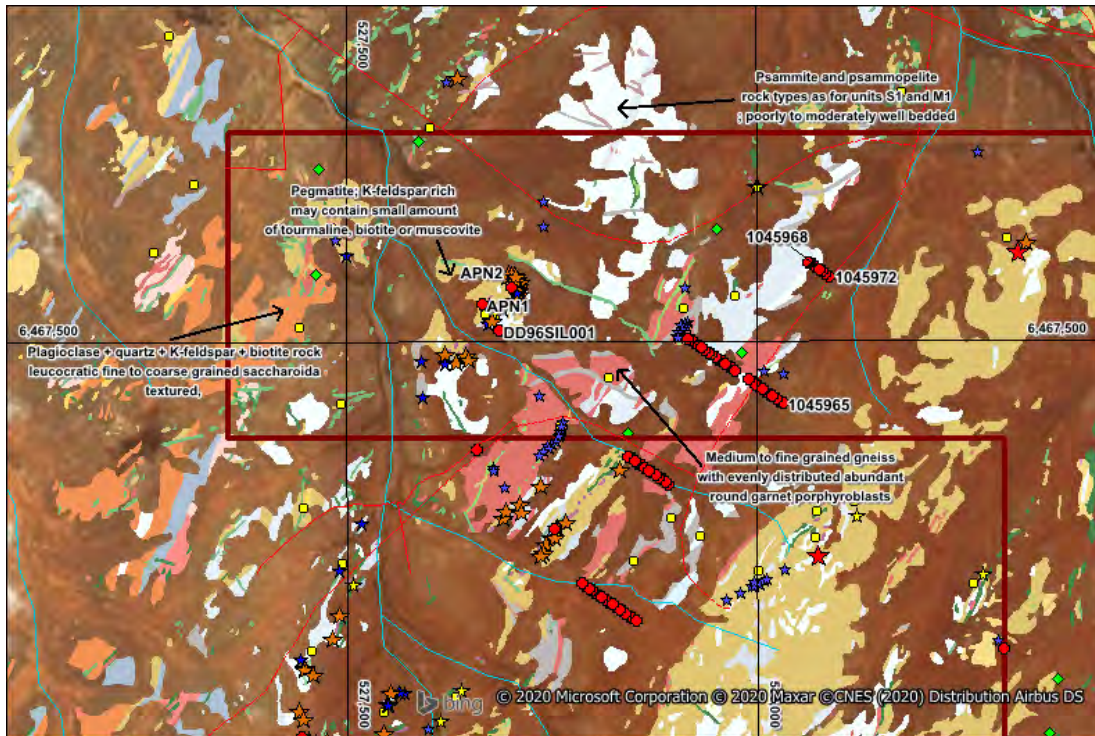


Figure 7: Porcupine Prospect showing outcrop geology, drill collars (red) and zinc in rock chips (stars)

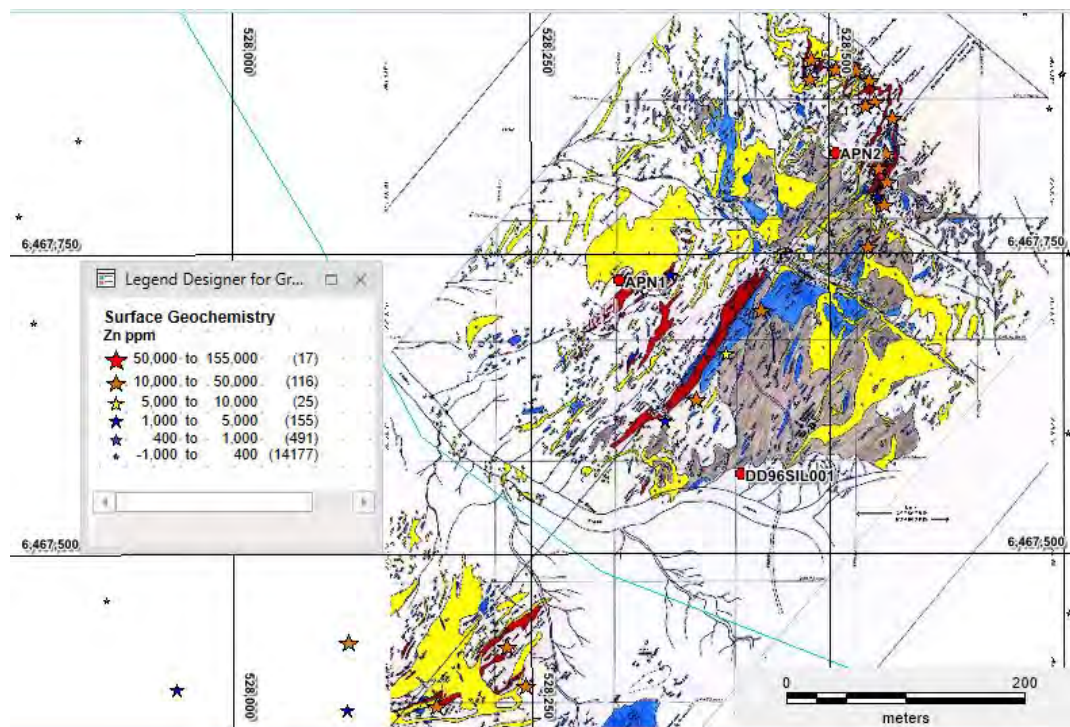


Figure 8: Porcupine Prospect showing detailed outcropping mapping, zinc in rock chips as stars and the only drilling completed in the area

REVIEW OF OPERATIONS (continued)

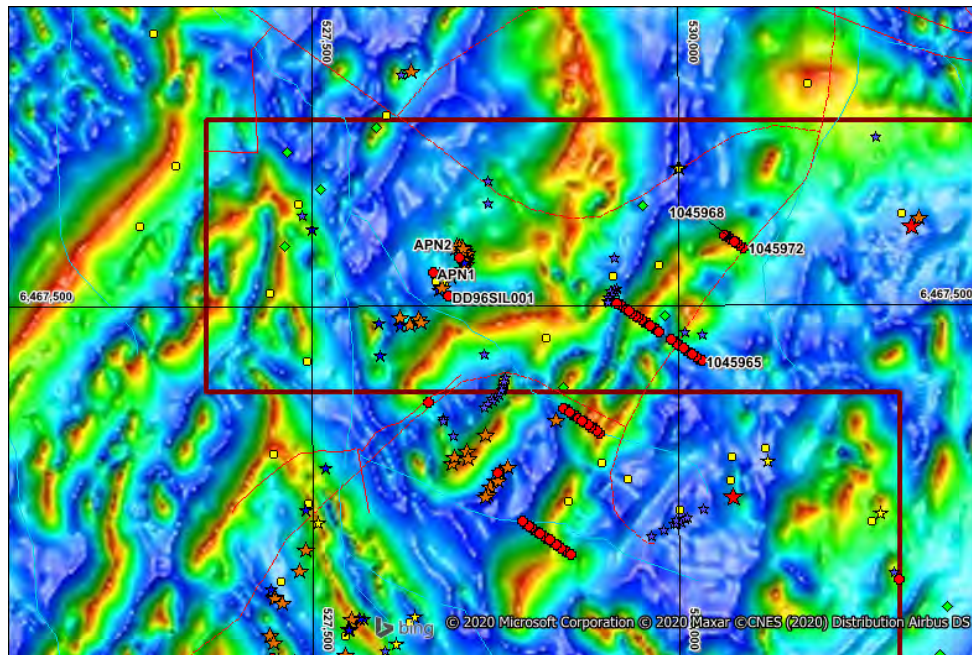


Figure 9: Porcupine Prospect Aeromagnetics, drill collars (red dots) and zinc in rock chips (stars)

Surface Geochemistry

Zn ppm

- ★ 50,000 to 155,000 (17)
- ★ 10,000 to 50,000 (116)
- ★ 5,000 to 10,000 (25)
- ★ 1,000 to 5,000 (155)
- ★ 400 to 1,000 (491)
- ★ -1,000 to 400 (14177)

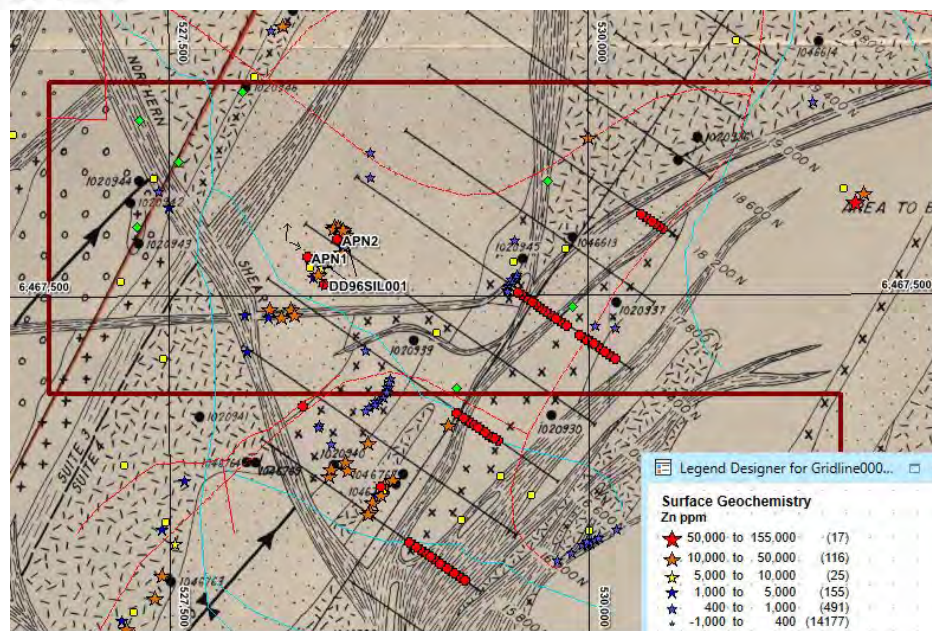


Figure 10: Porcupine Prospect Geology, drill collars (red dots) and zinc in rock chips (stars)

REVIEW OF OPERATIONS (continued)

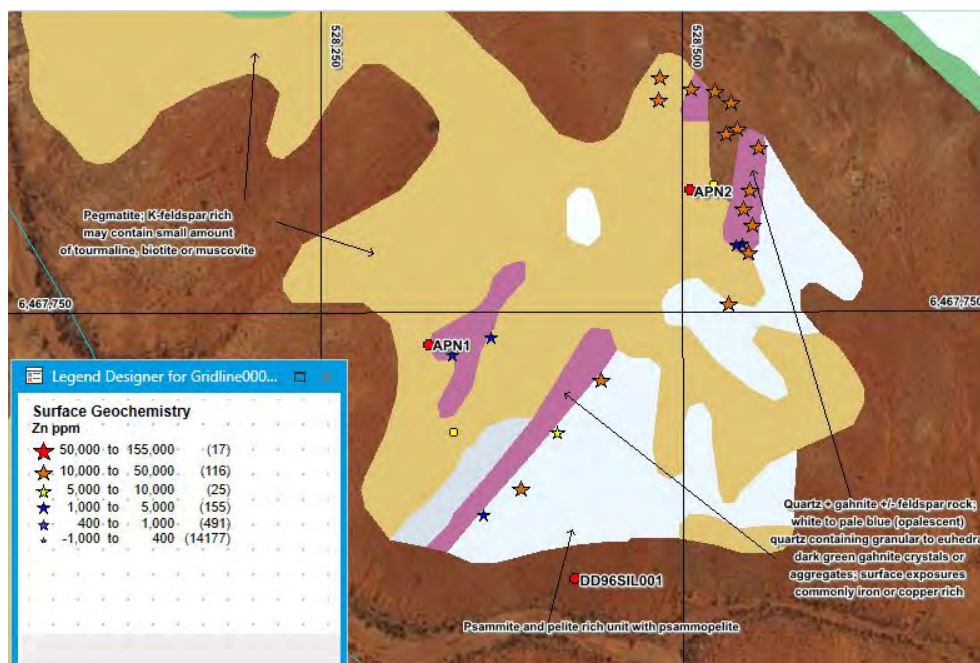


Figure 11: Porcupine Prospect Surface Geochemistry, drill collars (red dots) and zinc in rock chips (stars)

A grid based geochemical sampling has been carried out in March 2021 across the area shown in **Figure 8** using the Olympus Vanta pXRF.

The linear brown unit in **Figure 8** has been the focus of detailed mapping and the historical drilling of 3 drill holes APN1, 2 and DD96SIL001. The targeted horizon is a siliceous unit up to 2 m wide with local areas of gossan that have been the focus of the limited prospecting pits and associated mullock dumps.

The soil sampling was carried out in areas of good outcrop and sub crop as shown by the coloured polygons in **Figure 12**. Prior to commencing the soil sampling, historical holes APN 1 and DD96SIL001 in Area 2 were reviewed at the NSW DPI Broken Hill Core Facility. The Olympus Vanta pXRF was used to collect spot readings at points of significance in both core holes to assist in understanding the local geology and any significant veining and mineralisation intersected during the historic drilling.

Samples were collected within the red boundary areas shown in **Figure 12** as follows:

Soils – 222 soil samples at 50 m intervals along E-W 100 m spaced lines collecting the -1 mm soil fraction; and
 Rocks – 23 rock samples (yellow stars in **Figure 13**) which were sent to the laboratory in Orange for gold and multi elements analysis.

The anomalous rock (**Figure 14**) and soil (**Figure 15**) samples are located in Areas 2 and 3 that comprise garnet biotite gneiss and amphibolite (blue/grey) which has been intruded with a series of thick pegmatite dykes (yellow) as shown in **Figure 8**.

REVIEW OF OPERATIONS (continued)

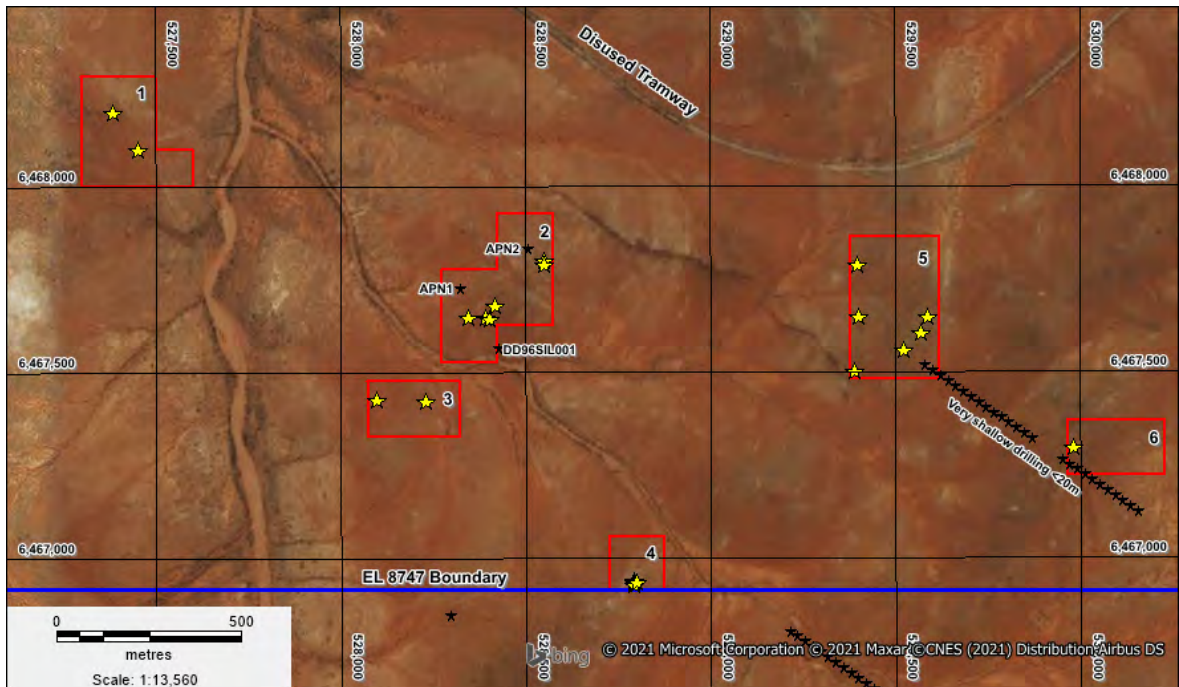


Figure 12: Porcupine Prospect soil sampling areas in red with rock samples as yellow stars

