



ACTIVITIES REPORT – DECEMBER QUARTER 2016

SUMMARY

In addition to preparing for a drilling program in the Pooraka Project area, during the Reporting Period the Company assessed several potential projects as part of its strategy to also invest in new projects for future growth (refer ASX announcement 15th September 2016). Currently the Company's exploration assets are all located in western New South Wales; at Pooraka, east of Cobar, and in the Koonenberry, east of Broken Hill. In relation to these projects the activities undertaken by AOA during the Reporting Period were as follows:

- **Koonenberry ELs 6400, 6424 and 6464**
 - A review of regional data continued following an earlier decision to relinquish EL 6464 on 18th September 2016. Annual and Final Reports were subsequently submitted to the Department in early October in regard to EL 6464.
 - In light of the rising commodity prices for base metals a reassessment was commenced of the commercial thresholds and feasibility of developing mineralisation of the target size anticipated within the Koonenberry Project area. Initially this is focused on EL6400 which encompasses the Grasmere – Peveril copper-zinc deposit, containing JORC (2004) Inferred and Indicated Resources.
 - In light of this reassessment the deep drilling of gravity targets on EL 6424 will be put on hold until these commercial metrics are quantified.

- **Pooraka ELs 6413, 7564 and 8424:**
 - Departmental permission to drill two holes on TDEM targets in ELs 6413 and 7564 was granted in September 2016.
 - Drill rig access planned during the Reporting Period was postponed due to unseasonable wet weather preventing heavy vehicle surface access to drill sites.
 - Drilling contractor now scheduled to undertake work program in March 2017 during cooler climate.

AUSMON RESOURCES LIMITED ABN 88 134 358 964
'World Tower' Suite 1312, 87-89 Liverpool Street, Sydney NSW 2000 Australia.
PO BOX 20188 World Square, NSW 2002 Australia
Tel: 61 2 9264 6988 Fax: 61 2 9283 7166 Email: office@ausmonresources.com.au
www.ausmonresources.com.au ASX code: AOA



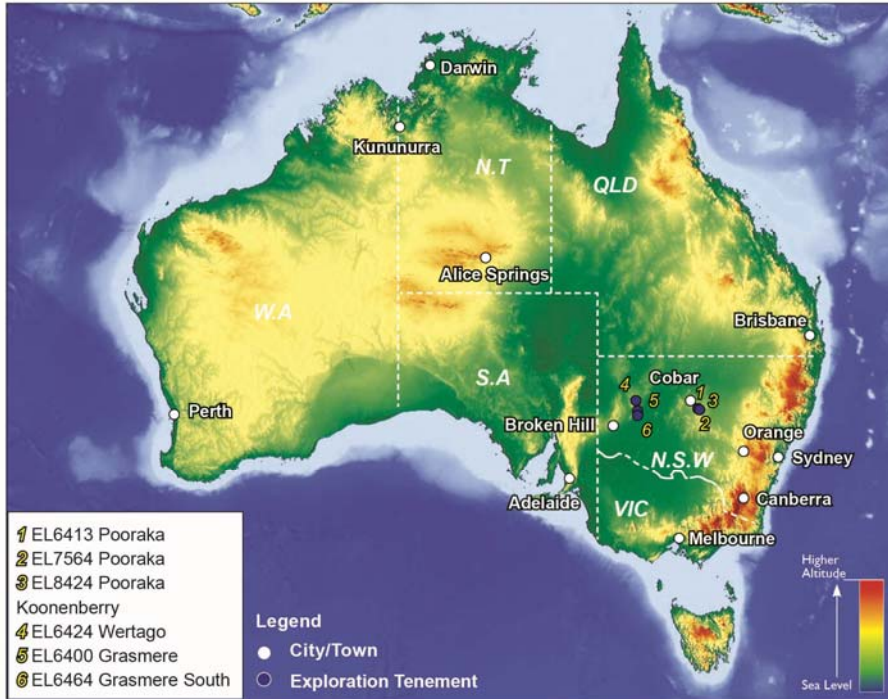


Figure 1 – List of Licences and their Locations in New South Wales, Australia

**BACKGROUND TO ACTIVITIES IN THE KOONENBERRY BELT
Copper-Zinc-(Silver) and Gold Exploration
ELs 6400 & 6424 - NSW (100% interest)**

The Group holds a 100% interest in 2 ELs covering a total area of 224 km² in the highly prospective and under-explored Koonenberry Belt in western NSW, east of Broken Hill.

