



## ACTIVITIES REPORT – MARCH 2014 QUARTER

### SUMMARY

#### Corporate

- John Wang appointed Acting Chairman on 10 January 2014.
- Office relocated to reduce administration costs in January 2014.
- On 28 February 2014, raised \$200,000 by private placement of 20,000,000 fully paid ordinary shares.
- On 17 March 2014, launched 1:1 Non-Renounceable Rights Issue to raise \$739,786.

#### Exploration

- **Koonenberry:** ELs 6464 and 6424 were formally renewed, with 50% area reduction, until September 2016 and May 2015 respectively. EL 6400 was earlier renewed, with no area reduction, to March 2015. Drill targets on suspected WNW extensions to the Grasmere-Peveril line of lode (EL 6400) were fine-tuned and RC-percussion drilling is now planned for the September quarter of 2014. A gravity survey and interpretation of Koonenberry EL 6424, which covers the Wertago copper diggings and Nutherungie silver field, will be undertaken in April 2014. Depending on targets gleaned from that survey 2 or 3 steeply inclined deep holes (~ 650m) will then be drilled.
- **Cumnock:** EL 6417, near Orange, remains a prime target for skarn-type Cu-Zn-Sn-Ag-Au deposits, and 11 geochemical targets remain to be tested. A small scale IP and/or ground magnetic surveys is planned as a precursor to selective RC-percussion drilling in late 2014.
- **Pooraka:** EL 6413, near Cobar, was formally renewed with 50% area reduction until May 2015. Joined EL 7564 (Pooraka A) was earlier renewed until June 2014. These ELs are proximal to, and on strike from, the Mt Boppy gold-copper deposits, and contain several drill ready targets. Ground EM is planned for June quarter to detect hidden targets (conductors) beneath lateritic palaeo channels on EL 7564.

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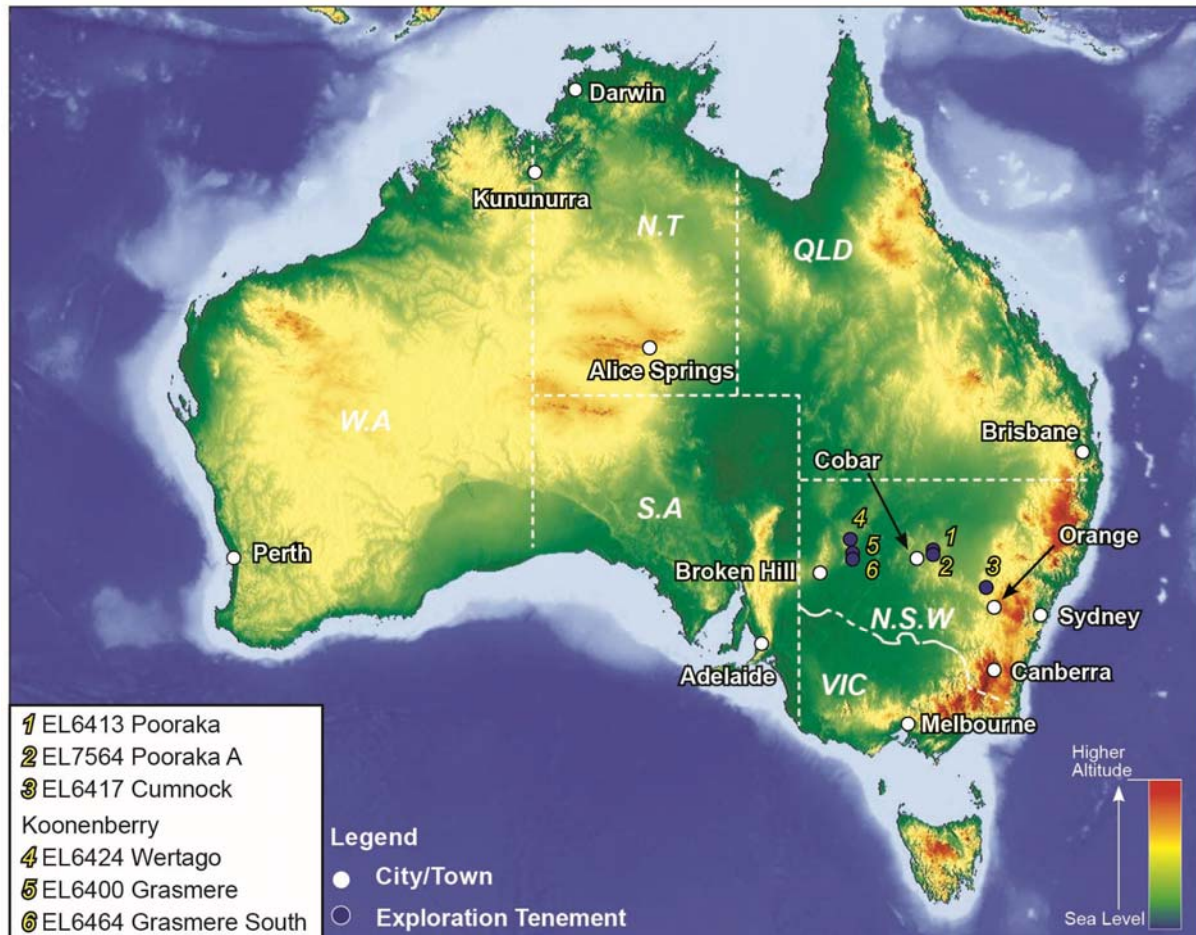
'World Tower' Suite 1312, 87-89 Liverpool Street, Sydney NSW 2000 Australia.

