

AUSMON RESOURCES LIMITED

ABN 88 134 358 964

Half-Year Financial Report

31 December 2022

For personal use only

CONTENTS

Corporate Directory	1
Review of Operations	2
Directors' Report	20
Auditor's Independence Declaration	21
Independent Auditor's Review Report	22
Directors' Declaration	24
Consolidated Statement of Profit or Loss and Other Comprehensive Income	25
Consolidated Statement of Financial Position	26
Consolidated Statement of Changes in Equity	27
Consolidated Statement of Cash Flows	28
Condensed Notes to Consolidated Financial Statements	29

For personal use only

CORPORATE DIRECTORY

Directors

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

Company Secretary

Eric W Y M Sam Yue

Registered Office

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

Website

www.ausmonresources.com.au

Share Registry

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

Home Stock Exchange

ASX Limited
Exchange Centre
20 Bridge St
Sydney NSW 2000

ASX Code: AOA

Solicitors

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

Auditors

Stantons
Level 2, 40 Kings Park Rd
West Perth WA 6005

REVIEW OF OPERATIONS

CORPORATE

- In July 2022, the Company was successful in its application for an allocation by the Commissioner of Taxation of exploration credits of \$600,000 that may be distributed to eligible investors when the Company raises new equity capital from 1 July 2022 and conducts eligible exploration activities in the income tax year ending 30 June 2023.
- At the Annual General Meeting held on 25 November 2022, shareholders approved the issue of 6 million fully paid ordinary shares at \$0.0075 per share together with a 5 year, interest free, secured with limited recourse, loan of \$45,000 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 25 November 2022.
- At the Annual General Meeting held on 25 November 2022 shareholders approved the issue within 3 months of up to 200 million fully paid ordinary shares in accordance with ASX Listing Rule 7.1. In February 2023, 67 million fully paid ordinary shares were issued at \$0.006 per share raising \$402,000 before costs by private placement. The proceeds of the issues will be applied to exploration and general working capital. The balance of 133 million shares approved for issue by the shareholders have not been issued within the approved period.
- In December 2022 the loan facility agreement was varied to extend the loan availability period from 1 October 2023 to 1 October 2024.

REVIEW OF OPERATIONS (continued)

EXPLORATION

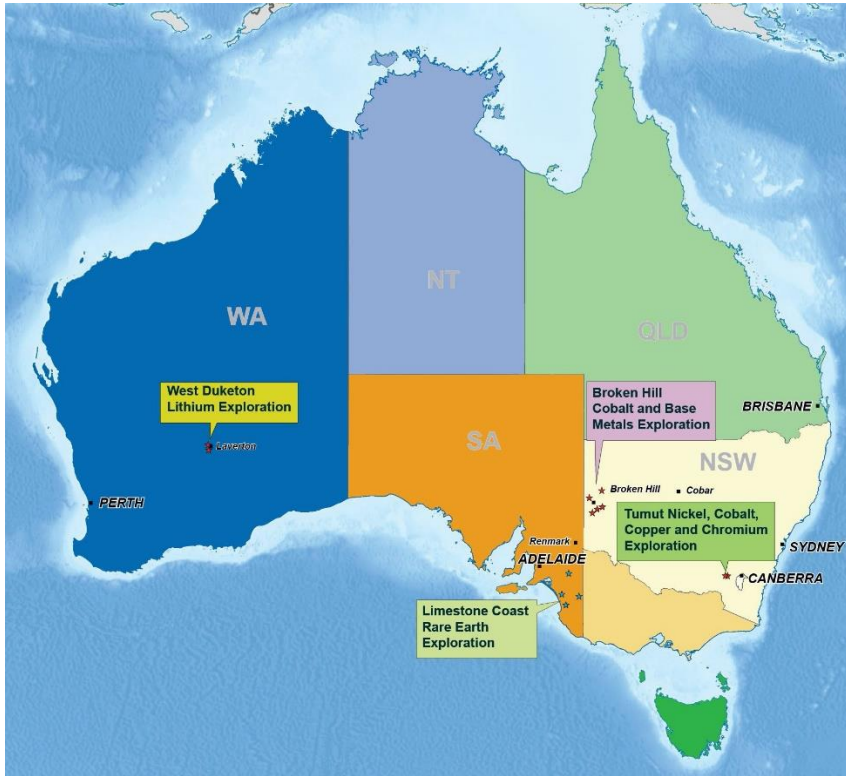


Figure 1: Location of Ausmon Exploration Projects in Australia



Figure 2: Location of granted licences in NSW and SA

For personal use only

REVIEW OF OPERATIONS (continued)

NSWEXPLORATIONLICENCES

ELs 8745 (Kanbarra), 8747 (Stirling Vale), 9220 (Enmore), 9224 (Eureka) and 9230 (Mt Darling)
NEAR BROKEN HILL IN NSW – 100% INTEREST
Cobalt, Copper, Lead, Zinc and Silver Exploration

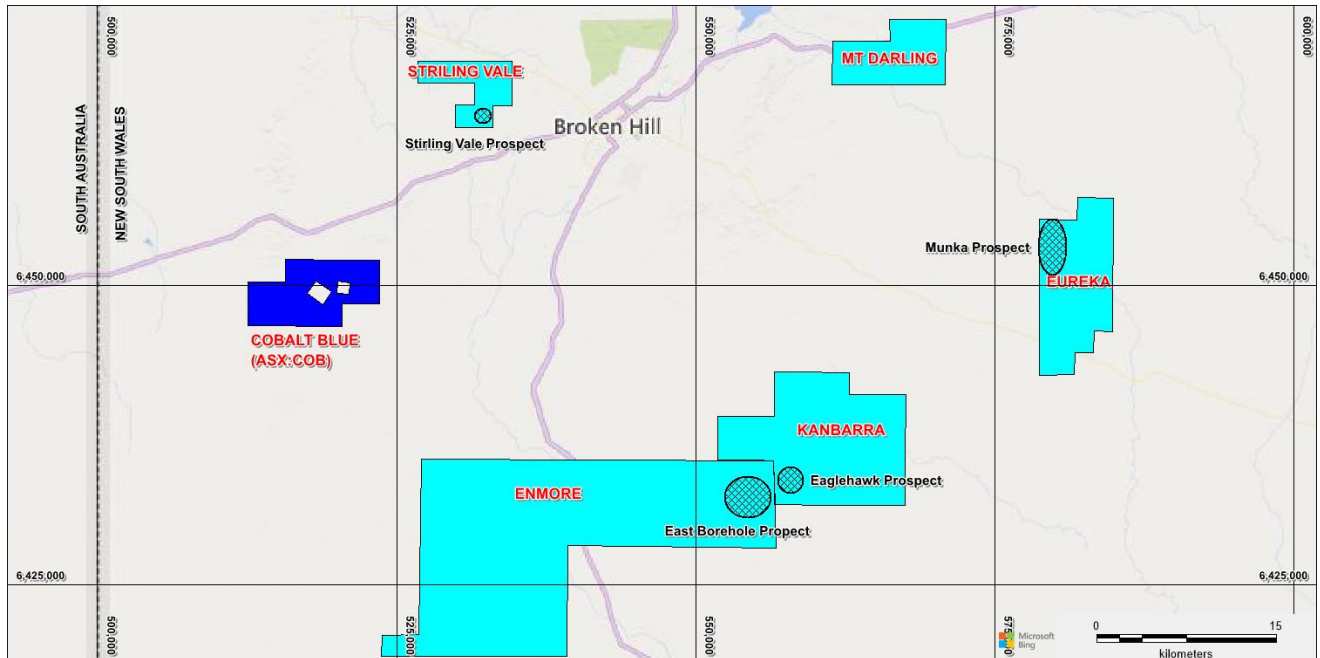


Figure 3: Location of granted Broken Hill tenements and the key prospects for exploration

The five licences cover an area of approximately 685 km² near Broken Hill (Figure 3) and in the region of the cobalt development areas of Cobalt Blue (ASX:COB).

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

Within these 3 exploration licences (Figure 3) held by wholly owned subsidiary New Base Metals Pty Ltd the Company plans to explore for Broken Hill-type Pb-Zn-Ag, Iron Oxide Cu-Au (IOCG) and cobalt mineralisation within Palaeoproterozoic Willyama Supergroup rocks as found by Cobalt Blue in their tenements.

Compilation and processing of publicly available magnetics, radiometrics and gravity for the area SE of Broken Hill have been previously carried out for the Company by Southern Geoscience Consultants (SGC). Figures 4 to 6 shows 13 targets that have been defined with a subsequent a lithostructural study. The targets are broadly associated with fault intersections, circular features (possible buried intrusion) and tightly folded stratigraphy. In addition, some areas with a low magnetic response (cool colours in the magnetic image) may represent areas of magnetic destructive alteration. As an example of the lack of outcrop of the Mt Darling area shows all surface outcrop as coloured polygons over the magnetic image.

REVIEW OF OPERATIONS (continued)

Exploration activities during the period has been desk based with planning for field work in 2023. The Company has contacted most landholders of the target areas for access with a plan to undertake field exploration during the period; however, because the terrain has been soaked during several rain events the field program had to be deferred to 2023.

The exploration plans prepared for 2023 in the Broken Hill region are as follows:

Enmore - Ground IP survey at the **East Borehole Prospect**. Historical shallow RAB/Aircore Drilling mainly in the 1980's has intersected elevated copper, lead and zinc geochemistry at depths generally < 50 m. The ground IP survey aims to test for sub surface zones of high chargeability that may relate to base metal mineralisation (Target ENM4 **Figure 4**).

Eureka - Grid based surficial geochemical sampling to be carried out in the NW corner of the Eureka tenement where the soil cover is thin. Soils will be collected in addition to rock samples with a view to defining anomalous geochemical trends. (Target EUR1 **Figure 6**).

Stirling Vale/Kanbarra - A significant amount of exploration has been completed by the Company in previous years within the Stirling Vale and Kanbarra tenements including an IP survey, drilling programs and soil sampling. A review is in process of all exploration completed together with historic exploration with a view to generating exploration targets.