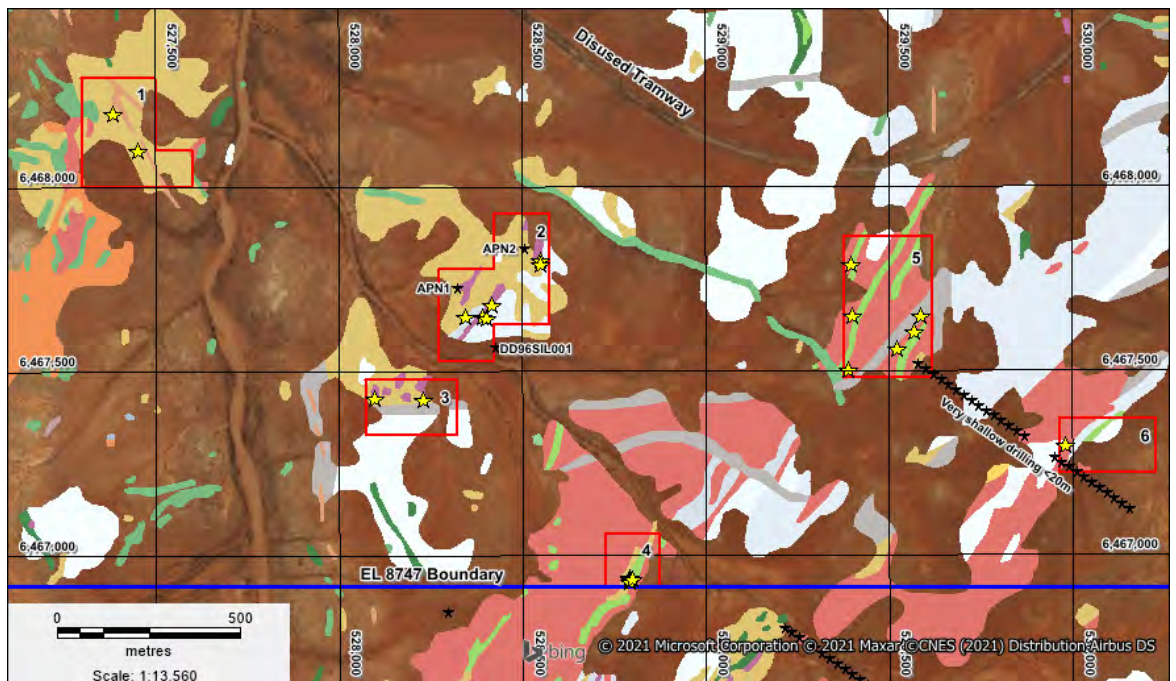


Figure 13: Porcupine Prospect soil sampling areas in red with outcrop geology shown as coloured

REVIEW OF OPERATIONS (continued)

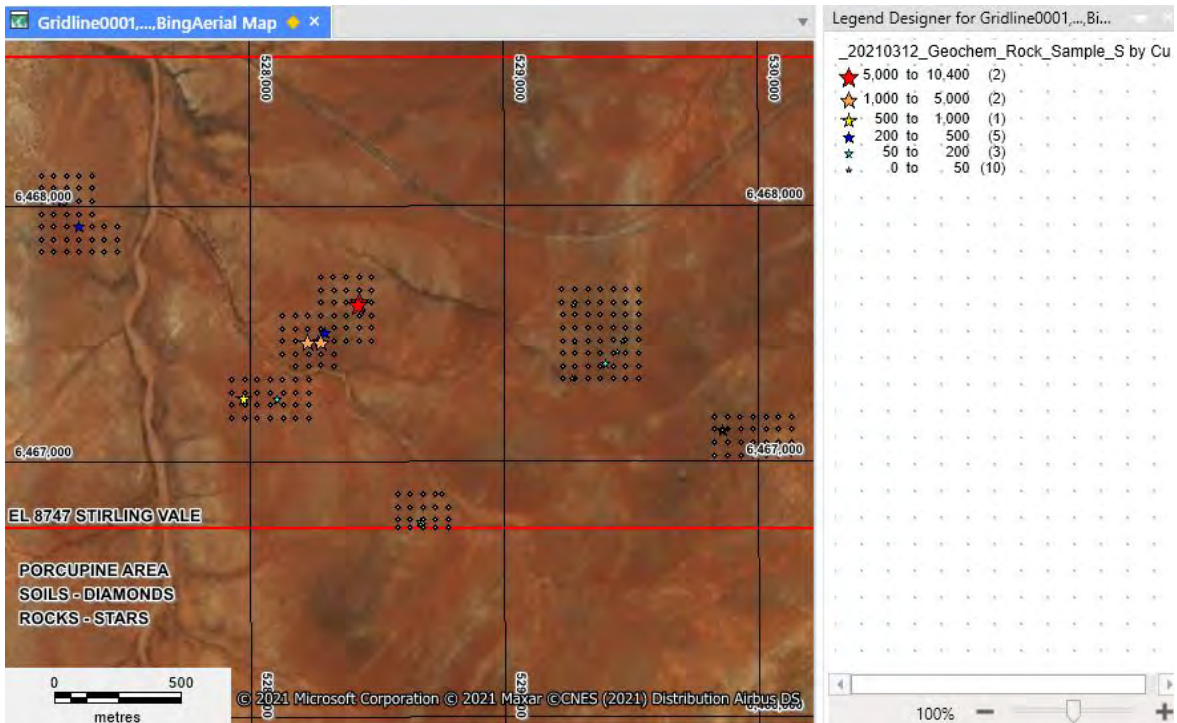


Figure 14: EL 8747 Stirling Vale - Porcupine Prospect Copper rock sampling results and soil grids

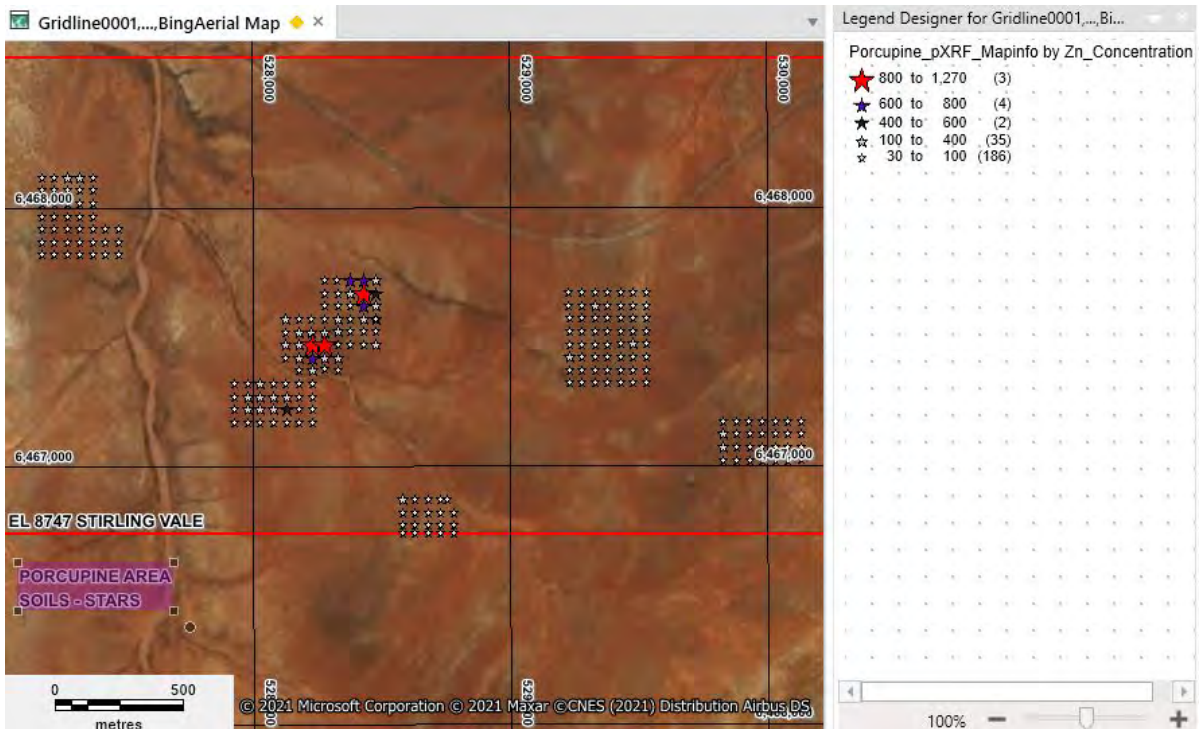


Figure 15: EL 8747 Stirling Vale - Porcupine Prospect zinc pXRF soil sampling results

REVIEW OF OPERATIONS (continued)



Some small prospecting pits are located with Areas 2 and 3 with malachite noted in some of the limited dump material adjacent to the prospecting pits.

Small prospecting pit dug on the linear siliceous zone



Sample SVR 025 – 1.495% Zn



Sample SVR 016 – 1.34% Cu, 0.185% Pb and 0.35% Zn

The significant rock sample results from Areas 2 and 3 (**Figures 12 and 13**) are as follows:

- Copper: 10 samples > 200 ppm to 1.34%
- Lead: 8 samples > 200 ppm to 0.60%
- Zinc: 13 samples > 200 ppm to 1.495%

REVIEW OF OPERATIONS (continued)

***Kanbarra EL 8745 – NSW – 100% interest
Base Metals Exploration***

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

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

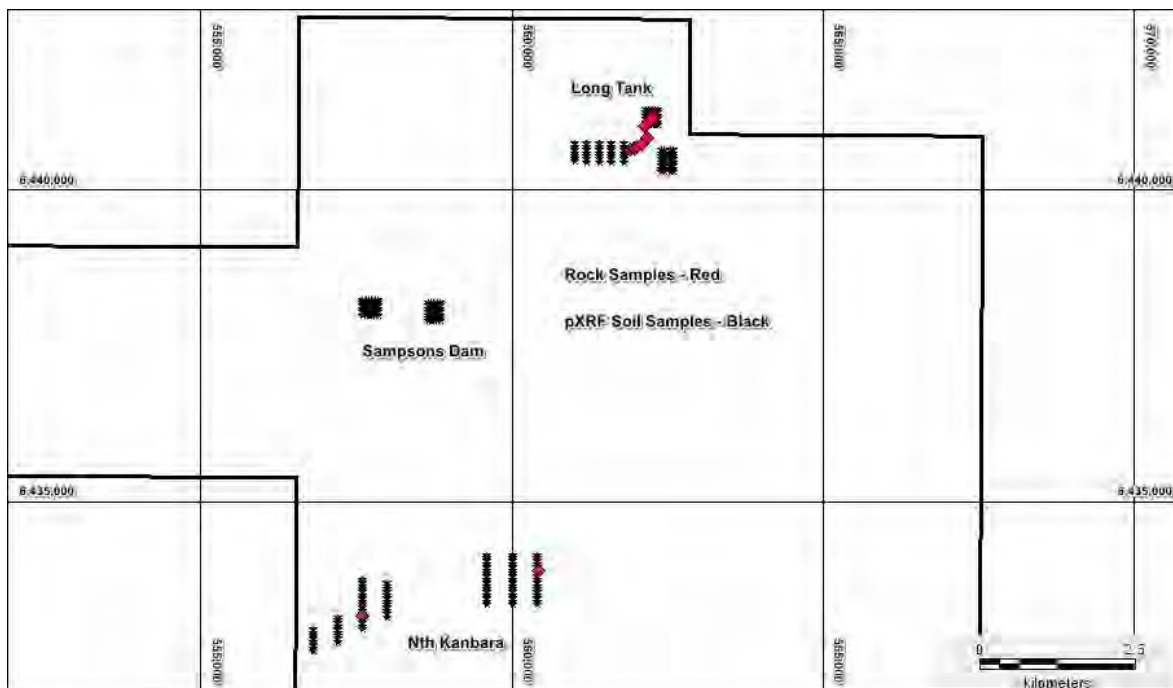


Figure 16: Kanbarra soil (black) and rock (red) sampling locations

NTH KANBARRA PROSPECT

The soil sampling at Nth Kanbarra confirmed the Zinc anomalism associated with an observed small outcropping gossan (**Figure 17**).

Field exploration in the area had discovered a small outcrop of siliceous limonite gossan (locally brecciated) and gossan float over a 20 m² area (**Figure 17**) with boxwork texture. The only other outcrop comprises quartz feldspar gneiss mapped by the Geological Survey of NSW as part of their 1:25,000 geological mapping program of the Broken Hill Area. During the soil sampling (ASX announcements of 6 July 2020 and 10 August 2020) some small pieces of rock float (not in situ) were noted to the SW of the gossan outcrop. The gossan itself (**Figure 17**) returned assays to 340 ppm copper, 37 ppm zinc and 52 ppm cobalt. The occurrence of a small gossanous zone and a broader zinc in soil anomaly in addition to extensive sediments that are likely to have masked or subdued the surface geochemical response led to the decision to carry out a Ground IP survey to explore for sub surface base metal sulphide mineralisation.

REVIEW OF OPERATIONS (continued)



Figure 17: Nth Kanbarra Prospect showing siliceous limonite gossan (TL) and the outcropping “gossan zone” (BR)

Figure 18 shows the Nth Kanbarra Area and the outcropping gossan in red. The gossan is elevated in zinc (Zn) and copper (Cu) and the soil sampling defines a NE-SW zone of elevated Zn in soil.

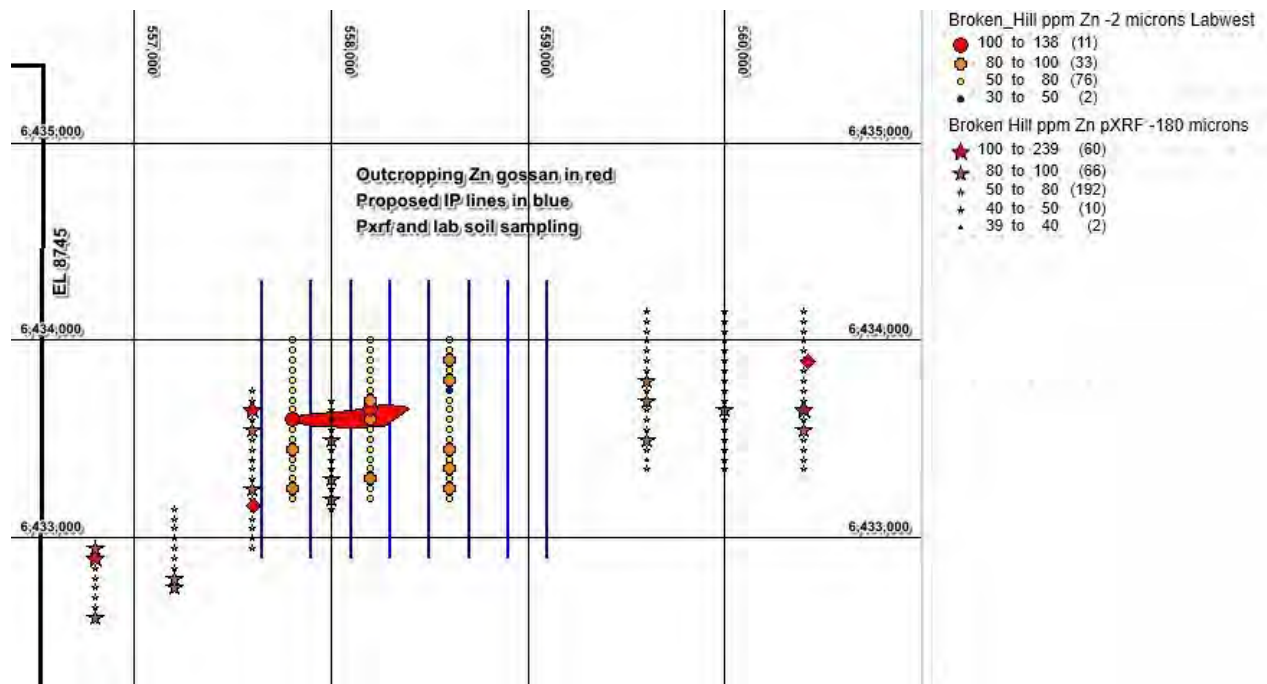


Figure 18: Nth Kanbarra Prospect showing the geochemically anomalous zone, outcropping gossan and the IP survey lines in blue

REVIEW OF OPERATIONS (continued)

In 2009, Eaglehawk Geological Consulting, a previous operator of the area, completed a 57 hole Rotary Airblast (RAB) drilling program (see the Company’s ASX release of 22 September 2020 for JORC and Assay Tables) for 1,696 m. Samples were collected at the bottom of each hole and some other mineralised altered intervals in the holes. **Figure 19** shows the key geological/geochemical results from the 2009 RAB drilling program in addition to the 8 lines of the September 2020 IP survey of the Company in blue.

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

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

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

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

Table 1: Nth Kanbarra IP Survey Specifications – MGA54 Coordinates

Information on the IP Survey and its results were reported in the ASX Announcement of 22 September 2020. The Company is not aware of any new information or data that materially affects the information included in that announcement.