PO BOX 20188 World Square, NSW 2002 Australia

Tel: 61 2 9264 6988 Fax: 61 2 9283 7166 Email: [office@ausmonresources.com.au](mailto:office@ausmonresources.com.au)

[www.ausmonresources.com.au](http://www.ausmonresources.com.au) ASX code: AOA





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

## CORPORATE

On 10 January 2014, Mr John Wang was appointed Acting Chairman pending the selection of a Chairman to lead the Company through this difficult period for minerals exploration. The principal office was also relocated and administration staff reduced to operate at minimum costs.

On 28 February 2014, the Company raised \$200,000 by private placement of 20,000,000 fully paid ordinary shares at \$0.01 per share which is at a discount of approximately 10.3% to the

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volume weighted average price over the last 5 trading days when the shares traded on the Australian Securities Exchange.

The issue and allotment of 20,000,000 shares is in accordance with the approval of shareholders under Listing Rule 7.1 of the Australian Securities Exchange at the last Annual General Meeting held on 29 November 2013

The funds raised will be applied to exploration and general working capital. The Directors have agreed that none of the funds raised is to be applied for payment of present and past Directors' fees and expenses, if any.

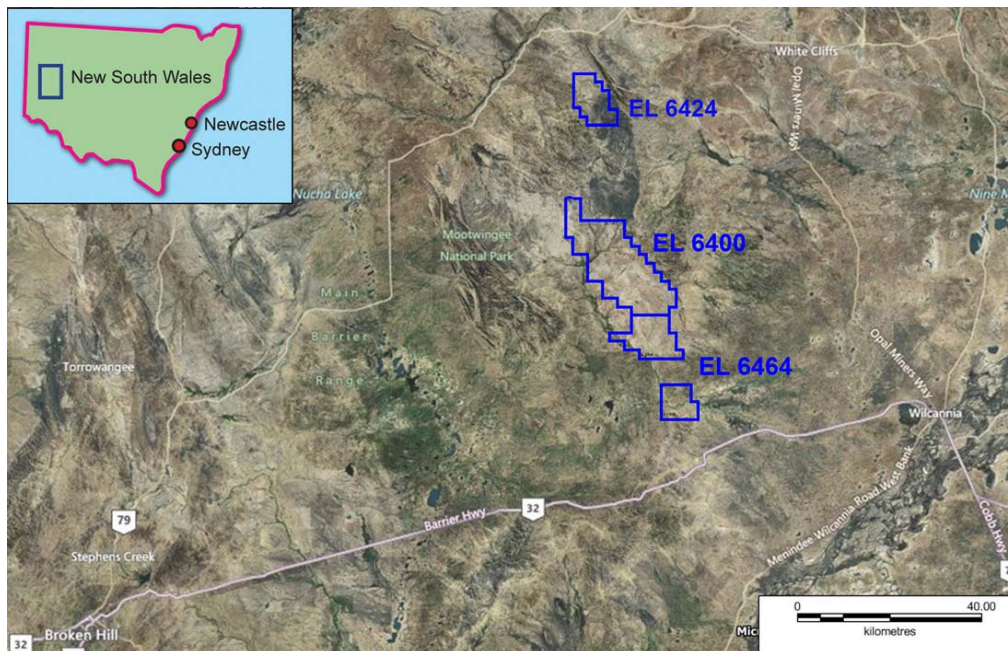
On 17 March 2014, the Company launched a 1 for 1 non renounceable rights issue to raise approximately \$739,786 (before transaction costs) from eligible shareholders with addresses in Australia and New Zealand on the register at the record date of 28 March 2014. The closing date for acceptances under the rights issue is 2 May 2014.

The net funding will be used primarily to fund the Company's exploration work and otherwise as general working capital. The Directors have resolved that the net proceeds of the rights issue will not be used to pay fees to current or past Directors or otherwise used to pay for the overseas travel or other expenses of the current or past Directors.

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

The Company holds a 100% interest in 3 ELs covering a total area of 510 sq kms in the highly prospective and under-explored Koonenberry Belt of Western NSW, near Broken Hill. During the Quarter the Department of Primary Industry formally confirmed renewal of ELs 6424 & 6464 with 50% area reduction, until September 2016 and May 2015 respectively. EL 6400 was earlier renewed, with no area reduction, to March 2015.



