ABN 12 009 076 242

AUSTSINO RESOURCES GROUP LIMITED

ANNUAL REPORT
30 JUNE 2017

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Chun Ming Ding (Executive Chairman)
Michael Keemink (Executive Director)
Edward Saunders (Non-Executive Director)

COMPANY SECRETARY

Henko Vos

REGISTERED OFFICE

100 Colin Street
West Perth WA 6005

Telephone: +61 8 6460 0250
Facsimile: +61 8 6460 0254

PRINCIPAL OFFICE

100 Colin Street
West Perth WA 6005

Telephone: +61 8 6460 0250
Facsimile: +61 8 6460 0254

SHARE REGISTRY

Automic Registry Services
Level 2, 267 St George's Terrace
Perth WA 6000

Telephone: 1300 288 664 (within Australia)
+61 8 9324 2099 (outside Australia)
Email: hello@automic.com.au
Web: www.automic.com.au

AUDITORS

RSM Australia Partners
Level 32, Exchange Tower, 2 The Esplanade
Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

AustSino Resources Group Limited shares (ANS) are listed on ASX Limited

Your directors present their report on the Company and Controlled Entities (the "Consolidated Entity" or "Group") for the year ended 30 June 2017.

DIRECTORS

The names of the directors of the Company in office during the financial year and up to the date of this report are as follows:

Chun Ming Ding	Executive Chairman (appointed 1 September 2017)
Michael Keemink	Executive Director (effective 27 March 2017) Non-Executive Director (appointed 19 August 2016)
Edward Saunders	Non-Executive Director (effective 1 September 2017) Non-Executive Chairman (effective 27 March 2017) Executive Chairman (effective 15 September 2016) Non-Executive Chairman (appointed 19 August 2016)
William Han	Non-Executive Director (resigned 1 September 2017)
Terence Quinn	Executive Chairman (resigned 19 August 2016)
Gary Stokes	Managing Director (resigned 19 August 2016)

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

The particulars of the experience and special responsibilities of each director are as follows:

Chun Ming Ding – Executive Chairman (appointed 1 September 2017)

Mr Ding was born in the People's Republic of China and is a citizen of that country and Australia. He has been an advisor to the Company and its wholly owned subsidiaries since 2014 and in that capacity has advised and represented the Company and its wholly owned subsidiaries on a range of capital raising activities.

Mr Ding has not held any other directorships in listed companies in the last 3 years.

Michael Keemink – Executive Director (effective 27 March 2017; initially appointed as Non-Executive Director on 19 August 2016)

Mr Keemink is a financial planner with more than 20 years' experience in this field and has previously been a board member of Aurium Resources. His financial management experience will be advantageous to AustSino.

Mr Keemink has not held any other directorships in listed companies in the last 3 years.

Edward Saunders – Non-Executive Director (effective 1 September 2017; initially appointed on 19 August 2016 as Non-Executive Chairman. Role changed to Executive Chairman on 15 September 2016 and reverted to Non-Executive Chairman on 27 March 2017)

Mr Saunders has over 40 years' experience in the mineral exploration industry in Australia, has had a number of years' experience in mining management and served on the board of a listed mining company as Chairman. He also served as Chairman of AustSino's joint venture company Aurium Resources. He is a shareholder in AustSino and is well familiar with its operations.

Mr Saunders has not held any other directorships in listed companies in the last 3 years.

DIRECTORS (con't)

Terence Quinn – Executive Chairman (resigned 19 August 2016)

Mr Quinn has over the past ten years developed an extensive portfolio of mining projects holding strategic investment positions.

Mr Quinn has twenty years' experience in the retail sector involving the marketing of new initiatives and networking, financing and implementing strategies for growth. He has had a broad exposure and experience with overseas investors predominantly based in China, Malaysia and Indonesia.

He brings to the Board experience and a sound understanding of marketing principles and commercial expertise.

Mr Quinn has not held any other directorships in listed companies in the last 3 years.

Gary Stokes - Managing Director (resigned 19 August 2016)

Mr Stokes has a wealth of experience in mining projects having been responsible for project interests in diamonds, mineral sands and uranium in Namibia. He was a former senior government executive where he was responsible for managing government involvement in mining and infrastructure projects, including the management of State Agreements for major mining operations throughout the State.

He has had experience in promoting iron ore projects to steel mills in China, Korea and Japan; and uranium to interests in Russia, India, China and Taiwan. He has international trade experience in markets such as the USA, EU, Middle East and South East Asia.

Mr Stokes previously held CEO positions in public companies.

Mr Stokes has not held any other directorships in listed companies in the last 3 years.

William Han - Non-Executive Director (resigned 1 September 2017)

Mr Han has extensive business interests in China and is Chairman Of White Horse Australia Holdings Pty Ltd.

His business interests include property development in China and Australia, advertising interests across China and ownership of TV rights including shopping and golf channels in China.

Mr Han has other global business interests and lived in Australia for some years when he worked as an IT engineer.

Mr Han has not held any other directorships in listed companies in the last 3 years.

COMPANY SECRETARY

Henko Vos (appointed 21 December 2016)

Mr Vos is a member of the Governance Institute of Australia and Certified Practicing Accountants Australia with more than 15 years' experience working within public practice, specifically within the area of audit and assurance both in Australia and South Africa. He holds similar secretarial roles in various other listed public companies in both industrial and resource sectors. He is currently an Associate Director with Nexia Perth, a mid-tier corporate advisory and accounting practice.

Leonard Math (appointed 1 August 2011; resigned 21 December 2016)

Mr Math graduated from Edith Cowan University, majoring in Accounting and Information Systems, in 2003 and is a member of the Institute of Chartered Accountants. He is experienced with public company responsibilities including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting and shareholder relations.

CORPORATE STRUCTURE

AustSino Resources Group Limited is a limited liability company that is incorporated and domiciled in Australia. AustSino Resources Group Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

AustSino Resources Group Limited	-	parent entity
Desert Resources Pty Ltd	-	100% owned controlled entity
Apogei Pty Ltd	-	80% owned controlled entity
Mid West Infrastructure Group Pty Ltd	-	100% owned controlled entity
Aurium Resources Ltd	-	100% owned controlled entity
Padbury (Shanghai) Enterprise Development Company Limited	-	100% owned controlled entity

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal continuing activities during the year of entities within the consolidated entity was exploration for iron ore.

REVIEW OF OPERATIONS

Potential Investment

During the year, the Company continued to pursue Chinese investment in AustSino. In particular, China's increased interest in infrastructure investment across the region is best illustrated by the ambitious and vast One Belt One Road initiative which augurs well for continued iron ore demand and global infrastructure investment. The Chinese Government has also articulated increasing investment in rail, housing and other infrastructure within China, a further potential boost to steel demand.

As disclosed to ASX on 11 January 2017 and in the half yearly report, the Company entered into a strategic cooperation agreement (**SCA**) with Zhongying Property Development Company, a company established under the laws of Hong Kong.

The SCA was signed to provide a period of exclusivity for Zhongying, and for cultural purposes provide a framework for the parties (and in particular Zhongying and its network of investors), to invest significant time and money in due diligence and negotiating binding documents regarding investments in the Company and the advancement of the Company's assets.

The SCA was expressly provided to be non-binding, other than with respect to exclusivity, non-disclosure, confidentiality, termination, costs, governing law, dispute resolution and miscellaneous.

The SCA contemplated placements by the Company of 200m shares at $0.01 each to raise $2m (i.e. the shares referred to above that have been or are to be issued to Zhongying) and 9.8b shares at $0.01 each to raise $98m (**Tranche 2 Shares**), but does not itself create any legally binding rights or obligations on the parties to proceed with these placements. The Company was not able to complete Tranche 1 share issue without breaching ASX Listing Rules and retained approximately $1.22 million in a trust account during the year.

The SCA provided that any placement of the Tranche 2 Shares is to be subject to a separate agreement, and that no party is obliged by the SCA to enter into such an agreement. The exclusivity period to conduct due diligence and negotiate with respect to the placement formally ended on 31 December 2016. Although the company has had some further discussions with Zhongying, no agreements have been entered into regarding the potential placement of Tranche 2 Shares as contemplated in the SCA.