REVIEW OF OPERATIONS (continued)

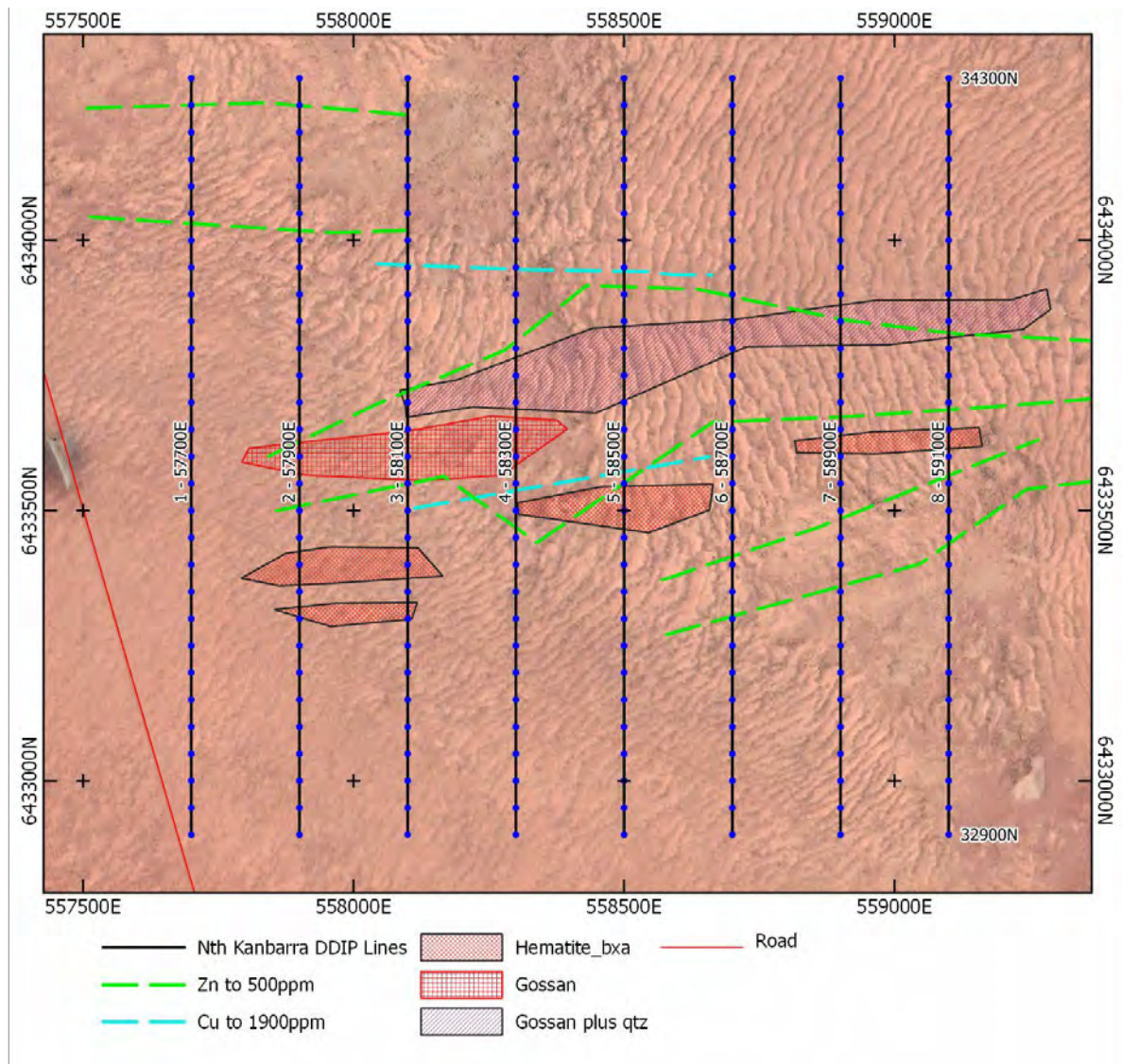


Figure 19: Nth Kanbarra geological/geochemical zone as defined by Eaglehawk 2009 drilling

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

The IP chargeability model defines two chargeable sources which have been resolved into well-defined chargeable zones by inversion modelling (**Figure 20**). The strongest source is centred around 558325E 6433600N with its core at a depth of around 160 m. It is oriented roughly EW with a strike length of around 500 m, a width of around 100 m and the 3D inversion model indicates it has significant depth extent. The second source is to the east at 558940E 6433450N and shallower at 140 m depth. This source is also smaller being around 150 m x 80 m in size, and with limited depth extent. Both sources appear to be located along an EW structure.

REVIEW OF OPERATIONS (continued)

The Company decided to initially drill test 4 RC/Diamond Core holes in the larger anomaly shown in red and assess the results before deciding on drill testing the lower tenor anomaly to the south-east. The drilling was planned for a total of approximately 1,200 m for depth of approximately 250 m to 350 m per hole to intersect the targets at -150 m and -250 m vertically below the surface.

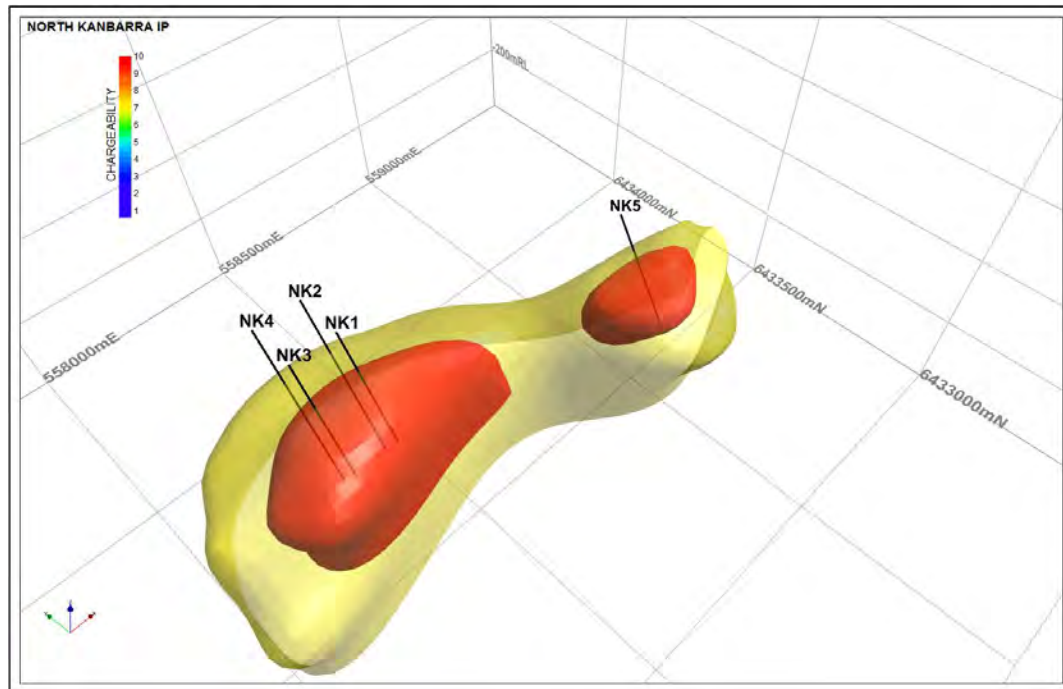


Figure 20: Nth Kanbarra IP 3D chargeability model showing proposed drill holes NK1 to NK5.

Hole #	Planned Hole #	East (MGA54)	North (MGA54)	Elevation	Dip	Azimuth (MGA54)	Planned Depth(m)
EHRC001	NK1	558375	6433690	163	-60	180	250
EHRC002	NK3	558375	6433794	163	-60	180	350
EHRCDD003	NK2	558275	6433690	163	-60	180	250
EHRCDD004	NK4	558275	6433794	163	-60	180	350

REVIEW OF OPERATIONS (continued)

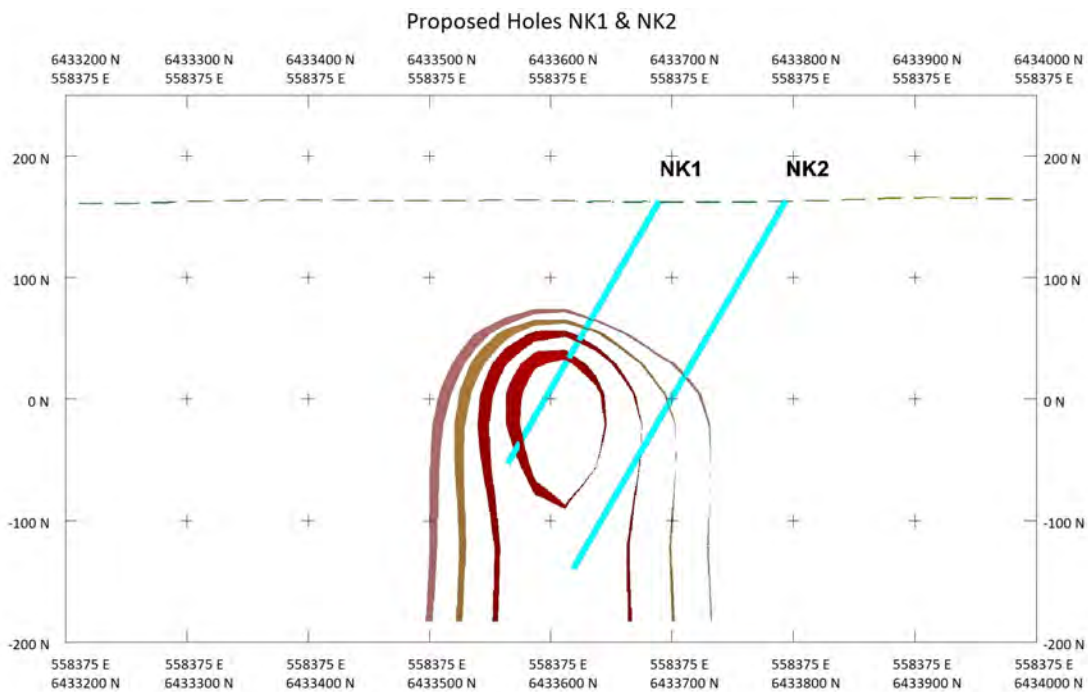


Figure 21: Proposed drill holes PH1(NK1 and NK2) at Nth Kanbarra (light blue). Shells are high chargeability from 10 mV/V to 14 mV/V. Coordinates are GDA94/MGA54.

In October 2020, the Company has applied with the DPI for approval of the drill holes at the selected sites at Nth Kanbarra and the DPI requested a “test of significance” in the proposed drill area because of a possible habitat of the Thick-billed Grasswren which is listed as a critically endangered and threatened specie. A report completed in December 2020 concluded with no sighting of the specie and in early March 2021, the DPI gave its approval for the drilling.

The drilling program commenced in mid-March 2021 and was successfully completed in mid-April 2021. The last drilled core hole EHRCDD003 was extended by 20 m to a total depth of 371.4 m after some encouraging sightings deeper in the hole. A total of 1,138m of drilling was completed for 890 m of RC and 248 m of core. All 1 m RC intervals were scanned with the Olympus Vanta pXRF.

The assay results from the 4 holes were received in June 2021 with significant results as follows:

EHRCDD003: 3 m @ 2,806 ppm Cu and 1,748 ppm Zn
 including 1m @ 5,390 ppm Cu and 1,415 ppm Pb (lead) a broader zone of 18 m averaging
 5-10% Pyrite (326 m – 344 m)

EHRC002: 2m @ 1,075 ppm Cu and 255 ppm Pb

REVIEW OF OPERATIONS (continued)



Mineralised zone in EHRCDD003 (329.6 m -329.8 m) – Pyrite dominant with lesser chalcopyrite

The original plan was to drill holes EHRC001 and EHRC002 to 250 m inclined at -60 degrees and hole EHRC003 to 350 m. This drilling was to be followed by a pre-collared core hole (ERCDD004) to collect structural and density data. Holes EHRC001 and EHRC002 went according to plan, however excessive water flows in EHRC003 required the hole to go deeper and it was eventually completed with a diamond tail to 371.4 m.

Holes EHRC002 and EHRCDD003 encountered a pink granite at surface followed by a thick sequence of biotite orthogneiss then a thinner sequence of pink granite and ending in biotite orthogneiss. The final sequence of biotite orthogneiss comprised thin lenses of amphibolite and granite with the widest mineralised zone developed in EHRCDD003.

The mineralised zone in EHRCDD003 of approximately 18 m downhole width is dominated by narrow intervals (1-2 m downhole) of 10% -15% pyrite, trace chalcopyrite and associated with the thin granite intervals with Cu to 5,390 ppm and Zn to 1,748 ppm. The mineralised interval is within a broader 3.5 m interval with elevated Magnetic Susceptibility readings and pXRF % Fe (iron) to 11.3%. The Magnetic Susceptibility is generally low in the rest of the hole. There are two other zones of elevated % pyrite both associated with granite lenses in the biotite orthogneiss.

There was no significant mineralised zone in EHRC001, no interlayered granite lenses or broad magnetic susceptibility zone. It was decided not to extend hole EHRCDD004 to the target zone until a review has been completed of the results from EHRC001, EHRC002 and EHRCDD003.

Drillholes EHRC002, EHRC001 and EHRCDD003 intersected the IP Conductivity Target at the designed depths.

EHRCDD003 encountered a zone of trace to 5% - 10% pyrite and trace chalcopyrite over 18 m from 326 m - 344 m downhole with elevated Magnetic Susceptibility readings and % Fe to 11.13% and % S (sulphur) to 4.39%. Outside this interval there were several intervals of trace to 5% pyrite.

EHRC003 encountered an interval of trace to 5% pyrite within the IP target and other trace to 1% intervals.

EHRC001 also encountered isolated intervals of trace to 1% pyrite.

The significant 18 m zone of 5% -10% pyrite and other trace to 5% intervals indicate that the IP target had been intersected by holes EHRC002, EHRC001 and EHRCDD003. The original geochemical anomaly (**Figure 19**) outlined a target zone to 1,900 ppm Cu and 500 ppm Zn compared to downhole intervals of 3 m @ 2,806 ppm Cu and 1,748 ppm Zn.

REVIEW OF OPERATIONS (continued)

LONG TANK AND SAMPSON’S DAM PROSPECTS

The Long Tank prospect (**Figure 22**) comprises several banded chert units with up to 2% disseminated pyrite extending over several hundred meters. The pyritic cherts form linear low ridges. Rock sampling along the ridges produced results not encouraging for gold and base metal with a small area of elevated Zn in the SE of the prospect. This area may be further assessed at a later time.

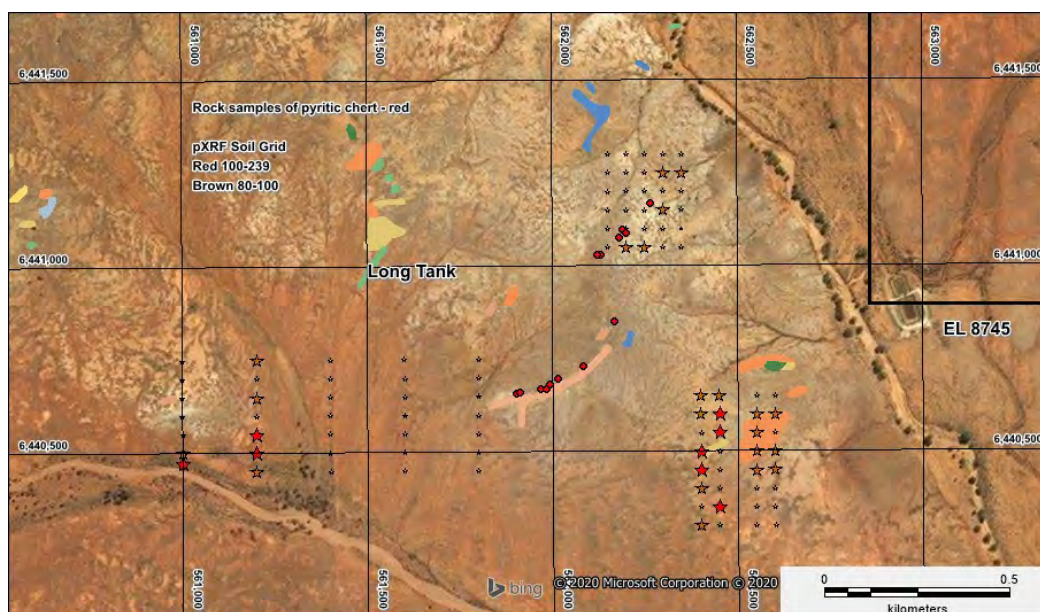


Figure 22: Long Tank Prospect showing the Zn in soil results and rock sample

The sampling of the Sampson’s Dam area very narrow gossanous zones located and low base metal geochemistry concluded that no further exploration is warranted in that area.

***Enmore EL 9220, Eureka EL 9224 and Mt Darling EL 9230 – NSW - (100% interest)
Cobalt and Base Metals Exploration NSW (100% interest)***

In February 2021, the Company’s wholly owned subsidiary New Base Metal Pty Ltd applied for 3 new licences, ELAs 6210, 6211 and 6212, to explore for base metals, including cobalt, copper, nickel and zinc, covering a total area of 512 square kilometres near Broken Hill. The 3 licences were granted in August 2021 as ELs 9220, 9224 and 9230 (**Figures 1 and 2**) respectively each for 5 years to 21 July 2026.

