

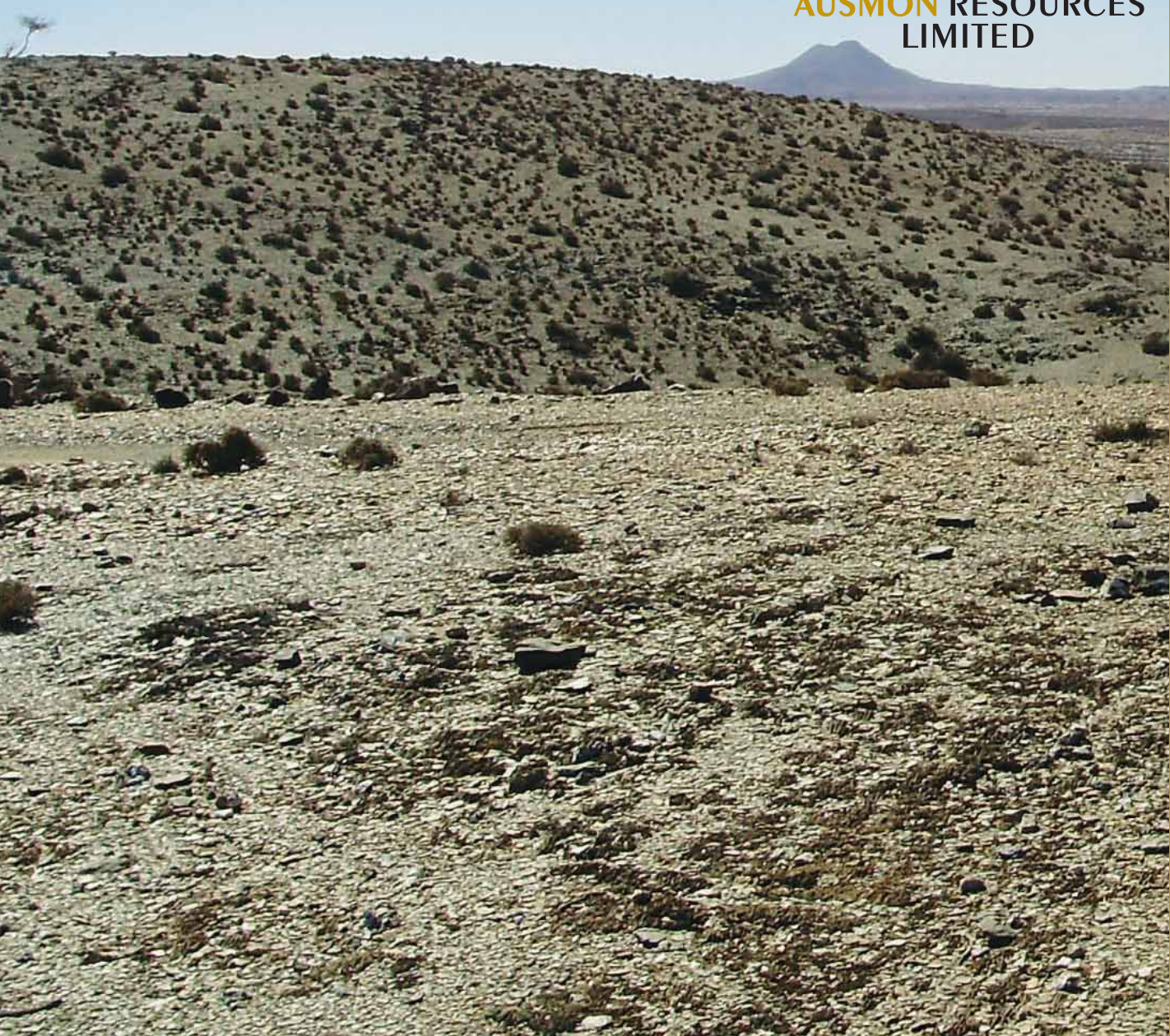
# AUSMON RESOURCES LIMITED AND CONTROLLED ENTITY

ABN 88 134 358 964

Half-Year Financial Report  
31 December 2010



AUSMON RESOURCES  
LIMITED



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<b>David W King</b>	<b>Non-Executive Deputy Chairman</b>
<b>John Q Wang</b>	<b>Executive</b>
<b>Gang (Gary) Zheng</b>	<b>Executive</b>

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## REVIEW OF OPERATIONS

### Summary

#### North America

- Premium Exploration Inc. ("PEM") continued to encounter and extend gold mineralization in 100% of drilling in the 10,000 meter Phase-3 drill program that was completed in December at the Friday-Petsite Gold Project, Idaho, USA.
- PEM added new claims to now total 1,168 claims along the Orogrande Shear Zone covering an area of 94.5 square kilometres.
- Aeromagnetic/geological trends plotted within the new EL 7564 in Cobar area as a precursor to targeted bedrock sampling in early 2011.

#### New Projects

- Signed a Co-operation Agreement with the Government of Sakhalin Region of the Russian Federation.

#### Australia

- Acquisition of 100% interest in EL 6400 and EL 6464 in the Koonenberry Belt.
- 32 targets identified within the Koonenberry Project including possible extensions to Grasmere-Peveril mineralisation, parts of the Black Mountain Silverfield, and one interesting gold target. Several locations identified for drilling.
- Completed detailed (1:500, 1:1000) field mapping and sampling of EL 6424, focusing on the Wertago-Eclipse-Bradys-Copper Well-Bunker Hill area, and the Nutherungie Silverfield area, with emphasis on possible gold targets at Eclipse and Bradys. 49 rock chip samples were collected and submitted for multi-element analysis. Recent report on current and historical geophysical data gleaned 10 new targets.
- The drilling programme planned for the December quarter within EL 6400 of the Koonenberry Project did not proceed due to heavy rain preventing access to sites. Drilling is now planned for February 2011, weather permitting.
- Application (ELA 4092) made for 9 graticular units (approx 26 sq km) abutting the north west part of EL 6400, and covering the western part of the Black Mountain Silverfield. Near Rawlins Tank, the ELA covers old diggings and geochemical anomalies that were not fully investigated by earlier explorers. EL 7691 granted in February 2011 under ELA 4092.

#### INVESTMENT IN ADVANCED GOLD EXPLORATION PROJECT - IDAHO, USA

*5,750,000 Shares and 5,750,000 Warrants of Premium Exploration Inc.*

The Company holds a strategic stake in Premium Exploration Inc. (PEM) which is listed on the TSX Venture Exchange of Canada (TSX-V:PEM). The Company assessed PEM to possess exciting advanced precious metal projects.

PEM is an explorer and developer of precious metals projects with good potential for near-term production and growth. Projects are located in Idaho and Montana, USA. The management team is committed to unlocking mineral wealth for shareholders by discovering, developing, and permitting precious metals assets to production. PEM's portfolio includes one of the largest land packages in Idaho, USA, including an NI 43-101 gold inferred resource of 531,890 ounces (certified by Mr. Wilf Struck, P.Eng a Qualified Person as defined by NI43-101) and a platinum group metals exploration project in Montana.



Premium Exploration Inc. - Location of Projects in USA

PEM has continued to obtain exciting results during the half year in their 10,000 meter Phase-3 drilling program that was completed in December 2010 at the Friday-Petsite Gold Project in Idaho, USA. After completion of an airborne geophysical survey and a review of geophysical data, PEM added a large number of new claims to total its claims to 1,168 covering an area of 94.5 square kilometres along the Orogrande Shear Zone. Public announcements of PEM on exploration and drilling results can be viewed on their website and are also posted on the website of the Company (under Investor Centre - Announcements page).

A summary of the exploration and drilling results and future exploration plan extracted from announcements of PEM are set out below:

**Phase-3 Exploration Highlights:**

- All holes are now released totalling 10,196 meters in 24 drill holes. 100% encountered significant gold mineralization.

- Doubled the existing footprint of the Friday-Petsite deposit by doubling the downdip extent to 300 meters along 500 meters of strike length; a 500% increase in Lower Block development. Updated resource estimate is underway and anticipated in March 2011.
- New understanding of the structural controls on mineralization prompted the development of an “Exploration Strategy” to locate and define fault structures with geophysics and soil sampling.
- Proved the “Exploration Strategy” with the discovery of the Monday Fault Zone in PFR2010-19.
- Third New Discovery: PFR2010-22 encountered 2.1 g/t gold over 20.1 meters including 5.5 g/t gold over 6.4 meters along the Monday Fault Zone.
- Potential 900 meters of continuity between PFR2010-19 and 22 along Monday Fault Zone.
- Both the Friday Fault and Monday Fault Zones have +2 km of potential strike length and are open in all directions

REVIEW OF OPERATIONS continued

Hole ID	From M	To M	Length M	Au g/t
PFR2010-1	<b>0.0</b>	<b>203.0</b>	<b>203.0</b>	<b>0.98</b>
	182.0	203.0	21.0	2.61
PFR2010-2	<b>14.6</b>	<b>289.6</b>	<b>275.0</b>	<b>1.84</b>
	213.4	289.6	76.2	5.74
	213.4	228.3	14.9	22.18
PFR2010-3	<b>221.0</b>	<b>378.9</b>	<b>157.9</b>	<b>2.23</b>
	221.0	295.4	74.4	3.65
PFR2010-4	<b>149.3</b>	<b>299.3</b>	<b>150.0</b>	<b>1.5</b>
	254.8	291.7	36.9	2.5
	210.0	214.9	4.9	8.3
PFR2010-5	<b>98.1</b>	<b>365.1</b>	<b>267.0</b>	<b>0.9</b>
	292.9	365.1	72.2	1.5
	292.9	303.9	11.0	3.4
PFR2010-6	<b>118.0</b>	<b>344.0</b>	<b>226.0</b>	<b>0.5</b>
	118.0	134.4	16.4	2.5
PFR2010-7	<b>192.9</b>	<b>367.9</b>	<b>175.0</b>	<b>0.6</b>
	192.9	223.1	30.2	1.1
	192.9	203.9	11.0	1.7
PFR2010-8	<b>161.9</b>	<b>324.3</b>	<b>162.4</b>	<b>0.7</b>
	247.2	285.0	37.8	1.2
	259.4	268.5	9.1	3.1
PFR2010-10	<b>152.7</b>	<b>324.0</b>	<b>171.3</b>	<b>0.8</b>
	149.0	175.6	26.5	1.2
	240.8	250.9	10.1	2.9
PFR2010-11	<b>122.2</b>	<b>230.1</b>	<b>107.9</b>	<b>0.8</b>
	135.0	177.1	42.1	1.1
PFR2010-12	<b>70.0</b>	<b>190.5</b>	<b>120.5</b>	<b>0.7</b>
	129.5	150.3	20.8	1.1
	174.0	190.5	16.5	1.2
PFR2010-13	<b>65.8</b>	<b>288.0</b>	<b>222.2</b>	<b>0.7</b>
	121.0	162.2	41.2	1.2
	146.6	158.5	11.9	2.3