Negotiations have also continued with other potential Chinese investors over the year and will continue into the 2nd half of 2017 and beyond. At this point though, no agreements have been finalised and although discussions are encouraging and show promise, there is no guarantee we will finalise any agreements.

Following the end of the year and also following the appointment of Mr Ding Chun Ming as Chairperson of the Company, the Company agreed with Zhongying to terminate the previous agreement and in early September 2017a new agreement with Zhongying was negotiated that resulted in Zhongying investing a further amount of approximately $1.22 million in shares in the Company at $0.01.

REVIEW OF OPERATIONS (con't)

Also following the end of the financial year, The Company completed a debt for equity swap with another Chinese investor, Mr Song, in the amount of $500,000 and has entered into agreements with Aust-China Resources Group and associated entities to convert further liabilities and claims, subject to shareholder approval, into shares in the Company.

Combined, these events have helped to restore the Company to a more stable financial position

Potential for Infrastructure Solution in Mid-West WA

Over the course of the year, the company has continued to explore models to develop an economically viable infrastructure solution that will open up the MidWest region of WA. The initial focus is to collaborate with Mining Companies to the South of the proposed port at Oakajee.

As part of this strategy, the company has continued to be actively engaged in exploring all potential avenues to actively engage and collaborate with Chinese companies in relation to an infrastructure solution in our MidWest region. This has included meetings in China and in Perth with various Senior Representative's and/or Representatives, of

- the Central Government of the People's Republic of China (PRC), including from the National Development and Reform Commission (NDRC,)
- the WA State Government,
- Potential investors and debt providers to ANS, and

Potential consortium partners in a proposed total infrastructure solution

Mining Lease

AustSino has a Mining Lease (granted 22 June 2015) over the current mineral deposit areas at Telecom Hill subject to standard endorsements and conditions for the issue of such a lease including indigenous land use and environmental considerations.

The Project is located approximately 80km north of Meekatharra in Western Australia (Figure 1), targeting iron mineralisation in the Robinson Rage Formation; a sequence of interbedded banded iron formation ("BIF"), granular iron formation, *siltstone* and shale.

AustSino has delineated significant JORC mineral deposits at Telecom Hill East, Telecom Hill West for magnetite and a DSO mineral deposit at Telecom Hill East. A summary of the Mineral Resources are provided in Tables 1 & 2 below.

REVIEW OF OPERATIONS (con't)

The location of the Telecom Hill Mining Lease application is shown in Figure 1.

Table 1. Telecom Hill Resource summary

Telecom Hill Mineral Resources Grade Tonnage Reported above a Cut-off Grade of 20% Fe; above 300mRL and below the Bottom of Oxide Surface									
BIF	**Category**	**Million Tonnes**	**Fe HEAD (%)**	**SiO_2 HEAD (%)**	**AL_2O_3 HEAD (%)**	**MgO HEAD (%)**	**P HEAD (%)**	**S HEAD (%)**	**LOI HEAD**
BIF 1	Indicated	251	29.55	45.72	1.78	2.21	0.18	0.05	5.80
	Inferred	288	27.99	45.93	3.08	2.39	0.16	0.04	6.06
BIF 2	Inferred	197	23.84	49.22	5.70	2.28	0.18	0.03	5.72
BIF 4	Inferred	190	26.47	45.98	4.24	1.75	0.39	0.04	4.55
Total	Indicated	251	29.55	45.72	1.78	2.21	0.18	0.05	5.80
	Inferred	675	26.35	46.90	4.17	2.17	0.23	0.03	5.53
	Total	925	27.22	46.58	3.52	2.18	0.22	0.04	5.61

Note: *These Resources in Table 1 were originally reported under the JORC Code 2004. AustSino is not aware of any new information or data that materially affects the information included in the Announcement to the ASX on the 4th October 2012 titled "JORC Upgraded Resource at Peak Hill Iron Project". In the case of the Mineral Resources the company can confirm the assumptions and the technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context of the Competent Person's findings as presented in the announcement have not materially changed.*

Table 2. DSO Mineral Resource Summary

Telecom Hill East DSO Mineral Resources								
LODE	**Category**	**Tonnes (Mt)**	**Fe (%)**	**SiO_2 (%)**	**AL_2O_3 (%)**	**P (%)**	**S (%)**	**LOI 1000**
Total	Inferred	11.5	58.55	9.64	2.29	0.21	0.02	3.12

Note: : *These Resources were originally reported under the JORC Code 2004. AustSino is not aware of any new information or data that materially affects the information included in the Announcement to the ASX on the 28h June 2012 titled "Peak Hill Iron Project – Maiden DSO Inferred Mineral Resource.". In the case of the Mineral Resources the company can confirm the assumptions and the technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context of the Competent Person's findings as presented in the announcement have not materially changed.*

REVIEW OF OPERATIONS (con't)

Competent Persons Statement

The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Dr Shi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Dr Shi consents to the inclusion of such information in this report in the form and context in which it appears. Dr Shi is not aware of any conflict of interest relating to this work.

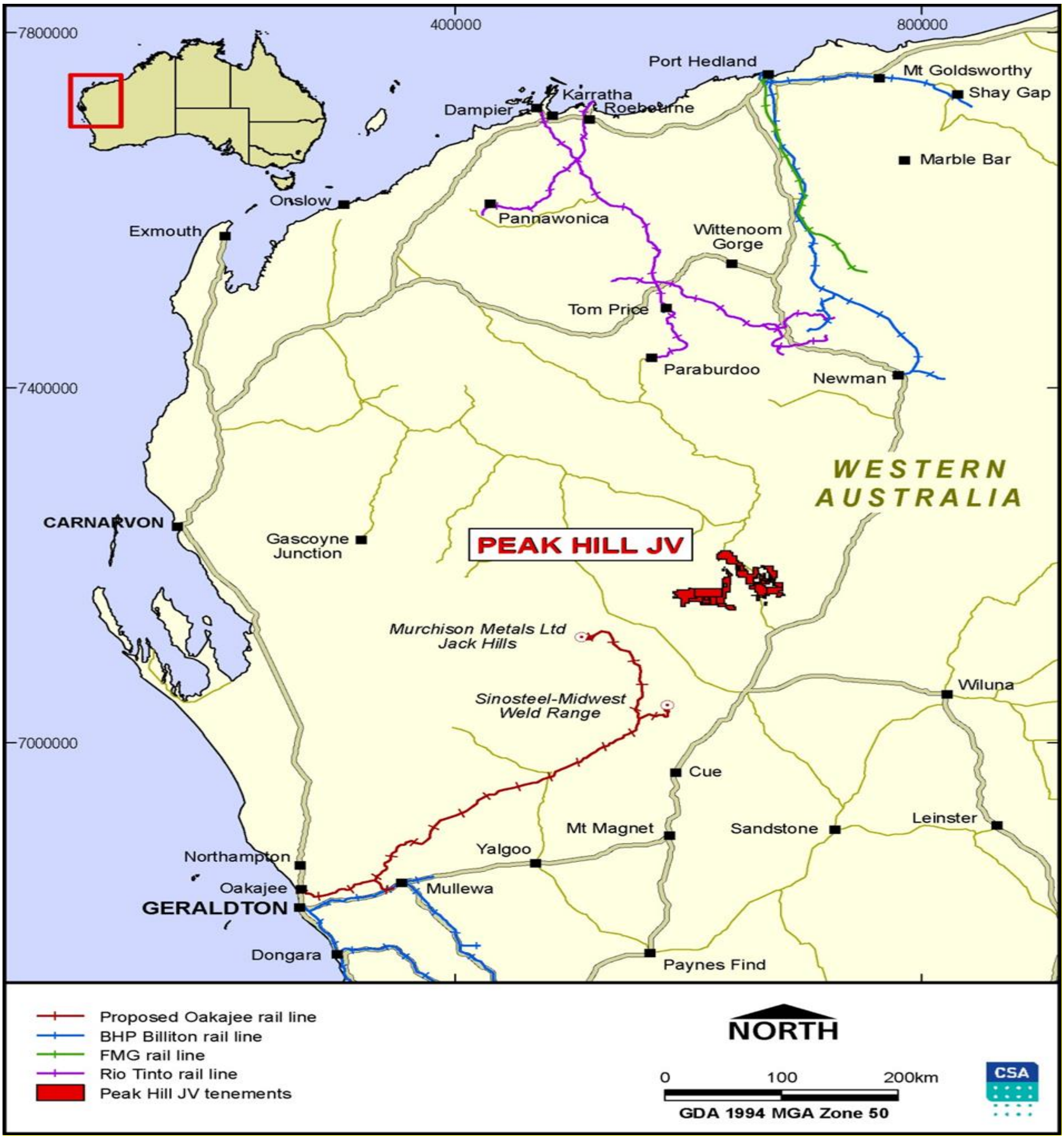

Figure 1: Project Location

REVIEW OF OPERATIONS (con't)