EL 9220 of 118 units covers approximately 378 sq km, EL 9224 of 27 units covers approximately 86 sq km and EL 9230 of 15 units covers approximately 48 sq km.

The plan is to explore for Broken Hill-type Pb-Zn-Ag (silver), Iron Oxide Cu-Au (IOCG) and Co (cobalt) mineralisation within Palaeoproterozoic Willyama Supergroup rocks as found by Cobalt Blue in their tenements nearby. The Willyama Super Group comprises poorly outcropping (**Figures 23 and 24**), medium to high grade regionally metamorphosed and strongly deformed sedimentary, volcanic and intrusive rocks.

REVIEW OF OPERATIONS (continued)

The Palaeoproterozoic sequence has been intruded by extensive volumes of Mesoproterozoic granitoids and scattered mafic dykes. Recent river alluvium and Quaternary sediments (shades of yellow in **Figures 23 and 24**) occur extensively across all three tenements resulting in limited historic surficial geochemical exploration and subsequent drilling.

The level of IOCG prospectivity (**Figure 25**) is higher for warmer colours i.e., red or orange, with lower order prospectivity for areas of cooler colours i.e., blue. Given the application areas have extensive transported cover the Prospectivity Analysis will be less affective. The drilling density shown as red dots primarily relates to areas of outcrop and sub crop leaving the areas with transported cover as relatively untested.

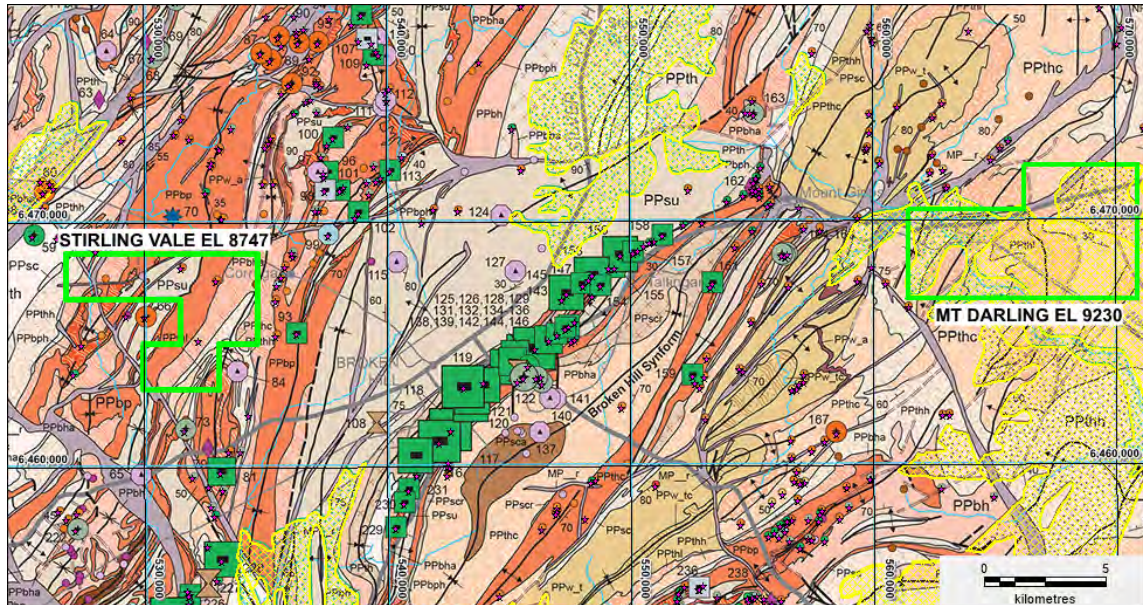


Figure 23: Granted ELs 9230 Mt Darling and 8747 Stirling Vale on interpreted geology (Broken Hill 1:250,000 metallogenic map sheet). Mineral occurrences are stars

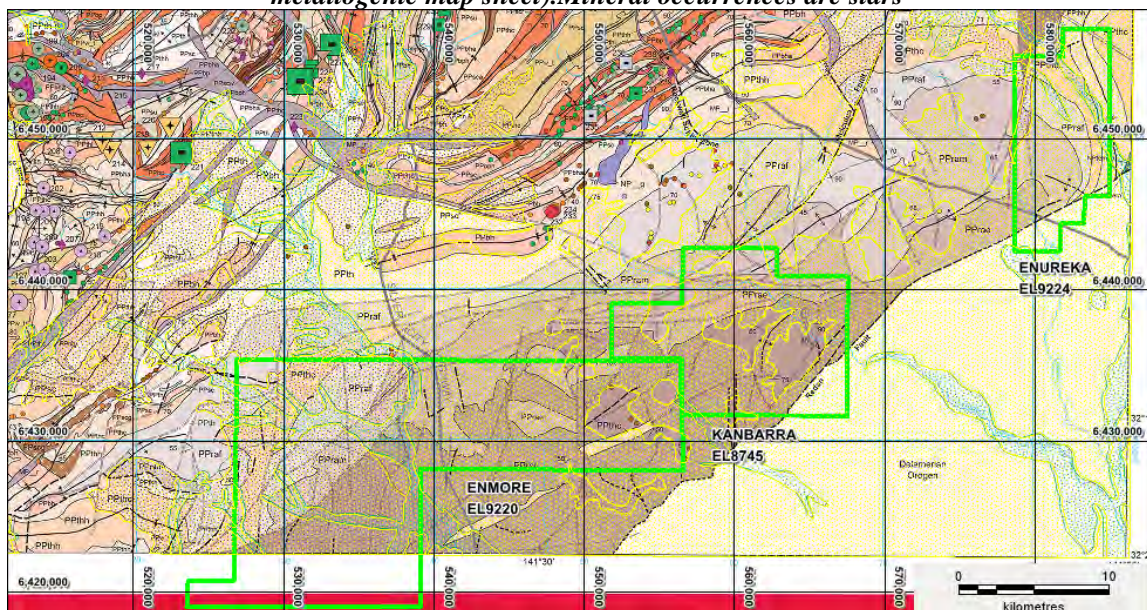


Figure 24: Granted ELs 9220 Enmore, 8745 Kanbarra and EL 9224 Eureka on interpreted geology (Menindee 1:250,000 map sheet. Mineral occurrences are stars)

REVIEW OF OPERATIONS (continued)

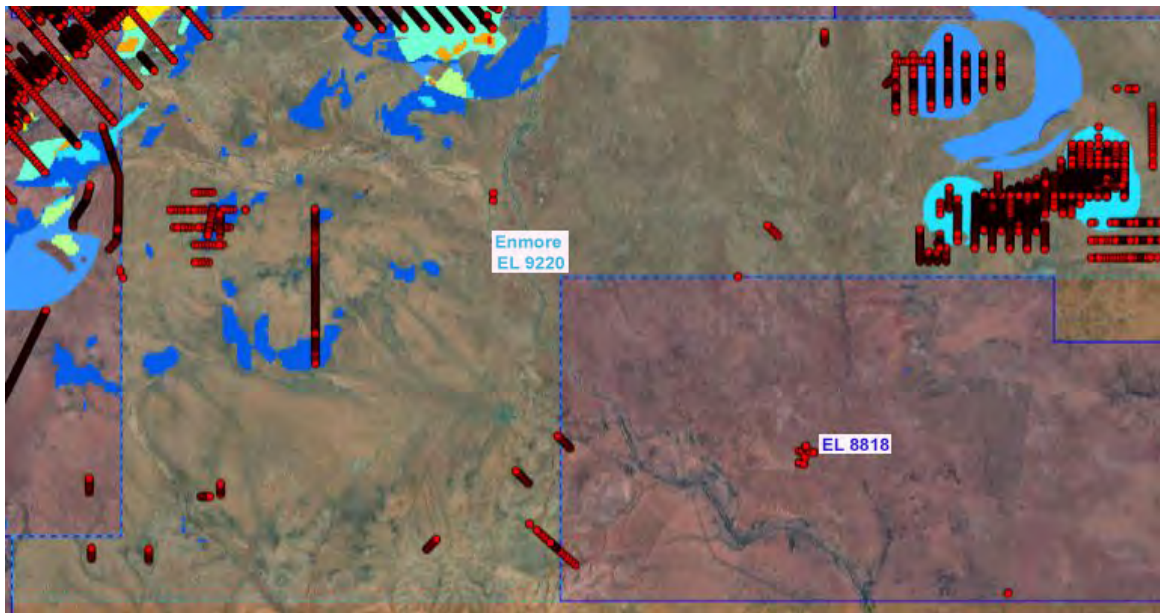


Figure 25: EL 9220 Enmore showing the areas prospective for IOCG mineralisation

The Company has commenced analysis of all available data over the ELs to identify areas to target for field exploration.

NSW: TUMUT

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

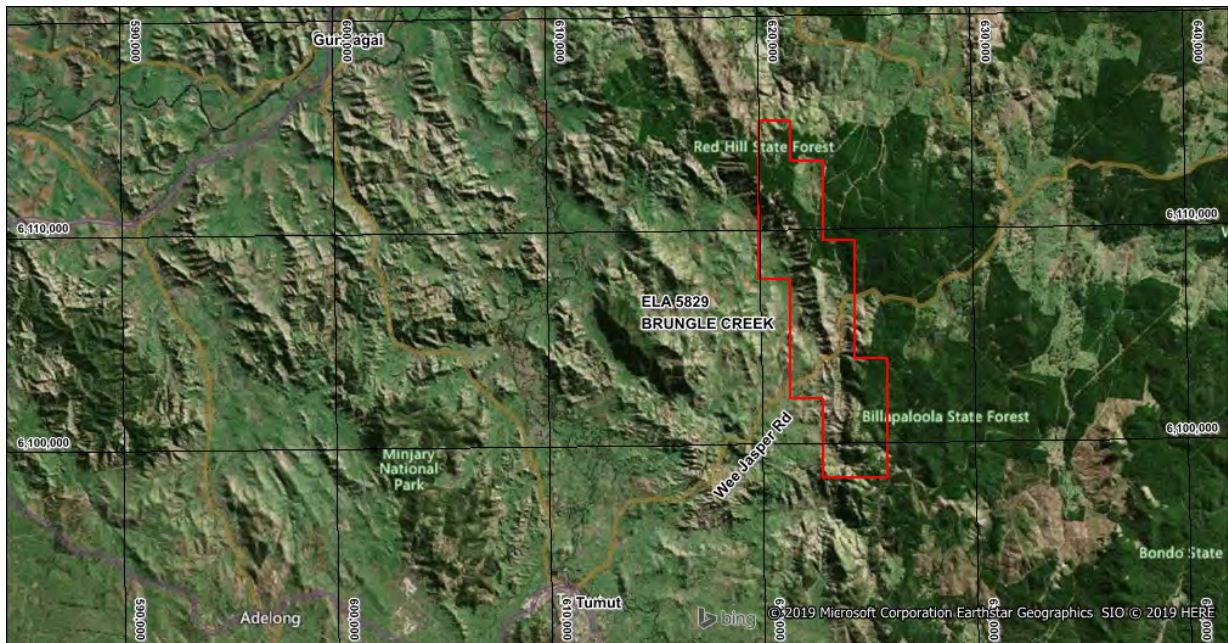


Figure 26 – Brungle Creek location map

REVIEW OF OPERATIONS (continued)

EL 8954 is located 15 km north-east of Tumut and 15 km east of Gundagai with the tenement following the serpentine ridge of the Honeysuckle Range, as shown in **Figure 26**.

After the review of all available historical exploration, the Company contacted selected landholders for access for field-based work and obtained the required permit for access to the State managed forests. On re-occurrence of Covid-19 spread in Sydney in late November 2020, the State Government sanctioned non-essential travel to regional NSW. The field work had consequently been postponed and following easing of travel restrictions to regional NSW the Phase 1 field work was completed in early March 2021 with initial results announced to ASX on 4 March 2021. The results will assist to determine the nature and extent of a Phase 2 program that is planned for financial year 2022 to be carried out in conjunction with field work within newly granted McAlpine EL 9252 (**Figure 28**). The Company is currently acquiring high resolution imagery and ASTER imagery to identify areas within the two ELs for future field exploration.

The primary aim of the Phase 1 field trip within EL 8954 was to visit as many of the historical mineral occurrences as possible, carry out pXRF sampling and a geological evaluation of each site. Not all landholders were able to be contacted prior to the field visit so the historical mineral occurrences located in the southern half of the tenement will be inspected during the Phase 2 exploration program. All landowners contacted in the field are supportive of the Company’s exploration program and assisted the field crew with their knowledge of local access to the exploration sites.

Figure 27 shows the distribution of historical sites in blue dots and the sites visited marked with a yellow star in relation to the tenement boundary in red and the State Forest in green. A few sites were not located during this field visit and further inspections will be carried out in Phase 2.

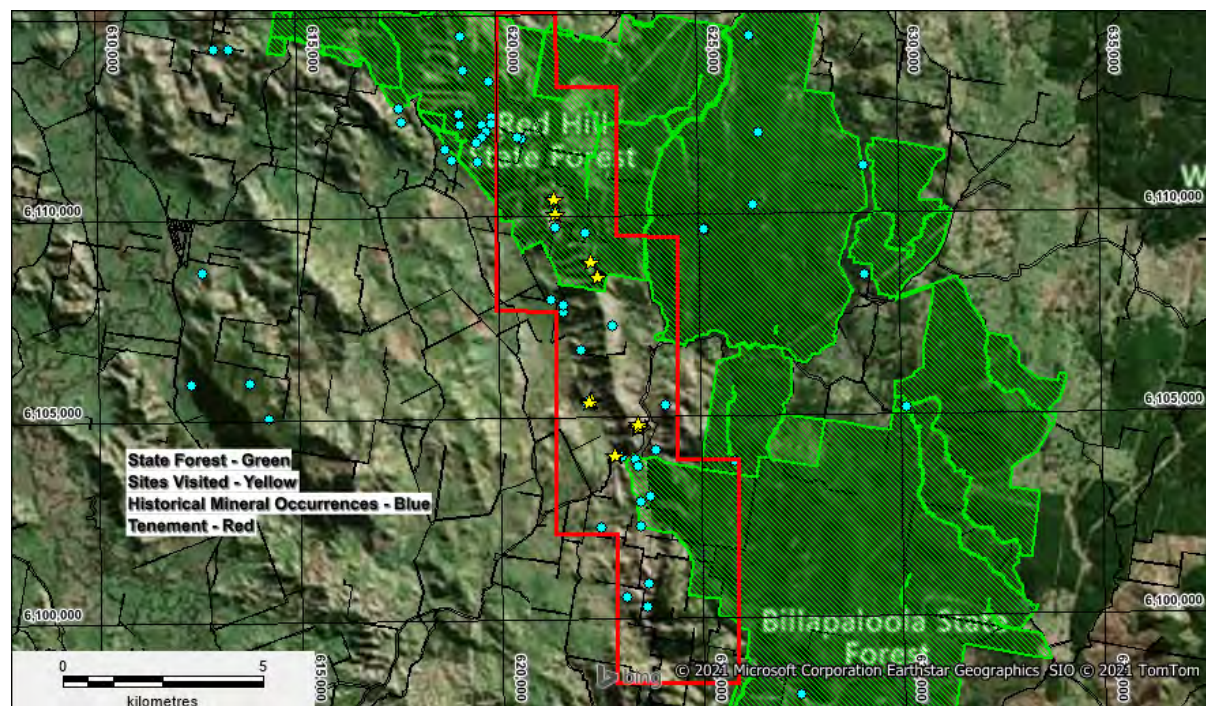


Figure 27: Brungle Creek historical mineral occurrences and sites visited in yellow stars

REVIEW OF OPERATIONS (continued)

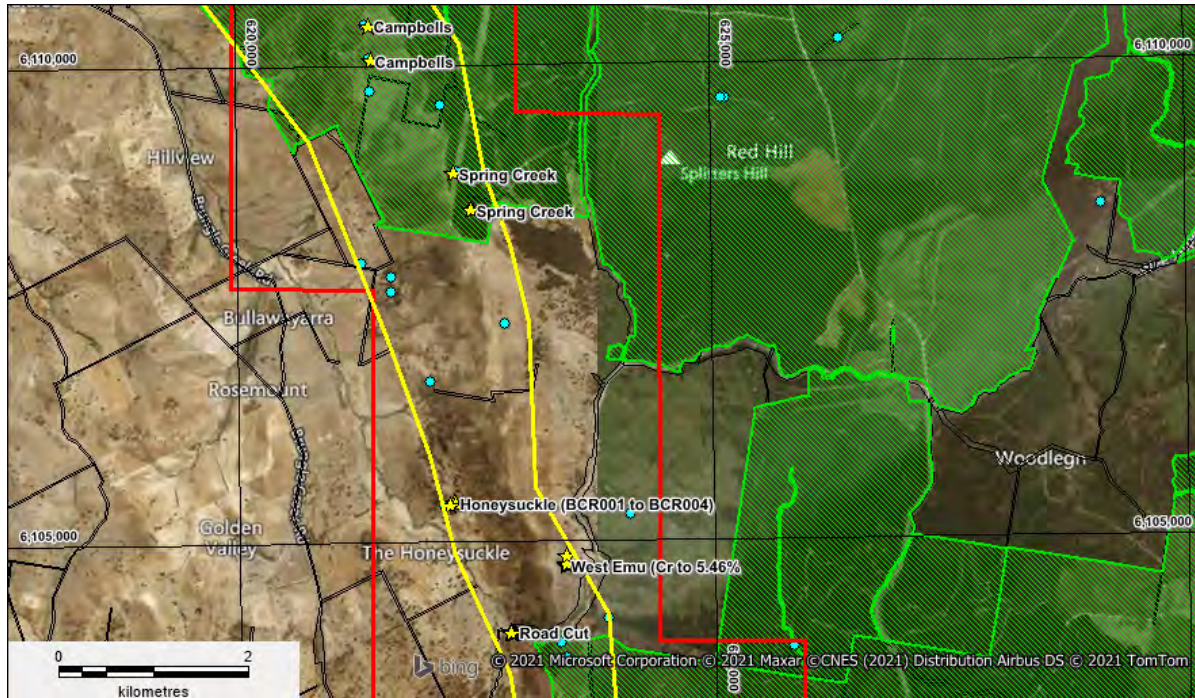


Figure 28: Brungle Creek historical mineral occurrences and sites visited including the Honeysuckle Prospect

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



*Campbells Prospect:
Samples of the chromite
mineralised
serpentinised ultramafic*

REVIEW OF OPERATIONS (continued)

Campbells Prospect

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

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



Spring Creek Road Prospect: Sample of chromite mineralised serpentinised ultramafic

Spring Creek Road Prospect

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

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



Honeysuckle Prospect: Outcropping altered and veined felsic intrusive rock

Honeysuckle Prospect

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

for gold and multi-element geochemical analyses. The only element of significance is copper which assayed to 717 ppm.