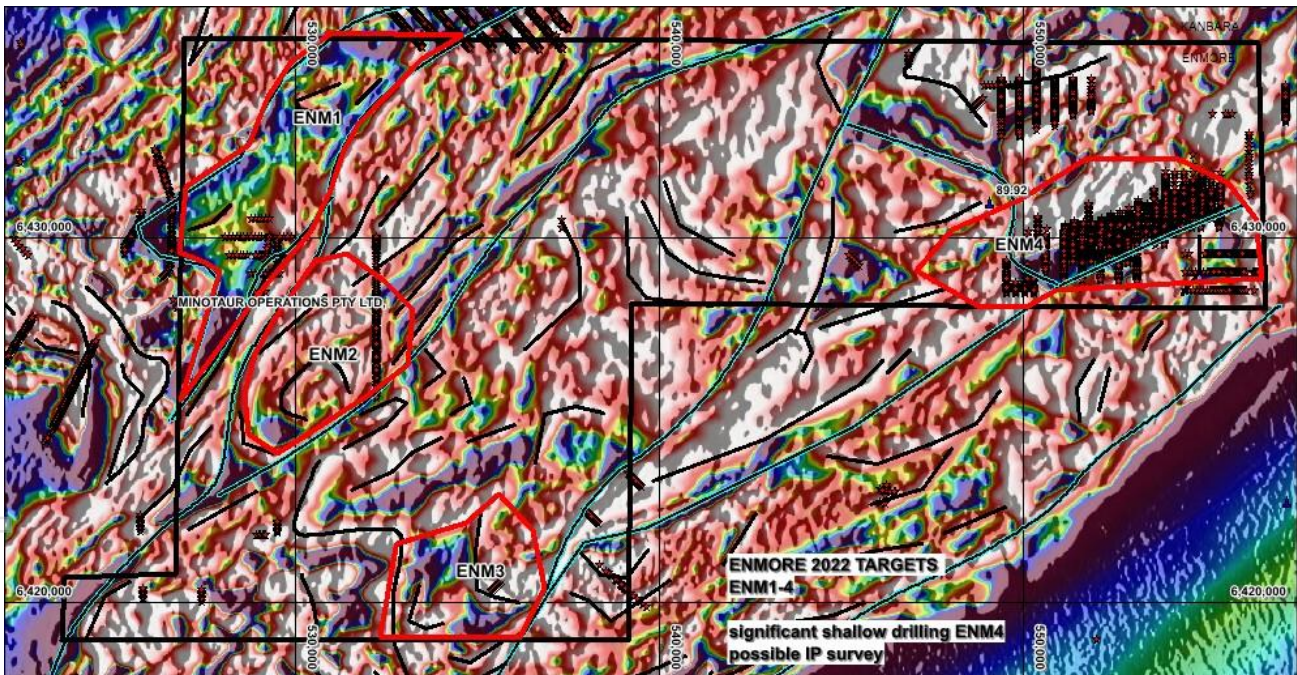


Figure 4: Enmore and Eureka on IVD RTP Magnetics showing ENM Targets and historic drill collars (NSW Geological Survey GIS Database)

REVIEW OF OPERATIONS (continued)

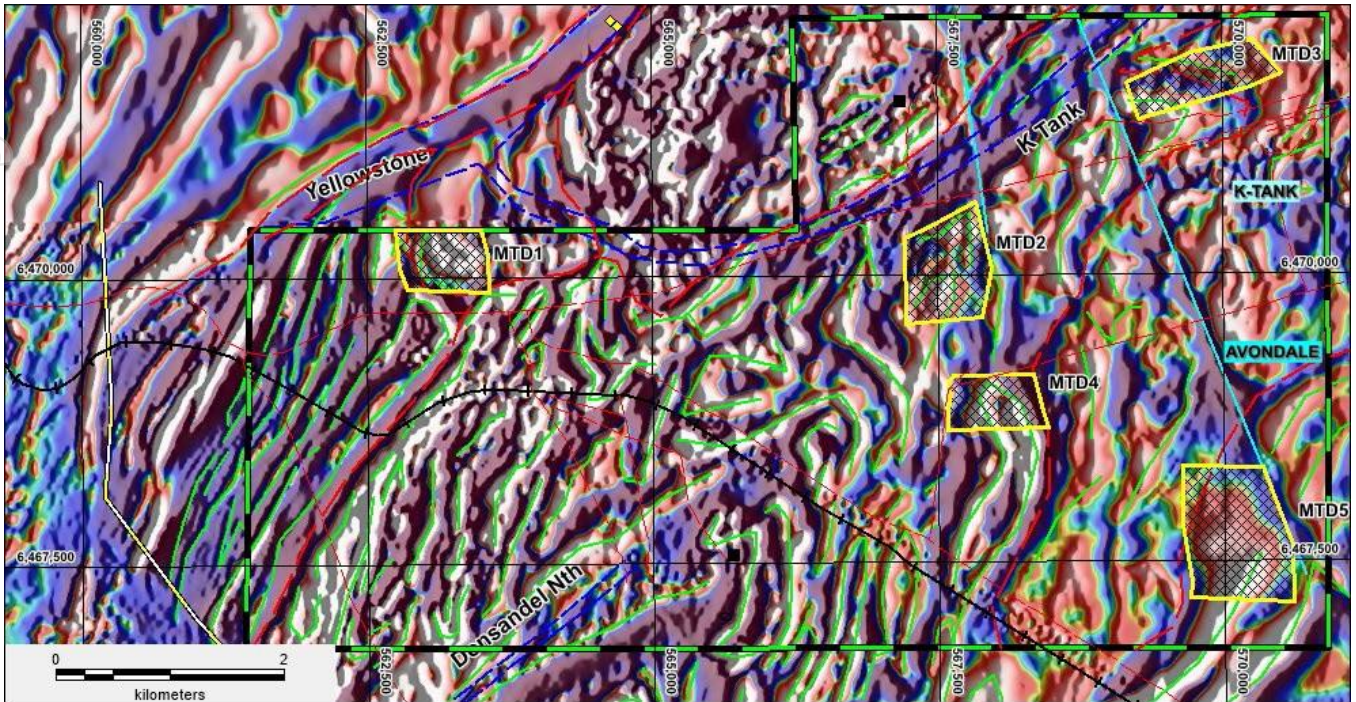


Figure 5: Mt Darling on 1VD RTP Magnetics showing MTD targets

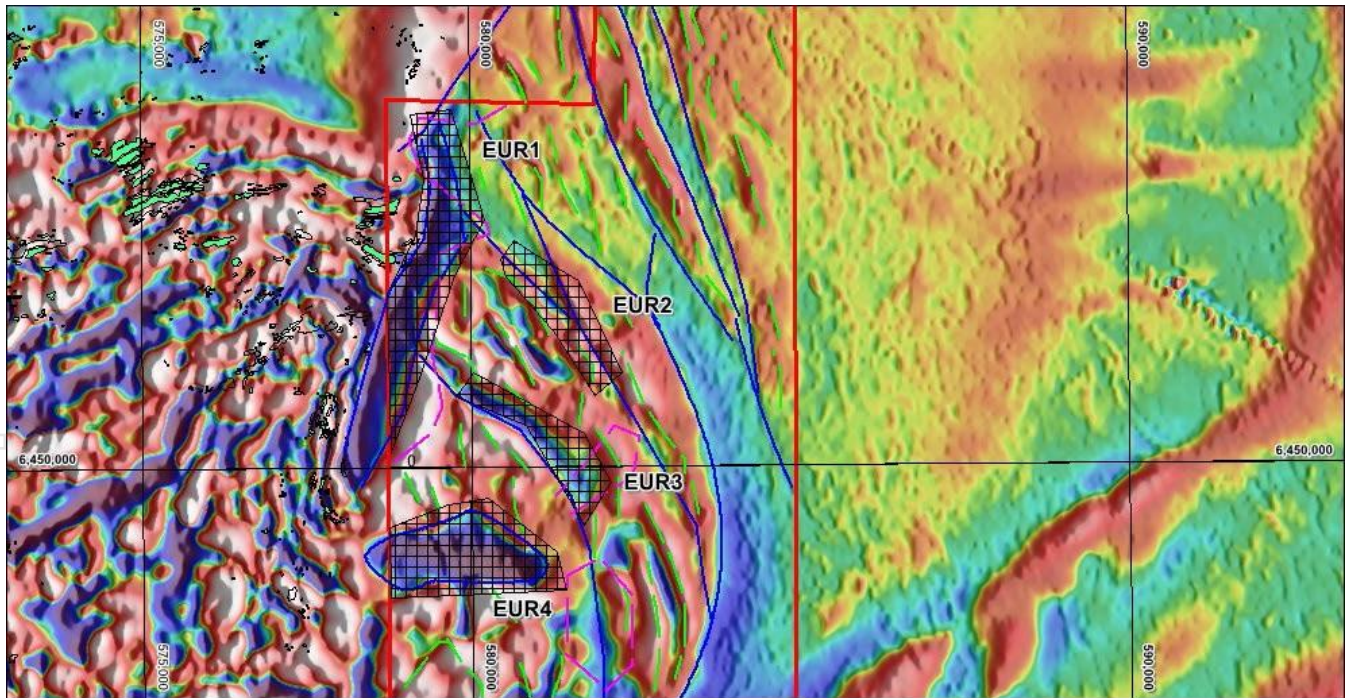


Figure 6: Eureka Tenement on 1VD RTP Magnetics showing EUR targets)

REVIEW OF OPERATIONS (continued)

ELs 8954 (Brungle Creek) and 9252 (Mc Alpine) NEAR TUMUT IN NSW – 100% INTEREST Cobalt and Base Metals (copper, chromite and nickel) Exploration

Brungle Creek (EL 8954) and McAlpine (EL 9252) cover a total area of approximately 106 square kilometres within in an exciting exploration region with potential for Cobalt, Copper, Chromite, Gold and Nickel 15 km north-east of Tumut, 15 km south east of Gundagai and adjacent to the serpentine ridge of the Honeysuckle Range (Figures 10 and 11). EL 9252 covers the McAlpine Copper and Chromite historical workings, is adjacent and to the west of Brungle Creek EL 8954.