The Mining Lease covers parts of Exploration Licences 52/1860 and 52/1557 together with Prospecting Licence P52/1329 and are shown in Figure 2.

In addition to the already-defined mineral deposits there is substantial upside potential to locate additional mineralisation. The prominent ridge line of the Robinson Range Formation that extends between the Telecom Hill East and Telecom Hill West mineral deposit areas is an excellent target that has strong potential to increase the deposits already defined. This area is yet to be tested by drilling but geological mapping and aeromagnetic survey data indicate BIF of similar qualities to those present in the mineral deposit areas. This will be the focus of further exploration either late in 2017 and/or into 2018.

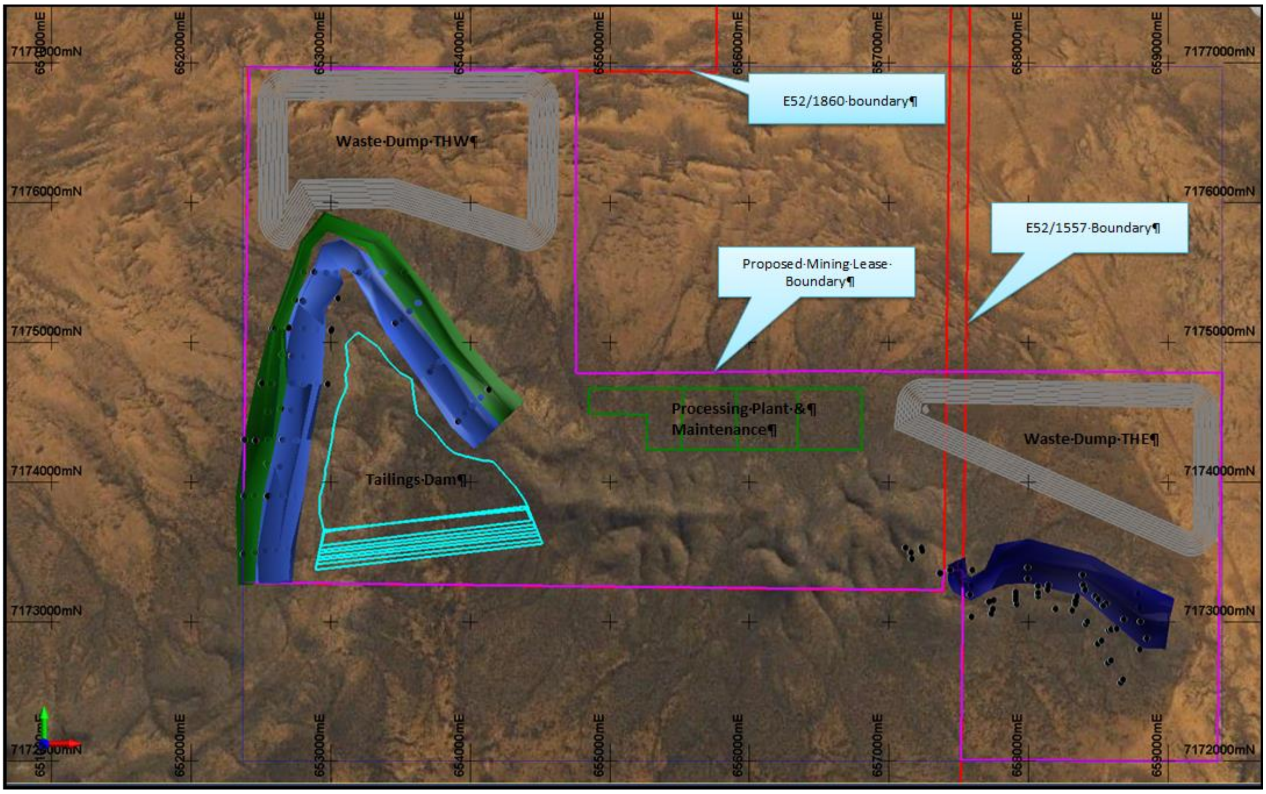

Figure 2. Mining lease location (magnetite deposits shown in blue and green)

REVIEW OF OPERATIONS (con't)