REVIEW OF OPERATIONS (continued)



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

West Emu Prospect

The West Emu Prospect is located on a steep slope above the Wee Jasper Road at the western margin of the Coolac Serpentinite Belt. The historical prospect at this location was not found however, sampling of the various geological units returned the highest chromite result of 5.46% and nickel to 0.6%. The elevated chromite is associated with a black and white speckled serpentinised

ultramafic that likely has small disseminated chromite through the rock. In addition, the area comprised white felsic intrusive rock that appears to have intruded into the ultramafic.

***McAlpine EL 9252 – NSW - 100% interest
Cobalt and Base Metals Exploration***

In March 2021, the Company’s wholly owned subsidiary New Base Metals Pty Ltd lodged an application, ELA 6242, for a tenement covering an area of approximately 45 square kilometres near Tumut/Gundagai NSW. Exploration licence EL 9252 for 6 years has been granted in August 2021 with respect to that application.

McAlpine EL 9252 covers the McAlpine Copper and Chromite historical workings (**Figure 29**), is adjacent and to the west of the Company’s granted tenement Brungle Creek EL 8954, 15 km north east of Tumut, 15 km south east of Gundagai and adjacent to the serpentine ridge of the Honeysuckle Range (**Figure 28**).

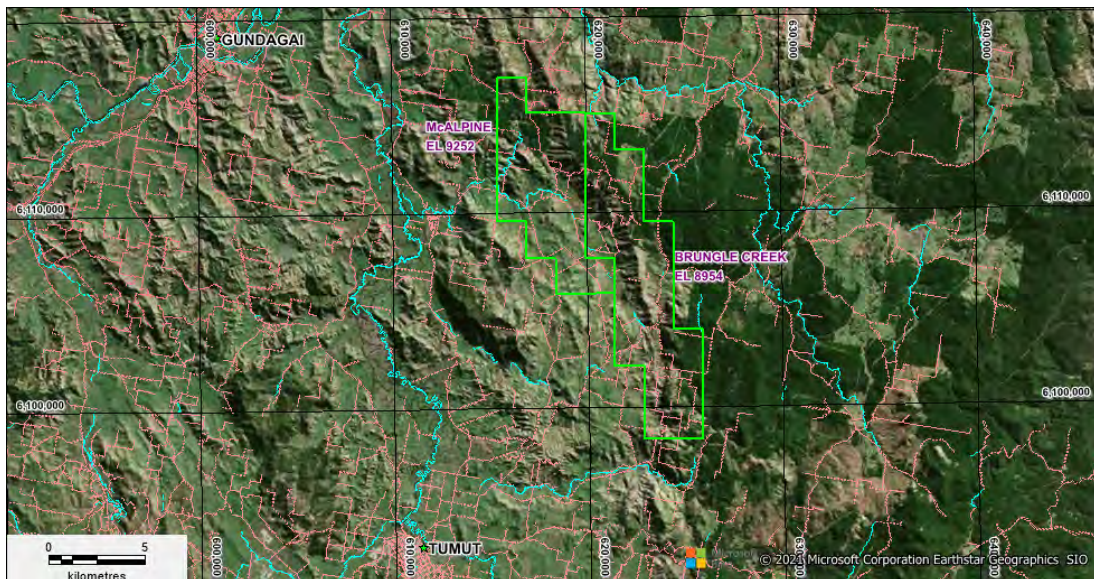


Figure 28: McAlpine EL 9252 and Brungle Creek EL 8954 location map – BIMG Aerial Photograph

REVIEW OF OPERATIONS (continued)

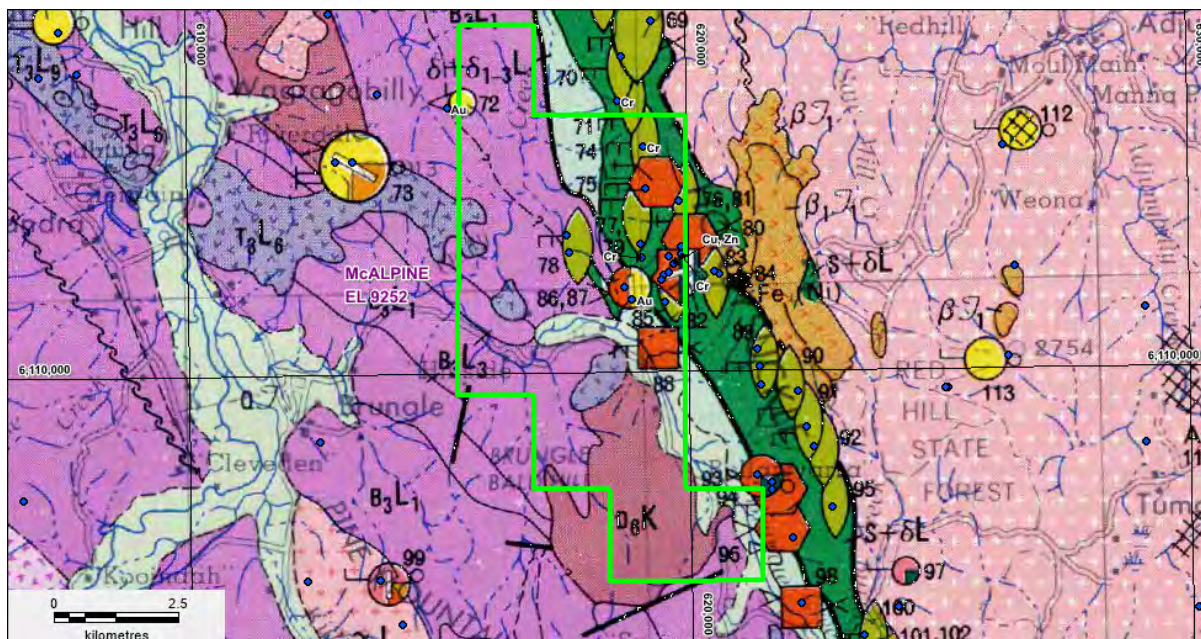


Figure 29: Wagga Wagga metallogenic map showing the new McAlpine EL 9252

With McAlpine EL 9252 and Brungle Creek EL 8954 the Company has an exposure over approximately 106 square kilometres in an exciting exploration region with potential for cobalt, copper, chromite, gold and nickel.

Regionally the tenement lies along the boundary of the Forbes Anticlinorial zone in the east and the Bogan Gate Synclinorial zone to the west. The Mooney Mooney thrust system separates the two tectonic provinces. The Cambrian to Ordovician Jindalee Beds occur in two north-south trending belts near the eastern margin of the Bogan Gate Synclinorial 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 (Figure 29 – green unit) 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.

Historic information on exploration in the Southern Coolac Serpentinite Belt for copper/chromite/cobalt/gold/nickel.

- The Coolac Serpentinite Belt hosts known undeveloped cobalt resources at Thadunggra north of Brungle Creek.
- The southern portion of the Coolac Serpentinite Belt had very little modern exploration and “no drilling”.

REVIEW OF OPERATIONS (continued)

- The area is known for small historical chromite and copper mining operations.
- The area also has elevated cobalt and nickel from historical surficial geochemical exploration.
- Historical laterite sampling by Anaconda in 2000 (last exploration phase) returned a maximum result of 0.84% nickel and 0.53% cobalt. Anaconda were exploring for lateritic nickel mineralisation.
- Historical gold assay of 3.763 ppm in volcanics/sediments adjacent and to the east of the Coolac Serpentinite Belt.
- Historical gold prospect in N-S shear zone within Silurian Granodiorite to east of Coolac Serpentinite Belt.

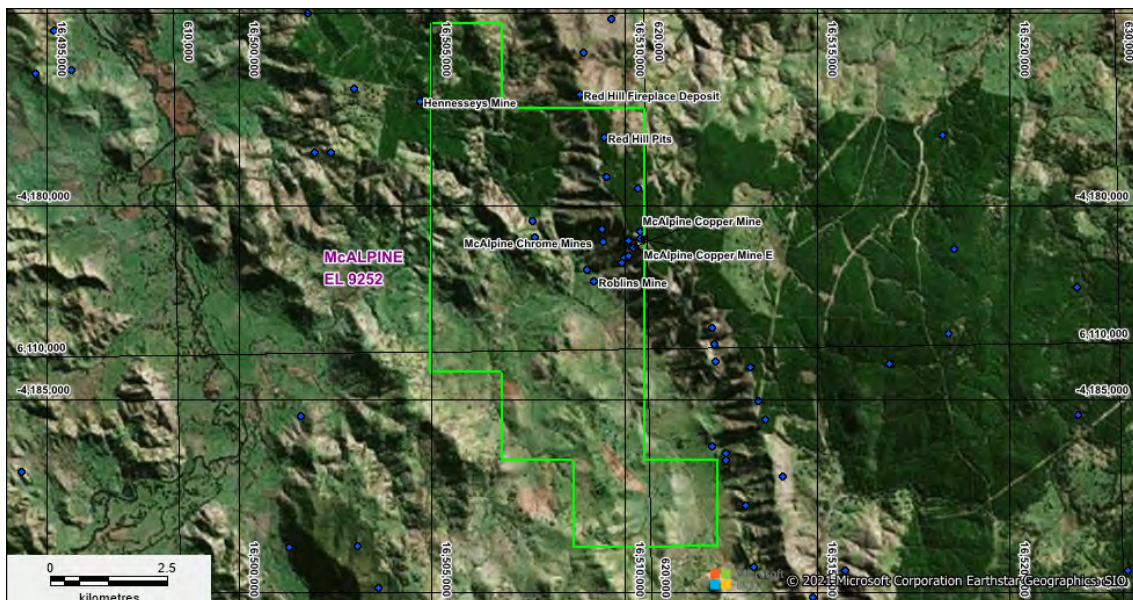


Figure 30: Location of McAlpine Prospect

Geology and Prospects

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

REVIEW OF OPERATIONS (continued)

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

Historic Mineral Occurrences

Several prospects have scattered shallow pits and shafts (see below) at McAlpine – 38 t production for 4.06 t Cu (NSW DPIE MINLOC DATABASE):

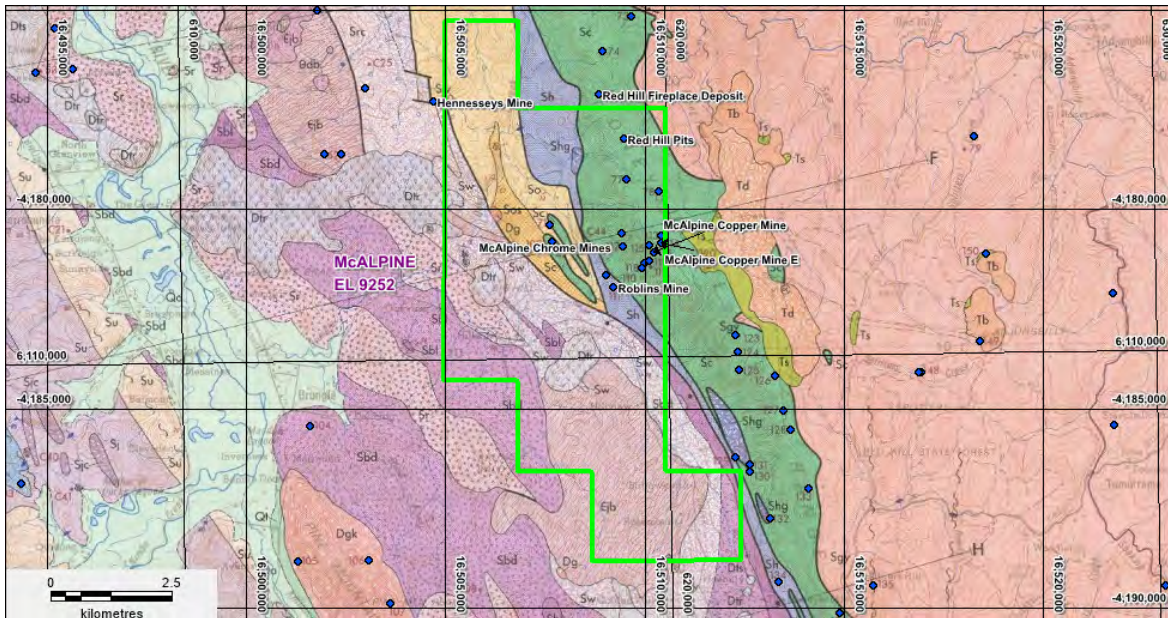


Figure 31: Known McAlpine Copper and Chromium occurrences on 1:100K Government Geology

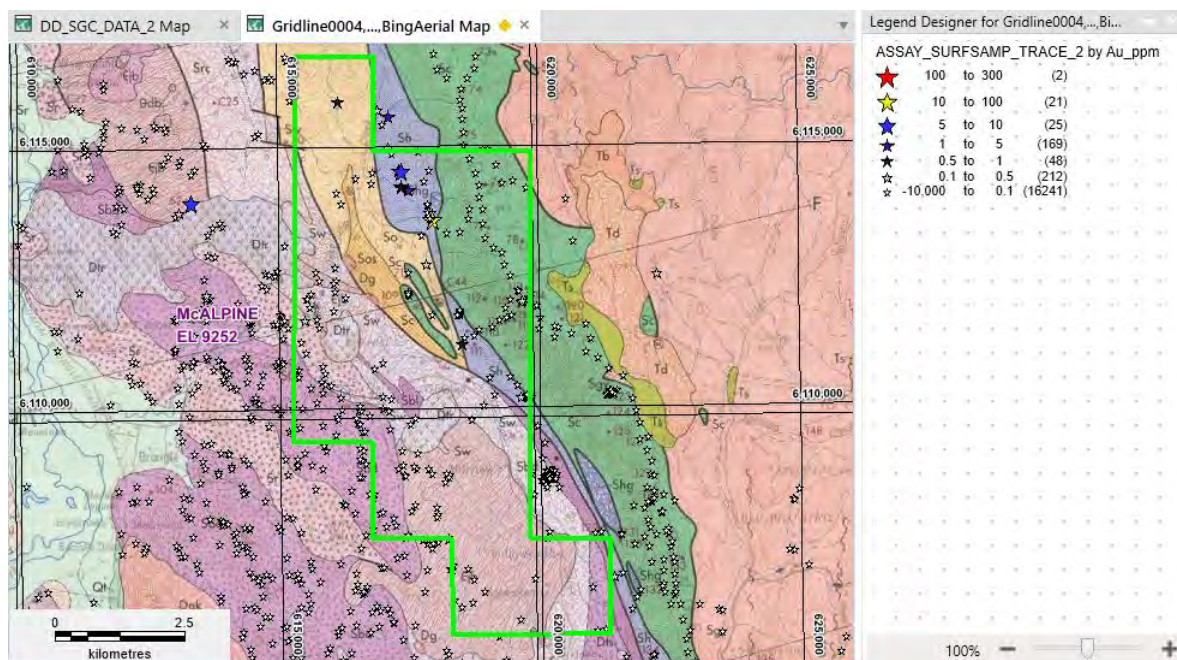


Figure 32: Historic Gold ppm Rock Assays

REVIEW OF OPERATIONS (continued)