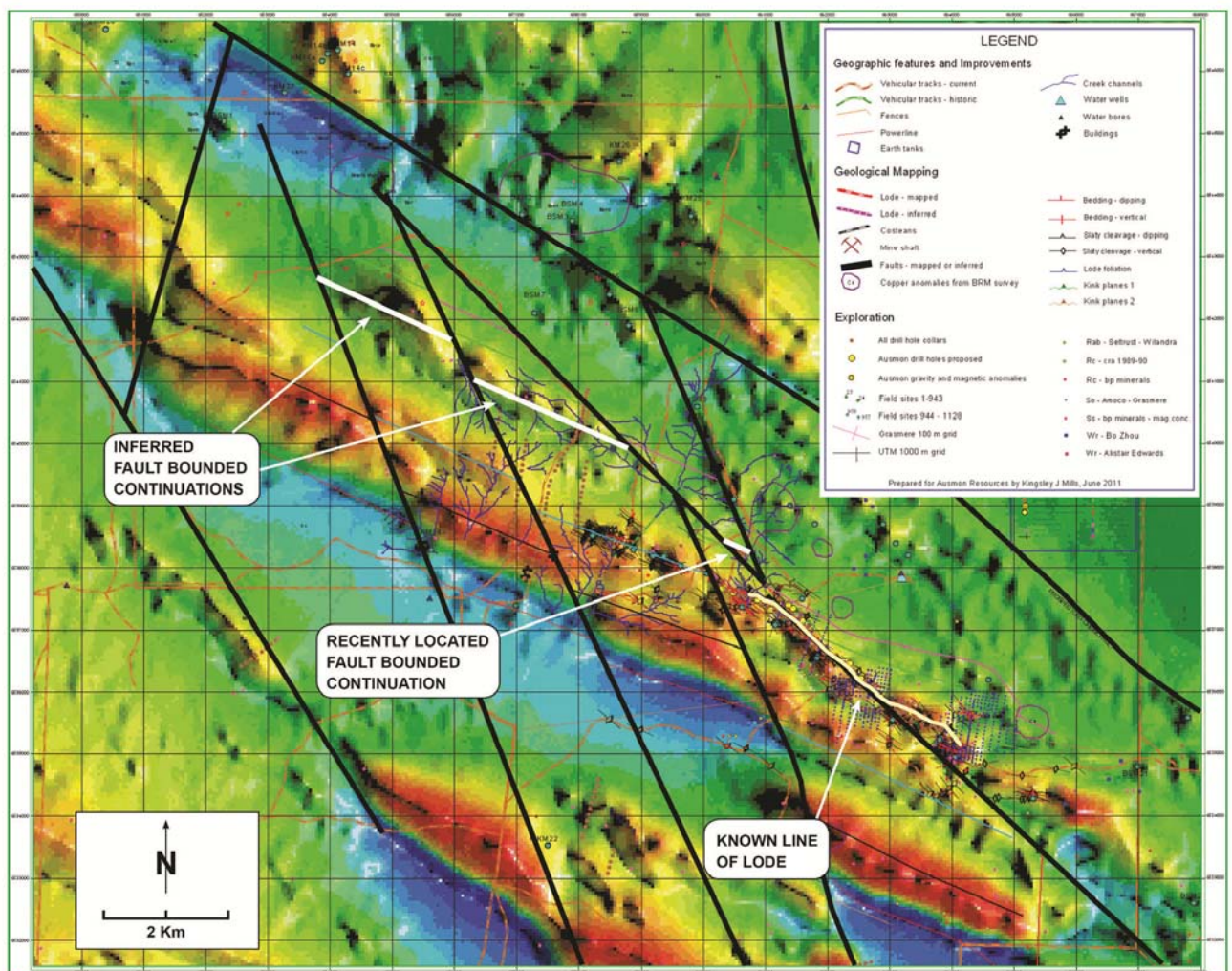


**Figure 2 - Location map of Koonenberry Exploration Licences**

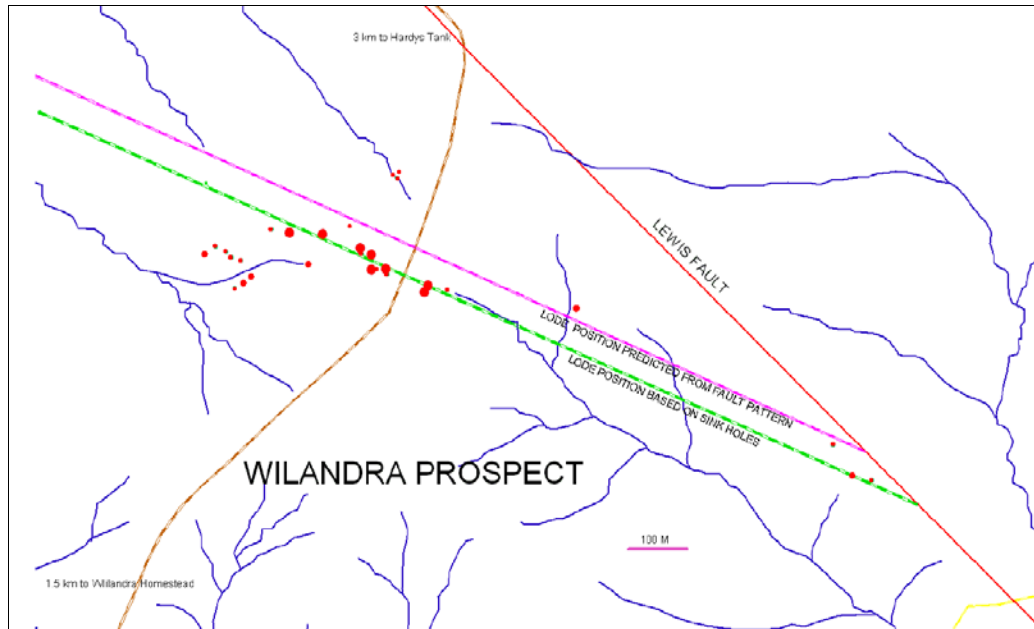
**EL 6400:** This EL is of principal interest as it contains the Grasmere- Peveril Cu-Zn-(Ag) deposits, which contains a significant indicated and inferred JORC compliant resource (determined in 2006) of 5.75mt @ 1.03% Cu, 0.35% Zn, 2.3g/t Ag and 0.05g/t Au ( Inferred: 2.73 mt grading 0.9% Cu, 0.4% Zn, .04 g/t Au and 2.05 gt Ag. Indicated : 3.02 mt grading 1.15% copper, 0.3% Zn, 0.06 g/t Au and 2.53 g/t Ag).