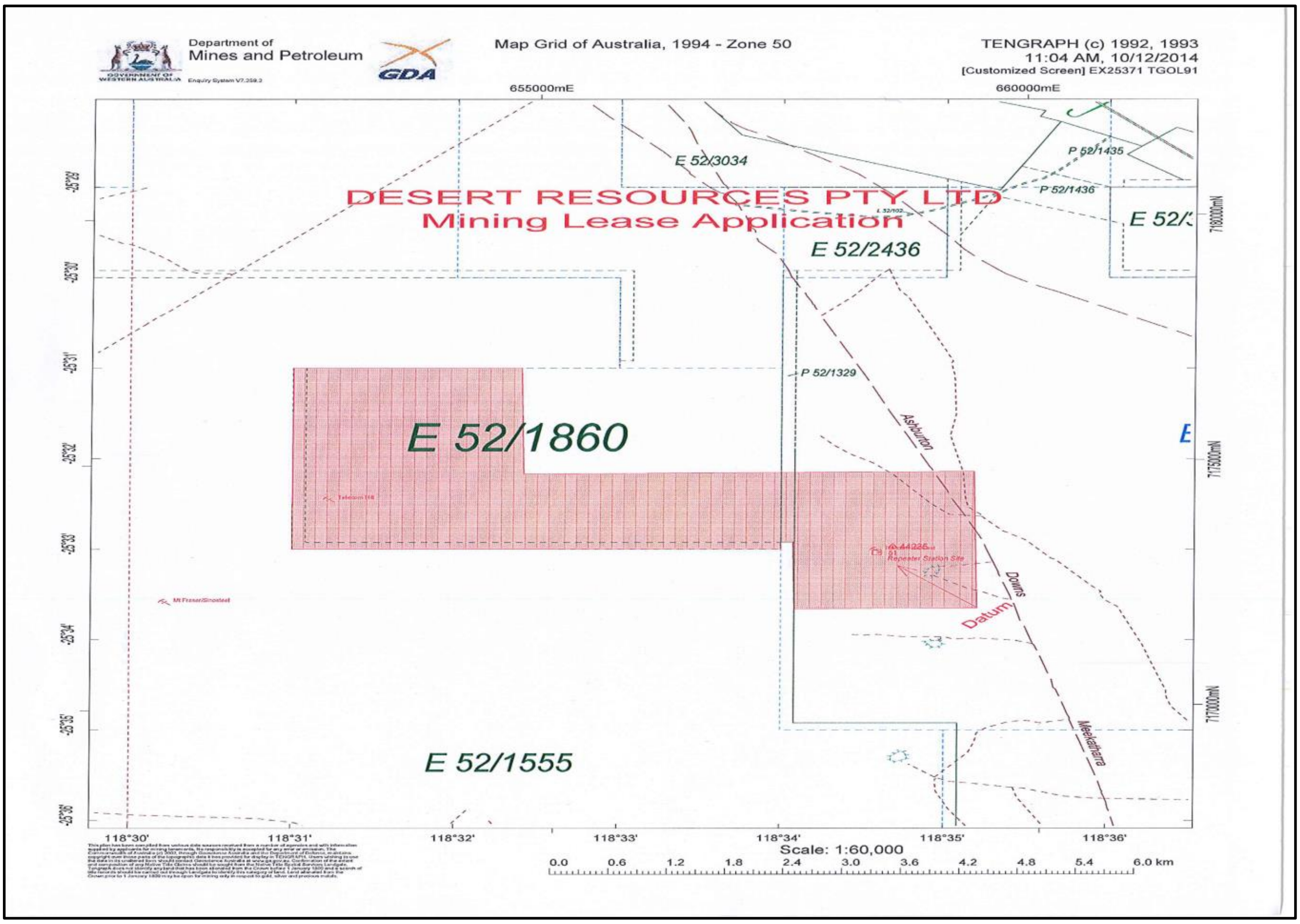

Figure 3 Location of Tenements

Interest in Mining Tenements

Mt Padbury, Western Australia

Held by Desert Resources Pty Ltd (100%):
EL 52/1862
EL 52/1976
EL 52/2279
EL 52/1330
EL 52/1331
P 52/1342

Peak Hill , Western Australia

Held by Desert Resources Pty Ltd (100%):
EL 52/1557
EL 52/1860
EL 52/2368
EL 52/1329
EL 52/1332
EL 52/1333
EL 52/2993
M 52/1068

REVIEW OF OPERATIONS (con't)

CORPORATE

The Company changed its name from Padbury Mining Limited to AustSino Resources Group Limited following the approval of shareholders and the Australian Securities and Investments Commission ("ASIC") with the new ASX code for AustSino being **ANS** effective from Monday, 6 February 2017.

The Company appointed new directors to the Board with effect from 19 August 2016.

Mr Edward Saunders was appointed Non-Executive Chairman to replace Terry Quinn. Mr Saunders has over 40 years' experience in the mineral exploration industry in Australia, has had a number of years' experience in mining management and served on the board of a listed mining company as Chairman.

On 15 September 2016, Mr Saunders was appointed Executive Chairman but he reverted back to non-executive Chairman on 27 March 2017.

Michael Keemink was appointed as a Non-Executive Director to replace Gary Stokes. Mr Keemink is a financial planner with many years' experience in this field and had previously been a board member of Aurium Resources. On 27 March 2017, Mr Keemink was appointed Executive Director.

Messrs Saunders, Keemink and William Han were re-elected to the Board at its AGM on 25 January 2017.

On 21 Dec 2016, the Company appointed a new Company Secretary, Mr Henko Vos.

AustSino's share registry service provider, Automic, changed its address to Level 2, 267 St George's Terrace, Perth, all other contact information remaining the same.

CAPITAL RAISINGS

The Company issued 476,115,047 fully paid ordinary shares to various investors at an issue price of $0.01 per share to raise $4,761,150. The issue was made without disclosure using the Company's 15% capacity under ASX Listing Rule 7.1.

The Company has also entered into an agreement with an investor for the issue of 50,000,000 shares at $0.01 per share to raise a further $500,000. These shares will not be issued unless and until the subscription funds have been received by the Company. These funds have not been received by the company and the agreement is deemed to be terminated.

The Company has agreed to issue a further 122,284,953 shares at $0.01 per share to an investor subject to obtaining shareholder approval. The $1,222,850 payable for the additional shares is being held by the Company in trust pending the relevant shareholder approval and subsequent issue.

All shares referred to above (whether issued or proposed to be issued) will be held in escrow for 12 months from issue, and a holding lock applied to the shares.

The company remained in voluntary suspension pending the finalisation of its capital raising.

REVIEW OF OPERATIONS (con't)

Operating Results

Consolidated loss after income tax for the financial year attributable to members of AustSino Resources Group Limited was $3,711,406 (2016: $1,437,185).

Financial Position

At 30 June 2017, the consolidated entity had net assets of $2,541,815 (2016: $1,533,003).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the financial report.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends.

EVENTS SUBSEQUENT TO REPORTING DATE

Legal claim

The Company had a claim filed against it on 7 Aug 2017 which was amended on 11 Sep 2017 to join the former directors as defendants. The claim is in the amount of $163,833 (plus Interest) in relation to a loss allegedly suffered by a shareholder as a result of an announcement made by the previous directors. The Company expects, as with other past similar claims, that the cost will be covered by insurance policies held.

Shares released from escrow

On 31 August 2017, 476,115,047 fully paid ordinary shares were released from escrow.

Appointment of Mr Chun Ming Ding as Chairman

On 1 September 2017, Mr Chun Ming Ding was appointed as the Company's new Chairman. Mr Ding has been an advisor to the Company and its wholly owned subsidiaries on a range of capital raising activities.

The key commercial terms of Mr Ding's appointment as Chairman are as follows:

- Mr Ding must devote not less than 25 hours per week to the performance of his duties;
- Mr Ding will receive cash remuneration of $1,000 per annum, payable in arrears;
- Mr Ding's entitlement to any short term or long term incentives (or any other discretionary benefits) will be as determined by the Board of the Company from time to time, in its sole discretion (and subject to shareholder approvals, if required);
- Either party may terminate Mr Ding's appointment as Chairman on 2 months' notice; and
- Mr Ding will also continue to perform the role as legal representative of the Company's wholly owned Chinese subsidiary, Padbury (Shanghai) Enterprise Development Company Limited.

In addition to his ongoing involvement with the Company and its subsidiaries, Mr Ding will retain his role as chairman of the Hong Kong registered and privately owned company, Aust-China Resources Group Ltd (ACR).

With effect from 1 September 2017, ACR agreed to provide Mr Ding's services as Managing Director of the Company's wholly owned subsidiary, Mid West Infrastructure Group Pty Ltd (Mid West) for a consultancy fee of CY2,000,000 (c. AUD 385,000) per annum. The initial term of this consultancy is 2 years, but either party may terminate the arrangement by giving 3 months' written notice.

The Company agreed to provide full and final payment to Mr Ding and ACR for any and all advice, services or assistance which they have provided to the Company or its wholly owned subsidiaries since 2014.

EVENTS SUBSEQUENT TO REPORTING DATE (con't)

The key commercial terms of this arrangement are as follows:

- The Company will grant ACR 200 Million fully paid shares in the Company (Share Consideration) or pay $1.25 Million (Cash Consideration) by 1 November 2017 (Satisfaction Date).
- ACR may elect no later than 7 days before the Satisfaction Date, whether to receive the Share Consideration or the Cash Consideration. Once ACR has made its election, that election is final and irrevocable unless otherwise agreed by the Company (in the Company's sole discretion).
- However, if by the Satisfaction Date, the Company:

  (i) does not have at least a $2.5 million cash balance in its bank account(s) in Australia with an Australian financial institution; or

  (ii) the Board of the Company forms the reasonable opinion that the Company does not have the financial or legal capacity to provide the Cash Consideration, having regard to any existing or contingent debts or liabilities of the Company or its related bodies corporate under applicable laws, accounting standards or reasonable and prudent business practices, but the Company is able to grant the Share Consideration to ACR, then the Company may (in its sole discretion) instead grant the Share Consideration to ACR, in which case ACR will be deemed to have irrevocably elected to take the Share Consideration rather than the Cash Consideration.

- The Company will grant ACR an additional 65 Million fully paid shares in the Company by 1 November 2017.

- The above arrangements are reflected in a Deed of Release executed between Mr Ding, ACR, the Company and its wholly owned subsidiaries but that deed is conditional on approval by the Company's shareholders to the grant of any shares to ACR.

Change of Mr Edward Saunder's role to Non-Executive Director

Mr Edward Saunders resigned from his role as Non-Executive Chairman from 1 September 2017 but remained on the Board of the Company as Non-Executive Director.