REVIEW OF OPERATIONS continued

Hole ID	From M	To M	Length M	Au g/t
PFR2010-14	<b>89.3</b>	<b>130.8</b>	<b>41.5</b>	<b>1.1</b>
	189.6	270.7	81.1	1.2
PFR2010-15	<b>169.2</b>	<b>374.3</b>	<b>205.1</b>	<b>0.8</b>
	169.2	276.8	107.6	1.2
PFR2010-16	<b>211.2</b>	<b>367.0</b>	<b>155.8</b>	<b>0.8</b>
	292.0	367.0	75.0	1.0
PFR2010-17	<b>159.7</b>	<b>366.4</b>	<b>206.7</b>	<b>0.8</b>
	176.2	302.4	126.2	1.0
PFR2010-18	<b>14.9</b>	<b>360.6</b>	<b>345.7</b>	<b>0.6</b>
	144.5	182.9	38.4	1.0
	244.8	284.1	39.3	1.0
PFR2010_19	<b>371.6</b>	<b>410.0</b>	<b>38.4</b>	<b>1.4</b>
	405.4	410.0	4.6	9.4
PFR2010-20	<b>382.2</b>	<b>402.0</b>	<b>19.8</b>	<b>0.2</b>
	629.7	630.6	0.9	4.0
PFR2010-21	<b>29.9</b>	<b>360.3</b>	<b>330.4</b>	<b>1.5</b>
	29.9	64.3	34.4	7.0
PFR2010-22	<b>71.0</b>	<b>86.6</b>	<b>15.6</b>	<b>0.8</b>
	300.8	321.0	20.2	0.6
	629.4	770.2	140.8	0.6
	629.4	649.5	20.1	2.1
	643.1	649.5	6.4	5.5
749.2	770.2	21.0	0.9	
PFR2010-23	<b>0.0</b>	<b>370.9</b>	<b>370.9</b>	<b>0.8</b>
	215.8	350.1	134.3	1.5
	249.0	296.3	47.3	2.5
PFR2010-24	<b>10.1</b>	<b>46.6</b>	<b>36.5</b>	<b>1.0</b>
PFR2010-25	<b>115.2</b>	<b>240.8</b>	<b>125.6</b>	<b>0.5</b>
	223.1	240.8	17.7	1.0

- The gold grade calculation is a weighted mean with no top cut, and no bottom cut. The grade calculation includes internal waste and low grade sections.

- True Widths are estimated to be between 50% and 75% of the drilled interval.

## REVIEW OF OPERATIONS continued

**PFR2010-1** returned 0.98 g/t gold over 203.0 meters, including 2.61 g/t gold over 21.0 meters.

PFR2010-1 was a 219 meter vertical hole located 100 meters west and 15 meters north from PFR2009-10. PFR2010-1 encountered identical sulphides and geology as encountered in PFR2009-10; altered quartz monzonite and muscovite schist with moderate to intense sericite alteration and bottomed in 16.1 meters of Trachyte, a post-mineral dike. Hole one of Phase-Three was located slightly too far east and intercepted a limited portion of the "Lower Block".

**PFR2010-2** returned 1.84 g/t gold over 274.9 meters, including 5.74 g/t gold over 76.2 meters, including 22.18 g/t gold over 14.94 meters.

This hole was a 349.3 meter vertical hole located 120 meters west and 20 meters north of PFR2009-10. PFR2010-2 also encountered identical sulphides and geology as encountered in PFR2009-10. The collar location for this hole was accurately placed to intercept the thrust fault, drill through a large portion of the high-grade mineralization, locate the position of the offset Dacite Dike at depth and finally pass through the "Friday Fault" and terminate in un-mineralized country rock.

**PFR2010-3** returned 2.23 g/t gold over 157.9 meters, including 3.65 g/t gold over 74.4 meters.

The collar for this hole is located 25 meters along strike to the north of PFR2009-10 and was drilled to the west at a -65 degree dip, the identical direction and dip to PFR2009-10. PFR2010-3 was a 392.9 meter hole that also encountered identical sulphides and geology as encountered in PFR2009-10 and terminated in mineralization. With the structural and geological data provided by PFR2010-1&2 this hole was successful in expanding the strike of the "Lower Block" to the north by 25 meters.

**PFR2010-4** returned 1.5 g/t gold over 150.0 meters, including 2.5 g/t gold over 36.9 meters, including 8.3 g/t over 4.9 meters.

This hole is a 380 meter drill hole that encountered mineralization and alteration similar to PFR2010-1, PFR2010-2, and PFR2010-3. It was designed as a technical hole drilled in addition to PFR2010-1 and PFR2010-2 to provide structural and geological data. It is also the first hole set up on the west and drilled

to the east at a -65 degree dip to specifically intercept the thrust fault at the Upper/Lower Block interface, drill a large portion of high-grade mineralization, and pierce the bounding fault to the east (Friday Fault). This hole terminated in unmineralized country rock. The collar location for this hole is located 200 meters west and 10 meters south of previously reported PFR2009-10 which returned 2.66 g/t gold over 198.4 meters (including 3.81 g/t gold over 121.1 meters, including 9.16 g/t gold over 25.3 meters, and 30.60 g/t gold over 1.8 meters).

**PFR2010-5** returned 0.9 g/t gold over 267.0 meters, including 1.5 g/t gold over 72.2 meters, including 3.4 g/t gold over 11.0 meters and terminated in mineralization.

This hole is a 404 meter drill hole that encountered mineralization and alteration similar to PFR2010-1, PFR2010-2, and PFR2010-3. The collar location for this hole is 35 meters north and 35 meters west of previously reported PFR2010-3 which returned 2.23 g/t gold over 157.9 meters, including 3.65 g/t gold over 74.4 meters. The orientation of this hole is a -70 degree dip and drilled to the west. Positive results from this hole confirm continuity of mineralization in the Lower Block to the north along strike.

**PFR2010-6** returned 0.5 g/t gold over 226.0 meters, including 2.5 g/t gold over 16.4 meters and terminated in mineralization.

This hole is a 390 meter drill hole that encountered mineralization and alteration similar to PFR2010-1, PFR2010-2, and PFR2010-3. This hole is at the same collar location as PFR2010-5 and was drilled to the west at a -55 degree dip. The plan for this hole was to test the Upper-Lower Block contact and gain valuable data with respect to the total offset of mineralization between the Upper and Lower Blocks due to the shallow dipping thrust fault.

**PFR2010-7** returned 0.6 g/t gold over 175.0 meters, including 1.1 g/t gold over 30.2 meters, including 1.7 g/t gold over 11.0 meters terminating in mineralization.

This hole is a 383 meter drill hole that encountered mineralization and alteration characteristic of the shear zone and is located 40 meters north of previously reported holes PFR2010-5 and PFR2010-6. PFR2010-5 returned 0.9 g/t gold over 267.0 meters including 1.5 g/t gold over 72.2 meters including and

## REVIEW OF OPERATIONS continued

**PFR2010-8** returned 0.7 g/t gold over 162.4 meters, including 1.2 g/t gold over 37.8 meters, including 3.1 g/t gold over 9.1 meters terminating in mineralization.

This hole is a 342 meter drill hole that encountered mineralization and alteration characteristic of the shear zone. The collar location for this hole is identical to PFR2010-7 and was drilled to the west at a -50 degree dip. It was also successfully drilled through the Friday Fault, encountered similar mineralization to PFR2010-7.

**PFR2010-10** returned 0.8 g/t gold over 171.3 meters, including 1.2 g/t gold over 26.5 meters, including 2.9 g/t gold over 10.1 meters terminating in mineralization.

This hole was drilled to a depth of 350 meters and successfully passed through shear zone mineralization and alteration and terminated in mineralization. The collar location for this hole is 50 meters along strike to the north of PFR2010-7 and PFR2010-8. The dip is -70 degrees and it was drilled to the west.

**PFR2010-11** returned 0.8 g/t gold over 107.9 meters, including 1.1 g/t gold over 42.1 meters terminating in mineralization.

The collar location for this hole is 50 meters along strike to the south of previously reported PFR2009-11, which returned 2.94 g/t gold over 73.5 meters including 10.57 g/t gold over 17.2 meters. It was drilled to the west at a -75 degree dip and to a depth of 430 meters. This hole successfully passed through the Friday Fault, intersected shear zone mineralization and alteration, and terminated in mineralization.

**PFR2010-12** returned 0.7 g/t gold over 120.5 meters, including 1.1 g/t gold over 20.8 meters and 1.2 g/t gold over 16.5 meters terminating in mineralization.

This hole was drilled as part of a fan with PFR2010-11 and was drilled to the west at a -55 degree dip. A total depth of 349 meters was reached and characteristic shear zone mineralization and alteration was encountered.

**PFR2010-13** returned 0.7 g/t gold over 222.2 meters, including 1.2 g/t gold over 41.2 meters, including 2.3 over 11.9 meters terminating in mineralization.

This hole was drilled to a depth of 314 meters encountering shear zone mineralization and alteration. The collar location is that of PFR2010-10 being drilled as part of a "fan" to the west at a -50 degree dip.

**PFR2010-14** was drilled in the Main Zone and returned 1.1 g/t gold over 41.5 meters from 89.3 to 130.8 meters. At 130.8 meters it intercepted the post-mineralized Dacite Dyke and then continued to return 1.2 g/t Gold over 81.1 meters, advancing the development of the Lower Block. Drilling is designed to develop the Lower Block mineralization directly adjacent to and beneath the initially modelled deposit size at the Friday-Petsite while stepping out and developing, both the initially modelled deposit (North, Main and South Zones) and Lower Block, along strike.

PFR2010-14 was drilled east at a -50 dip and successfully located the Friday Fault at depth in the southern end of the Main Zone between PFR2009-11 and 12 and further confirmed the geometry and development of the Lower Block located directly adjacent to and beneath the initially modelled deposit. PFR2010-11 and 12 were drilled to the west and returned 2.9 g/t gold over 73.5 meters including 10.6 g/t gold over 17.2 meters and 1.0 g/t gold over 83.4 meters including 3.5 g/t gold over 2.2 meters respectively. PFR2010-14 extended the reach of the Friday-Petsite mineralization beyond the initially modelled deposit approximately double the down dip extent.