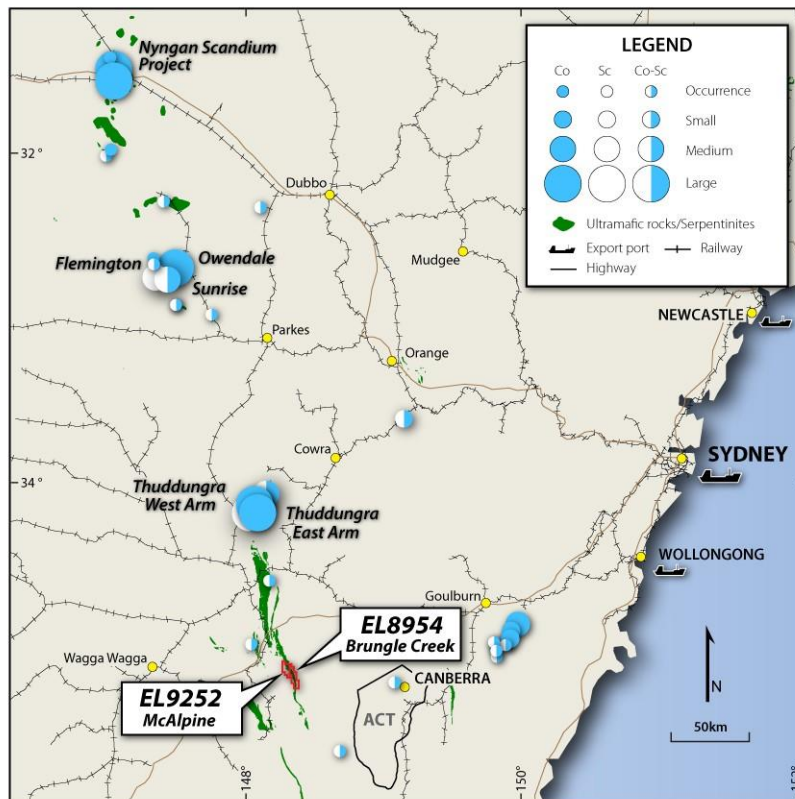


Figure 7: Location of Cobalt Projects near the McAlpine and Brungle Creek Prospects NSW

During the period, Internode Seismic completed for the Company the reprocessing and interpretation of a mid-1980's, BMR (now Geoscience Australia) seismic line. The seismic line traverse runs E-W and crosses the 2 tenements as shown in **Figure 8**. The seismic receiving stations are shown as purple dots and the Coolac Serpentinite Belt focus of exploration in the Brungle Creek and McAlpine tenements occurs as a dark coloured ridge in the centre of the 3D photograph.

Processing of seismic data has improved significantly since the mid-1980s with the original seismic data shown with the interpretation of the same time period shown adjacent to the seismic data. Internode Seismic believes modern processing of 40 year old seismic data and the associated interpretation will lead to a greatly increased interpretation of 3D structures that will enhance our exploration efforts. The delineation of sub surface structures is shown in **Figure 9**.

REVIEW OF OPERATIONS (continued)

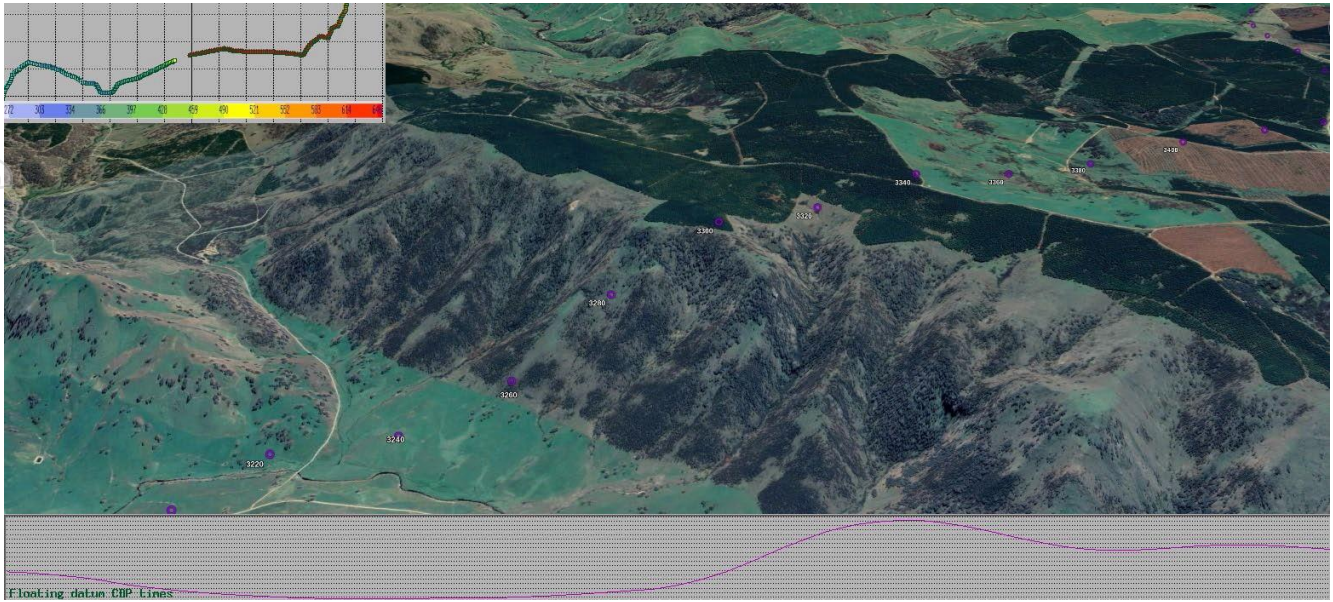


Figure 8: 3D aerial photography showing the dark Coolac Serpentine Ridge and seismic receiving stations as purple dots

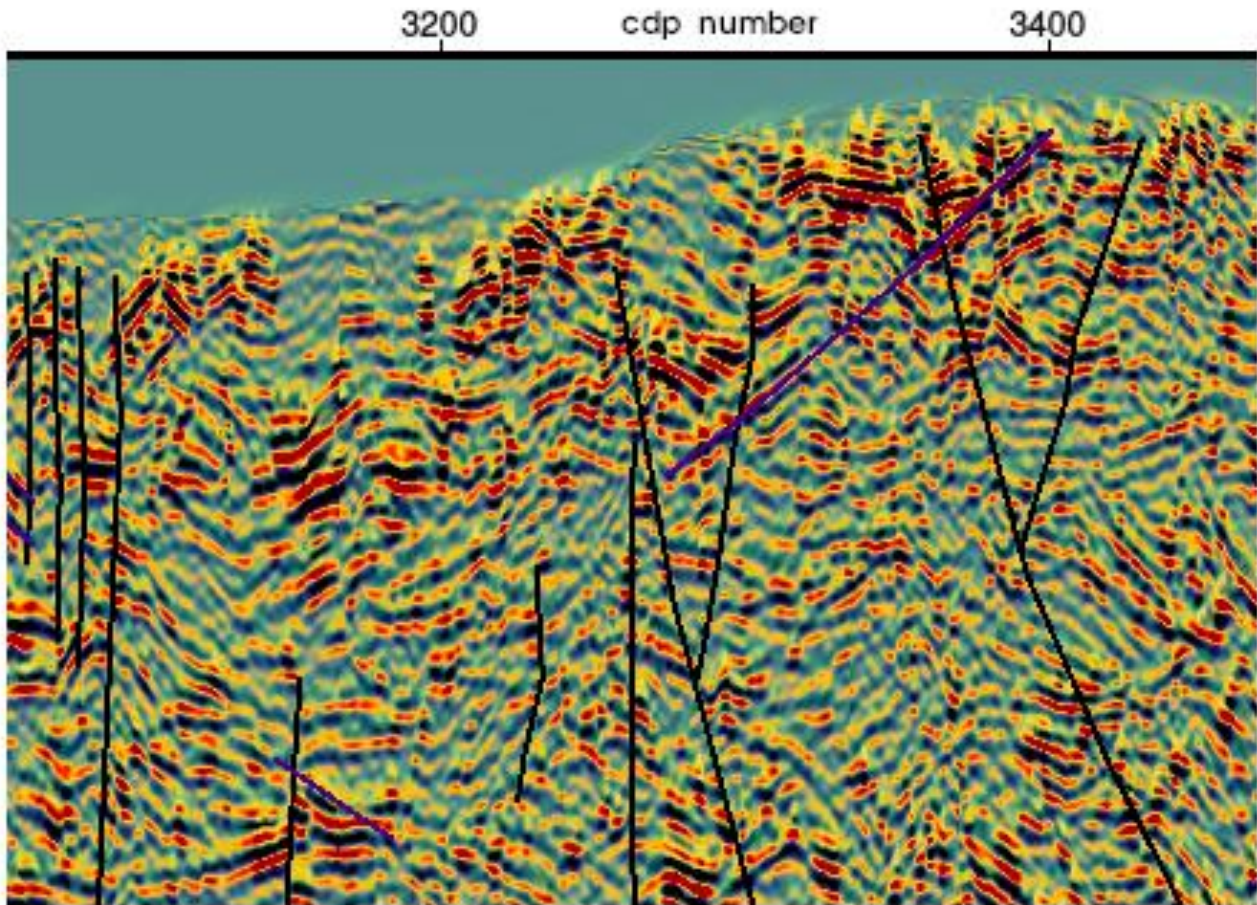


Figure 9: Reprocessed and interpreted 1980's seismic data across the Tumut Project

REVIEW OF OPERATIONS (continued)

After the interpretation of the seismic line, a two-week field-based program has been completed to sample targets not previously sampled and finalise the sampling of all high priority samples. A total of 91 rock and 196 grid based soils sampled were collected and submitted to ALS laboratory in Adelaide for gold and multi elements analyses. Laboratory results have not yet been fully received for interpretation and reporting. The target areas are shown in **Figure 10**.