Resignation of Mr William Han

Mr William Han resigned from his role as Non-Executive Director of the Company from 1 September 2017.

Grant of shares

On 5 September 2017, pursuant to a deed of release executed, the Company issued 50,000,000 fully paid shares to Mr Song, in full and final satisfaction of any claims which Mr Song would otherwise have in relation to the refurbishment of the Company's Shanghai office. During 2014/2015, Mr Song contributed to the financial cost of refurbishing the Company's Shanghai office, for which he had not yet received any payment.

The shares were issued to Mr Song without shareholder approval in accordance with Listing Rule 7.1. They will be held in escrow for 12 months from the date of issue.

EVENTS SUBSEQUENT TO REPORTING DATE (con't)

Grant of new shares to Zhongying Property Development Company Limited (Zhongying)

On 5 September 2017, the Company announced that the Company and Zhongying signed a subscription agreement in June 2016 under which the Company agreed to issue 200,000,000 fully paid ordinary shares to Zhongying at $0.01 per share to raise $2m before costs.

The Company issued an initial tranche of 77,715,047 shares to Zhongying in August 2016, but the remaining 122,284,953 shares were not issued in 2016 and the subscription price for those remaining shares (being AUD1.22m) had accordingly been held in trust in an Australian bank account.

Following further negotiations between Zhongying and the Company's Chairman, Mr Chun Ming Ding, the following arrangements were agreed between Zhongying and the Company:

1. The original subscription agreement signed by the Company and Zhongying was terminated with effect from 5 September 2017.

2. A new share subscription agreement was executed on the same day. Pursuant to the agreement, the Company issued 122,284,953 fully paid shares (New Shares) at an issue price of $0.01 per Share (AUD1,222,849.53 in aggregate) on 5 September 2017.

3. The New Shares were issued to Zhongying without shareholder approval in accordance with Listing Rule 7.1.

4. The New Shares will be held in escrow for 12 months.

5. Zhongying gave its approval for the Company to transfer the funds currently held in trust to the Company's normal operating bank account as full and final payment of the subscription price for the New Shares.

The funds made available to the Company upon the issue of the New Shares will be used for working capital and to further progress the Company's activities in the Mid West Region of Western Australia.

Payment to consultants

On 7 September 2017, the Company made a one-off payment of $50,000 plus GST to consultants upon the receipt of an additional $500,000 from the proceeds of share issues made within the scope of permitted ASX rules. This is in accordance to the Termination Agreement signed between the Company and the consultants dated 13 April 2017.

Other than the abovementioned matters, no other circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the company in subsequent financial years, other than as outlined in the company review which is contained in these Financial Statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue to pursue its principal activity of exploration and evaluation, particularly in respect to the projects outlined in the Company review. The company will also continue to pursue future development potential of an infrastructure solution in the MidWest of WA.

MEETINGS OF DIRECTORS

The numbers of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Board of Directors	
	Number eligible to attend	**Number attended**
E Saunders	5	5
M Keemink	5	5
W Han	6	6
T Quinn	1	1
G Stokes	1	1

In addition to the above, there were 6 resolutions passed by circular resolutions during the year.

SHARE OPTIONS

At the date of this report there were no unissued ordinary shares for which options were outstanding.

REMUNERATION REPORT

The Remuneration Report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of the Company for the financial year ended 30 June 2017 and is included on page 17.

ENVIRONMENTAL REGULATIONS

The company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

INSURANCE OF OFFICERS

The Company has in place an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

PROCEEDINGS ON BEHALF OF THE COMPANY

The Company was found to have contravened Sections 1041H(1) and 674(2) of the *Corporations Act 2001 (Cth)* with no penalty being imposed on the Company. Two of its former directors, Gary Stokes and Terence Quinn, were found to have contravened sections 674(2A) and 180(1) of the *Corporations Act 2001 (Cth)*.

No other person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings other than disclosed above.

The company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 4 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 4 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

AUDITOR

RSM Australia Partners continues in office in accordance with Section 327 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001, has been received and is included within the financial report.

INDEMNITY AND INSURANCE OF AUDITOR

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Signed in accordance with a resolution of directors.

Michael Keemink
Executive Director
Perth, 29 September 2017

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of AustSino Resources Group Limited. The information provided in the Remuneration Report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term "executive" includes those key management personnel who are not directors of the parent company.

Remuneration Committee

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The Board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the company.

The Managing Director and full time executives receive a statutory superannuation guarantee contribution, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

REMUNERATION REPORT (AUDITED) (con't)

Non-executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules.

Separate from their duties as Directors, the Non-Executive Directors undertake work for the Company directly related to the evaluation and implementation of various business opportunities, including mineral exploration/evaluation and new business ventures, for which they receive a daily rate. These payments are made pursuant to individual agreement with the non-executive Directors and are not taken into account when determining their aggregate remuneration levels.

Executive Compensation

Objective

The Company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate Remuneration Committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Compensation may consist of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

REMUNERATION REPORT (AUDITED) (con't)

Fixed Remuneration
The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay — Long Term Incentives
The objective of long term incentives is to reward directors/executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the director's/executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Long term incentives (LTI's) granted to directors/ executives are delivered in the form of options.

LTI grants to executives are delivered in the form of employee share options. These options are issued at an exercise price determined by the Board at the time of issue. The employee share options generally vest over a selected period.

The objective of the granting of options is to reward executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority of the executive, and the responsibilities the executive assumes in the Company.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

Voting and comments made at the company's 2016 Annual General Meeting ('AGM')

At the 2016 AGM, 68% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

The following persons were directors of AustSino Resources Group Limited during the financial year:

Michael Keemink	Executive Director (effective 27 March 2017) Non-Executive Director (appointed 19 August 2016)
Edward Saunders	Non-Executive Director (effective 1 September 2017) Non-Executive Chairman (effective 27 March 2017) Executive Chairman (effective 15 September 2016) Non-Executive Chairman (appointed 19 August 2016)
William Han	Non-Executive Director (resigned 1 September 2017)
Terence Quinn	Executive Chairman (resigned 19 August 2016)
Gary Stokes	Managing Director (resigned 19 August 2016)

There were no other persons that fulfilled the role of a key management person, other than those disclosed as Executive Directors.

REMUNERATION REPORT (AUDITED) (con't)

Remuneration

Details of the remuneration of each Director and named executive officer of the company, including their personally-related entities, during the year were as follows:

		Short Term Benefits	Post-Employment	Share Based Payments	Share Based Payments	
Directors	**Year**	**Salary and fees** $	**Superannuation** $	**Shares** $	**Options** $	**Total** $
M Keemink[1,4]	**2017**	**65,867**	**3,958**	**-**	**-**	**69,825**
	2016	-	-	-	-	-
E Saunders[1]	**2017**	**39,647**	**3,767**	**-**	**-**	**43,414**
	2016	-	-	-	-	-
W Han[3]	**2017**	**50,000**	**-**	**-**	**-**	**50,000**
	2016	49,992	-	-	-	49,992
T Quinn[2]	**2017**	**25,000**	**2,375**	**-**	**-**	**27,375**
	2016	150,000	14,250	-	-	164,250
G Stokes[2]	**2017**	**25,000**	**2,374**	**-**	**-**	**27,374**
	2016	150,000	14,250	-	-	164,250
Total	**2017**	**205,514**	**12,474**	**-**	**-**	**217,988**
	2016	349,992	28,500	-	-	378,492

[1] Represents remuneration from 19 August 2016 to 30 June 2017.
[2] Represents remuneration from 1 July 2016 to 19 August 2016.
[3] Remuneration to W Han has been accrued and not yet paid.
[4] Includes bonus payable to M Keemink of $15,000 as per service agreement.

There were no performance related payments made during the year.

Compensation options to key management personnel

No options were granted to key management personnel during the year.

Compensation shares to key management personnel

No shares were granted to key management personnel during the year.

Shares issued to key management personnel on exercise of compensation options

No shares were issued to Directors and Executives on exercise of compensation options during the year.