The hole was completed at 353 metres down-hole depth and encountered 1.1 g/t gold from 89.3 to 130.8 meters and 1.2 g/t gold from 189.6 to 270.7 meters, terminating in the footwall of the Friday Fault. Characteristic sulphide mineralization and alteration was encountered, remains open to the north, south, and at depth, and is interpreted to be contiguous to gold-rich holes drilled in all other directions.

**PFR2010-15** was drilled from the same collar as PFR2010-14 and was drilled east at a -65 dip to also locate the Friday Fault at depth in the southern end of the Main Zone between PFR2009-11 and 12, validating the geometry, and furthering the development of the Lower Block. The hole was completed at 378.9 metres and visually encountered favourable alteration/mineralization from 200 to 275 metres down-hole depth; Based on detailed drillcore logging it is anticipated that the gold mineralization in PFR2010-15 will extend contiguously past the partial interval. Assays are still pending due to metallic screening.

## REVIEW OF OPERATIONS continued

PFR2010-15 was drilled east at a -65 dip, successfully locating the Friday Fault at depth in the Main Zone and is interpreted as contiguous to gold mineralization encountered in PFR2009-11 and 12 in the Lower Block. PFR2009-11 and 12 were drilled west and returned 2.9 g/t gold over 73.5 meters including 10.6 g/t gold over 17.2 meters and 1.0 g/t gold over 83.4 meters including 3.5 g/t gold over 2.2 meters, respectively. The total down-hole depth is 378.9 metres and terminates in the footwall of the Friday Fault. With this drill-hole, gold mineralization continues to be open to the north, south, and depth.

**PFR2010-16 & 17** were drilled from the same collar and oriented to the northwest with -60 and -50 degree dips to test the extension of alteration and mineralization along the Friday Fault to the north, between the Main and North Zones. In addition; an interpreted "dilatant" structure was tested; a high grade feature commonly associated with Shear Zones.

Both holes terminate 100 meters north PFR2010-10 & 13 (the northern most drill holes in the Main Zone) and 200 meters south of historic PC20 & PC21 within the North Zone. Total project drilled strike length is now 1,000 meters.

**PFR2010-18** extends mineralization to 350 meters of vertical depth, adding 200 meters of down dip extent below the current Upper Block modelled depth of 150 meters. The current Friday-Petsite Upper Block Inferred Resource comprises 15 Mt at 1.1 g/t Au for 549,000 contained ounces at a 0.5 g/t Au lower cut-off.

PFR2010-18 is an infill hole located in the north end of the Main Zone and drilled west at a -75 dip further confirming the structural geometry and continuity of mineralization. PFR2010-18 confirmed continuity of mineralization in both the Upper and Lower Blocks between previously released drill-holes PFR2010-5/6 and PFR2010-7/8. The hole was completed at 545.6 metres down-hole and terminated in a previously unknown fault at depth. This new fault may be a structural control to the high grade portion of the Main Zone and associated with a proposed "mineralized shoot". The mineralized shoot may contain significant high grade mineralization at depth.

**PFR2010-19** was Premium's first pure exploration hole in 2010 drilled west at -50 dip from the same collar as PFR2010-14 & 15 in the Main Zone of the Friday-Petsite resource block model. The 649 meter drill-hole was designed to intercept the inferred west-bounding fault of the OSZ known as the Monday Fault. Premium encountered gold mineralization in PFR2010-19 and identified the west-bounding fault of the OSZ for additional exploration.

**PFR2010-20** is a wide step-out hole at the southern end of the South Zone in the Friday-Petsite deposit and drilled west at a -55 dip. This hole encountered anomalous far west of Friday Fault target. Gold-in-soil and geophysical data demonstrates mineralization trending to the south-east and geologists now interpret the "Quartz Creek Fault" to have offset the Friday Fault mineralization further to the east. This hole was completed to a down-hole depth of 698.3 meters and encountered 0.2 g/t Au over 19.8 meters as well as 4.0 g/t Au over 0.9 meters.

**PFR2010-21** extends mineralization to 355 meters vertical depth, adding 205 meters of down dip extent below the current Upper Block model depth of 150 meters.

PFR2010-21 is an infill hole located at the north end of the Main Zone and was drilled east at a -80 dip, confirming continuity of mineralization between previously released drill-holes PFR2010-3 and PFR2010-5/6. PFR2010-21 successfully intercepted Upper and Lower Block mineralization terminating in the Friday Fault, the eastern bounding fault of the Orogrande Shear Zone that hosts the Main Zone mineralization. This drill hole appears to be drilled into a high grade "mineralized shoot", a common feature associated with shear zone deposits. It further validates Premium's geological model and confirms the continuity of the Friday Fault which will enable Premium to take large step-outs along 3.0 km of potential strike length, accelerating the exploration of the Friday-Petsite Zone to demonstrate the large size potential.

**PFR2010-22:** 2.1 g/t Au over 20.1 meters including 5.5 g/t Au over 6.4 meters and the second drill-hole to intersect the new "Monday Zone".

This is the widest step-out drill-hole to the south and was drilled west at a -55 dip successfully intercepting the new "Monday Fault Zone" along the same geophysical structural anomaly as previously released PFR2010-19 which returned 1.4 g/t Au over 38.6 meters. PFR2010-22 is located 900 meters south of PFR2010-19 and collectively, the two holes exhibit similar alteration, mineralization, and geochemistry. Additionally, compared to the Friday Zone, the Monday Zone has elevated levels of lead, antimony, and silver (results for two over-limit >100 g/t Ag samples are pending). The hole was completed at 818.5 meters down-hole depth terminating in anomalous gold mineralization.

**PFR2010-23** is an infill hole located in the center of the Main Zone and was drilled west at a -72 dip further confirming the structural geometry and continuity of mineralization along strike between previously released drill-holes PFR2009-10 and PFR2009-12. It extends mineralization 180 meters below the current block model depth of 150 meters for a total mineralized vertical depth of 330 meters. The hole was completed at 389.5 metres down-hole depth and terminated in anomalous mineralization.

**PFR2010-24** is located in the southern end of the Main Zone and was drilled west at a -80 dip providing structural information about the interpreted Quartz Creek Fault and the Lower Block mineralization. The hole was completed at a 342.3 meter down-hole depth.

**PFR2010-25:** 1.0 g/t Au over 17.7 meters within a broader interval of 0.5 g/t Au over 125.6 meters.

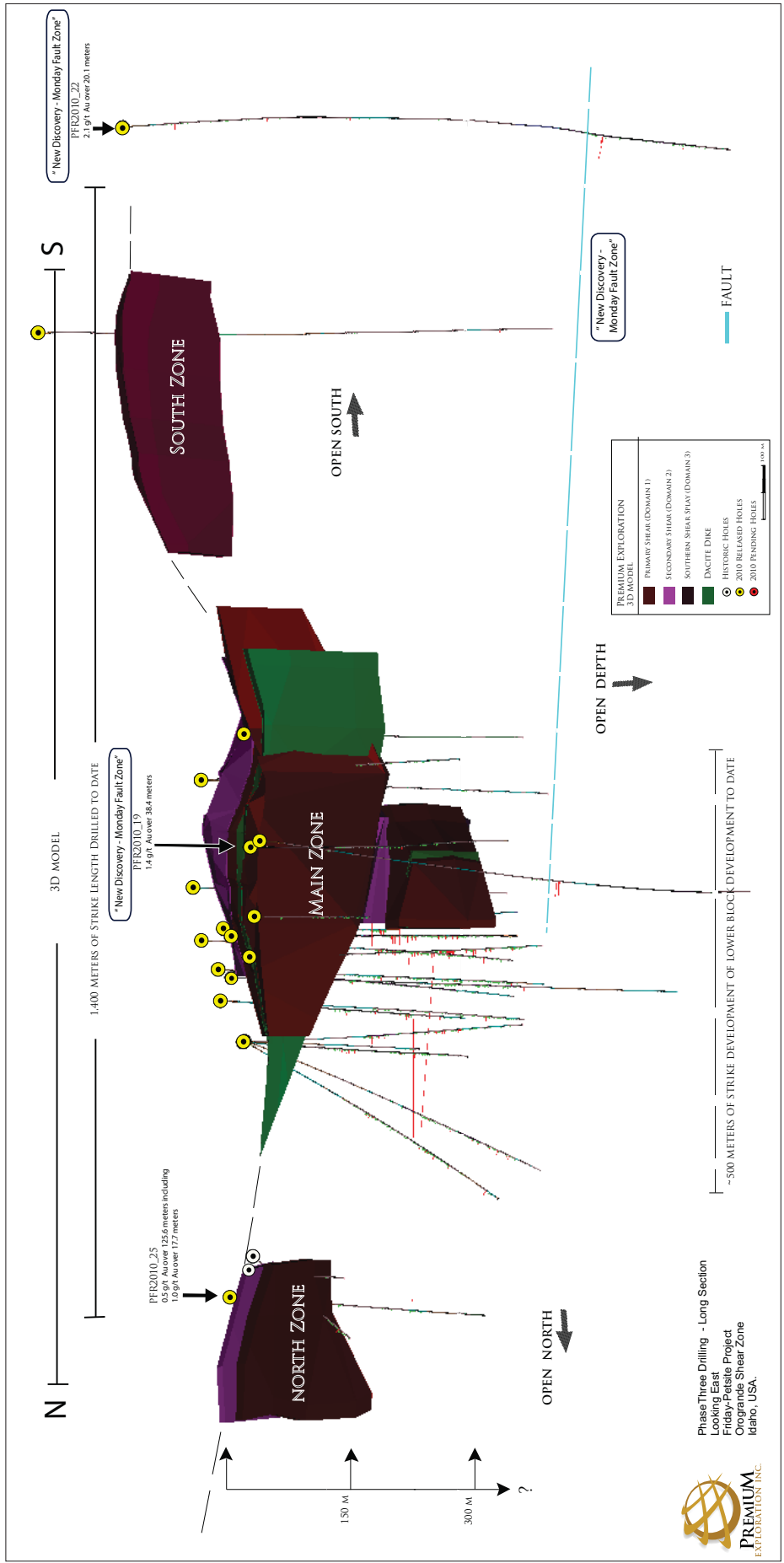
This is the widest step-out drill-hole to the north and was drilled in the North Zone of the Friday-Petsite deposit. The North Zone is now interpreted to be a splay of the Friday Fault; now interpreted to run straight north of the Main Zone of the Friday-Petsite deposit as identified by drilling and geophysics. This hole was drilled west at a -45 dip successfully intercepting down-dip mineralization beneath historic core-holes PC-20 and PC-21 which returned 1.6 g/t