Exploration Targets:

Target 1: Possible extension of the Jugiong Shear into the northern margin of the Brungle Creek tenement. Exploration included geological mapping and rock sampling. The target commodity is gold.

Target 2: This a broad elongated NW-SE target transgresses the faulted contact of the Blowering Beds/Honeysuckle Beds and Coolac Serpentinite. The historic Robin Mine is located as the southern end as a blue hatched area in. Exploration within this zone involved geological prospecting and rock sampling – The target commodities are gold, copper and cobalt.

Target 3: This is the historic McAlpines Copper and Chromite Mines and are located within the Coolac Serpentinite Belt. Exploration comprised detailed geological mapping to understand the geology, structure and mineralisation and rock sampling. The target commodities are copper, chromite and cobalt.

Target 4: This is the historic Campbells and Chromite Mines located within the Coolac Serpentinite Belt. Exploration comprised detailed geological mapping to understand the geology, structure and mineralisation and rock sampling. The target commodities are copper, cobalt and chromite.

Target 5: This a North-South shear noted in the State 1:100,000 Tumut Geology Map. Exploration was the same as for Target 2.

Target 6: This is a historic copper prospect known as the Honeysuckle Copper Project and is a small 2m x 1m x 0.5m pit adjacent to the creek. The Satellite Alteration noted an elevated iron oxide and clay response so the exploration method will be E-W soil traverses and rock sampling. The target commodity is copper. Access denied by the landholder so no surficial geochemical exploration has been carried out

Target 7 This is the southern continuation of the shear in Target 5 and the exploration was the same as for Target 5.

REVIEW OF OPERATIONS (continued)

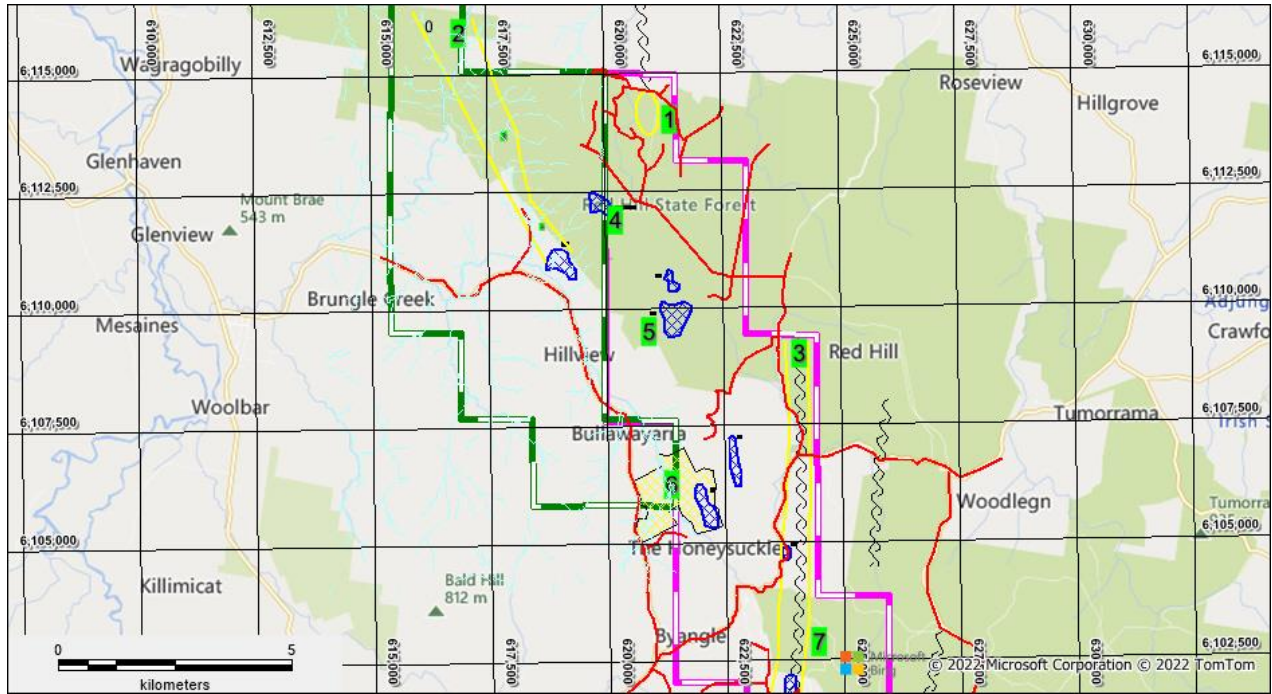


Figure 10: Brungle Creek (pink) and McAlpine (Green) showing the 7 target areas as blue hatched areas or yellow outlines

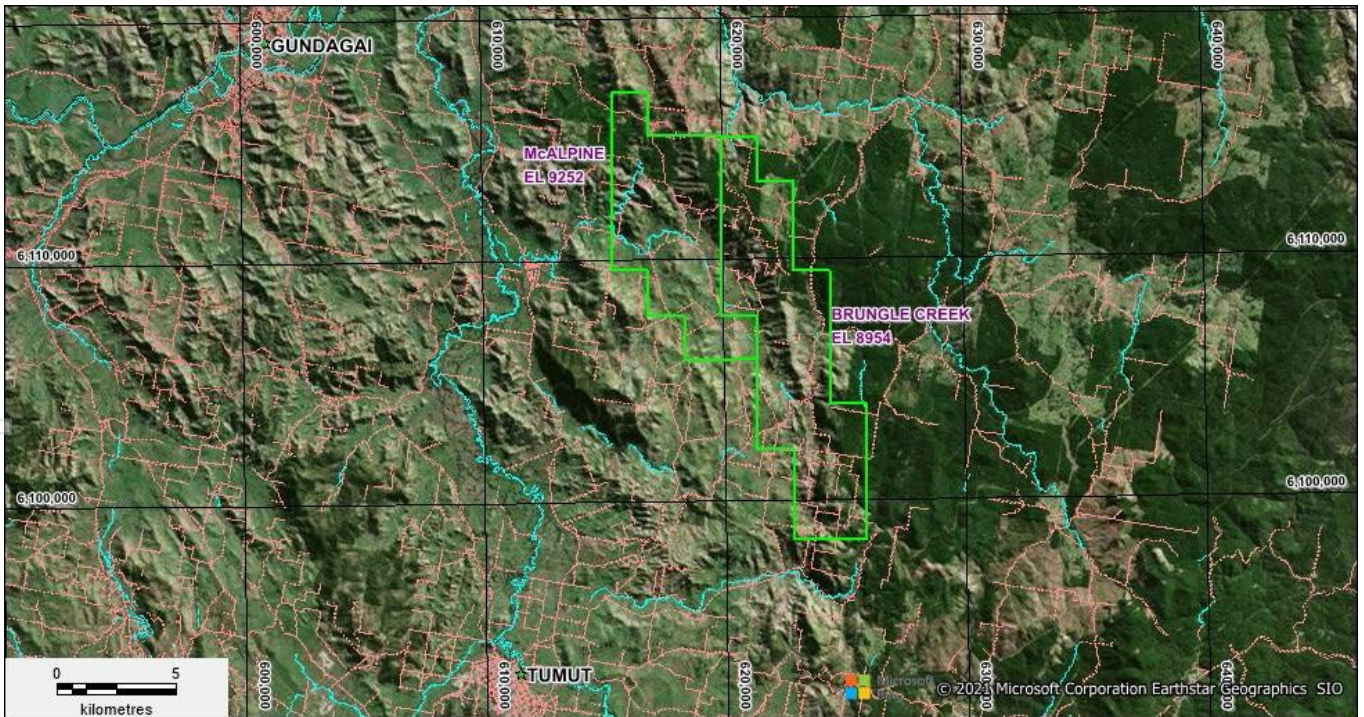


Figure 11: McAlpine EL 9252 and Brungle Creek EL 8954 location map – BING Aerial Photograph

REVIEW OF OPERATIONS (continued)

SA EXPLORATION LICENCES

EL 6795 (Parrakie), EL 6796 (Mt Rough), EL 6797 (Kingston) and EL 6807 (Wolseley)

MURRAY AND OTWAY BASINS - 100% INTEREST

Rare Earth Elements (REE) Exploration

In July 2022, the Government of South Australia, Department of Energy and Mining (“DEM”) granted the Company 4 exploration licences, namely EL 6795 (Parrakie), EL 6796 (Mt Rough), EL 6797 (Kingston) and EL 6807 (Wolseley) following lodgement of applications in August/September 2021 for rare earth elements (REE) and other minerals exploration (**Figure 12**).

The licences are for 6 years to July 2028 and cover a total area of 2,775 square kilometres. They are located on the Limestone Coast southeast of Adelaide in South Australia (**Figure 12**) within the Loxton Sands or equivalent of the Murray and Otway Basins.