REMUNERATION REPORT (AUDITED) (con't)

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Michael Keemink	$109,500 per annum (inclusive superannuation) effective 27 March 2017 3 months' termination notice by Company or 2 weeks' notice by Executive. The Company may elect to pay the Director in lieu of notice. Term renewable on 12 monthly basis, sign on bonus and capital raising bonus subject to conditions.
Terence Quinn[1]	$164,250 per annum Termination of employment by giving written notice of not less than 3 months' notice. The Company may elect to pay the Director in lieu of notice.
Gary Stokes[1]	$164,250 per annum Termination of employment by giving written notice of not less than 3 months' notice. The Company may elect to pay the Director in lieu of notice.

[1] Resigned 19 August 2016.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Options

There were no grants of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years.

REMUNERATION REPORT (AUDITED) (con't)

Additional disclosures relating to key management personnel

Key Management Personnel Share holdings

The number of shares in the company held during the financial year by each key management personnel of AustSino Resources Group Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

	Balance 01/07/16	Received as Remuneration	Options Exercised	Net Change/ Other	Balance 30/06/17
M Keemink[1]	-	-	-	1,924,750	1,924,750
E Saunders[1]	-	-	-	6,000,000	6,000,000
W Han	142,300,000	-	-	-	142,300,000
T Quinn[2]	322,668,101	-	-	(322,668,101)	-
G Stokes[3]	15,000,000	-	-	(15,000,000)	-
	479,968,101	**-**	**-**	**(329,743,351)**	**150,224,750**

[1] Net Change/Other represents shares held at appointment date.
[2] Net Change/Other represents 322,668,101 shares held at resignation date.
[3] Net Change/Other represents 15,000,000 shares held at resignation date.

Key Management Personnel Options

The numbers of options over ordinary shares in the company held during the financial year by each key management personnel of AustSino Resources Group Limited and specified executive of the group, including their personally related parties, are set out below:

	Balance 01/07/16	Received as Remuneration	Options Exercised	Net Change/ Other	Balance 30/06/17
M Keemink	-	-	-	-	-
E Saunders	-	-	-	-	-
W Han	-	-	-	-	-
T Quinn	-	-	-	-	-
G Stokes	-	-	-	-	-
	-	-	-	-	-

Other transactions with key management personnel and their related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the financial year ended 30 June 2017 the following payments were made whilst directors of the company.

	2017 $	2016 $
Motor vehicle expenses , as per service agreement (T Quinn)	4,951	31,002
Motor vehicle expenses , as per service agreement (G Stokes)	2,986	35,446

The current trade payable balance as at 30 June 2017 owing to key management personnel and their related parties were

	2017 $	2016 $
Accrued directors fees (W Han)	137,486	56,884
Accrued bonus as per service agreement (M Keemink)	15,000	-

REMUNERATION REPORT (AUDITED) (con't)

Additional information
The loss of the consolidated entity for the five years to 30 June 2017 are summarised below:

	2017 $	2016 $	2015 $	2014 $	2013 $
Revenue	18,282	2,070	9,324	35,894	102,520
EBITDA	(3,644,535)	(1,372,735)	(10,465,762)	(7,132,202)	(2,541,026)
EBIT	(3,711,406)	(1,437,185)	(10,504,611)	(7,154,005)	(2,560,673)
Loss after income tax	(3,711,406)	(1,437,185)	(10,504,611)	(7,154,005)	(2,560,673)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2017	2016	2015	2014	2013
Share price at financial year end ($)	0.007	0.007	0.007	0.005	0.003
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.10)	(0.04)	(0.31)	(0.21)	(0.09)

****END OF REMUNERATION REPORT****

RSM Australia Partners

Level 32, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of AustSino Resources Group Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

D J WALL
Partner

Perth, WA
Dated: 29 September 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	2016 $
Revenue	2(a)	18,282	2,070
Other income	2(b)	1,170	52,813
Depreciation		(66,871)	(64,450)
Impairment of assets	2(c)	-	(21,260)
Exploration and evaluation expenditure		(243,135)	(170,000)
Employee benefits expense		(552,657)	(378,718)
Consulting fees		(1,515,140)	(4,223)
Other expenses	2(c)	(1,353,055)	(853,417)
(Loss) before income tax expense		**(3,711,406)**	**(1,437,185)**
Income tax expense	3(a)	-	-
Net (loss) for the year		**(3,711,406)**	**(1,437,185)**
Other comprehensive income			
Items that may be reclassified subsequently to operating result			
Foreign currency translation		(23,950)	14,186
Other comprehensive income for the year, net of tax		(23,950)	14,186
Total comprehensive (loss) for the year		**(3,735,356)**	**(1,422,999)**
		Cents	Cents
Basic and diluted earnings per share	5	(0.10)	(0.04)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,266,406	119,593
Trade and other receivables	7	132,421	48,723
Total Current Assets		**2,398,827**	**168,316**
Non-Current Assets			
Trade and other receivables	7	62,210	68,559
Plant and equipment	8	254,045	171,505
Deferred exploration expenditure	10	3,056,481	3,056,481
Intangible assets	9	-	-
Total Non-Current Assets		**3,372,736**	**3,296,545**
Total Assets		**5,771,563**	**3,464,861**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	2,629,748	1,931,858
Provisions	12	600,000	-
Total Current Liabilities		**3,229,748**	**1,931,858**
Total Liabilities		**3,229,748**	**1,931,858**
Net Assets		**2,541,815**	**1,533,003**
EQUITY			
Issued capital	13	61,229,894	56,485,726
Reserves	14	6,272,257	6,296,207
Accumulated losses		(64,960,336)	(61,248,930)
Total Equity		**2,541,815**	**1,533,003**

The accompanying notes form part of these financial statements.

Consolidated	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Option Reserve $	Total $
Balance at 1 July 2015	**56,135,726**	**(59,811,745)**	**15,187**	**6,266,834**	**2,606,002**
(Loss) for the year	-	(1,437,185)	-	-	(1,437,185)
Foreign currency translation	-	-	14,186	-	14,186
Total comprehensive (loss) for the year	**-**	**(1,437,185)**	**14,186**	**-**	**(1,422,999)**
Transactions with owners in their capacity as owners:					
Securities issued during the year	350,000	-	-	-	350,000
Balance at 30 June 2016	**56,485,726**	**(61,248,930)**	**29,373**	**6,266,834**	**1,533,003**
Balance at 1 July 2016	**56,485,726**	**(61,248,930)**	**29,373**	**6,266,834**	**1,533,003**
(Loss) for the year	-	(3,711,406)	-	-	(3,711,406)
Foreign currency translation	-	-	(23,950)	-	(23,950)
Total comprehensive (loss) for the year	**-**	**(3,711,406)**	**(23,950)**	**-**	**(3,735,356)**
Transactions with owners in their capacity as owners:					
Securities issued during the year	4,761,150	-	-	-	4,761,150
Cost of capital raising	(16,982)	-	-	-	(16,982)
Balance at 30 June 2017	**61,229,894**	**(64,960,336)**	**5,423**	**6,266,834**	**2,541,815**

The accompanying notes form part of these financial statements.

	Note	Consolidated 2017 $	2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,785,541)	(842,109)
Interest received		18,282	2,070
Other income		1,170	52,813
Exploration expenditure		(243,136)	(170,000)
Net cash (used in) operating activities	6(i)	**(3,009,225)**	**(957,226)**
Cash flows from investing activities			
Refund of security deposit		6,349	-
Payments for plant and equipment		(142,159)	(3,728)
Net cash (used in) investing activities		**(135,810)**	**(3,728)**
Cash flows from financing activities			
Proceeds from issue of shares		4,068,998	-
Cash received pending allotment of shares		1,222,850	675,170
Net cash provided by financing activities		**5,291,848**	**675,170**
Net increase/(decrease) in cash held		2,146,813	(285,784)
Cash at beginning of the financial year		119,593	405,377
Cash at end of the financial year	6	**2,266,406**	**119,593**

The accompanying notes form part of these financial statements.