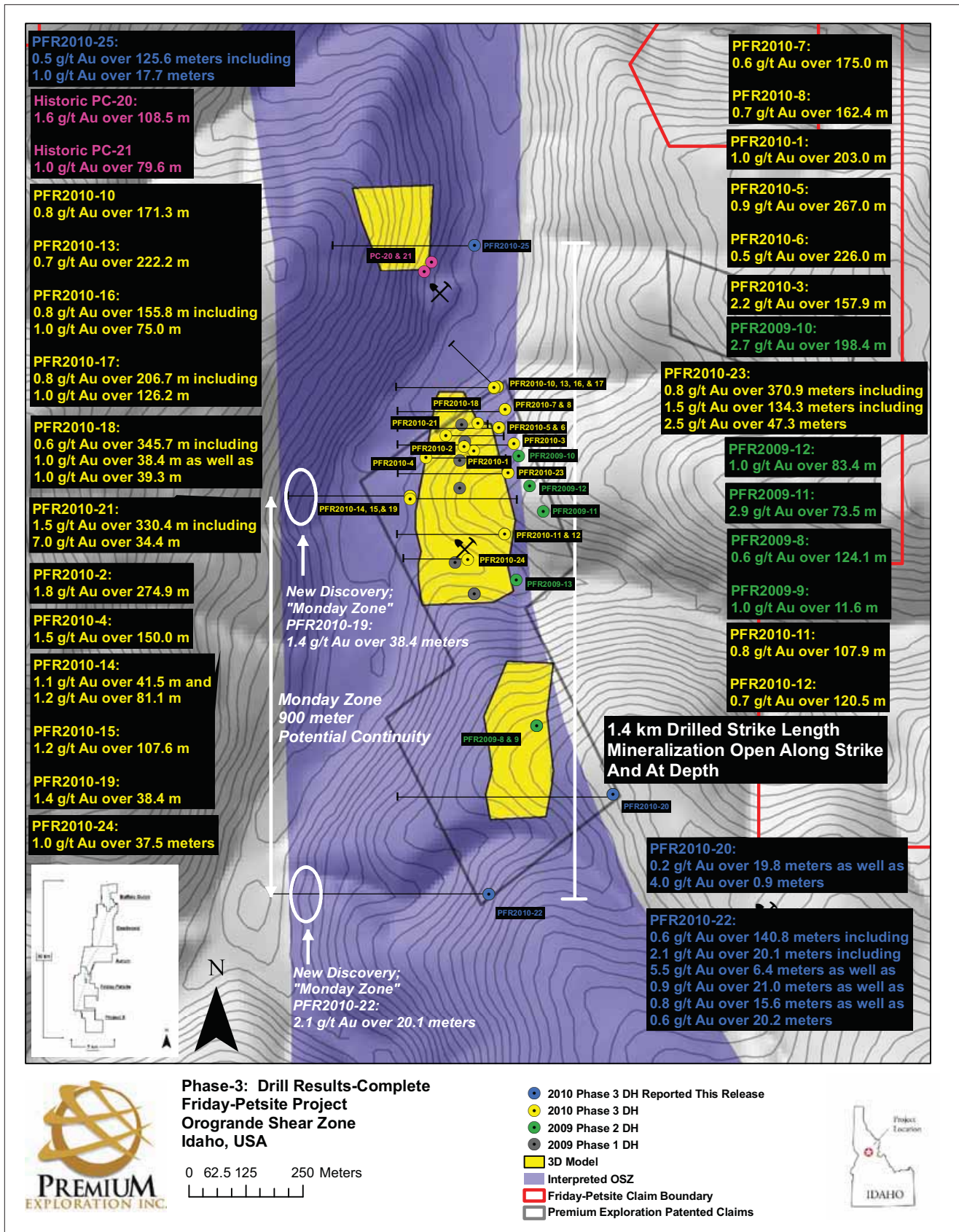
gold over 108.5 meters and 1.0 g/t gold over 79.6 meters respectively. Mineralization in PC-20/PC-21 starts at surface going to a vertical depth of 80 meters and PFR2010-25 confirms mineralization to be continuous to a vertical depth of 170 meters in the North Zone and remains open. The hole was completed at 330.9 meters down-hole depth and demonstrates the potential continuity of mineralization along strike and at depth.

### Phase-4 Exploration

To date, there are now five known gold zones along the +30 km strike length of the Idaho Gold Project with each zone demonstrating potential for the discovery of additional ore bodies. Several exciting geophysical anomalies have been identified in the Deadwood Zone and results from the 4,500 follow up soil samples are pending. The soil sampling results will refine and prioritize drill targets for the upcoming Phase-Four program. The Friday-Petsite resource will continue to be developed focusing on demonstrating the potential strike length with large +250 meter step-outs to the north and south along the Friday Fault Zone.

Over 100 drill-targets have been recognized along the OSZ and drill-site permitting is currently on track for the +25,000 meter Phase-Four drill program scheduled to begin late March 2011. The Phase-Four exploration program will also include up to 10,000 soil samples and additional geophysics.





**INTERESTS IN KOONENBERRY BELT**  
**ELs 6400, 6424, 6464 and 7691 - NSW (100%)**

In August 2010, the Company acquired through its wholly owned subsidiary Great Western Minerals Pty Ltd ("GWM") a 100% interest in Exploration Licences (EL) 6400 and 6464 in the Koonenberry Belt area north east of Broken Hill in New South Wales.

In December 2009, Ausmon had acquired 100% GWM which had farm-in arrangements to earn 51% in the two ELs through expenditure work programs of \$1 million over a period to October 2011. There was provision to earn another 24% to a total of 75% interest under certain conditions from 2011. The acquisition of 100% of the ELs terminated that farm-in arrangements and the farm-in expenditure obligations of the Company.

The consideration for the acquisition consisted of a cash payment of \$200,000 and the allotment of 1,000,000 fully paid ordinary shares in the Company to the parent of the licences holder.

The Company applied for 9 graticular units (approximately 26 sq km) under Exploration Licence Application (ELA) 4092 abutting the northwest part of EL 6400, and covering the western part of the Black Mountain Silverfield. Near Rawlins Tank, the ELA covers old diggings and geochemical anomalies that were not fully investigated by earlier explorers. EL 7691 was granted in February 2011 under ELA 4092.

The Company now holds 100% interests in four ELs covering a total area of 779 sq kms in the highly prospective and under-explored Koonenberry Belt. The Company is now also in full control of the expenditure program without having to refer to joint venture partners.

ELs 6400 and 6464 contain the extensive Grasmere and Peveril Cu-Zn-Ag-Au deposits, which contain an indicated and inferred JORC compliant resource of 5.75 Mt (million tonnes) @ 1.03% Cu, 0.35% Zn, 2.3 g/t (gram/tonne) Ag and 0.05 g/t Au (Inferred: 2.73 Mt grading 0.9% copper, 0.4% zinc, 0.04 g/t gold and 2.05 g/t silver. Indicated: 3.02 Mt grading 1.15% copper, 0.3% zinc, 0.06 g/t gold, and 2.53 g/t silver).

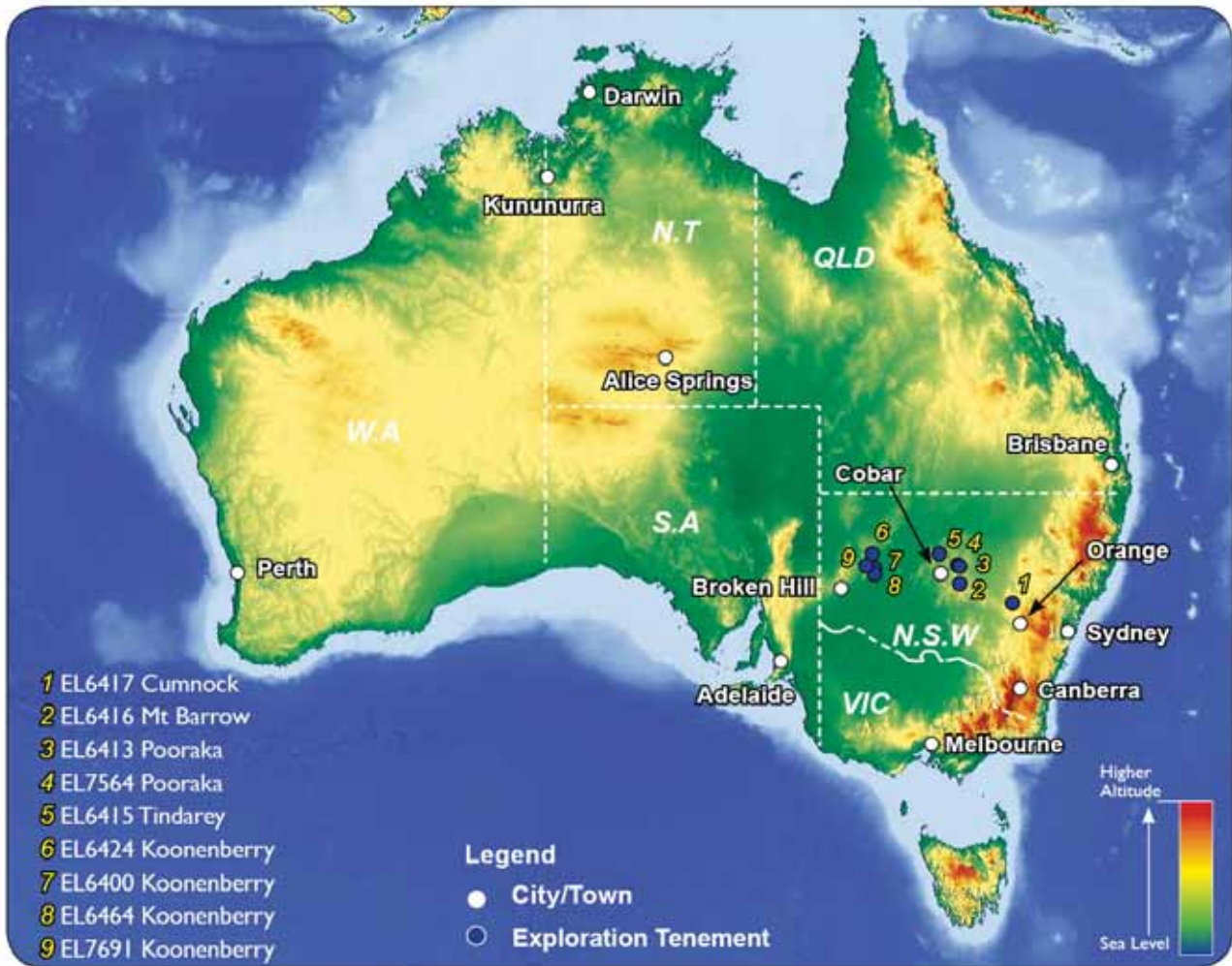
EL 6424 contains the historic Wertago Copper Field and Nutherungie Silver Field,

During the half year, field work progress was slowed by continuing heavy rain. Nevertheless some very significant work has been accomplished.