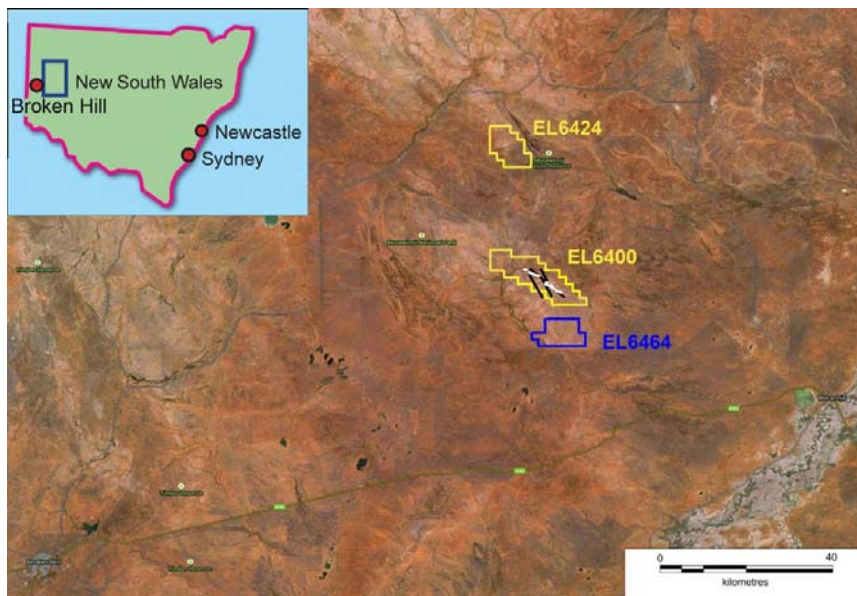


Figure 2 - Locations of Koonenberry Exploration Licences
Note: Line of mineralization – white; Faults- black

EL 6400 is of principal interest because it encompasses the Grasmere-Peveril Cu-Zn-(Ag) deposits. These have previously been assessed as having significant Indicated and Inferred JORC Code 2004 compliant Resources of 5.75mt @ 1.03% Cu, 0.35% Zn, 2.3g/t Ag and 0.05g/t Au (Inferred: 2.73 mt grading 0.9% Cu, 0.4% Zn, .04 g/t Au and 2.05 g/t Ag. Indicated: 3.02 mt grading 1.15% copper, 0.3% Zn, 0.06 g/t Au and 2.53 g/t Ag). Information relating to the mineral resource was prepared and first reported in accordance with the JORC Code 2004 in 2006. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was reported in 2006.

Following the completion of 9 RC percussion holes in early 2015 (seeking WNW extensions to the Grasmere-Peveril line of lode), drilling data suggested that future work, to locate possible WNW extensions to the Grasmere-Peveril line of lode should involve drilling some 10 to 20 close spaced RAB or RC percussion holes of 80 m to 100 m depth along two SW running lines near Wilandra.

However, as noted above, plans for this drilling have been placed on hold following a decision to undertake a reassessment of the commercial thresholds and feasibility of developing mineralisation of the target size anticipated within the Koonenberry Project area.

EL 6424 covers the historical Wertago copper diggings and Nutherungie silver field, where a detailed gravity survey in 2014 outlined several gravity lows (possible porphyry intrusions) considered by the Company to be worthy of deep drilling (see Figure 3). A decision to drill these gravity targets on EL 6424 will be put on hold until the commercial metrics are quantified.