1. *Summary of Significant Accounting Policies*

These consolidated financial statements and notes represent those of AustSino Resources Group Limited (the "Company") and Controlled Entities (the "Consolidated Entity" or "Group").

The separate financial statements of the parent entity, AustSino Resources Group Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

AustSino Resources Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of operations and principal activities of the Group are described in the Directors' Report.

The financial report was authorised for issue on 29 September 2017.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The Group is for-profit entity for financial reporting purposes under Australian Accounting Standards. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Except for cash flow information, the financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The presentation currency of the Group is Australian dollars.

(b) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $3,711,406 (2016: loss: $1,437,185) and had net cash outflows from operating activities of $3,009,225 (2016: outflows $957,226) and net cash outflows from investing activities of $135,810 (2016: outflows $3,728) for the year ended 30 June 2017. As at that date the consolidated entity had net current liabilities of $830,921 (2016: $1,763,542).

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- Current liabilities includes;
    - Amounts owing to a creditor of $498,359. The liability was subsequently extinguished by the issue of 50,000,000 fully paid shares on 5 September 2017 as disclosed within note 23;
    - Cash received in advance pending the allotment of shares as disclosed in note 11 of $1,222,850. The liability was subsequently transferred to equity through the issue of shares pursuant to a new subscription agreement executed on 5 September 2017 whereby the consolidated entity issued 122,284,953 fully paid shares, as disclosed in note 23;
- The consolidated entity plans to issue additional equity under the Corporations Act 2001, to raise further working capital; and
- The consolidated entity has the ability to defer expenditure and / or reduce administration costs in order to minimise its working capital requirements.

1. *Summary of Significant Accounting Policies (con't)*

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

(c) Adoption of new and revised standards

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

New standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2017. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
These amendments must be applied for financial years commencing on or after 1 January 2018. Therefore application date for the Group will be 30 June 2019. The Group does not currently have any hedging arrangements in place.

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. There will be no impact on the Group's accounting for financial assets and financial liabilities, as the new requirements only effect the accounting for available-for-sale financial assets and the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such financial assets or financial liabilities. The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

AASB 15 Revenue from Contracts with Customers
These amendments must be applied for annual reporting periods beginning on or after 1 January 2018. Therefore application date for the Group will be 30 June 2019.

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The Group has decided against early adoption of this standard. Whilst the Group has not quantified the effect of application on future periods, it is not expected to be material.

AASB 16 Leases
IFRS 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases. The application date of this standard is for annual reporting periods beginning on or after 1 January 2019. The Group has decided against early adoption of these standards. Whilst the Group has not quantified the effect of application on future periods, it is not expected to be material.

1. ***Summary of Significant Accounting Policies (con't)***

(d) Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities, and results of entities controlled by AustSino Resources Group Limited ("Company" or "Parent Entity") at the end of the reporting period. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity's activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is revalued to its fair value with the change in carrying amount recognised in the statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income.

(e) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

1. ***Summary of Significant Accounting Policies (con't)***

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the statement of comprehensive income as a bargain purchase.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(i) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

1. *Summary of Significant Accounting Policies (con't)*

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(j) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

1. *Summary of Significant Accounting Policies (con't)*

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:
Plant and equipment – over 5 to 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income.

Derecognition and disposal
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

(l) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value, through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each reporting date.

All regular way purchases and sales of financial assets are recognised on the trade date (ie. the date that the Group commits to purchase the asset). Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace

(i) *Financial assets at fair value through profit or loss*
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the statement of comprehensive.

1. *Summary of Significant Accounting Policies (con't)*

(ii*) Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii*) Available-for-sale investments*
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial

recognition, available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the statement of comprehensive.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(m) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in the statement of comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii*) Financial assets carried at cost*
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

1. Summary of Significant Accounting Policies (con't)

(iii) Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired (significant decline of greater than 30% or a prolonged decline in the fair value of greater than 12 months), an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through the statement of comprehensive income if

the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

(iv) Intangible Assets
Costs incurred in acquiring intellectual property that will contribute to future period financial benefits through revenue recognition or cost reduction are capitalised as intangible assets.

Costs capitalised include only those costs directly attributable to acquisition of the intellectual property rights, with any subsequent expenditure incurred related to the intellectual property rights expensed.

(n) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration an evaluation asset in the year in which they are incurred where the following conditions are satisfied

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
(b) exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

1. *Summary of Significant Accounting Policies (con't)*

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

***(*p) Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those

expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

1. ***Summary of Significant Accounting Policies (con't)***

(s) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a black-scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of AustSino Resources Group Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(t) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

(u) Intangibles

Intellectual property rights
Intellectual property rights are recognised at cost of acquisition less accumulated amortisation and any impairment losses. For intellectual property rights not yet in used, they are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

1. ***Summary of Significant Accounting Policies (Cont.)***

(v) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.
Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Foreign currency translation

The financial statements are presented in Australian dollars, which is AustSino Resources Group Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(x) Significant Accounting Estimates and Judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation assets
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

1. *Summary of Significant Accounting Policies (Cont.)*

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for settling previous consultancy services
The Company agreed to provide full and final payment to Mr Ding and ACR for any and all advice, services or assistance which they have provided to the Company or its wholly owned subsidiaries since 2014 and recorded a provision of $600,000 for settling this debt. The provision represents the Directors' best estimate of the cost to the Company of settling costs owed to these consultants. The consultants have the option to have the payment settled in ANS shares (subject to shareholder approval) or cash, (subject to certain conditions being). Refer to Note 23 for further information.

	Consolidated 2017 $	2016 $
2. *Revenue and Expenses*		
(a) Revenue		
Interest received	**18,282**	**2,070**
(b) Other income		
Other	1,170	-
Refund from Insurance claims and vendors	-	52,813
	1,170	**52,813**
(c) Expenses		
Loss for the year includes the following expenses:		
Impairment		
Exploration costs	-	21,260
	-	**21,260**
Material other expenses		
Rental expense	230,043	278,194
Legal fees	277,309	105,108
Travel and accommodation	248,711	80,153

3. *Income Tax*

(a) Income Tax Expense		
The income tax expense for the year differs from the prima facie tax as follows:		
Loss for year	**(3,711,406)**	**(1,437,185)**
Prima facie income tax benefit @ 27.5% (2016: 28.5%)	(1,020,637)	(409,598)
Tax effect of non-deductible items	83,635	62,908
Adjustments recognised in the current year in relation to the current tax of previous years	(422,870)	-
Effect of previously unrecognised tax losses	(1,448,795)	
Deferred tax assets not brought to account	2,808,667	346,690
Total income tax expense	**-**	**-**
(b) Deferred Tax Assets		
Deferred tax assets not brought to account arising from tax losses, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(i) occur:	**11,121,813**	**11,002,062**

4. *Auditors' Remuneration*

Amounts received or due and receivable by RSM Australia Partners:		
- audit and review services	**38,000**	**40,800**

	Consolidated 2017 $	Consolidated 2016 $
5. *Earnings per Share (EPS)*		
	Cents	Cents
Basic and diluted earnings per share	(0.10)	(0.04)
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Earnings – Net loss for year	**(3,711,406)**	**(1,437,185)**
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of basic EPS	**3,902,674,360**	**3,515,317,030**

6. *Cash and Cash Equivalents*

	2017 $	2016 $
Petty cash	1,500	1,500
Cash at bank	1,042,056	118,093
Restricted cash[1]	1,222,850	-
	2,266,406	**119,593**

[1] This is the amount received from an investor for shares at $0.01 each which was held by the Company in trust pending shareholder approval for the issue of shares. These shares were subsequently issued in September 2017 as referred to within the Directors' report.

(i) Reconciliation of loss for the year to net cash flows used in operating activities:

	2017 $	2016 $
Loss for the year	(3,711,406)	(1,437,185)
Non-cash items		
Depreciation	66,871	64,450
Impairment of exploration costs	-	21,260
Changes in assets and liabilities		
Receivables	(83,698)	(9,095)
Payables	119,008	403,344
Provisions	600,000	-
Net cash flows (used in) operating activities	**(3,009,225)**	**(957,226)**

(ii) Non cash investing and financing activities

There are no non cash investing and financing activities during the year (2016: nil).