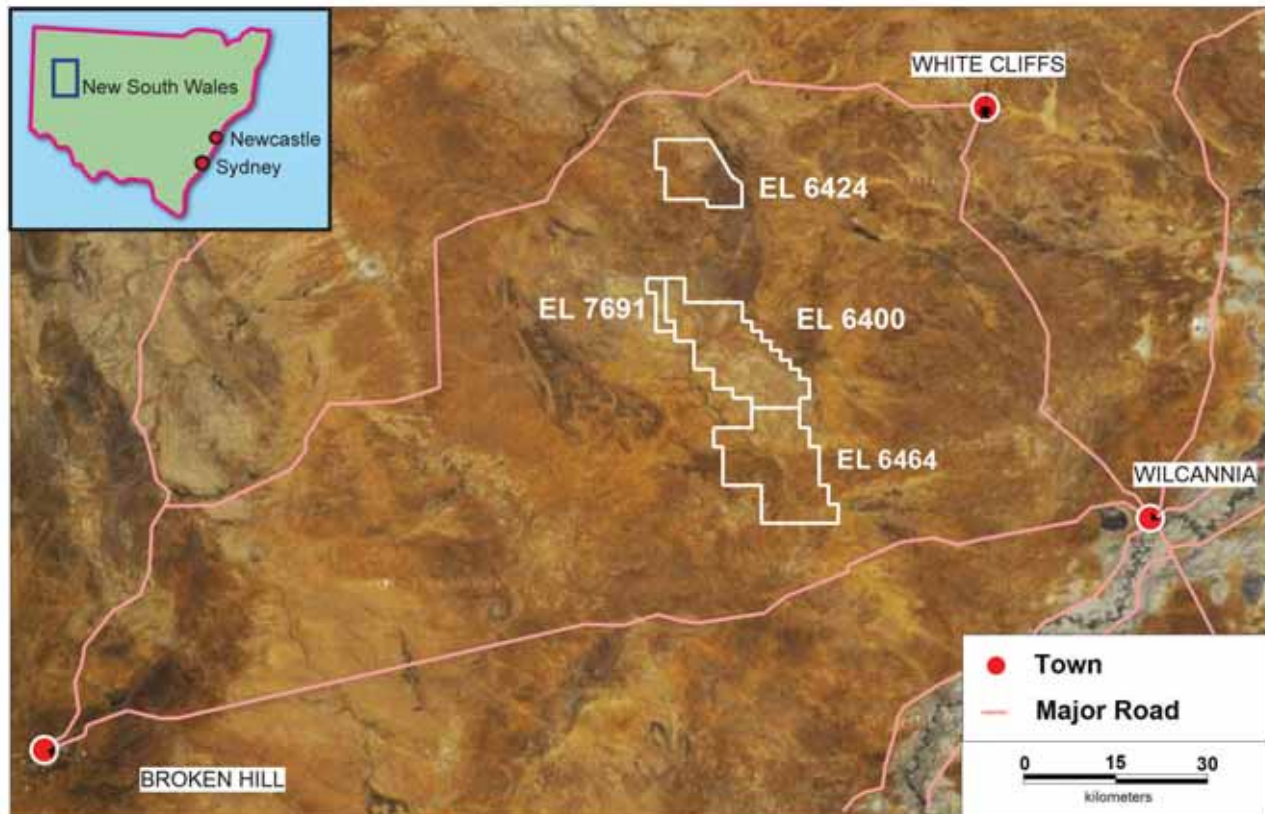
During the December quarter, despite continuing wet weather, 2 weeks of difficult and uncomfortable field work was undertaken to mark out and image 12 drill sites on EL 6400 and 6 drill sites on EL 6424, organise access and co-operation of landholders, and organise logistics for drilling. This work was also required for preparation of applications to the DPI for Surface Disturbance Notices (SDNs) and Reviews of Environmental Factors (REFs) in the case of EL 6424. These reports were also prepared and submitted during the quarter and have recently been approved without modification.

In the September quarter, 32 targets for follow up work were gleaned on ELs 6400 and 6464, including extensions to the Grasmere-Peveril mineralisation, parts of the Black Mountain Silverfield, and one interesting gold target. Wet weather delayed the checking out of these which is now scheduled to begin in February 2011. Of the above mentioned 12 drill sites, 9 (3 diamond and 6 RC percussion) were chosen for initial drilling. All are designed to locate extensions to the Grasmere-Peveril mineralisation. Drilling was proposed for December 2010, but delayed by rain, and is now planned for February 2011. The Black Mountain Silverfield was also visited and several strikingly gossanous targets examined, however proposed holes were not marked out as detailed mapping and sampling are required as a preamble. That work is to be done in February and March 2011.

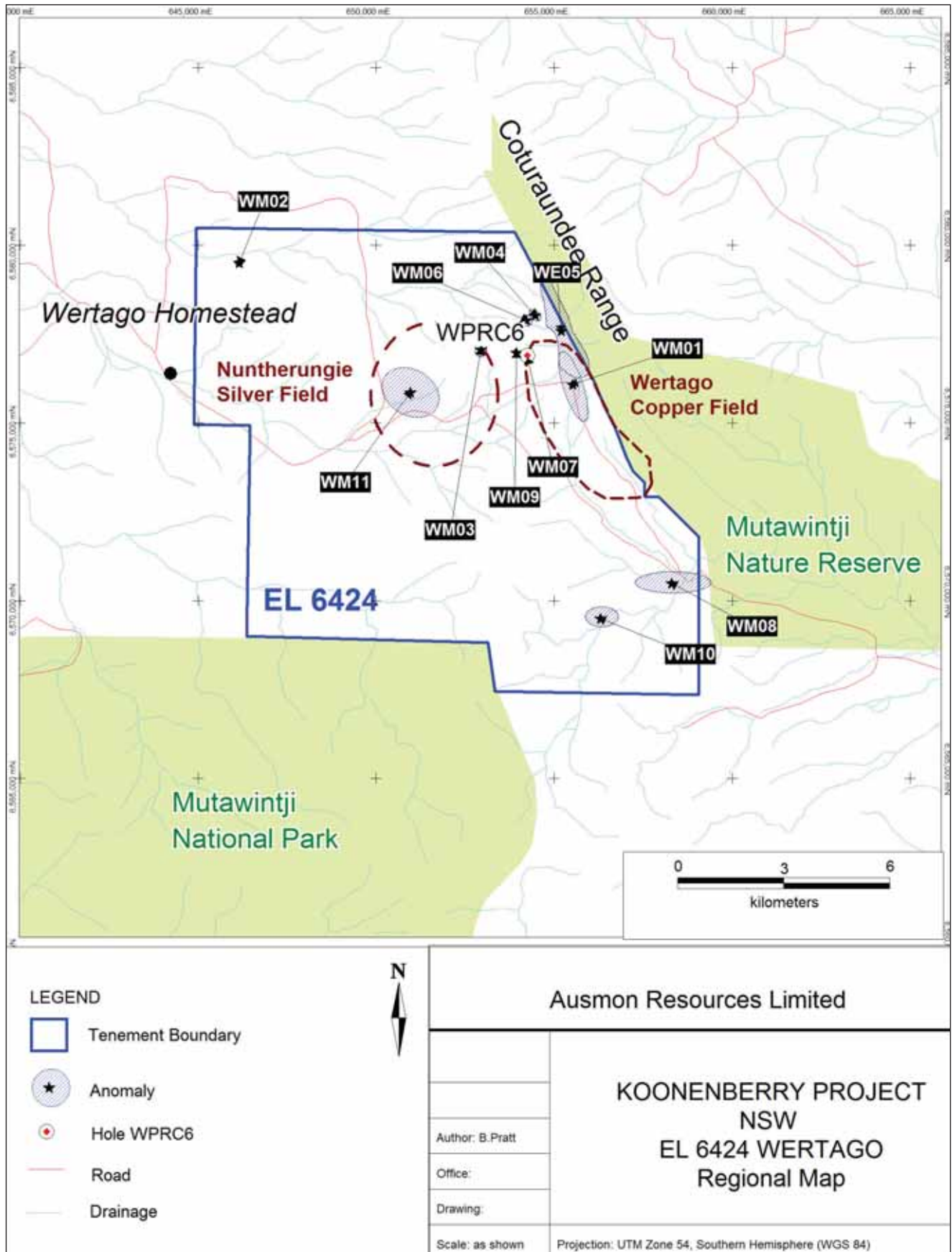
Detailed mapping and sampling of EL 6424 during the September quarter resulted in 49 rock chip samples being collected from the Wertago-Eclipse-Bradys-Copper Well-Bunker Hill area, and from the Nutherungie Silver Field, and submitted for multi element analysis. Gold values were of prime interest, ranging from 5 to 345 ppb (parts per billion) with the highest values at Eclipse and Bradys. The 6 above mentioned holes were designed to test these targets. With permission to drill now received, four of these holes will be drilled after the 9 Grasmere-Peveril holes, in February or March, 2011. Meanwhile analysis of recent and historical geophysical data on EL 6424 has turned up 10 additional targets requiring follow up work, most likely leading to drilling in some cases. This work is planned for March, 2011.