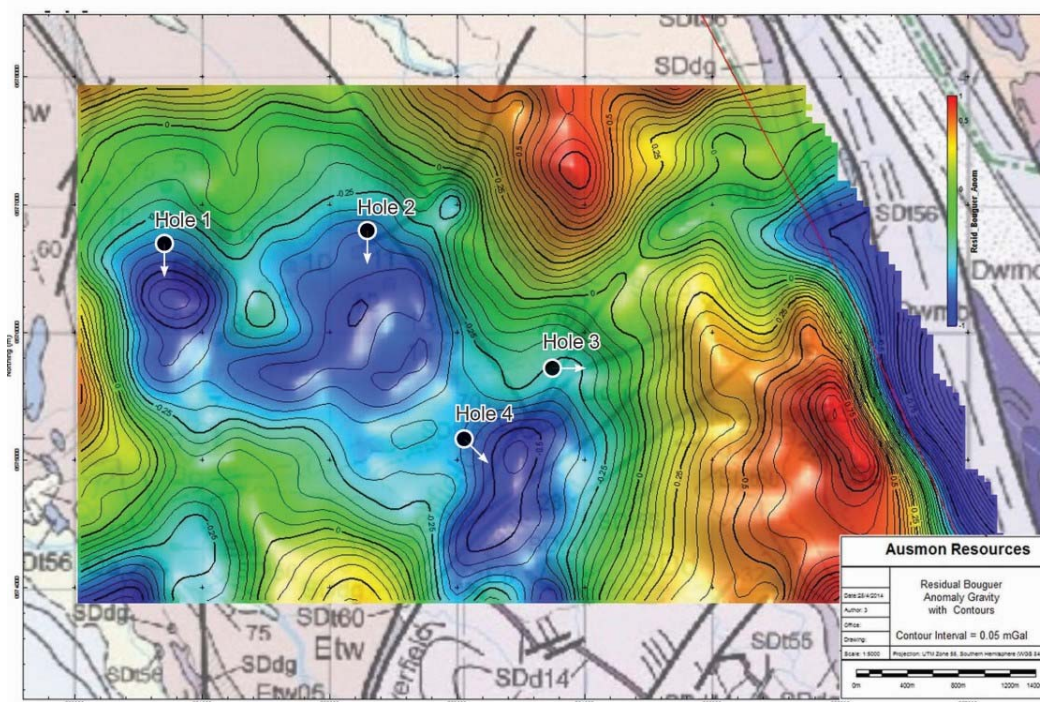


Figure 3 - Proposed Drill Holes in EL 6424
Note: Anomalous (gravity low) target areas shown in purple

The silver field is suspected to be the epithermal zone above a concealed porphyry (Cu-Ag-Au) intrusive system, which would express as gravity lows. Regional gravity data revealed a broad gravity high over the silver field, but the detailed survey revealed several gravity lows, with interpreted intrusion tops (crowns) lying at relatively shallow depths (ie 250 m -270 m, and 320 m) in the central-western part of the EL. The original plan was to test these with 2 steep drill holes (Holes 1 & 2) of 400 m and 450 m length, but after consideration a third gravity low, in the silver field fault zone, was also deemed a worthy target, and the plan now is to test that target (Hole 4) plus the larger of the two above mentioned targets (Hole 2) with 2 steeply inclined, RC pre-collared diamond holes, each of about 450m length. The silver field deposits are also of interest, since they were abandoned at shallow depths shortly after the nearby White Cliffs opal discovery. For example, one shallow digging, proximal to Wertago, was abandoned in silver-rich galena (PbS) veins. That digging represents a possible stand-alone RC-drilling target (Hole 3 in Figure 3). Comparison with mineralization at Silverton silver field, near Broken Hill, suggests that this mineralization may persist to depth.

EL 6464. Following a decision to surrender this EL in the previous Reporting Period -- on September 18th 2016, all compliance reports were submitted to the Department and accepted during the Reporting Period.