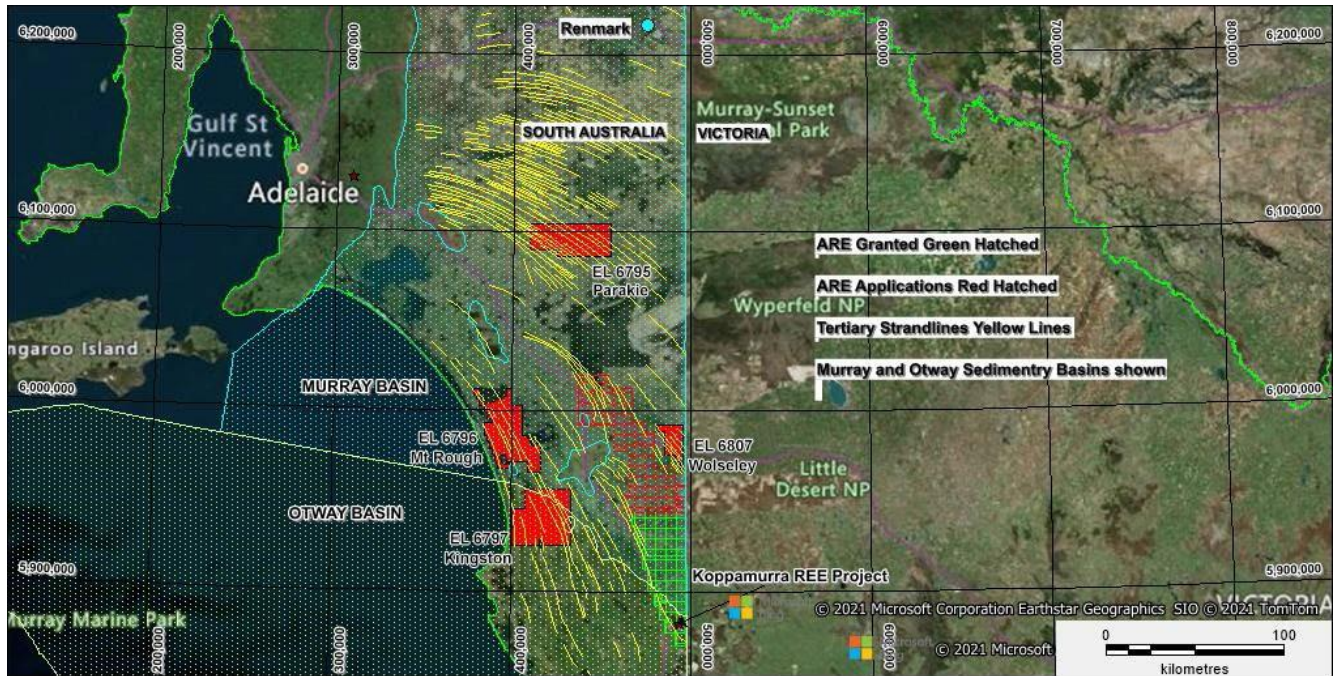


Figure 12: South Australian REE Application Areas and associated Murray and Otway Basins

The aim of the Company is to explore 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. Australian Rare Earth (ASX:AR3) has a large area in the region and recently announced following a drilling program an increased JORC inferred mineral resource of 81.4 MT @ 785 ppm TREO (Total Rare Earth Oxides) at their Koppamurra project prospective for ionic clay REE deposit (see AR3’s ASX announcement of 4 July 2022). Several other entities are also exploring for REE in the region.

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.

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

REVIEW OF OPERATIONS (continued)

This clay fraction will be the primary exploration target in the interdunal Tertiary Strandline zones (**Figure 13**).

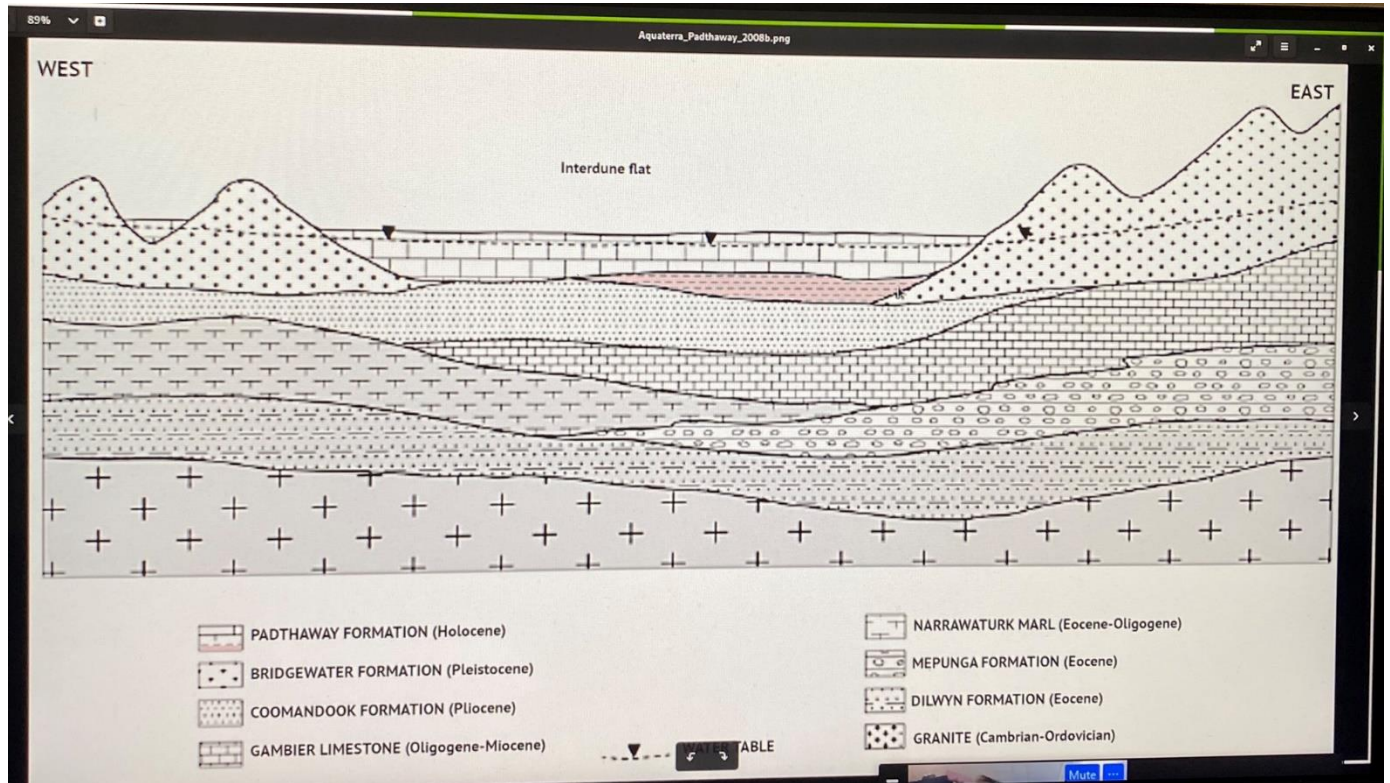


Figure 13: Murray Basin Cross Section showing the target “clay horizon” in pink located between the sand dunes

During the period, field exploration commenced with the strategy to first visit sites where bulk samples may later be collected to identify clay fraction that can be sieved, at the same time locate roadside traverses for later verge deeper (up to 50 m) Aircore drilling. In addition to the near surface evaluation of the REE ionic clay potential, a further evaluation of the deeper bedrock potential for gold and base metal mineralisation sites will be carried out based on a lithostructural interpretation of available geophysical data sets.

An initial field reconnaissance commenced in September 2022 and was completed in early October 2022. It has identified several sites for bulk sampling and Aircore drilling: 290 within Parakie, 154 within Wolseley, 177 within Kingston and Mt Rough as shown in **Figure 14**.

Meetings have been held with the Kingston, Coorong, Southern Mallee, Karoonda East Murray and Tatiara District Councils to present the exploration programs for REE and to request permission to carry out road verge aircore/auger drilling. All the councils were fully supportive.

A local contractor has been engaged in October to liaise with councils for drilling along road verges and to later supervise traffic management during sampling and drilling activities. Meetings will be held with local communities and stakeholders to present the proposed exploration activities.

REVIEW OF OPERATIONS (continued)

The Company has engaged a consultant to conduct a thorough review of available historic drilling across the Parrakie and Wolseley tenements that will be first to be drill tested by the Aircore method in 2023. The review will assist to determine the depth to possible clay layers that may be enriched in REE and provide a guide to drilling depths for the future drilling programs.



Figure 14: Proposed road verge drilling traverses in black across the Limestone Coast tenements

The SA Mines Department holds a selection of core and drill chips from historical drilling campaigns. None of those drill material has been analysed for REE which is the focus of the Company’s exploration. The Company has engaged Adelaide based Challenger Geological Consulting to retrieve a selection of drill hole material within the Parakie and Wolseley tenements to scan the samples with the pXRF Olympus Vanta M series. The pXRF scans a range of elements with key REE elements Yttrium, Lanthanum, Cerium, Praseodymium(Pd) and Neodymium (Nd). The results of this sampling are awaited.

REVIEW OF OPERATIONS (continued)