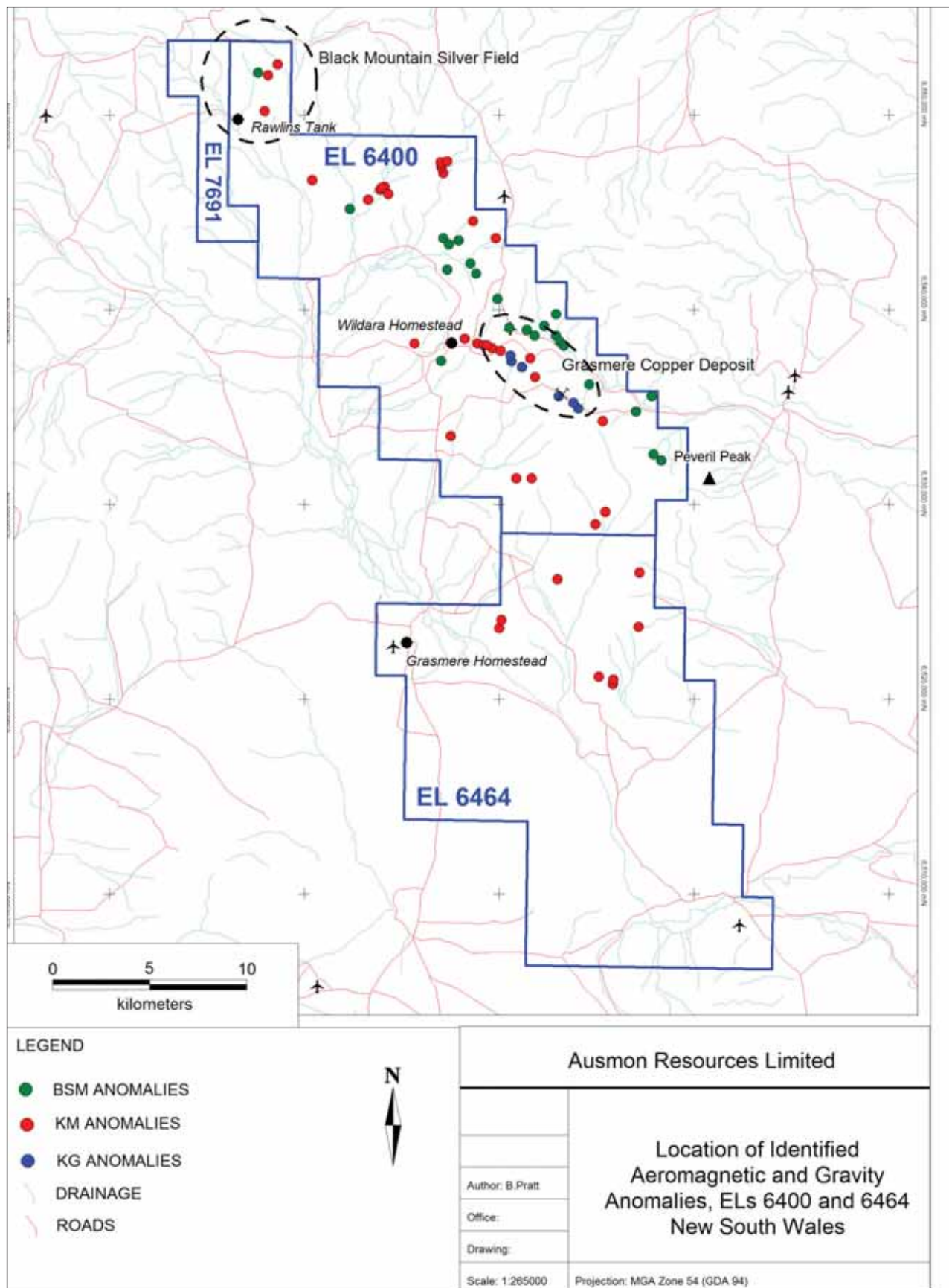
Australian Tenements - Location Map

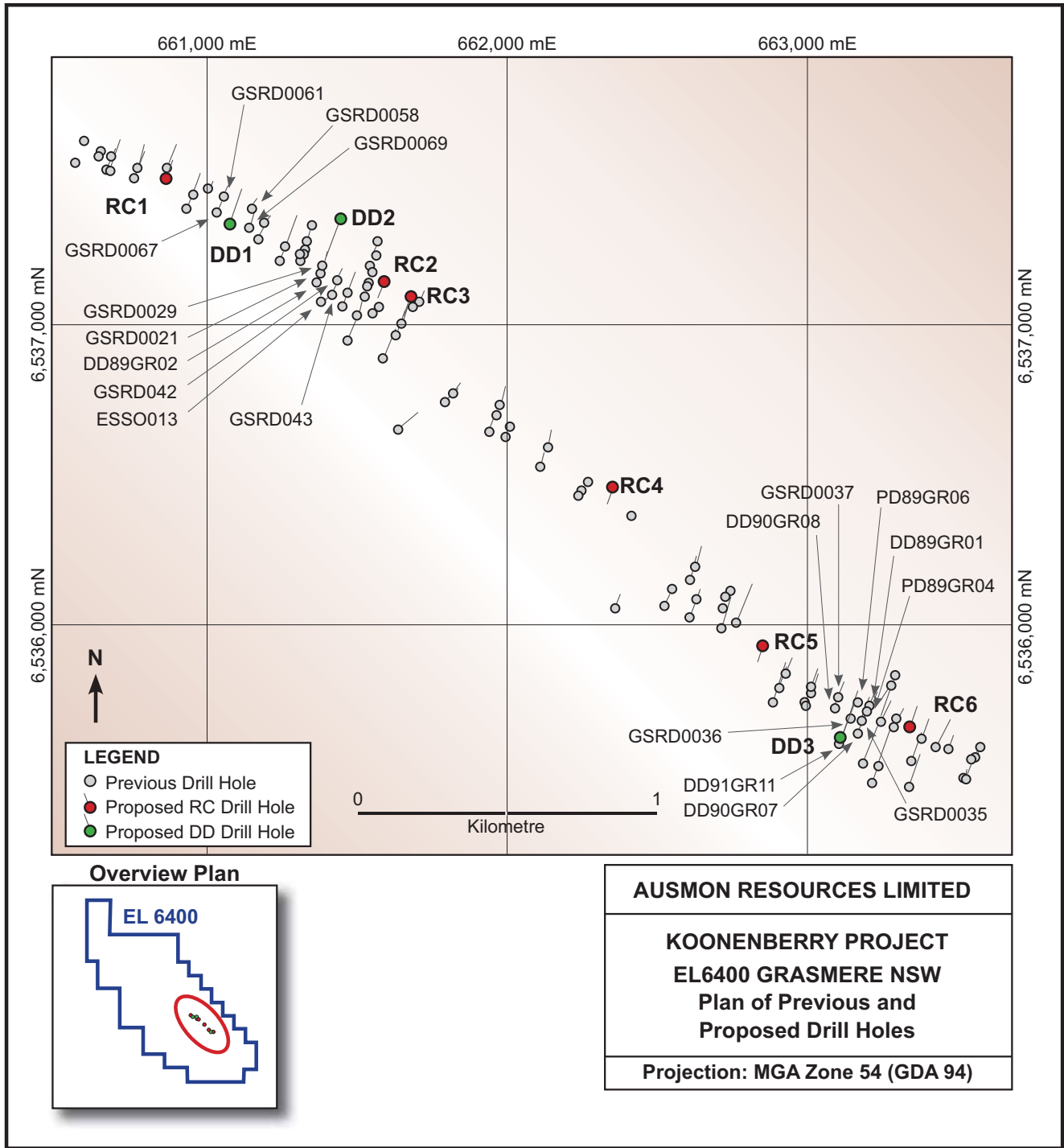


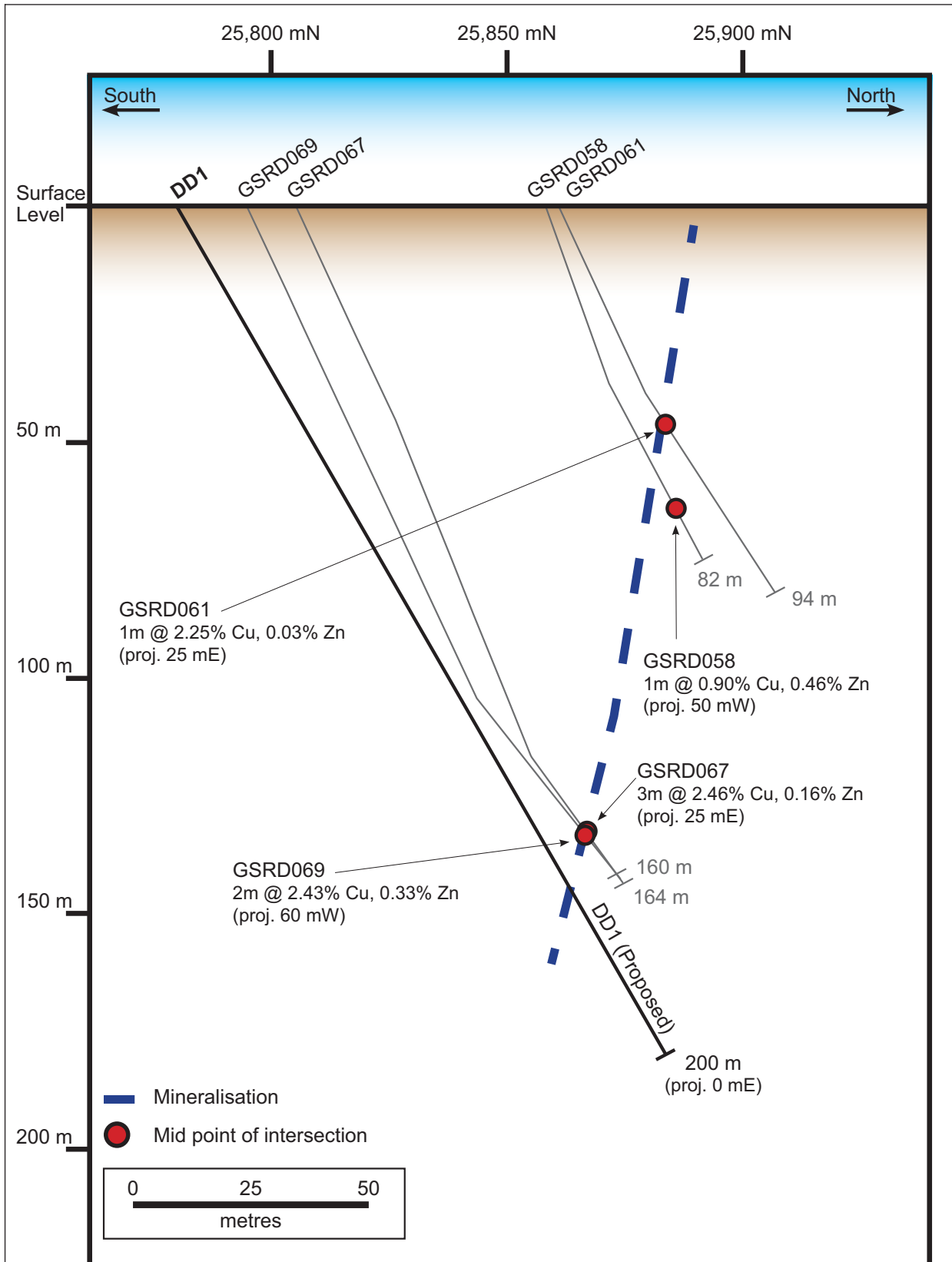
Koonenberry Belt – Licences Location



Ausmon Resources Limited	
<b>KOONENBERRY PROJECT NSW EL 6424 WERTAGO Regional Map</b>	
Author: B.Pratt	
Office:	
Drawing:	
Scale: as shown	Projection: UTM Zone 54, Southern Hemisphere (WGS 84)