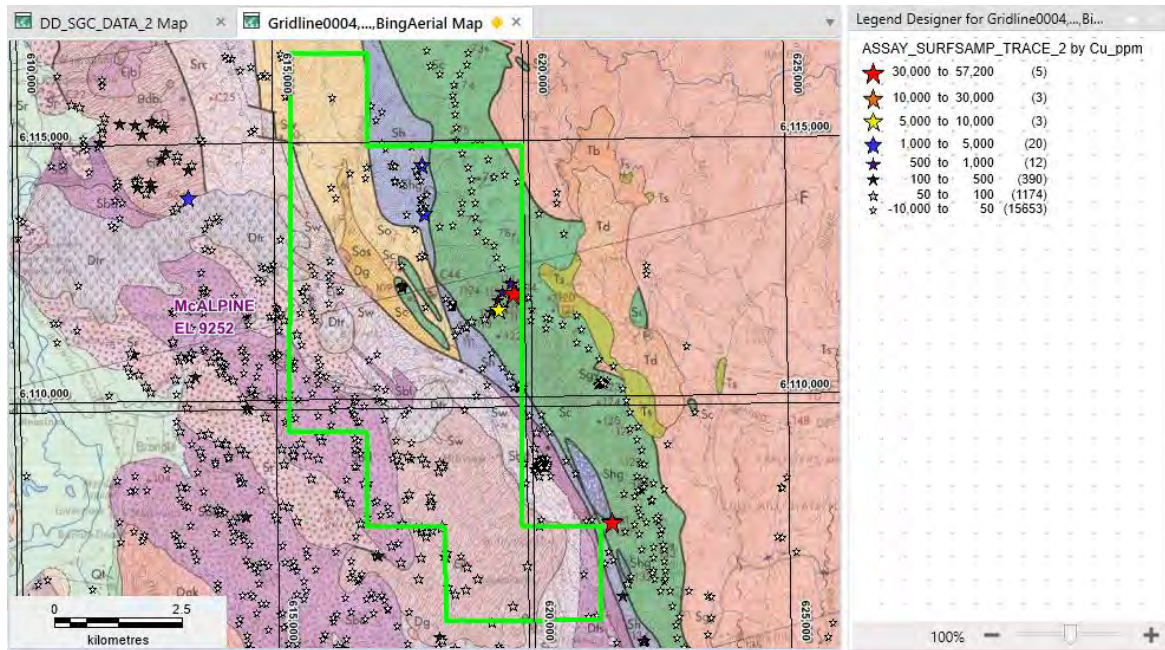


Figure 33: Historic Copper ppm Rock Assays – 10,000ppm – 1%
(GSNSW Surface Geochemistry Dataset)

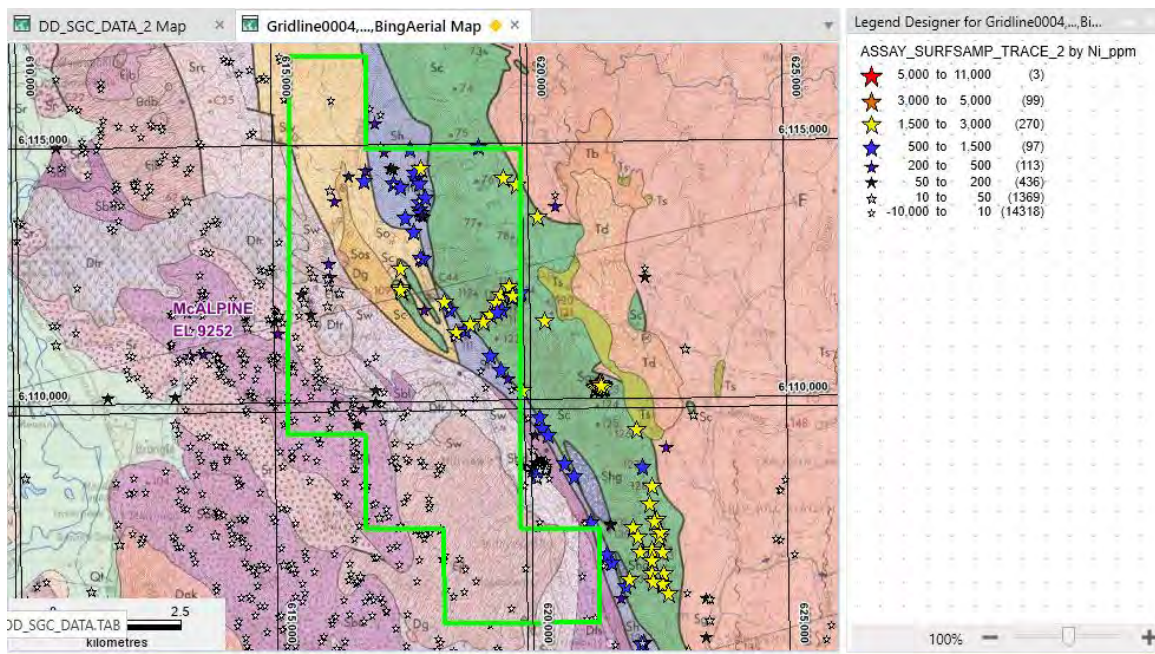


Figure 34: Historic Nickel ppm Rock Assays – 10,000 ppm – 1%

The NSW Department of Primary Industry and Environment (DPIE) collect surface geochemistry across the state and validate all data entered. Figures 32 to 34 show the extent of the data in EL 9252. No chromium assays are recorded in the database.

REVIEW OF OPERATIONS (continued)

*Gold is elevated in the Honeysuckle Metabasic Igneous Complex (purple unit(sh) in **Figure 32**) with a metabasalt unit hosting several elevated gold assays to 69 ppm.*

*Copper is elevated in the Coolac Serpentinite Belt (green unit in **Figure 8**) with the highest Cu associated with the historic McAlpine Copper Mine (**Figure 33**).*

*Nickel is not surprisingly elevated in the serpentinites of the Coolac Serpentinite Belt as opposed to the adjacent and to the west Honeysuckle Metabasic Igneous Complex (**Figure 34**).*

Reference: The “Historic Mineral Occurrences” are public information available from the NSW Department of Planning and Environment – Resources and Geoscience Minview Portal

NSW: KOONENBERRY

Koonenberry EL 6400 - NSW – 100% interest Copper - Zinc - (Silver) Exploration

This EL covers the Grasmere-Peveril Cu-Zn-(Ag) deposits (**Figure 35**), which contain an indicated and inferred JORC Code 2004 compliant resource of 5.75mt @ 1.03% Cu, 0.35% Zn, 2.3g/t Ag and 0.05g/t Au at a 0.5% Cu cut-off completed by DATAGEO Geological Consultants (Inferred: 2.73 mt grading 0.9% Cu, 0.4% Zn, .04 g/t Au and 2.05 g/t Ag. Indicated: 3.02 mt grading 1.15% copper, 0.3% Zn, 0.06 g/t Au and 2.53 g/t Ag). Information relating to this mineral resource was prepared and first reported in accordance with the JORC Code 2004 in 2006 by the previous owner (see ASX Release of 18 December 2009). It has not been updated since, to comply with the JORC Code 2012. The work done to date by the Company since the acquisition of the licence in 2009 has not changed the material assumptions and technical parameters underpinning the estimates in the historic 2006 JORC report nor confirmed that those assumptions and parameters continue to apply and have not changed materially.

During the year no field work has been carried out and no expenditure incurred having regards to risks and potential return when ranking this project for funds allocation within the Company’s overall exploration expenditure programs. Application for renewal for the EL was submitted in March 2021 while various exploration options were being considered. In April 2021, the Company agreed to sell the wholly owned subsidiary Great Western Minerals Pty Ltd that holds the EL 6400, subject to renewal of the EL and ministerial approval, to ASX listed Odin Metals Limited (ASX:ODM) who have announced plans for substantial exploration for copper and gold in the region. After satisfaction of all conditions precedent, the transaction was completed on 24 August 2021 with the Company receiving \$97,360 that is applied to working capital and 15 million fully paid ordinary shares in ODM which are escrowed for 12 months and provide the Company with continued exposure to potential future benefits from successful exploration in the Koonenberry area.

REVIEW OF OPERATIONS (continued)

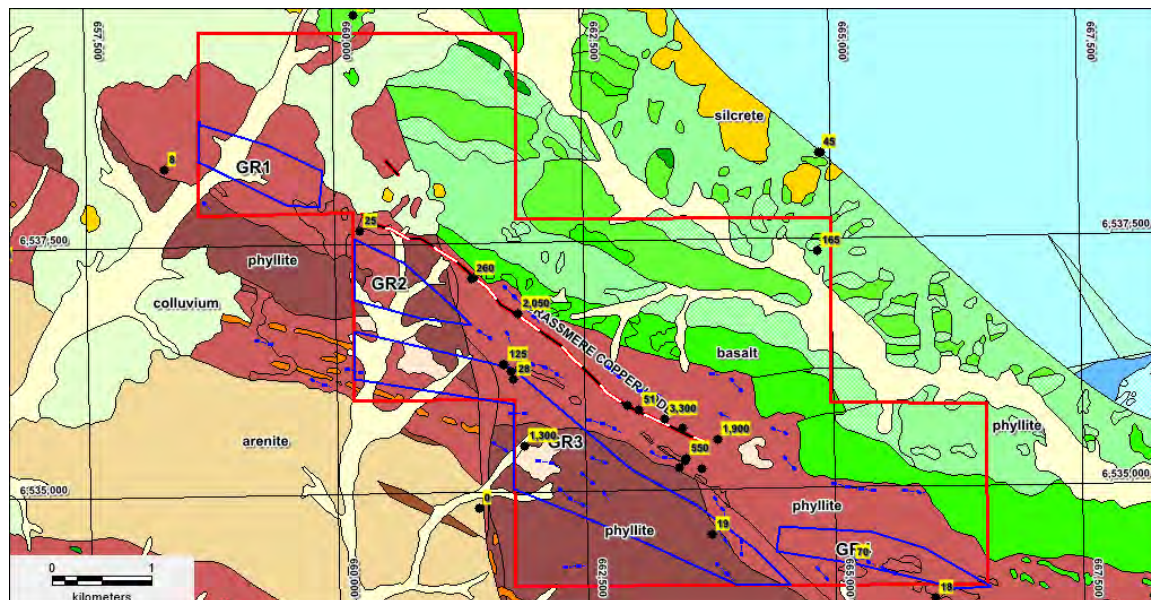


Figure 35: Koonenberry showing phyllites to the south-west of the Grassmere copper lode which has also been considered for a potential gold exploration program

NSW: POORAKA

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

During the year no expenditure was incurred within EL 6413 and EL 8424 located 50 km east of Cobar when they were assessed to unlikely generate future benefits and they were relinquished.

SA: MURRAY BASIN AND OTWAY BASIN

Parrakie and Wolseley ELA 2021/0082, Mt Rough ELA 2021/00136 and Kingston ELA 2021/00137 Rare Earth Elements, , Murray Basin and Otway Basin, SA (100% interest)

In August 2021, the Company lodged applications under ELA 2021/00082 for 2 tenement areas in South Australia which are prospective for Rare Earths Elements (“REE”) contained in ionic clay.

The sought-after exploration licence covers a total of 998 square kilometres over 2 non-contiguous tenements named Parrakie in the north and Wolseley in the south. ELA 2021/0082 is located on the Limestone Coast in south-east of South Australia (**Figure 36**) within the Loxton Sands of the Murray Basin.

In September 2021, after further study the Company lodged applications for 2 additional tenements under ELA 2021/00136 Mt Rough and ELA 2021/00137 Kingston in the same region in South Australia with Kingston mostly in the Otway Basin covering a total area of 1,779 square kilometres.

With the lowering of the overall levels, the Loxton Sands of the Murray Basin and the equivalent stratigraphic Tertiary unit in the Otway Basin were formed on the beach on the shore of the emergent land (Strandlines). Locally,

REVIEW OF OPERATIONS (continued)

heavy minerals including rutile, zircon and ilmenite (Mineral Sands) were concentrated by wave action. In addition, Light and Heavy REE have formed an ionic bond with the fine clay fraction (Ionic Clays) of the Loxton Sands and equivalent stratigraphic units at shallow depths.

The plan is to explore primarily for REE contained within the fine clay fraction of Tertiary (65 to 2.5 Million Years Ago) Strandlines (“ionic clay style of deposit) reportedly existing in the region (yellow lines shown in **Figure 36**). Following to grant of the tenements, completion of landholder access agreements and government approval of field work, orientation fine fraction sampling and analysis of the Strandlines will be carried out ahead of shallow Aircore Drilling to test for the clay fraction.

The tenements applied for are located in the region where Australian Rare Earths (ASX:AR3) has recently announced a JORC inferred mineral resource of 39.9 MT @ 725 ppm TREO (Total Rare Earth Oxides) at their Koppamurra project prospective for ionic clay REE deposit (see AR3’s ASX announcement of 13 July 2021 and AR3’s prospectus dated 7 May 2021 released on ASX announcement platform on 29 June 2021).

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

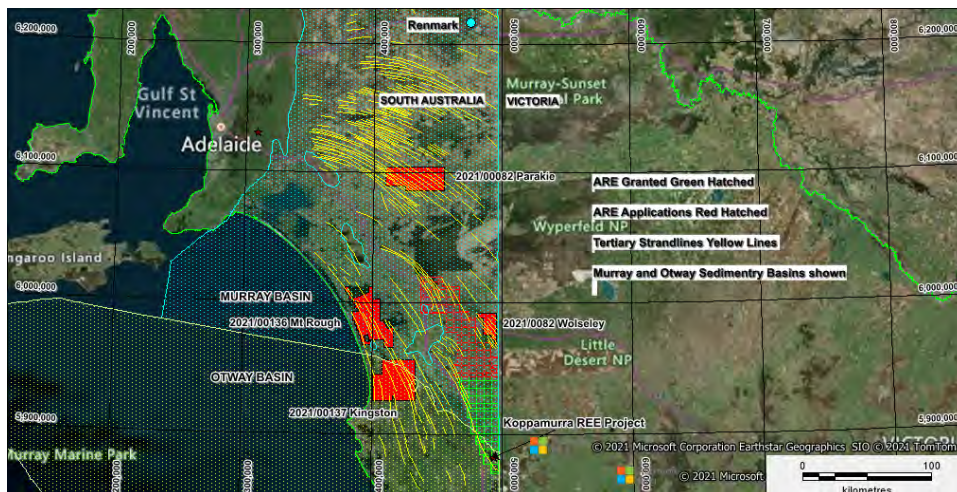


Figure 36: Location of Licence Application Areas (orange) in SA for Rare Earths Exploration

REVIEW OF OPERATIONS (continued)

LICENCES STATUS

Minerals tenements and applications for tenements held at 22 September 2021 and acquired or disposed of during and since the end of the financial year and their locations are as follows:

Tenement	Area Name	Location	Beneficial Interest	Status
EL 6400	Koonenberry	NSW	100%	Expiry on 1 April 2023, Minister's approval for transfer to Odin Metals Limited received in August 2021
EL 8745	Kanbarra	NSW	100%	Expiry on 15 May 2024
EL 8747	Stirling Vale	NSW	100%	Expiry on 24 May 2024
EL 8954	Brungle Creek	NSW	100%	Expiry on 11 March 2026
EL 9220 (ex ELA 6210)	Enmore	NSW	100%	Granted in August 2021 with expiry on 21 July 2026
EL 9224 (ex ELA 6211)	Eureka	NSW	100%	Granted in August 2021 with expiry on 21 July 2026
EL 9230 (ex ELA 6212)	Mt Darling	NSW	100%	Granted in August 2021 with expiry on 21 July 2026
EL 9252 (ex ELA 6242)	McAlpine	NSW	100%	Granted in August 2021 with expiry on 26 August 2027
ELA 2021/00082	Parakie and Wolseley	SA	100%	Application lodged in August 2021
ELA 2021/00136	Mt Rough	SA	100%	Application lodged in September 2021
ELA 2021/00137	Kingston	SA	100%	Application lodged in September 2021

EL 6413 and EL 8424 were relinquished during the financial 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

REVIEW OF OPERATIONS (continued)

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.

CORPORATE AND FINANCIAL

Performance

During the year the Group incurred net losses of \$582,600 (2020: losses \$1,103,915) which included share-based payments of \$145,440 (2020: nil) and total impairment of \$8,564 (2020: 797,264) on accumulated exploration and evaluation expenditure on licences.

Financial Position

Cash at 30 June 2021 was \$54,595 (2020: \$389,820) with total current assets being \$104,136 (2020: \$402,559).

Total assets increased from \$912,114 at 30 June 2020 to \$1,335,405 at balance date mainly as a result of exploration and evaluation expenditure incurred on the Group’s licences during the year.