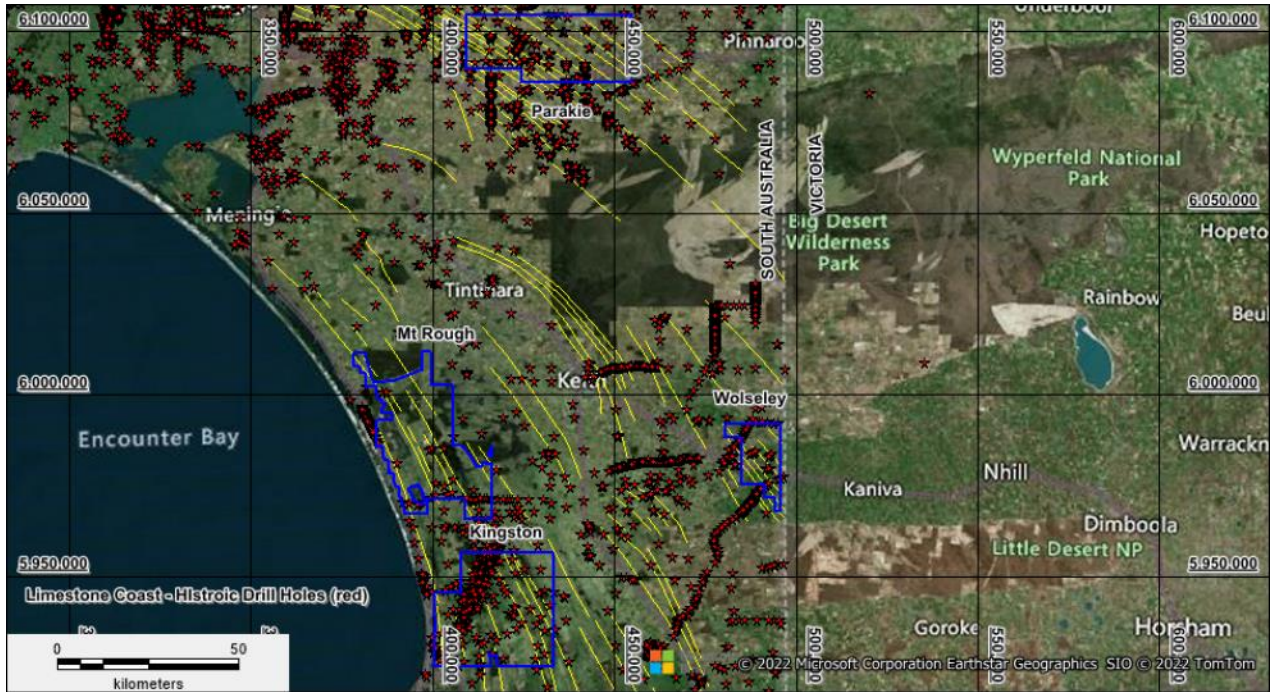


Figure 15: Limestone Coast Historic Drillholes

WA EXPLORATION LICENCE APPLICATIONS

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

LAVERTON AREA - 100% INTEREST

Lithium Exploration

In January 2022, the Company’s wholly owned subsidiary AUSBCM Pty Ltd applied with the WA Department of Mines Industry Regulations and Safety (DMIRS) for two exploration licences ELA 38/3718 (Barneys) and ELA 38/3719 (Neckersgat) covering a total area of 275.8 km² (**Figure 17**). Grant of the licences is awaited.

REVIEW OF OPERATIONS (continued)

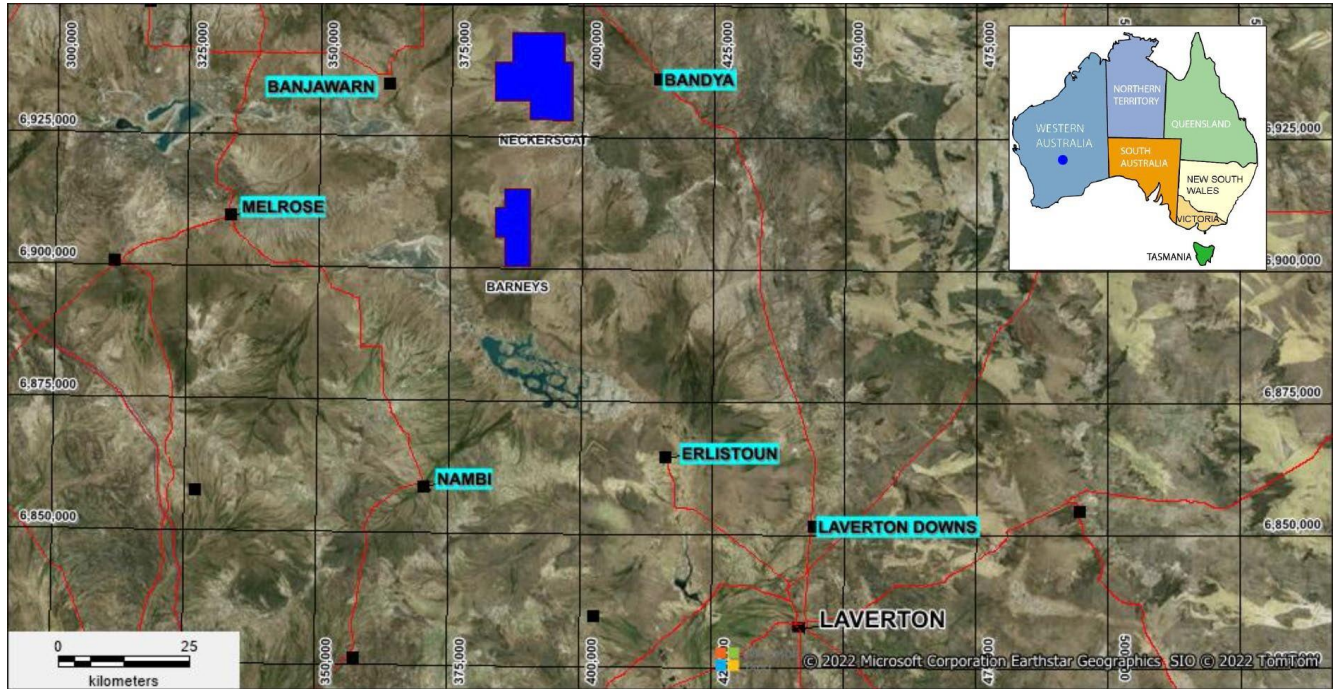


Figure 16: Laverton area applications Barneys and Neckersgat located to the north of Laverton in the Eastern Goldfields of WA

Potential of the areas

Since 2021, the Company has actively reviewed for possible lithium opportunities in Western Australia and has carried out extensive reviews of published geological, geochemical and geophysical data sets both within the Governments GeoVIEW and the Company’s inhouse MapInfo GIS systems. A large database has been assembled comprising whole rock geochemistry which includes lithium assays and detailed interpreted geology across the state. A concentration of pegmatite occurrences was noted to the NW of Laverton that have had very limited sampling focussing on the lithium potential.

The Company believes, given the limited understanding of the nature of these pegmatites, that a focussed exploration is warranted to determine if these pegmatites belong to the LCT (Lithium Caesium Tantalum) variety that is associated with lithium mineralisation currently being mined as several operations within Western Australia.

For personal use only

REVIEW OF OPERATIONS (continued)

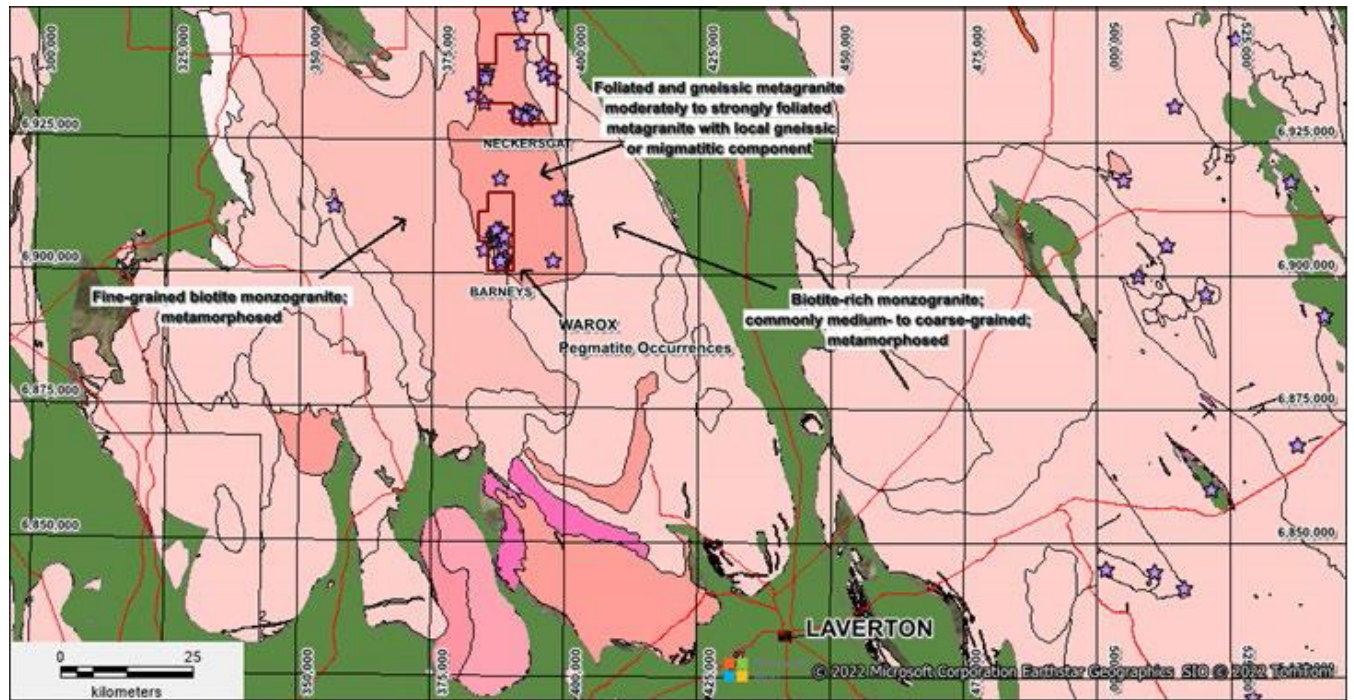


Figure 17: Laverton area applications Barneys and Neckersgat and showing the location of several pegmatites.

The pegmatite data is located within the GSWA WAROX data base

Regional Geology and Mineralisation

The broad geological setting is Archean Yilgarn Craton granite/greenstone terranes as shown in **Figure 18** with the greenstone terrains shown in green and the granites in pink/red. The states, major gold and nickel mines are situated on the greenstone terranes. The lithium operations are located primarily within the greenstone terranes ie Wodgina, Pilgangoora etc however the Greenbushes Lithium, the largest in WA is located within the Balingup Metamorphic Belt of the Western Gneiss Terrane, dominated by metamorphosed granitic lithologies in addition to more mafic to ultramafic varieties of igneous rocks as occur at Greenbushes. The NW oriented Donnybrook-Bridgetown shear zone that appears to be associated with the emplacement of the pegmatites at Greenbushes is an ancient structure, characterised by steeply dipping mylonitic textures, horizontal stretching lineations, assymmetric folds and evidence of sinistral strike-slip movement. It corresponds to a sequence of sheared gneiss, orthogneiss, amphibolite and migmatite outcrops along the trace of the lineament. A series of syn-tectonic granitoid intrusives also occur within the Balingup Metamorphic Belt, elongated along the Donnybrook-Bridgetown Shear Zone.