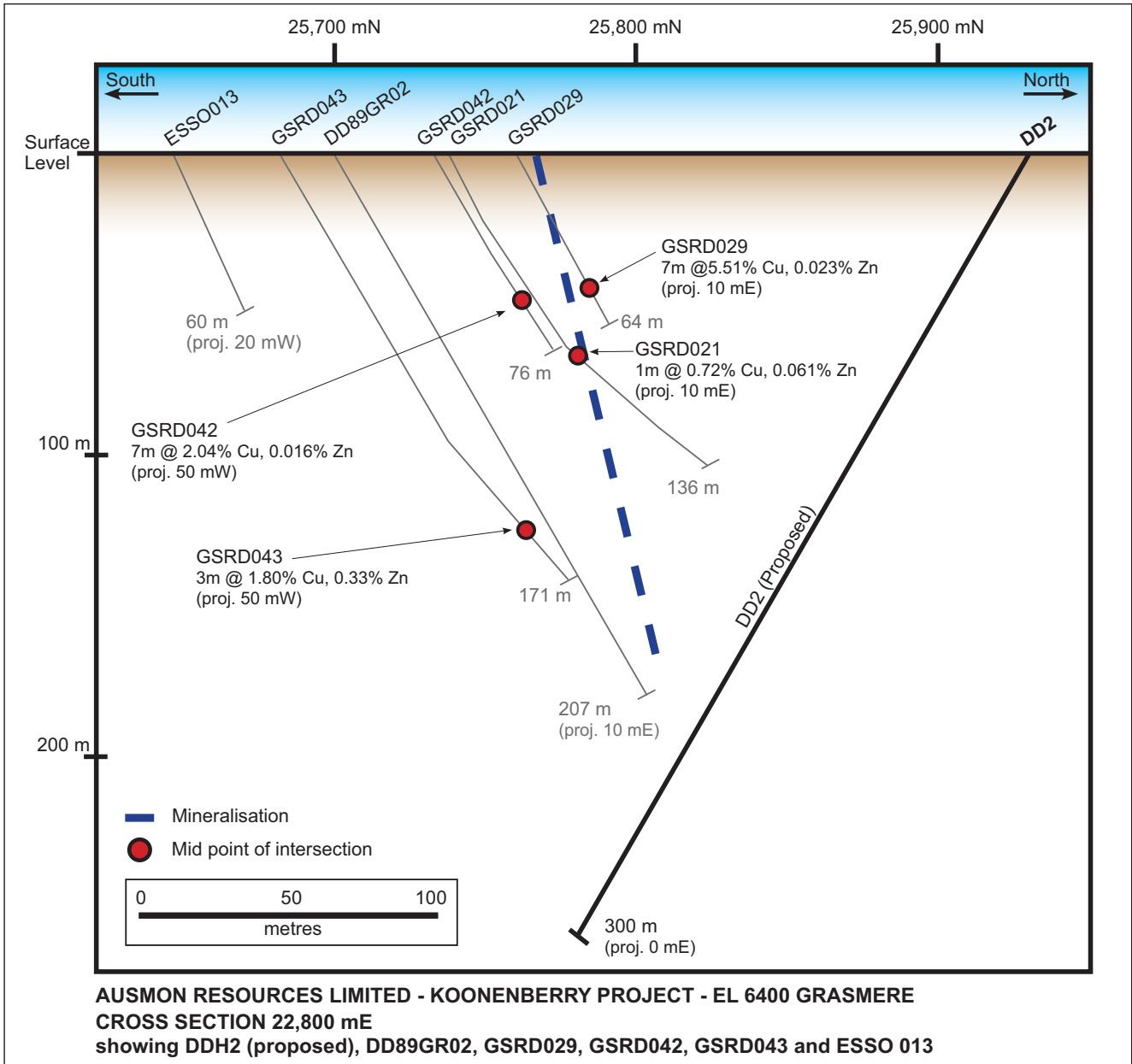






**AUSMON RESOURCES LIMITED - KOONENBERRY PROJECT - EL 6400 GRASMERE  
CROSS SECTION 22,450 mE  
showing DDH1 (proposed), GSRD061, GSRD067, GSRD058 and GSRD069**

REVIEW OF OPERATIONS continued





## AUSMON - ROBUST JV

**EL 6413, EL 6415, EL 6416 and EL 6417 - NSW  
(earning 85% to May 2011)**

**EL 7564 - NSW (85%)**

*Operator: Robust Resources Limited*

Pooraka ELs 6413 and 7564 are considered the most prospective, followed by Cumnock EL 6417 and Mt Barrow EL 6416. Tindarey EL 6415 has been disappointing from the last drill results and is to be relinquished.

### **Pooraka EL 7564 and EL 6413**

EL7564 of 30 graticular units was granted in June 2010. This EL and EL 6413 remain highly prospective for Au, and Pb-Zn-Ag deposits, with untested targets, and gold anomalies/ intersections, close to, and on strike from, Mt Boppy. The main target is the Mt Boppy/ Hardwicks/ Langbein /McGuinness gold trend. Exploration in progress consists of filtering of magnetic data, ground magnetics, and bedrock sampling of selected targets (planned for early 2011). Targets, if warranted, will then be RC percussion drilled.

### **Cumnock EL 6417**

As previously reported, work on the Gumble segment (prospective for skarn and skarn-related deposits) highlighted 4 significant Cu and/or Au anomalies, including 2 good drill targets, each located about 1km from the Delaneys Dyke mineralisation.

Also, work on the Mt Catombal segment highlighted 2 strong Cu-Au anomalies designated "Turmer's Anomaly" and "Lawrence's Anomaly". Those areas are prospective for Cadia type epithermal copper-gold deposits associated with hydrothermal alteration. The Company plans to drill test these anomalies in first half of 2011.

### **Mt Barrow EL 6416**

New targets have been checked out. Developing a concept to deep drill beneath Glengarry gossans to check for a hidden porphyry or epithermal Cu-Au resources. Meanwhile other targets are also being examined.

## MARY RIVER EL 26007, NEAR PINE CREEK, NT (100%)

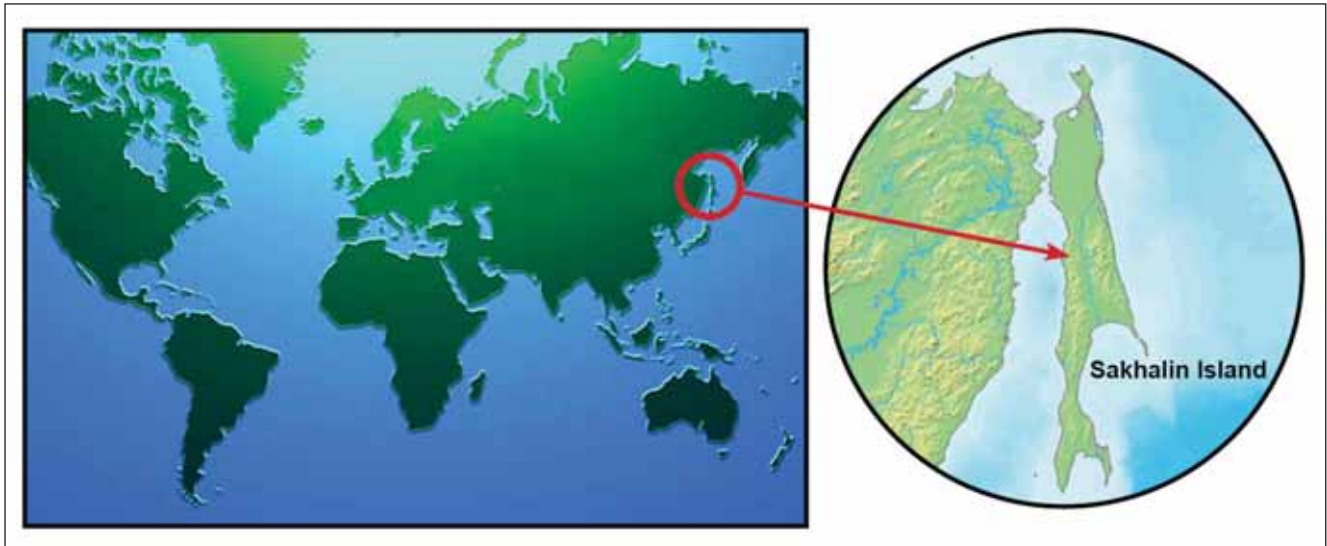
This EL is located east of Pine Creek, on the SW boundary of the Mt Evelyn 1:250,000 geological sheet. No field work has been carried out in this EL during the half year. The Company has commenced the process of relinquishing this EL on the grounds of low prospectivity, limited size, and difficult access.

## NEW PROJECTS

In October 2010, the Company signed a Co-operation Agreement with the Government of Sakhalin Region of the Russian Federation.

The Co-operation Agreement relates to an investment in a project for construction of an oil refinery operating in the petroleum industry in the Sakhalin Region in conjunction with an authorised Russian partner, JSC Shakalin Oil Refinery, appointed by the Company. Future joint development of other projects in the region is possible in co-operation with the Government of Sakhalin.

The agreement provides for a working group to be established with representatives of the Government of Sakhalin and the Company to oversee implementation of the project.



*(The information in this report 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 2004 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.)*

## DIRECTORS' REPORT

The Directors of Ausmon Resources Limited submit the financial report of the consolidated group for the half-year ended 31 December 2010.

### Directors

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

King M Fan  
David W King  
John Q Wang  
Gang (Gary) Zheng

### Operating Results

The loss for the half-year ended 31 December 2010 was \$777,452 (2009: profit \$493,632).

### Review of Operations

A review of operations for the half-year ended 31 December 2010 is set out on pages 1 to 20.

### Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 22, and forms part of this report.