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

In July 2013, a field trip was made to check the strongly suspected WNW extension which express at surface as lines of gypsum bearing sink holes associated with high Cu soil anomalies. Since then targets have been honed and application made to test these targets at depth in 3 locations (see Figure 3) using close spaced RC-percussion drilling. Drilling is planned for the second half of 2014 with activity focused on the middle and longest target near Wilandra Station (see Figure 4). Targets there may be further honed by undertaking a limited (short line) IP (induced electrical polarization) survey.



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



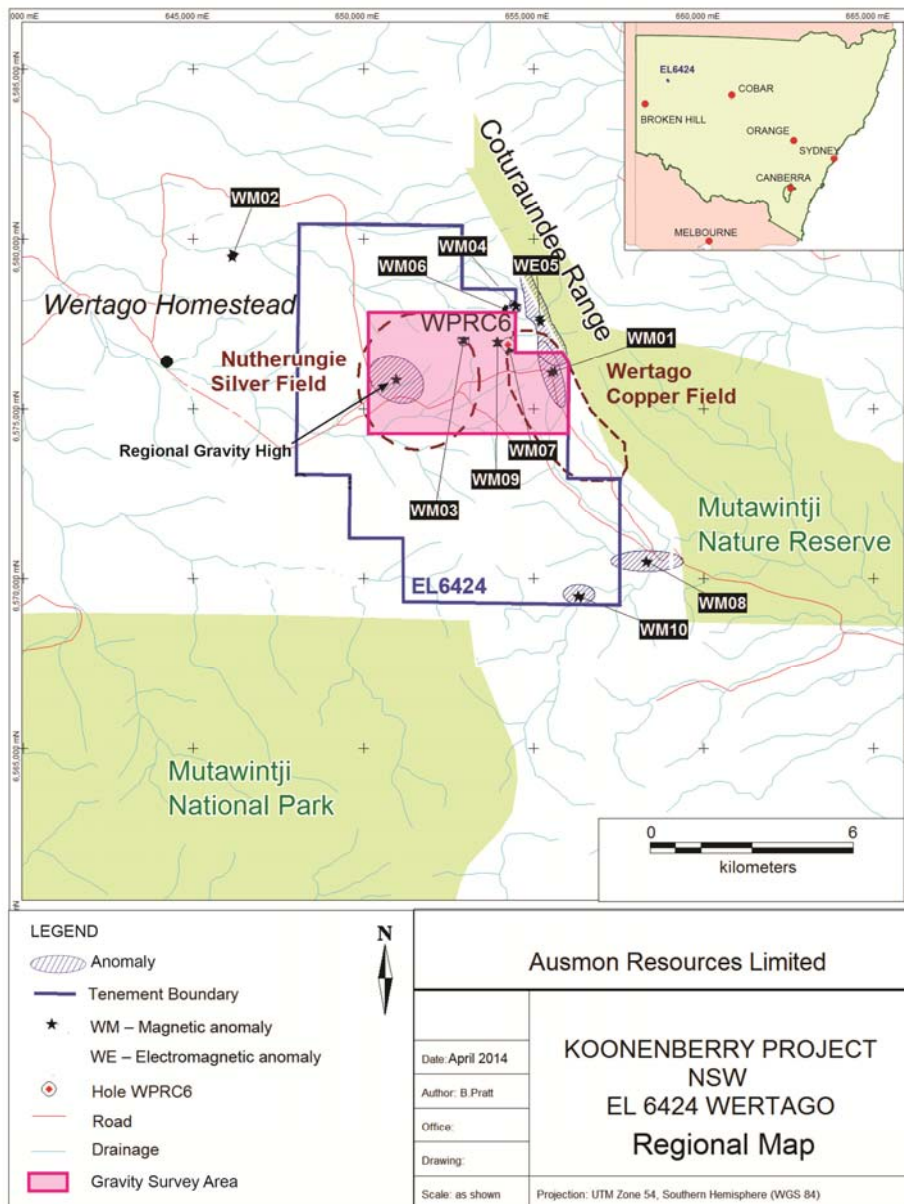
**Figure 4 - EL 6400—Detail of Initial Target Area near Wilandra Station**