Current liabilities at balance date were \$228,157 (2020: \$135,824) including Directors’ fees payable of \$90,000 (2020: \$60,000) for the year ended 30 June 2021. Non-current liabilities consisted of drawdown under loan facility agreement with an unrelated party of \$125,000 (2020: nil) made during the year for working capital. Total liabilities at balance date were \$353,157 (2020: \$135,824).

Total equity increased from \$776,290 at 30 June 2020 to \$982,248 at 30 June 2021 as a result of new equity capital raised during the year.

Funding

In September 2020, the Company raised \$300,000 from the issue of 40 million fully paid ordinary shares at \$0.0075 per share by private placement and in October 2020 under a Share Purchase Plan offered to all shareholders, 29,120,000 shares were issued at \$0.0075 per share that raised \$218,400 before costs. In February 2021, 30 million shares were issued by private placement raising \$165,000.

During the year Fort Capital Pty Ltd, an unrelated company, provided a loan facility to fund the general working capital of up to \$1,150,000 until 1 October 2022. At balance date, \$125,000 has been withdrawn by the Company under the loan facility. Full details are disclosed in Note 15 to the Financial Statements.

To undertake exploration activities while the Group has no revenue producing assets, the Group requires regular injection of equity or loan capital and the level of activities is dictated by the funds that are available. The absence of guarantee in sourcing new funds for the Company’s future activities in the longer term presents a material uncertainty related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. This going concern issue is further discussed in detail in Note 4(c) to the Financial Statements and is subject to emphasis of matter in the auditor’s audit report.

REVIEW OF OPERATIONS (continued)

Cash Flows

Operating activities resulted in net outflow of \$360,647 (2020: outflow \$302,200) as the Group is still in the exploration phase with no revenue. Outflow of \$727,031 (2020: \$120,995) on investing activities was incurred on exploration and evaluation expenditure and security deposits on new exploration licence applications. These outflows were funded from existing cash on hand, equity raising and borrowings. Government cash flow boost of \$10,000 (2020: \$10,000) relating to Covid-19 was received during the year.

Covid-19

The continuing Covid-19 pandemic during the year has had significant impact on economies, companies and individuals. Measures taken by various governments to contain the virus, including vaccines roll out, have helped to reduce the impact on economic activity. The Group has taken a number of measures to monitor and mitigate the effects of the Covid-19 virus on its operations, such as safety and health measures for its employees and contractors including social distancing and working from home.

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

- (a) the Group has managed its operations and exploration programs to avoid significant disruptions from the various restrictions imposed by the authorities;
- (b) the Group received Government cash flow boost of \$10,000 during the year; and
- (c) there has been no other financial effect on the Group's operations.

It is not expected that Covid-19 will impact the Group's operations substantially in the future other than preventing or delaying field exploration due to travel restrictions imposed by the governments.

STRATEGY AND PROSPECTS FOR FUTURE

The Group proposes to continue its mineral exploration program in Australia and search for new projects in the resources sector. 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 Group will require funding which may be by farmout of interests, borrowings or equity capital. The method of funding will be determined at the appropriate time as part of the Group's capital management in maintaining a capital structure that minimises the cost of capital and benefits all shareholders.

DIRECTORS' REPORT

The Directors present their report on Ausmon Resources Limited (“Company”) and its controlled entities (“Group”) for the financial year ended 30 June 2021.

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: 29,142,857 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 and CFO/secretary until 25 October 2017

Current directorship of other listed public companies: None.

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

Interest in shares: 31,327,859 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: 36,004,857 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, 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 \$582,600 (2020: \$1,103,915).

FINANCIAL POSITION

Total equity of the Group at 30 June 2021 was \$982,248 (2020: \$776,290). Total assets increased by \$423,291 to \$1,335,405 and total liabilities increased by \$217,333 to \$353,157 with cash and cash equivalents of \$54,595 (2020: \$389,820) and non-current borrowings of \$125,000 (2020: Nil).

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) In September 2020, issue of 40,000,000 fully paid ordinary shares at \$0.0075 per share under private placement raising \$300,000 before costs;
- (b) In October 2020, issue of 29,120,000 fully paid ordinary shares at \$0.0075 per share under a Share Purchase Plan raising \$218,400 before costs;
- (c) In February 2021, issue of 30,000,000 fully paid ordinary shares at \$0.0055 per share under private placement raising \$165,000 before costs;
- (d) In April 2021, the Company entered into binding terms to transfer all the issued shares of its wholly-owned subsidiary, Great Western Minerals Pty Ltd that owned EL 6400 Koonenberry to ASX listed Odin Metals Limited ("ODM"). On completion of the transaction on 24 August 2021 the Company received \$97,360 cash and 15 million shares in ODM (escrowed for 12 months);
- (e) Undertook exploration and drilling activities as detailed in the Review of Operations; and
- (f) Arranged a loan facility of \$1,150,000, available until 1 October 2022, with an unrelated company to fund working capital.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

A Review of Operations for the financial year, together with future prospects, is set out on pages 3 to 42. During the next 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.

DIRECTORS' REPORT (continued)

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

ENVIRONMENTAL ISSUES

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

AFTER BALANCE DATE EVENTS

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

- In August 2021, the Group was granted 3 exploration licences near Broken Hill in NSW (ELs 9220, 9224, 9230) for 5 years and 1 licence near Tumut in NSW (EL 9252) for 6 years;
- On 24 August 2021, the sale of the Company's wholly-owned subsidiary Great Western Minerals Pty Ltd that owned EL 6400 Koonenberry to Odin Metals Limited ("ODM") was completed and the Company received \$97,360 cash and 15 million fully paid ordinary shares in ODM (escrowed for 12 months); and
- In August and September 2021, the Company lodged applications for 3 tenements (ELAs 2021/00082, 2021/00136 and 2021/00137) within the Loxton Sands and equivalent of the Murray Basin and Otway Basin in SA covering a total area of 2,777 square kilometres for exploration of Rare Earths Elements.

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 2020 to June 2021 in the total amount of \$90,000 (2020: total amount \$60,000). Director fees of \$30,000 for each of the three

DIRECTORS' REPORT (continued)

Directors for the 12 months to June 2021 remained unpaid at balance date. 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 service between the Company and Executive Directors and other key management personnel currently in place 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 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 2020 Annual General Meeting (AGM)

The company received 100% of "yes" votes on its 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.

21,400,000 shares were granted under the plan to Eligible Persons during the financial year (2020:nil).

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 2021:

	Short-term employee benefits	Post employment benefits	Other long term benefits	Termination benefits	Share- based payments ³	Total	Perfor- mance related
	Cash salary and fees \$	Super- annuation \$	\$	\$	EIP shares \$	\$	%
2021							
Directors							
B Patkin	30,000 ¹	-	-	-	33,500	63,500	52.8
E Sam Yue	85,837 ^{1,2}	5,363	-	-	33,500	124,700	26.9
J Q Wang	30,000 ¹	-	-	-	33,500	63,500	52.8
	145,837	5,363	-	-	100,500	251,700	39.9

¹ \$30,000 for each Director being Director's fees for the year ended 30 June 2021 and not yet paid at balance date.

² \$55,837 for management fees of which \$12,780 not yet paid at balance date.

³ Equity-settled approved by shareholders at Annual General Meeting held on 27 November 2020. The assumptions used in valuing the EIP shares are disclosed in Note 7.

	Short-term employee benefits	Post employment benefits	Other long term benefits	Termination benefits	Share- based payments	Total	Perfor- mance related
	Cash salary and fees \$	Super- annuation \$	\$	\$	EIP shares \$	\$	%
2020							
Directors							
B Patkin	20,000 ¹	-	-	-	-	20,000	-
E Sam Yue	59,288 ^{1,2}	3,732	-	-	-	63,020	-
J Q Wang	20,000 ¹	-	-	-	-	20,000	-
	99,288	3,732	-	-	-	103,020	-

¹ \$20,000 for each Director paid after balance date.

² \$39,288 for management fees of which \$1,260 was paid after balance date.

DIRECTORS' REPORT (continued)

Shares held by Key Management Personnel (KMP)

The number of ordinary shares in the Company during the 2021 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

	Balance at start of year	Granted as remuneration ⁴	Other changes	Balance at end of year
Year ended 30 June 2021				
B Patkin ¹	22,142,857	5,000,000	2,000,000	29,142,857
J Q Wang ²	24,327,859	5,000,000	2,000,000	31,327,859
E Sam Yue ³	37,504,857	5,000,000	(6,500,000)	36,004,857
	<u>83,975,573</u>	<u>15,000,000</u>	<u>(2,500,000)</u>	<u>96,475,573</u>

¹ 10,000,000 shares are held by Snowy Plains Pty Ltd of which Director B Patkin is the sole director and shareholder.

² 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.

³ 26,004,857 shares are registered in the name of Vesway Pty Ltd Atf ESVSY Super Fund of which Director E Sam Yue is a beneficiary

⁴ Equity-settled approved by shareholders at Annual General Meeting held on 27 November 2020

Loans to Directors

There are no outstanding loans to Directors and no loans have been granted during the year, other than non-recourse loans structured under the Employee Incentive Plan (EIP). At balance date, the EIP non-recourse loans to Directors approved by shareholders were as follows:

Director	Loan expiry date	EIP shares ¹	2021 \$	2020 \$
B Patkin	7 February 2023	5,000,000	35,000	35,000
	10 December 2025	5,000,000	37,500	-
		<u>10,000,000</u>	<u>72,500</u>	<u>35,000</u>
J Q Wang	7 February 2023	5,000,000	35,000	35,000
	10 December 2025	5,000,000	37,500	-
		<u>10,000,000</u>	<u>72,500</u>	<u>35,000</u>
E Sam Yue	7 February 2023	5,000,000	35,000	35,000
	10 December 2025	5,000,000	37,500	-
		<u>10,000,000</u>	<u>72,500</u>	<u>35,000</u>

¹The EIP shares are included in the number of shares in the above table of shares held by KMP.

DIRECTORS' REPORT (continued)

Other transactions with Key Management Personnel

	2021	2020
	\$	\$
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
	<u>10,400</u>	<u>15,300</u>

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.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2021, and the number of meetings attended by each Director:

	Directors' meetings	
	Number eligible to attend	Number attended
B Patkin	2	2
J Q Wang	2	2
E Sam Yue	2	2

During the year, Board business was also effected by execution of circular 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 circular resolutions.

INDEMNIFICATION OF OFFICERS OR AUDITORS

During the financial year, the Group paid a premium in respect of a contract ensuring 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.

DIRECTORS' REPORT (continued)

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 2021.

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 2021 has been received and can be found on page 51 of the Annual Report and forms part of this report.

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

A handwritten signature in black ink, appearing to read 'John Wang', is positioned above the printed name and title.

John Wang

Director

Dated this 22nd day of September 2021

22 September 2021

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 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)



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 – 4th edition which takes effect for a listed entity's first full financial year commencing on or after 1 January 2020. The Group has adopted the 4th 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 2021

	Note	2021 \$	2020 \$
Revenue			
Interest and other income	5	10,588	12,578
Expenses			
Employee benefits expense		(39,858)	(40,625)
Directors and management fees		(134,280)	(99,960)
Finance costs		(15,665)	-
Impairment of exploration and evaluation expenditure		(8,564)	(797,264)
Share-based payments	7	(145,440)	-
Projects costs		(24,990)	(21,337)
Other expenses	6	(224,391)	(157,307)
Loss before income tax expense		(582,600)	(1,103,915)
Income tax expense	8	-	-
Loss for the year		(582,600)	(1,103,915)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(582,600)	(1,103,915)
Loss attributable to:			
- members of the Parent Entity		(582,600)	(1,103,915)
Total comprehensive income (loss) attributable to:			
- members of the Parent Entity		(582,600)	(1,103,915)
Loss per share			
Basic and diluted loss per share	22	(0.08 cents)	(0.18 cents)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	54,595	389,820
Trade and other receivables	10	35,794	8,591
Other assets	11	13,747	4,148
TOTAL CURRENT ASSETS		104,136	402,559
NON-CURRENT ASSETS			
Financial assets	12	80,000	70,000
Exploration and evaluation expenditure	13	1,151,269	439,555
TOTAL NON-CURRENT ASSETS		1,231,269	509,555
TOTAL ASSETS		1,335,405	912,114
CURRENT LIABILITIES			
Trade and other payables	14	228,157	135,824
TOTAL CURRENT LIABILITIES		228,157	135,824
NON-CURRENT LIABILITIES			
Borrowings	15	125,000	-
TOTAL NON-CURRENT LIABILITIES		125,000	-
TOTAL LIABILITIES		353,157	135,824
NET ASSETS		982,248	776,290
EQUITY			
Issued capital	16	14,160,010	13,516,892
Reserves	17	610,210	464,770
Accumulated losses		(13,787,972)	(13,205,372)
TOTAL EQUITY		982,248	776,290

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2021

	Issued capital	Share-based payment reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 01 July 2019	13,317,736	464,770	(12,101,457)	1,681,049
Total comprehensive loss for the year	-	-	(1,103,915)	(1,103,915)
Transactions with owners in their capacity as owners:				
Issue of share capital	207,500	-	-	207,500
Transaction costs	(8,344)	-	-	(8,344)
Balance at 30 June 2020	13,516,892	464,770	(13,205,372)	776,290
Balance at 01 July 2020	13,516,892	464,770	(13,205,372)	776,290
Total comprehensive loss for the year	-	-	(582,600)	(582,600)
Transactions with owners in their capacity as owners:				
Issue of share capital	683,400	-	-	683,400
Transaction costs	(40,282)	-	-	(40,282)
Employee incentive plan	-	145,440	-	145,440
Balance at 30 June 2021	14,160,010	610,210	(13,787,972)	982,248

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(371,235)	(314,778)
Interest received		588	2,578
Receipts under Government cash flow boost		10,000	10,000
Net cash (used in) operating activities	20(b)	(360,647)	(302,200)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(717,031)	(120,995)
Payments for security deposits		(40,000)	(10,000)
Proceeds from refund of security deposits		30,000	10,000
Net cash (used in) investing activities		(727,031)	(120,995)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		683,400	207,500
Capital raising costs		(40,282)	(8,344)
Proceeds from borrowings		125,000	-
Borrowing costs		(15,665)	-
Net cash inflow from financing activities		752,453	199,156
Net decrease in cash and cash equivalents		(335,225)	(224,039)
Cash and cash equivalents at beginning of year		389,820	613,859
Cash and cash equivalents at end of year	20(a)	54,595	389,820

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

Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1 – Nature of operations

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

Note 2 – General information and 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 2021 were approved and authorised for issue by the board of Directors on 22 September 2021.

Note 3 – New Accounting Standards and Interpretations

- (a) The Group adopted all new and revised Accounting Standards and Interpretations that became mandatory for the current reporting period. None has had any material impact on the Group. The following Accounting Standards and Interpretations were most relevant to the Group:

AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

The Conceptual Framework contains new definition and recognition criteria and new guidance on measurement that affects several Accounting Standards.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current

It clarifies requirements for the presentation of liabilities in the statement of financial position as current or non-current.

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

(b) Certain new Accounting Standards and Interpretation that have recently been issued or amended but are not yet effective have not been adopted early by the Group. Those which may be relevant to the Group are set out below but they are not expected to have any significant impact on the Group’s financial statements:

New or revised pronouncement	Nature of change	Effective for annual reporting periods beginning on or after	Likely impact on initial application
AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual improvements 2018-2020 and Other Amendments</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 2022	When these amendments are first adopted for the year ending 30 June 2023, there will be no material impact on the financial statements.
AASB 2020-1 <i>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 2022	When these amendments are first adopted for the year ending 30 June 2023, there will be no material impact on the financial statements.
AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	Makes amendments to: * AASB 7 Financial Instruments: Disclosures; * AASB 101 Presentation of Financial Statements; * AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors; * AASB 134 Interim Financial Reporting; and * AASB Practice Statement 2 Making Materiality Judgements.	1 January 2023	When these amendments are first adopted for the year ending 30 June 2024, 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 2021 (continued)

(b) Basis of consolidation

The Group financial statements consolidates those of the Parent Company and its subsidiaries as of 30 June 2021. 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 24 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.

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 \$104,136 including total cash of \$54,595 and current liabilities of \$228,157, and had incurred a net loss of \$582,600 in the year. In addition, the Group has an unfulfilled expenditure requirement under its exploration licences of \$53,000 for the next 12 months.

The Group is planning exploration activities on its licences and has budgeted for those amounts that the financial position of the Group allows. Consistent with the nature of the Group's activities, it will require funding which may be by farmout of interests, borrowings or new equity capital. The Company entered into an agreement with an unrelated company for an unsecured loan facility of \$1,150,000 available until 1 October 2022 to fund general working capital. At balance date, \$125,000 has been withdrawn under the loan facility with further amount of \$1,025,000 available to be drawn.

The sale of all the issued shares of the Company's wholly-owned subsidiary, Great Western Minerals Pty Ltd, to ASX listed Odin Metals Limited ("ODM") was completed on 24 August 2021 and the Company received \$97,360 cash and 15 million shares in ODM (escrowed for 12 months).