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



**King M Fan**  
Chairman

Dated this 22nd day of February 2011



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W www.grantthornton.com.au

**Auditor's Independence Declaration  
To The Directors of Ausmon Resources Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Ausmon Resources Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads "Grant Thornton Audit Pty Ltd".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to be "C F Farley".

C F Farley  
Director - Audit & Assurance

Sydney, 22 February 2011

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W [www.grantthornton.com.au](http://www.grantthornton.com.au)

### **Independent Auditor's Review Report To the Members of Ausmon Resources Limited**

We have reviewed the accompanying half-year financial report of Ausmon Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### **Directors' responsibility for the half-year financial report**

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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. As the

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auditor of Ausmon Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

*Grant Thornton Audit Pty Ltd*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to read "C F Farley".

C F Farley  
Director - Audit & Assurance

Sydney, 22 February 2011

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 26 to 33 are in accordance with the Corporations Act 2001, including:
  - a) complying with Accounting Standards AASB 134: Interim Financial Reporting; and
  - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. In the Directors' opinion 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.



**King M Fan**  
Chairman

Dated this 22nd day of February 2011

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Half-Year Ended 31 December 2010

	Note	31 December 2010 \$	31 December 2009 \$
<b>Revenue from continuing operations</b>			
Interest income		34,442	48,294
<b>Other income</b>			
Gain on financial assets at fair value through profit or loss		-	1,125,407
		34,442	1,173,701
<b>Expenses</b>			
Depreciation expense		(6,319)	(7,402)
Employee benefits expense		(41,467)	(27,794)
Loss on financial assets at fair value through profit or loss		(93,066)	-
Other expenses	2	(671,042)	(307,251)
<b>(Loss) / Profit before income tax expense</b>		(777,452)	831,254
Income tax expense		-	(337,622)
<b>(Loss) / Profit for the period</b>		(777,452)	493,632
<b>Other comprehensive income</b>			
Fair value gain on available-for-sale financial assets, net of tax		346,711	1,129,650
<b>Other comprehensive income for the period, net of tax</b>		346,711	1,129,650
<b>Total comprehensive income for the period</b>		(430,741)	1,623,282
<b>(Loss) / Profit attributable to:</b>			
- members of the Parent Entity		(777,452)	493,632
<b>Total comprehensive income attributable to:</b>			
- members of the Parent Entity		(430,741)	1,623,282
<b>Earnings per share</b>			
Basic and diluted (loss) earnings per share		(1.24) cents	0.86 cents

*The accompanying notes form part of this financial report.*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the Half-Year Ended 31 December 2010

	Note	31 December 2010 \$	30 June 2010 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,297,307	1,937,975
Trade and other receivables		32,203	69,738
Other current assets		421,275	626,909
<b>TOTAL CURRENT ASSETS</b>		<b>1,750,785</b>	<b>2,634,622</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	4	3,763,335	3,509,690
Plant and equipment		31,054	37,372
Exploration and evaluation expenditure		2,160,930	1,643,472
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,955,319</b>	<b>5,190,534</b>
<b>TOTAL ASSETS</b>		<b>7,706,104</b>	<b>7,825,156</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		111,849	1,109,160
Provisions		3,285	3,285
<b>TOTAL CURRENT LIABILITIES</b>		<b>115,134</b>	<b>1,112,445</b>
<b>TOTAL LIABILITIES</b>		<b>115,134</b>	<b>1,112,445</b>
<b>NET ASSETS</b>		<b>7,590,970</b>	<b>6,712,711</b>
<b>EQUITY</b>			
Issued capital		7,801,070	6,492,070
Reserves		1,936,623	1,589,912
Accumulated losses		(2,146,723)	(1,369,271)
<b>TOTAL EQUITY</b>		<b>7,590,970</b>	<b>6,712,711</b>

*The accompanying notes form part of this financial report.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Half-Year Ended 31 December 2010

	Issued capital	Reserves		Retained profits	Total
		Option reserve	Asset revaluation reserve		
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	3,241,884	-	-	(130,873)	3,111,011
Total comprehensive income for the period	-	-	1,129,650	493,632	1,623,282
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the period	1,912,500	-	-	-	1,912,500
Shares issued under Employee Incentive Plan during the period	-	41,940	-	-	41,940
Share issue expenses	(39,649)	-	-	-	(39,649)
<b>Balance at 31 December 2009</b>	5,114,735	41,940	1,129,650	362,759	6,649,084
<b>Balance at 1 July 2010</b>	6,492,070	47,540	1,542,372	(1,369,271)	6,712,711
Total comprehensive income for the period	-	-	346,711	(777,452)	(430,741)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the period	1,309,000	-	-	-	1,309,000
<b>Balance at 31 December 2010</b>	7,801,070	47,540	1,889,083	(2,146,723)	7,590,970

*The accompanying notes form part of this financial report.*

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2010

	31 December 2010 \$	31 December 2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(171,578)	(220,268)
Interest received	34,442	46,566
<b>Net cash used in operating activities</b>	<b>(137,136)</b>	<b>(173,702)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	-	(30,732)
Payments for exploration and evaluation expenditure	(503,532)	(190,016)
Payments for investment in listed company	-	(1,211,553)
<b>Net cash used in investing activities</b>	<b>(503,532)</b>	<b>(1,432,301)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	1,200,000
Share issue expenses	-	(39,649)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>1,160,351</b>
<b>Net decrease in cash held</b>	<b>(640,668)</b>	<b>(445,652)</b>
Cash and cash equivalents at the beginning of period	1,937,975	2,848,644
<b>Cash and cash equivalents at the end of period</b>	<b>1,297,307</b>	<b>2,402,992</b>

*The accompanying notes form part of this financial report.*

## NOTES TO FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

### Note 1 - Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Ausmon Resources Limited and its controlled entity (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

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

### Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs.

### Note 2 – Other expenses from ordinary activities

	31 December 2010 \$	31 December 2009 \$
Audit fees	14,000	13,500
Consulting fees	341,086	-
Investment acquisition costs	-	109,985
Listing expenses	26,667	19,282
Operating leases	24,930	28,685
Projects written off	185,754	-
Registry and ASX fees	7,073	8,223
Share-based payments	-	41,940
Other	71,532	85,636
	671,042	307,251

### Note 3 – 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 mineral exploration. All segments 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**  
continued

**Note 4 – Financial assets**

	31 December 2010 \$	31 December 2009 \$
<b>NON-CURRENT</b>		
Financial assets at fair value through profit or loss <sup>1</sup>	1,046,943	1,140,009
Available-for-sale financial assets <sup>2</sup>	2,716,392	2,369,681
	<b>3,763,335</b>	<b>3,509,690</b>

<sup>1</sup> 5,750,000 share warrants held in Premium Exploration Inc. Changes in fair value are included in the income statement.

<sup>2</sup> 5,750,000 ordinary shares held in Premium Exploration Inc.

<i>Description</i>	<i>Issue date</i>	<i>Share price at valuation date</i>	<i>Life assumption</i>	<i>Risk free rate</i>	<i>Expected price volatility of the Company's share</i>	<i>Value of option</i>
Premium Exploration Inc warrants exercisable at C\$0.30 on or before 23 April 2011	23/10/09	C\$0.48	3 months	0.98%	60.2%	C\$0.185

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate. Foreign currency amounts are converted to Australian dollars at the reporting date exchange rate.

**Note 5 – Equity securities issued**

	31 December 2010		30 June 2010	
	Number	\$	Number	\$
<b>(a) Ordinary shares</b>				
Balance at beginning of half-year	59,820,004	6,492,070	54,220,004	5,114,735
Shares issued under private placement	-	-	5,400,000	1,350,000
Shares issued for acquisition of licence EL6424	-	-	200,000	44,000
Share issue expenses	-	-	-	(16,665)
Shares issued in payment of fees to consultants	1,700,000	357,000	-	-
Shares issued for acquisition of licences EL 6400 and EL 6424	1,000,000	215,000	-	-
Shares issued to Directors in payment of outstanding fees	3,350,000	737,000	-	-
Balance at end of half-year	<b>65,870,004</b>	<b>7,801,070</b>	<b>59,820,004</b>	<b>6,492,070</b>

At the Annual General Meeting held on 25 November 2010, shareholders approved the issue of 3,350,000 fully paid ordinary shares at 22 cents per share (arrived at by reference to the market price of the shares) to Directors in payment of outstanding fees for the period 1 December 2008 to 30 June 2010.

**Note 5 – Equity securities issued**

**(b) Options over unissued shares**

	31 December 2010 Number	30 June 2010 Number
<b>Options exercisable at \$0.80 each on or before 30 June 2014:</b>		
<b>Listed</b>		
Balance at beginning of half-year	21,475,000	21,475,000
Balance at end of half-year	21,475,000	21,475,000
<b>Unlisted and Restricted</b>		
Balance at beginning of half-year	12,275,000	12,275,000
Balance at end of half-year	12,275,000	12,275,000
<b>Options exercisable at \$0.50 each on or before 30 June 2011:</b>		
<b>Unlisted</b>		
Balance at beginning of half-year	2,900,000	-
Issued during half-year	-	2,900,000
Balance at end of half-year	2,900,000	2,900,000
Total at end of half-year	36,650,000	36,650,000

31 December 2010 \$	30 June 2010 \$
---------------------------	-----------------------

**Note 6 - Commitments**

**Exploration Expenditure Commitments**

The Group has one exploration licence in the Northern Territory and four exploration licences in New South Wales. It has also entered into farm-in agreements to acquire an 85% interest in each of four exploration licences in New South Wales. The expenditure commitment to maintain and/or earn the interests in the exploration licences have not been provided for in the financial statements and are due :

Within twelve months	269,000	1,136,300
Twelve months or longer and not longer than 5 years	274,500	-
More than 5 years	-	-
	543,500	1,136,300

The Group has obligations to restore land disturbed during exploration under the terms and conditions of the licences.

**Operating Leases**

Minimum payment under non-cancellable operating leases according to the time expected to elapse to the expected date of payment:

Not later than 1 year	21,500	-
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**Note 7 - Contingent Liabilities**

At balance date, the Group and its joint venture operations have no contingent liabilities.

**Note 8 – Events after Balance Date**

There has not arisen in the interval since 31 December 2010 and up to the date of this report, any matter that, in the opinion of the Directors, has 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 future financial years other than that:

(a) on 24 January 2011, the Company issued 109,121 fully paid ordinary shares in the Company in payment of consultancy fees; and

(b) in February 2011, the Group has been granted a new exploration licence 7691 in New South Wales covering an area of approximately 26 sq km in the Koonenberry Belt.