Within the Regional Laverton Lithium Project, the dominant lithology is a fine to coarse grained monzogranite flanked by the Duketon Greenstone Belt to the west (**Figure 17**). The lithium occurrences are hosted by strongly foliated and gneissic metagranite with local gneissic or migmatitic (A composite rock found in medium and high-grade metamorphic environments consisting of two or more constituents often layered repetitively with the alternate layer being a pegmatitic or finer granite). The gneissic nature represents a higher metamorphic grade and possibly significant structural component.

REVIEW OF OPERATIONS (continued)

TECHNICAL RELEASES SINCE COMMENCEMENT OF HALF YEAR

This review report contains information extracted from the Company’s ASX market announcements reported in accordance with the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (2012 JORC Code). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results can be found in the following announcements lodged on the ASX:

29 July 2022	Quarterly Activities Report
6 September 2022	Field Exploration Commences for Rare Earths in SA
5 October 2022	Field Reconnaissance Rare Earth Exploration in SA Completed
26 October 2022	Quarterly Activities/Appendix 5B Cash Flow Report
25 November 2022	Presentation at 2022 AGM
7 December 2022	Field Exploration Commenced at EL8954 and EL9252, NSW
20 December 2022	Field Exploration Completed at EL8954 and EL9252, NSW

The Company is not aware of any new information or data that materially affects the information included in these announcements.

Competent Person Statement

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

Forward-Looking Statement

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

REVIEW OF OPERATIONS (continued)

EXTERNAL FACTORS AND MATERIAL RISKS ON OPERATIONS

Key risks in addition to financial and funding risks described elsewhere in this Half Year Report to which the Company is exposed in its current business and operations are summarised as follows:

Exploration and development	Exploration for minerals is a speculative endeavour and involves a high degree of risk. The Group's projects are at exploration stage and there can be no assurance that exploration of its tenements can result in the discovery of an economic mineral deposit for production in the future.
Title of licences	All Group's licences allow the Group to undertake only exploration on the tenements. Failure to satisfy minimum work commitments under a licence may render the licence liable to be cancelled or not renewed unless successfully renegotiated. There is no guarantee that renewal of a licence when periodically due will be granted. The Group has not breached terms of the licences during the period.
Environmental	The Group's operations are subject to the environmental laws and regulations which may be subject to change and risks inherent in the mining industry that could subject the Group to extensive expenses and liabilities. The Group has not experienced adverse effects on its business during the period.
Land access and Native Title	Access to tenements for exploration activities is subject to certain regulations and restrictions. Negotiations for access are generally required with indigenous parties on Native Title and cultural heritage, if any, and with landowners/occupiers. During the period, the Group has been unable to contact some landowners for access resulting in changes to some field work but no significant adverse effect has resulted.
General industry risks	<ul style="list-style-type: none"> • <i>Key personnel</i>; The Group's ability to execute its activities depends in retention of key team members to implement the business plan. There have been certain periods when experienced contractors have been unavailable consequently delaying planned field work programs. • <i>changes in global economic and geopolitical conditions</i>; The Group's business is dependent on economic conditions including inflation, interest rates, consumer confidence, access to funds and government fiscal, monetary and regulatory policies. The Group has not experienced significant adverse impact on its operations during the year as a result changes in economic conditions. • <i>health and safety</i>; The Group's operations expose its personnel and contractors to health and safety risks inherent in minerals exploration that could subject the Group to extensive liability under health and safety laws and regulations. There has been no adverse event in that respect during the period. • <i>climatic</i>: Adverse climatic conditions e.g. rain and floods during the period have restricted access to some tenements and requiring deferral exploration. • <i>Information technology and cyber security</i>: The Group's information technology systems are protected by security measures but unauthorised third party access to these systems for theft of information or disruption of the operations could adversely impact business performance. There has been no event of security breaches during the year.

REVIEW OF OPERATIONS (continued)

LICENCES STATUS

Minerals tenements and applications for tenements held at 31 December 2022 and acquired or disposed of during and since the end of the half-year and their locations are as follows:

Tenement	Area Name	Location	Beneficial Interest	Status
EL 8745	Kanbarra	NSW	100%	Expiry on 15 May 2024
EL 8747	Stirling Vale	NSW	100%	Expiry on 24 May 2024
EL 8954	Brungle Creek	NSW	100%	Expiry on 11 March 2026
EL 9220	Enmore	NSW	100%	Expiry on 21 July 2026
EL 9224	Eureka	NSW	100%	Expiry on 21 July 2026
EL 9230	Mt Darling	NSW	100%	Expiry on 21 July 2026
EL 9252	McAlpine	NSW	100%	Expiry on 6 August 2027
EL 6795	Parakie	SA	100%	Expiry on 4 July 2028
EL 6796	Mt Rough	SA	100%	Expiry on 4 July 2028
EL 6797	Kingston	SA	100%	Expiry on 4 July 2028
EL 6807	Wolseley	SA	100%	Expiry on 18 July 2028
ELA 38/3718	Barney	WA	100%	Application lodged in February 2022
ELA 38/3719	Neckersgat	WA	100%	Application lodged in February 2022

For personal use only

DIRECTORS' REPORT

The Directors of Ausmon Resources Limited submit the financial report of the consolidated group for the half-year ended 31 December 2022.

Directors

The names of Directors who held office during or since the end of the half-year are:

Boris Patkin Non-Executive Chairman
John Q Wang Managing Director
Eric Sam Yue Executive Director

Operating Results

The operating loss of the Group for the half-year ended 31 December 2022 was \$184,535 (2021: profit \$45,708).

Review of Operations

A review of operations for the half-year ended 31 December 2022 is set out on pages 3 to 19.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 21 of this financial report and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors.



John Q Wang
Director

Dated this 15th day of March 2023



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

15 March 2023

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

Dear Sirs

RE: AUSMON RESOURCES LIMITED

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

As Audit Director for the review of the financial statements of Ausmon Resources Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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

Samir Tirodkar
Director



For personal use only

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
AUSMON RESOURCES LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of Ausmon Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Ausmon Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Ausmon Resources Limited's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 15 March 2023.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(b) in the financial report, which indicates that the Group had current assets of \$632,631 including total cash of \$214,858, current liabilities of \$404,089 and has incurred a net loss of \$184,535 for the period ended 31 December 2022. Subsequent to 31 December 2022 the Group raised a further \$648,000 before costs.

The ability of Ausmon Resources Limited to continue as a going concern is subject to the successful recapitalisation of the Group. In the event that the Board is not successful in recapitalising the Group and in raising further funds, Ausmon Resources Limited may not be able to pay its debts as and when they become due and may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts different to those stated in the financial report. Our conclusion is not modified in respect of this matter.



Responsibility of the Directors for the Financial Report


The directors of Ausmon Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Stantons International Audit and Consulting Pty Ltd


Samir Tirodkar
Director

West Perth, Western Australia
15 March 2023

For personal use only

DIRECTORS' DECLARATION

In the opinion of the Directors of Ausmon Resources Limited:

1. The consolidated financial statements and notes of Ausmon Resources Limited are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) giving a true and fair view of the financial position of the consolidated group as at 31 December 2022 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



John Q Wang
Director

Dated this 15th day of March 2023

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For The Half-Year Ended 31 December 2022**

	Note	31 December 2022 \$	31 December 2021 \$
Revenue			
Interest and other income	5	13	486,618
Expenses			
Employee benefits expense		(21,902)	(20,020)
Directors and management fees		(80,900)	(78,300)
Fair value gain/(loss) on financial assets through profit or loss	9	180,000	(45,000)
Finance costs		(21,350)	(6,483)
Share-based payments	11	(124,880)	(134,820)
Projects costs		(120)	(16,698)
Other expenses	6	(115,396)	(139,589)
(Loss)/Profit before income tax expense		(184,535)	45,708
Income tax expense		-	-
Loss/(Profit) for the period		(184,535)	45,708
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
(Loss)/Profit for the period attributable to members of the Parent Entity		(184,535)	45,708
Total comprehensive (loss)/profit for the period attributable to members of the Parent Entity		(184,535)	45,708
(Loss)/Earnings per share			
Basic and diluted (loss)/earnings per share	7	(0.02) cents	0.01 cents

The accompanying notes form part of this financial report.

For personal use only

Consolidated Statement of Financial Position

As At 31 December 2022

	Note	31 December 2022 \$	30 June 2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		214,858	410,240
Trade and other receivables		15,790	12,995
Financial assets	9	375,000	195,000
Prepayments		26,983	55,390
TOTAL CURRENT ASSETS		<u>632,631</u>	<u>673,625</u>
NON-CURRENT ASSETS			
Financial assets		70,000	70,000
Exploration and evaluation expenditure		1,560,077	1,370,367
TOTAL NON-CURRENT ASSETS		<u>1,630,077</u>	<u>1,440,367</u>
TOTAL ASSETS		<u>2,262,708</u>	<u>2,113,992</u>
CURRENT LIABILITIES			
Trade and other payables		404,089	266,580
TOTAL CURRENT LIABILITIES		<u>404,089</u>	<u>266,580</u>
NON-CURRENT LIABILITIES			
Borrowings	8	310,000	240,000
Provisions		5,957	5,095
TOTAL NON-CURRENT LIABILITIES		<u>315,957</u>	<u>245,095</u>
TOTAL LIABILITIES		<u>720,046</u>	<u>511,675</u>
NET ASSETS		<u>1,542,662</u>	<u>1,602,317</u>
EQUITY			
Issued capital	10	15,015,625	15,015,625
Reserves	11	869,910	745,030
Accumulated losses		(14,342,873)	(14,158,338)
TOTAL EQUITY		<u>1,542,662</u>	<u>1,602,317</u>

The accompanying notes form part of this financial report.