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. The absence of guarantee in sourcing new funds for the Group's future activities in the longer term presents a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and 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. This going concern issue is subject to emphasis of matter in the auditor's report.

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

(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.

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.

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

(e) Revenue

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 revenue is recognised as interest accrues using the effective interest method.

(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

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

(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

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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 Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 exploration and evaluation expenditure at balance date.

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 \$8,564 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.

(iii) Share-based payments

The fair value of shares issued under the Employee Incentive Plan (EIP) is measured at grant date and is determined using the Black-Scholes option pricing model that takes into account the term of

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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.

(j) Foreign currency transactions and balances

Functional and presentation currency

The Group's financial statements are presented in Australian dollars which is the Group'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 profit or loss.

(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. 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.

(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.

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

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.

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, 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.

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

(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 26 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.

	2021	2020
	\$	\$
Note 5 – Interest and other income		
Interest	588	2,578
Government cash flow boost	10,000	10,000
	10,588	12,578
Note 6 – Other expenses		
Audit fees	22,000	21,750
Consulting and professional fees	97,650	58,923
Legal fees	8,658	-
Listing expenses	31,621	16,193
Operating leases	10,400	10,400
Registry expenses	18,448	12,068
Insurance	18,944	23,648
Other	16,670	14,325
	224,391	157,307

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)
Note 7 – Share-based payments

The model inputs for assessing the fair value of EIP shares issued during the year, applying the Black-Scholes Option Pricing model, were as follows:

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

¹EIP shares issued to KMP and approved by shareholders on 27 November 2020.

2021	2020
\$	\$

Note 8 - 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	(582,600)	(1,103,915)
Prima facie tax benefit on the loss from ordinary activities calculated at 30% (2020:27.5%)	(174,780)	(303,577)
Tax effect of:		
Non-temporary differences	40,632	91
Equity capital raising costs debited to equity	(11,760)	(8,564)
Temporary differences and tax losses not recognised	145,908	312,050
Income tax expense	<u>-</u>	<u>-</u>
Tax losses		
Unused tax losses for which no tax loss has been recognised as a deferred tax asset adjusted for non-temporary differences at 30% (2020:27.5%)	4,249,659	3,701,861

The taxation benefits will only be obtained if:

- (i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- (ii) the Group continues to comply with the conditions for deductibility imposed by law; and

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

- (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 are 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.

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.

In July 2020, the Company received an allocation of up to \$150,000 exploration credits in the Federal Government’s Junior Minerals Exploration Incentive (“JMEI”) scheme for financial year 2021 which can be distributed to eligible investors who were issued new shares in the Company’s capital raising activities during the financial year 2021. Following lodgement and assessment of the Company’s income year 2021 tax return, the Company will create JMEI tax credits totalling \$150,000 which will be distributed on a pro-rata basis to eligible investors. Accordingly, carry forward tax losses at balance date have been reduced by \$500,000 (i.e. \$150,000 grossed up by 30%).

	2021	2020
	\$	\$
Note 9 – Cash and cash equivalents		
Cash at bank and in hand	54,595	389,820

Note 10 – Trade and other receivables

Current

Other receivables	35,794	8,591

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.

- (a) 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.

- (b) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 23.

Note 11 – Other assets

Current

Prepayments	13,747	4,148

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

	2021	2020
	\$	\$
Note 12 – Financial assets		
Non-current		
Security deposits	80,000	70,000

Note 13 – Exploration and evaluation expenditure

Exploration areas of interest at cost	1,151,269	439,555
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Movements during the year:

Exploration areas :		
Balance at beginning of year	439,555	1,112,411
Additions at cost	720,278	124,408
Impairment	(8,564)	(797,264)
Balance at end of year	1,151,269	439,555

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 40.

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

Note 14 – Trade and other payables

Current		
Trade and other payables	228,157	135,824

Note 15 – Borrowings

Non-current		
Borrowings ¹	125,000	-

¹ In September 2020, an unrelated company Fort Capital Pty Ltd provided a loan facility to fund the general working capital of up to \$350,000 until 15 September 2021. The loan facility agreement was varied in June 2021 increasing the loan amount that can be drawn to \$1.15 million and extending the loan availability period to 1 October 2022. The funds advanced are unsecured and bear interest at 8% per annum. A loan facility fee of 1% is payable and the outstanding loan amount is to be repaid in priority to any accounts payable or loans within 5 business days of receipt of proceeds from an equity capital raising by the Company. At balance date, \$125,000 has been drawn-down by the Company under the loan facility.

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

Note 16 – Issued capital

	2021		2020	
	\$		\$	
753,159,343 (2020: 632,639,343) fully paid ordinary shares	14,160,010		13,516,892	
	2021		2020	
	Number	\$	Number	\$
(a) Fully Paid Ordinary shares				
Balance at beginning of year	632,639,343	13,516,892	549,639,343	13,317,736
Shares issued during the year:				
- Share Purchase Plan at \$0.0075 per share	29,120,000	218,400	83,000,000	207,500
- Share Placement at \$0.0075 per share	40,000,000	300,000	-	-
- Share Placement at \$0.0055 per share	30,000,000	165,000		
- Share Issued under EIP	21,400,000	-	-	-
Transaction costs	-	(40,282)	-	(8,344)
Balance at end of year	753,159,343	14,160,010	632,639,343	13,516,892

The total capital raised was used for exploration, investigation of new ventures, cost of raising and for general working capital.

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.

Note 17 – Reserves

Share-base payment reserve

The share-based payment reserve records items recognised as expenses on shares granted under the Employee Incentive Plan.

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

Movement on shares and non-recourse loans granted under the Employee Incentive Plan:

	2021 Number	2021 \$	2020 Number	2020 \$
Balance at beginning of year	21,100,000	149,000	21,100,000	149,000
Issued during the year	21,400,000	160,500	-	-
Balance at end of year	<u>42,500,000</u>	<u>309,500</u>	<u>21,100,000</u>	<u>149,000</u>

Details and valuation of the EIP shares issued during the year are described in Note 7.

Note 18 – 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:

	2021 \$	2020 \$
Short-term employee benefits ¹	145,837	99,288
Post-employment benefits	5,363	3,732
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	100,500	-
	<u>251,700</u>	<u>103,020</u>

¹ Include amounts owing to Directors of \$102,780 (2020: \$61,260).

Detailed remuneration disclosures are provided in the remuneration report on pages 45 to 49.

Other transactions with Key Management Personnel

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
	<u>10,400</u>	<u>15,300</u>

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

	2021	2020
	\$	\$
Note 19 – Remuneration of auditors		
Remuneration of the auditor for:		
- auditing or reviewing the financial reports	22,000	21,750

Note 20 – Notes to the Cash Flow Statement

(a) Reconciliation of cash

Cash at bank and on hand	54,595	389,820
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(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities

Loss after income tax	(582,600)	(1,103,915)
Add non-cash items in operating costs:		
Exploration and evaluation expenditure written off	8,564	797,264
Borrowing costs	15,665	-
Share-based payments	145,440	-
Changes in assets and liabilities relating to operations:		
Increase/ (Decrease)in trade and other payables	78,245	(539)
(Increase)/Decrease in receivables	(27,202)	5,691
Decrease/(Increase) in prepayments	1,241	(701)
Net cash used in operating activities	(360,647)	(302,200)

(c) Non-cash investing and financing activities

During the year, the Company issued 21,400,000 fully paid ordinary shares to eligible persons under the Company's Employee Incentive Plan ("EIP") (see Note 7).

Note 21 – 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 2021 (continued)

Note 22 – Loss per share

	2021 \$	2020 \$
Operating loss after income tax used in the calculation of basic and diluted loss per share	(582,600)	(1,103,915)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	706,158,576	604,486,338

Note 23 – Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, borrowings 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	2021 \$	2020 \$
Financial Assets			
Cash and cash equivalents	9	54,595	389,820
Trade and other receivables	10	35,794	8,591
Financial assets	12	80,000	70,000
Total Financial Assets		170,389	468,411
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	14	228,157	135,824
Borrowings	15	125,000	-
Total Financial Liabilities		353,157	135,824

(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 2021 (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, foreign currency risk and commodity and equity price risk.

(i) Interest rate risk--

The Group has cash at bank and its income and operating cash flows are exposed to changes in market interest rates. Interest rate on borrowings is fixed until maturity.

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

	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	54,588	389,813
Security deposits	10,000	20,000
	64,588	409,813

(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 10.

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.

	Interest rate (fixed) %	Within 1 Year		1 to 5 Years		Over 5 years		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
		\$	\$	\$	\$	\$	\$	\$	\$
Non-interest bearing:									
Trade and other payables	-	228,157	135,824	-	-	-	-	228,157	135,842
Interest bearing:									
Borrowings	8.0	-	-	125,000	-	-	-	125,000	-
Total non-derivatives		228,157	135,824	125,000	-	-	-	353,157	135,842

At balance date the Group has undrawn loan facility available of \$1,025,000 that can be drawn as and when required until 1 October 2022.

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

(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 future mining projects will be impacted by commodity price changes (predominantly gold, silver and copper) and could impact future revenues once operational. However, management monitors current and projected commodity prices.

(b) Net fair values

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:

	Fixed interest rate maturing			Non-interest bearing		Total
	Variable interest rate	Within 1 year	1 to 5 years	Within 1 year	1 to 5 years	
2021	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	54,588	-	-	7	-	54,595
Trade and other receivables	-	-	-	35,794	-	35,794
Security deposits	10,000	-	-	-	70,000	80,000
	64,588	-	-	35,801	70,000	170,389
Financial liabilities						
Trade and other payables	-	-	-	228,157	-	228,157
Borrowings	-	-	125,000	-	-	125,000
	-	-	125,000	228,157	-	353,157
2020						
Financial assets						
Cash and cash equivalents	389,813	-	-	7	-	389,820
Trade and other receivables	-	-	-	8,591	-	8,591
Security deposits	20,000	-	-	-	50,000	70,000
	409,813	-	-	8,598	50,000	468,411
Financial liabilities						
Trade and other payables	-	-	-	135,824	-	135,824

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

(d) Sensitivity analysis

The Group has performed sensitivity analysis relating to its exposure to market 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.

	2021	2020
	\$	\$
Interest rate sensitivity analysis		
Decrease/ (increase) in loss		
- increase in interest rate by 0.25%,	161	1,025
- decrease in interest rate by 0.25%	(161)	(1,025)
	<hr/>	<hr/>

Note 24– Controlled entities

Controlled entities	Country of incorporation	Ownership interest	
		2021	2020
Great Western Minerals Pty Ltd ¹	Australia	100%	100%
New Base Metals Pty Ltd	Australia	100%	100%

¹The sale of 100% ownership of this controlled entity was completed on 24 August 2021.

	2021	2020
	\$	\$

Note 25 – Commitments

Exploration expenditure commitments

The expenditure commitments to maintain rights to tenure in exploration licences as at 30 June 2021 have not been provided for in the financial statements and are due:

Within twelve months	53,000	246,000
Twelve months or longer and not longer than five years	460,000	814,000
Longer than five years	-	120,000
	<hr/>	<hr/>
	513,000	1,180,000

Exploration licence EL 6400 was transferred out of the Group with the sale of wholly-owned controlled entity Great Western Minerals Pty Ltd in August 2021 thereby reducing the commitments at balance date from \$513,000 to \$373,000 as follows:

Within twelve months	53,000
Twelve months or longer and not longer than five years	320,000
Longer than five years	-
	<hr/>
	373,000

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)**Note 26 – Parent Entity information****Summary financial information**

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

	2021	2020
	\$	\$
Assets		
Current assets	62,530	381,649
Non-current assets	1,233,375	506,656
Total assets	<u>1,295,905</u>	<u>888,305</u>
Liabilities		
Current liabilities	188,655	112,017
Non-current liabilities ¹	125,000	-
Total liabilities	<u>313,655</u>	<u>112,017</u>
Equity		
Issued capital	14,160,010	13,516,892
Reserves	610,210	464,770
Accumulated losses	<u>(13,787,970)</u>	<u>(13,205,374)</u>
	982,250	776,288
Financial performance		
Loss for the year	<u>(582,596)</u>	<u>(1,105,283)</u>
Total comprehensive loss	<u>(582,596)</u>	<u>(1,105,283)</u>

¹ The outstanding loan amount under the loan facility agreement is to be repaid in priority to any accounts payable or loans within 5 business days of receipt of proceeds from an equity capital raising by the Company (see Note 15).

Note 27 – Contingent liabilities

The Group has no contingent liabilities at 30 June 2021 or 30 June 2020.

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

Note 28 – 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 August 2021, the Group was granted 3 exploration licences near Broken Hill in NSW (ELs 9220, 9224, 9230) for 5 years and 1 licence near Tumut in NSW (EL 9252) for 6 years;
- On 24 August 2021, the sale of the Company's wholly-owned subsidiary Great Western Minerals Pty Ltd that owned EL 6400 Koonenberry to Odin Metals Limited ("ODM") was completed and the Company received \$97,360 cash and 15 million fully paid ordinary shares in ODM (escrowed for 12 months); and
- In August and September 2021, the Company lodged applications for 3 tenements (ELAs 2021/00082, 2021/00136 and 2021/00137) within the Loxton Sands and equivalent of the Murray Basin and Otway Basin in SA covering a total area of 2,777 square kilometres for exploration of Rare Earths Elements.

The financial report was authorised for issue on 22 September 2021 by the Board of Directors.

DIRECTORS' DECLARATION

Directors' Declaration for the year ended 30 June 2021

- 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 2021 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 2021.
- 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 22nd day of September 2021



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 2021, 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 2021 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 Related to Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 4(c) to the financial statements, the financial statements have been prepared on a going concern basis. As at 30 June 2021, the Group had an working capital deficiency of \$124,021 and had incurred a loss for the year of \$582,600. The Group had borrowings of \$125,000 which are repayable on the 1 October 2022. The ability of the Group to continue as a going concern is subject to the successful recapitalisation of the Group. In the event that the Board is not successful in recapitalising the Group and in raising further funds, the Group may not be able to pay its debts as and when they become due and may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts different to those stated in the financial report.

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>Carrying Value of Exploration and Evaluation Assets</p> <p>As at 30 June 2021, Exploration and Evaluation Assets totalled \$1,151,269 (refer to Note 13 of the financial report).</p> <p>The carrying value of exploration and evaluation assets is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the expenditure capitalised representing 86% of total assets; • 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 • The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure. 	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> 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; 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; 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 style="list-style-type: none"> ▪ Minutes of the board and management; and ▪ Announcements made by the Group to the Australian Securities Exchange; and iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

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 2021, 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 45 to 49 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Ausmon Resources Limited for the year ended 30 June 2021 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
22 September 2021

ADDITIONAL INFORMATION

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

1. SHAREHOLDINGS

(a) Distribution of Shareholders as at 6 September 2021

Size of Holding	Holders	Ordinary Shares Held	%
1-1,000	26	5,577	0.000
1,001-5,000	18	57,134	0.010
5,001- 10,000	92	905,751	0.120
10,001-100,000	321	20,700,865	2.750
100,001 – and over	592	731,490,016	97.120
	1,049	753,159,343	100.000

316 shareholders held less than a marketable parcel.

(b) Top Twenty Shareholders as at 6 September 2021

Shareholder	Number of Ordinary Shares	% Held of Issued Ordinary Capital
OCTAN ENERGY PTY LTD	29,000,000	3.850%
LAMDIAN PTY LTD <SAMYUE SUPERFUND A/C>	27,850,000	3.698%
VESWAY PTY LTD <ESVSY SUPER FUND A/C>	26,004,857	3.453%
MR BAIRONG FENG	23,142,857	3.073%
HIX CORP PTY LTD <HIX CORP A/C>	22,700,000	3.014%
MR JOHN WANG	22,017,859	2.923%
MRS MAN SUN NG	20,500,000	2.722%
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	20,470,000	2.718%
MR LIUBAO QIAN	20,000,000	2.655%
MR BORIS PATKIN	19,142,857	2.542%
WUJIANG INVESTMENT PTY LTD	16,072,720	2.134%
YAU MAN FAMILY PTY LTD <YAU MAN FAMILY A/C>	13,788,989	1.831%
MRS COLETTE DALY	13,326,000	1.769%
AUSTRALASIA ACCESS PTY LTD	12,000,000	1.593%
MR WONG YUET MOYE SAM YUE	10,000,000	1.328%
SNOWY PLAINS PTY LTD	10,000,000	1.328%
MR SHAUN CRAIG KELLY	8,000,000	1.062%
CITICORP NOMINEES PTY LIMITED	6,927,207	0.920%
JOHN WANG & CO PTY LTD	6,510,000	0.864%
T R SAMUELS TRANSPORT PTY LIMITED	6,154,738	0.817%
Twenty largest shareholders	333,098,084	44.294%
Others	419,551,259	55.706%
	753,159,343	100%

AUDIT REPORT

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.