BACKGROUND TO ACTIVITIES AT POORAKA Gold, Silver and Base Metal Exploration ELs 6413, 7564 and 8424 – NSW (100% interest)

During the previous Reporting Period access and regulatory permissions to drill were obtained. However, and as announced by the Company on 16 November 2016 the drilling had to be put on hold because unseasonal wet conditions prevented road access to drill sites T1 and T2. Current expectations are that these holes will be drilled in early March 2017, during cooler climate and will take about 10 days to complete.

Drill Hole T1, Langbein - Langbein West. T1 will target a broad formational conductive zone identified by TDEM, which envelopes a small discreet conductor (open to the east) proximal to where Ausmon's 2009 RC-percussion drilling encountered low grade mineralization in bedrock. This anomaly lies along strike from the Mt Boppy gold-sulphide mine (NSW's largest operational gold mine in 1908), located 6 km to the south. The hole T1, to be drilled to a total depth of approximately 150 m at a plunge of 60° to the east, is designed to perpendicularly intersect geological dip.

Drill Hole T2, Mc Guinness. This drill site lies near the surface expression of the Gilmore Suture, where TDEM identified a large, strong, discreet, north running 1200m X 800m conductor. Historic (1980s and 1990s) air drilling and shallow pitting in the area detected patches of low grade gold mineralization in the area. For example, Epoch Minerals in the 1990s drilled 17 RC and 46 air core holes outlining an inferred

resource of 18,000t @ 2 g/t gold in 3 pods labelled A to C to a depth of 12 m. Ausmon's proposed drill hole will establish whether the conductivity is due to the presence, at depth, of sulphide mineralization associated with gold. The hole T2, to be drilled to a total depth of approximately 250 m at a plunge of 60° to the west, is again designed to perpendicularly intersect geological dip.