**EL 6424:** This EL covers the Wertago copper diggings and Nutherungie silver field, where a detailed (250 station) gravity survey will be undertaken in April 2014 and interpreted in detail using all historic information. The silver field is strongly suspected to represent the epithermal cap above a concealed porphyry (Cu-Mo-Au) system, which itself should express as gravity anomaly. Regional data have already revealed a broad gravity high over the silver field. This high needs to be honed in more detail to assist with selection of 2 or 3 deep drill targets.

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



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**Figure 5- Proposed Gravity Survey Area in EL 6424**

**AUSMON RESOURCES LIMITED** ABN 88 134 358 964  
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## **ACTIVITIES NEAR ORANGE- Gold, Silver and Base Metal Exploration EL 6417-Cumnock- NSW (100%)**

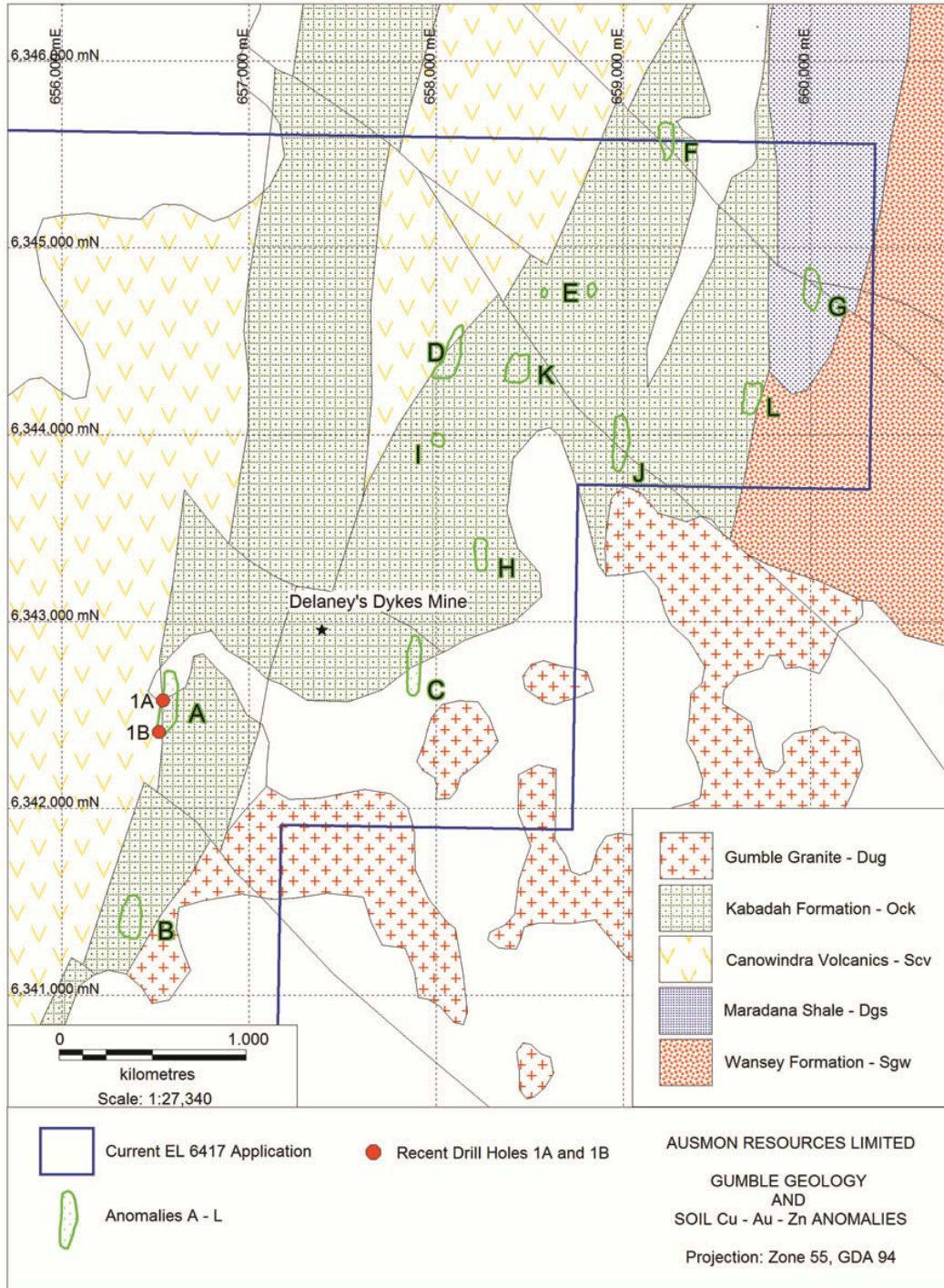
Drilling in prior periods considerably upgraded the potential of the Gumble sub-area within EL 6417. In particular “Anomaly A” (2 RC holes drilled in August 2011) was noted to be part of an extensive skarn system (caused by mineralising fluids from granitic intrusions reacting with limestones and associated country rocks) which is evident over 500+ metres of strike. Elements concentrated are the same as those noted in the nearby (historic) Delaney’s Dyke diggings i.e. Cu, Zn, Ag-Au, and Sn. Another 11 similar anomalies, labeled B to L, remain to be tested by RC percussion drilling (see Figure 6). Most targets occur within the prospective Kabadah Formation. EL 6417 has been formally renewed, with 50% area reduction, until 15 May 2015. Mineralization is of the skarn type so the presence of magnetite is expected and targets may be further honed by undertaking small scale ground magnetic and possibly short line IP surveys.

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





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**Figure 6 – EL 6417 - Gumble Geology and Soil Cu-Au-Zn Anomalies**

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## **ACTIVITIES NEAR COBAR - Gold, Silver and Base Metal Exploration ELs 6413 and 7564 – NSW (100%)**

Joined ELs 6413 & 7564, located at Pooraka, 50 km east of Cobar, contain several gold and base metal target areas gleaned from the Company's earlier exploration work. However, much of these two highly prospective ELs is hidden beneath magnetic palaeo channels, and the Company initially sought joint venture partners to participate in funding a Sky-TEM or similar geophysical survey to locate conductors with signatures resembling those seen at Cobar and at the nearby Canbelego (gold-copper-zinc) mine. The Company now plans to initially self fund a less costly survey of ground based EM to test for conductors in areas of interest.

EL 7564 is current, and is due for renewal in June 2014. EL 6413 has been renewed with 50% area reduction, until May 2015. Retention of this EL is based on recent technical re-evaluation of data resulting in an upgrade in prospectivity.

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

*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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Moeskops consents to the inclusion in this report of matters based on his information in the form and context in which it appears.)*

**John Wang  
Acting Chairman**

**15 April 2014**