Consolidated Statement of Changes In Equity

For The Half-Year Ended 31 December 2022

	Issued capital \$	Option reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	14,160,010	610,210	(13,787,972)	982,248
Total comprehensive profit for the period	-	-	45,708	45,708
Transactions with owners in their capacity as owners				
Issue of share capital	503,415	-	-	503,415
Employee incentive plan	-	134,820	-	134,820
Balance at 31 December 2021	14,663,425	745,030	(13,742,264)	1,666,191
Balance at 1 July 2022	15,015,625	745,030	(14,158,338)	1,602,317
Total comprehensive loss for the period	-	-	(184,535)	(184,535)
Transactions with owners in their capacity as owners				
Employee Incentive Plan shares issue	-	124,880	-	124,880
Balance at 31 December 2022	15,015,625	869,910	(14,342,873)	1,542,662

The accompanying notes form part of this financial report.

Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2022

	31 December 2022	31 December 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(149,454)	(154,466)
Interest received	13	7
Net cash outflow from operating activities	<u>(149,441)</u>	<u>(154,459)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(110,203)	(86,032)
Proceeds from sale of subsidiary	-	97,360
Refund of security deposits	-	10,000
Net cash outflow from investing activities	<u>(110,203)</u>	<u>21,328</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	503,415
Proceeds from borrowings	70,000	175,000
Repayment of borrowings	-	(75,000)
Interest and other costs of finance paid	(5,738)	(2,455)
Net cash inflow from financing activities	<u>64,262</u>	<u>600,960</u>
Net increase in cash held	(195,382)	467,829
Cash and cash equivalents at the beginning of period	410,240	54,595
Cash and cash equivalents at the end of period	<u>214,858</u>	<u>522,424</u>

The accompanying notes form part of this financial report.

Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2022

Note 1 – Nature of Operations

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

Note 2 – General Information and Basis of Preparation

The condensed interim consolidated financial statements ('the interim financial statements') are for the half-year ended 31 December 2022 and are presented in Australian dollar (\$), which is the functional currency of the Parent Company (Ausmon Resources Limited). These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standard AASB 134: Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2022 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 15 March 2023.

Note 3 – Significant accounting policies

(a) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent financial statements.

The Group has reviewed all the new and amended Accounting Standards and Interpretations that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2022. It has been determined that there is no material impact of the new and revised Accounting Standards and Interpretations on its business.

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

(b) Going concern

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

At balance date the Group had current assets of \$632,631 including total cash of \$214,858 and shares held in ASX listed company Odin Metals Ltd ("ODM") of \$375,000, current liabilities of \$404,089 and had incurred a net loss of \$184,535 in the period. The Group has an unfulfilled expenditure requirement under its exploration licences at 31 December 2022 of \$35,000 for the next 12 months.

The Group is planning exploration activities on its licences and has budgeted for those amounts that the financial position of the Group allows. Consistent with the nature of the Group's activities, it will require funding which may be by farmout of interest or new equity capital. The Company entered into an agreement with an unrelated company for an unsecured loan facility of \$1,150,000 available until

Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2022 (Cont'd)

1 October 2024 to fund general working capital. At balance date \$310,000 was drawn down under the facility.

Since balance date, on 2 February 2023, the Company raised capital of \$150,000 before costs with the issue of 25,000,000 fully paid ordinary shares at \$0.006 per share under private placement.

On 22 February 2023, the Company raised capital of \$246,000 before costs with the issue of 41,000,000 fully paid ordinary shares at \$0.006 per share under a share purchase plan (“SPP”).

On 24 February 2023, the shortfall under the SPP of 34,000,000 shares and additional 8,000,000 new fully paid ordinary shares at \$0.006 per share were issued under private placement, raising capital of \$252,000 before costs.

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

Note 4 – Critical accounting estimates and judgments

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group’s last annual financial statements for the year ended 30 June 2022.

Note 5 – Interest and other income

	31 December 2022	31 December 2021
	\$	\$
Interest income	13	7
Gain on sale of subsidiary	-	484,611
Other	-	2,000
	<u>13</u>	<u>486,618</u>

¹Details of the fair value movement on financial assets through profit or loss are disclosed in Note 9.

Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2022 (Cont'd)

	6 months to 31 December 2022	6 months to 31 December 2021
	\$	\$
Note 6 – Other expenses from ordinary activities		
Audit fees	16,995	11,925
Consulting and professional fees	44,169	68,635
Listing expenses	24,999	23,913
Office accommodation	5,400	5,400
Registry fees	7,634	10,128
Insurance	9,963	8,811
Other	6,236	10,777
	<u>115,396</u>	<u>139,589</u>

Note 7 – (Loss)/Earnings per share

	\$	\$
Operating (loss)/profit after income tax used in calculation of basic and diluted (loss)/earnings per share	<u>(184,535)</u>	<u>45,708</u>
Weighted average number of shares used in basic and diluted earnings per share calculation	<u>906,871,952</u>	<u>759,899,180</u>

	31 December 2022	30 June 2022
	\$	\$
Note 8 – Borrowings		
Non-current		
Loan drawn under loan facility agreement	<u>310,000</u>	<u>240,000</u>

An unrelated company Fort Capital Pty Ltd provided a loan facility to fund the general working capital of up to \$1,150,000 until 1 October 2023. In December 2022 the loan facility agreement was varied to extend the loan availability period to 1 October 2024. 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 unless agreed otherwise in writing by the lender at its sole discretion. At balance date, \$310,000 has been drawn down by the Company. Subsequent to equity capital raised in February 2023 of \$648,000, the lender agreed for the outstanding loan amount not to be repaid until a later date to be agreed subject to the sole discretion of the lender.

Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2022 (Cont'd)

Note 9 – Financial assets – current

	31 December 2022	30 June 2022
	\$	\$
Financial assets measured at Fair Value Through Profit or Loss		
Fair value of 15 million shares in ASX listed Odin Metals Ltd(“ODM”) at beginning of balance date	195,000	390,000
Fair value gain/(loss) through to profit or loss for half-year to 31 December	180,000	(45,000)
Fair value (loss) through to profit or loss for half- year to 30 June 2022	-	(150,000)
Fair value at market price on balance date	<u>375,000</u>	<u>195,000</u>

On 13 March 2023, the fair value of the ODM shares was \$345,000.

Note 10 – Issued capital

	Number	\$
Fully Paid Ordinary shares on issue at 30 June 2022	901,089,343	15,015,625
Shares issued during the period:		
• EIP shares to staff and contractors at \$0.0075 per share	6,500,000	-
• EIP shares to Directors at \$0.0075 per share ¹	18,000,000	-
Fully Paid Ordinary shares on issue at 31 December 2022	<u>925,589,343</u>	<u>15,015,625</u>

¹ The Employee Incentive Plan (“EIP”) shares issued to Directors were approved by shareholders at the Annual General Meeting held on 25 November 2022.

Note 11 – Reserves

Option reserve

	2022	2021
	\$	\$
Balance at 30 June	745,030	610,210
Share-based payments during the period	124,880	134,820
Balance at 31 December	<u>869,910</u>	<u>745,030</u>

Note 12 – Share-based payments

The Company has established an Ausmon Resources Limited Employee Incentive Plan under which the Directors may offer options for free and ordinary shares at market price in the Company to eligible persons. The Directors may also offer interest free non-recourse loans for terms of up to 5 years under the plan for subscription of shares and under such loans the Company holds a lien over the issued shares. The loans are repayable at the option of the eligible persons to be able to deal with the shares.

Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2022 (Cont'd)

Shares issued and loans under the EIP during the half-year are akin to the offer of five year options exercisable at \$0.0075 per option. The model inputs for assessing the fair value of EIP shares issued during the period, applying the Black-Scholes Option Pricing model, were as follows:

Description	Number issued	Grant date	Share price at grant date	Exercise price	Life assumption	Risk free rate	Expected price volatility	Value of each EIP share	Share-based payments
			\$	\$				\$	\$
EIP shares	6,500,000	28/10/22	0.0060	0.0075	5 years	3.43%	134.8%	0.00520	33,800
	18,000,000 ¹	25/11/22	0.0060	0.0075	5 years	3.37%	127.8%	0.00506	91,080
	<u>24,500,000</u>								<u>\$124,880</u>

¹18 million EIP shares issued to Directors (6 million EIP shares to each of Directors B Patkin, J Wang and E Sam Yue) following the approval of shareholders at the Annual General Meeting held on 25 November 2022. The interest free non-recourse loan for the EIP shares issued to each Director is \$45,000.

Note 13 – Operating segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group operates in one business segment being minerals exploration. All segment assets, segment liabilities and segment results relate to the one business segment and therefore no segment analysis has been prepared. This position has not changed from the prior period.

Note 14 – Commitments

Exploration Expenditure Commitments

The expenditure commitments to maintain and renew rights to tenure in exploration licences as at 31 December 2022 have not been provided for in the financial statements and are due:

	31 December 2022	30 June 2022
	\$	\$
Within twelve months	35,000	61,000
Twelve months or longer and not longer than 5 years	850,000	597,000
Longer than five years	-	118,000
	<u>885,000</u>	<u>776,000</u>

Note 15 - Contingent Liabilities

At balance date, the Group has no contingent liabilities.

Note 16 – Events after Balance Date

In the opinion of the Directors, no items, transactions or events of a material or unusual nature have arisen in the interval between the end of the financial period and the date of this report which have

Condensed Notes to Financial Statements For the Half-Year Ended 31 December 2022 (Cont'd)

significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years other than the following:

- On 2 February 2023, the Company raised capital of \$150,000 before costs with the issue of 25,000,000 fully paid ordinary shares at \$0.006 per share under private placement.
- On 22 February 2023, the Company raised capital of \$246,000 before costs with the issue of 41,000,000 fully paid ordinary shares at \$0.006 per share under a share purchase plan (“SPP”).
- On 24 February 2023, the shortfall under the SPP of 34,000,000 shares and additional 8,000,000 new fully paid ordinary shares at \$0.006 per share were issued under private placement, raising capital of \$252,000 before costs.
- On 27 February 2023, subsequent to equity capital raised of \$648,000, the loan lender agreed for the outstanding loan amount not to be repaid until a later date to be agreed subject to the sole discretion of the lender.