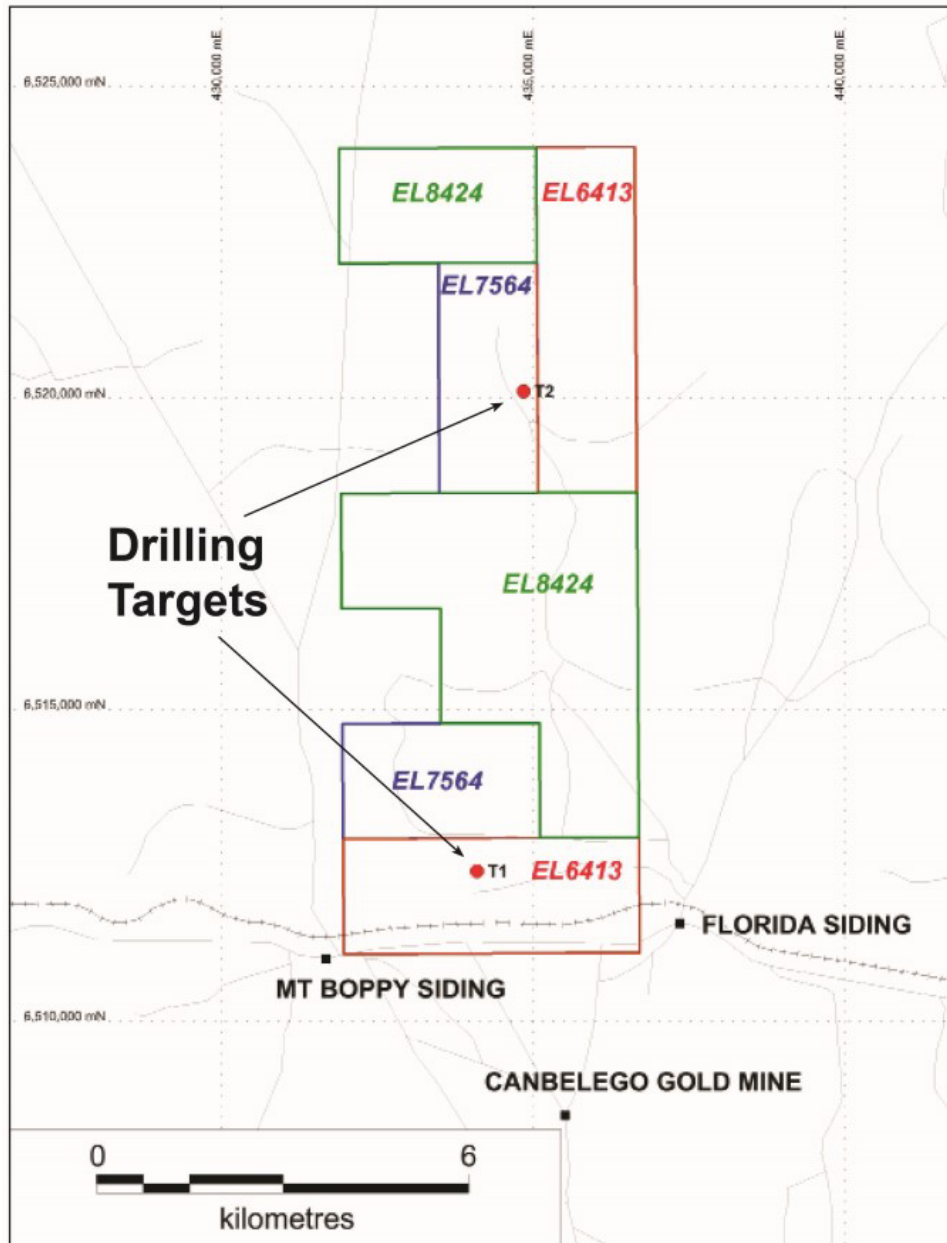


Figure 4 – Pooraka ELs showing Proposed Drill holes

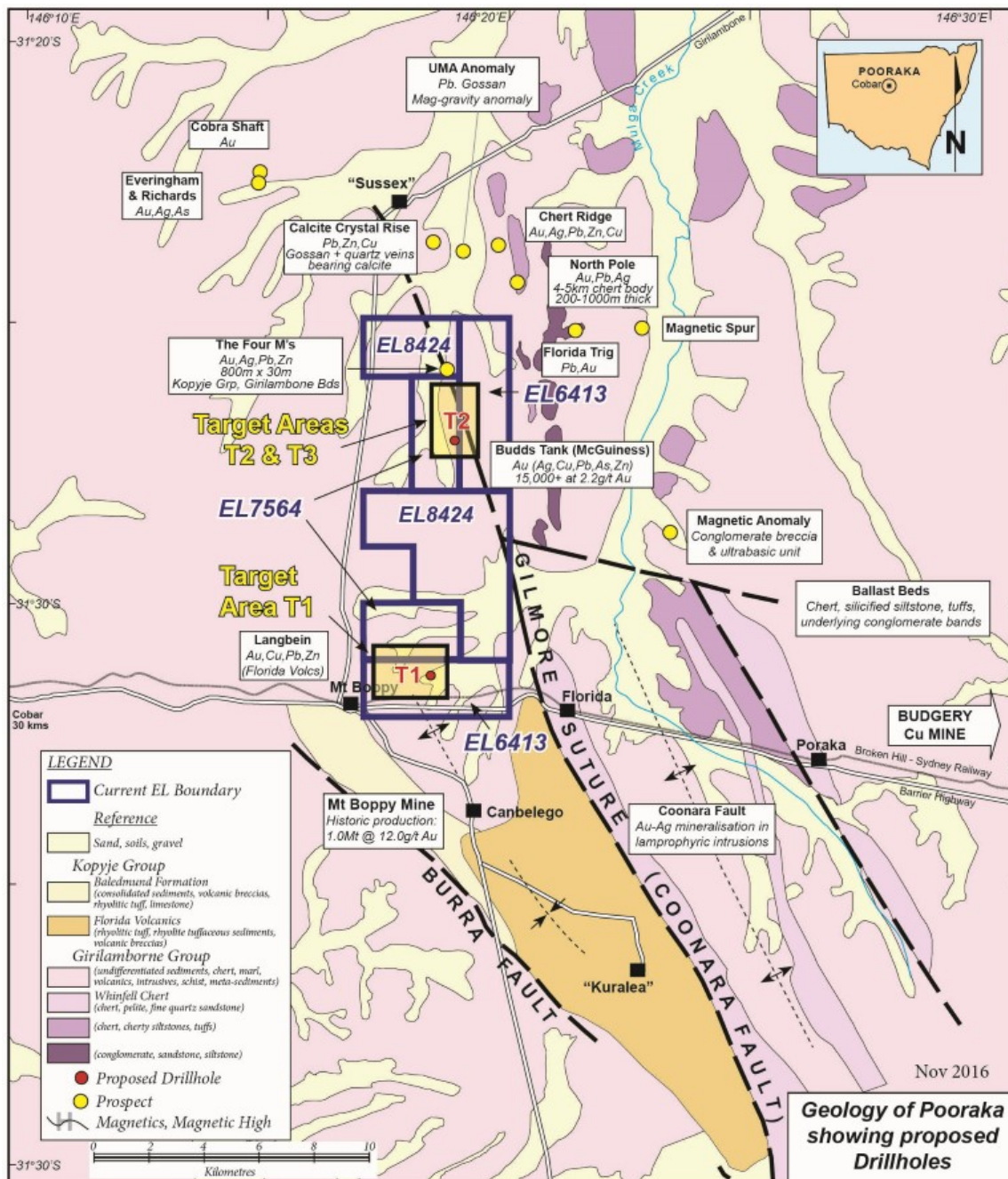


Figure 5 – Geology and Prospect Locations - Pooraka Project

As shown in the accompanying map (Figures 4 and 5) T1, Langbein - Langbein West and T2, Mc Guinness, lie within an area of three contiguous tenements held by the Group (ELs 6413, 7564 and 8424), located near Pooraka, about 40 km east of Cobar. These contain several gold and base metal target areas comprising historic exploration targets and anomalies identified from the Group's 2015 TDEM geophysical survey. It was during a ground based 200 m X 200 m geophysical time domain electromagnetic (TDEM) survey, conducted in April and May of 2015, that the two drill targets, T1 and T2, were identified.

LICENCES STATUS

Pursuant to ASX Listing Rule 5.4.3 the Company reports as follows in relation to minerals tenements held at the end of the December 2016 Reporting Period and acquired or disposed of during that period and their locations.

Tenement	Project Name	Location	Beneficial Interest	Expiry
EL 6400	Koonenberry	NSW	100%	31 March 2017
EL 6424	Koonenberry	NSW	100%	25 May 2017
EL 6413	Pooraka 1	NSW	100%	16 May 2017
EL 7564	Pooraka 2	NSW	100%	7 June 2018
EL 8424	Pooraka 3	NSW	100%	17 February 2019

There were no other tenements acquired or disposed of or change in beneficial interests under farm-in or farm-out agreements during the Reporting Period.

(The information in the report above that relates to Exploration Results is based on information compiled by Dr Pieter Moeskops, a member of The Australasian Institute of Mining and Metallurgy.

Dr Moeskops has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Editions of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Moeskops consents to the inclusion in this report of matters based on his information in the form and context in which it appears.)

John Wang
Managing Director

31 January 2017

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

AUSMON RESOURCES LIMITED

ABN

88 134 358 964

Quarter ended ("current quarter")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(8)	(17)
(b) development		
(c) production		
(d) staff costs	(156)	(164)
(e) administration and corporate costs	(85)	(116)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (GST)	(22)	(25)
1.9 Net cash from / (used in) operating activities	(270)	(320)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	537	537
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(88)	(88)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	449	449

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	498	548
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(270)	(320)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	449	449
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	677	677

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	238	217
5.2 Call deposits	439	281
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	677	498

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

154

- Office rent contribution to a related entity of Managing Director John Wang.
- Director fees, salaries and superannuation.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	75
9.2 Development	
9.3 Production	
9.4 Staff costs	10
9.5 Administration and corporate costs	35
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	120

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 31 January 2017

Print name:JOHN WANG.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.