	Consolidated 2017 $	Consolidated 2016 $
7. *Trade and other receivables*		
Current		
Amounts receivable – other entities	-	1,699
Other receivables	87,187	35,251
GST receivable, net	45,234	11,773
	132,421	**48,723**
Non- Current		
Security bonds	**62,210**	**68,559**

7. *Trade and other receivables (con't)*

Terms and conditions relating to the above financial instruments:

- Amounts receivable – other entities are interest free and repayable on demand.
- Other receivables are non-interest bearing and generally repayable within 30 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

	Consolidated	
	2017	**2016**
	$	**$**
8. *Plant and Equipment*		
Plant and equipment – at cost	127,805	127,805
Additions – at cost	102,415	-
Accumulated depreciation	(132,527)	(115,034)
	97,693	**12,771**
Office furniture and fittings – at cost	215,956	215,956
Additions – at cost	39,743	
Accumulated depreciation	(102,983)	(63,806)
	152,716	**152,150**
Computer equipment – at cost	21,517	21,517
Accumulated depreciation	(17,881)	(14,933)
	3,636	**6,584**
Total plant and equipment	507,436	365,278
Accumulated depreciation	(253,391)	(193,773)
Total written down amount	**254,045**	**171,505**
Reconciliation		
At 1 July, net of accumulated depreciation	171,505	238,747
Foreign currency translation	7,253	(6,520)
Additions	142,158	3,728
Depreciation charge for year	(66,871)	(64,450)
At 30 June, net of accumulated depreciation	**254,045**	**171,505**
9. *Intangible Assets*		
Intellectual property rights – at cost	2,560,000	2,560,000
Accumulated Impairment loss	(2,560,000)	(2,560,000)
	-	**-**
Reconciliation of intangible assets		
Balance at 1 July	-	-
Impairment loss charge for the year	-	-
Balance at 30 June	**-**	**-**

10. *Deferred exploration expenditure*

	Consolidated 2017 $	2016 $
Expenditure brought forward	3,056,481	3,077,741
Expenditure incurred during year	243,135	170,000
Expenditure written off during year	(243,135)	(170,000)
Impairment during the year	-	(21,260)
Expenditure carried forward	**3,056,481**	**3,056,481**

The expenditure above relates principally to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest, at amounts at least equal to book value.

11. *Trade and Other Payables*

	2017 $	2016 $
Current		
Trade payables and accruals[1]	1,406,898	1,256,688
Cash received in advance pending allotment of shares	1,222,850	675,170
	2,629,748	**1,931,858**

[1]This includes amount owed to China based contractors of $252,819 which they have the option to settle in ANS shares (subject to shareholder approval). Refer to Note 23 for further information.

Terms and conditions relating to the above financial instruments:

- Trade creditors are non-interest bearing and are normally settled on 30 day terms.
- Due to the short term nature of trade payable and accruals, their carrying value is assumed to approximate their fair value.

12. *Provisions*

	2017 $	2016 $
Current		
Provision -consultancy services	600,000	-
	600,000	**-**

The provision represents the Directors' best estimate of the cost to the Company of settling costs owed to China based consultants. The consultants have the option to have the payment settled in ANS shares (subject to shareholder approval). Refer to Note 23 for further information.

13. *Issued Capital*

(a) Issued and paid up capital	**Number**	**$**
Ordinary shares fully paid	3,983,548,697	61,229,894

(b) Movement in ordinary shares on issue	**2017 Number**	**2017 $**	**2016 Number**	**2016 $**
Balance at beginning of year	3,507,433,650	56,485,726	3,472,433,650	56,135,726
Issue of shares	476,115,047	4,761,150	35,000,000	350,000
Less: Capital raising costs	-	(16,982)		
Balance at end of year	**3,983,548,697**	**61,229,894**	**3,507,433,650**	**56,485,726**

(c) Share Options

At the end of the year, there were no options over unissued ordinary shares outstanding.

(d) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.
Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

	Consolidated 2017 $	**Consolidated 2016 $**
14. *Reserves*		
Option issue reserve	6,266,834	6,266,834
Foreign currency translation reserve	5,423	29,373
	6,272,257	**6,296,207**

(a) Option issue reserve

(i) Nature and purpose of reserve
The option issue reserve is used to accumulate amounts received on the issue of options and records items recognised as expenses on valuation of incentive based share options.

(ii) *Movements in reserve*		
Closing balance 30 June 2016 and 2017	**6,266,834**	**6,266,834**

(b) Foreign currency translation reserve

(i) Nature and purpose of reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

(ii) Movements in reserve		
Opening balance 1 July	29,373	15,187
Foreign currency translation	(23,950)	14,186
Closing balance 30 June	**5,423**	**29,373**

15. *Commitments*

Exploration Commitments

The Group has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the financial report. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishment of tenure or by new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is:

	Consolidated	
	2017 **$**	**2016** **$**
Not later than one year	**758,080**	**748,000**

Lease Commitments

Within one year	223,237	233,970
1-5 years	281,053	498,171
Total lease commitments	**504,290**	**732,141**

16. *Contingent Liabilities*

Native title

It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the Company has an interest. It is not possible at this stage to quantify the impact (if any) that the existence of native title may have on the operations of the Company. However, at the date of this report, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over tenements held by the Company.

Capital raising bonus

On 27 March 2017, Mr Michael Keemink was appointed as Executive Director of the Company. Pursuant to the Executive Services Agreement ('Agreement') signed between the Company and Mr Keemink, Mr Keemink shall be entitled to receive 5,000,000 ANS shares or $50,000 cash as bonus for services he performed in relation to the capital raising, with him to choose which option he would prefer to receive at a time of his choosing, by providing his election in writing to a member of the Company Board of Directors.

(i) For the purposes of this Agreement, the Raising Threshold will be deemed to have been met upon the Company receiving executed Subscription Agreement or Agreements that in aggregate are for an amount equal to or greater than A$25 million;

(ii) If Mr Keemink elects cash payment then this shall be completed within 7 business days of the election being made;

(iii) If Mr Keemink elects to receive the 5,000,000 ANS shares then this shall be put as a resolution at the next available AGM for shareholder approval. Should it be not approved by shareholders, Mr Keemink shall be paid $50,000 cash option within 7 working days;

(iv) Should the Raising Threshold be met in the Capital Bonus period but not within the Engaged Period, then unless Mr Keemink makes an election otherwise, he shall be deemed to have elected the cash option immediately prior to termination and shall be paid the $50,000 within 7 working days. The $50,000 cash option is exclusive of GST.

16. *Contingent Liabilities (con't)*

On 13 April 2017, the Company entered into an agreement with its consultants – Gary Stokes and Terence Quinn to terminate consulting contracts entered into on 29 August 2016 with each of them. Pursuant to the termination agreement signed, should the Company complete a capital raising prior to 31 December 2017 in excess of A$50 million, the Company will issue, as soon as practicable, to each of the consultant, 10 million shares in the Company for no additional consideration. These issue of shares will be subject to shareholder approval.

Legal claim

The Company had a claim filed against it on 7 Aug 2017 which was amended on 11 Sep 2017 to join the former directors as defendants. The claim is in the amount of $163,833 (plus Interest) in relation to a loss allegedly suffered by a shareholder as a result of an announcement made by the previous directors. The Company expects, as with other past similar claims, that the cost will be covered by insurance policies held.

Other than the above there were no other contingent liabilities for the financial year ended 30 June 2017.

17. *Financial Reporting by Segments*

The Group has identified its operating segments based on the internal reports that are reported to the Board (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Group operates predominately in one industry, being mineral exploration.

The main geographic areas that the entity operates in are Australia and China. The parent entity is registered in Australia. The Group's exploration assets are located in Australia.

The following table present revenue, expenditure and certain asset and liability information regarding geographical segments are as follows:

	Australia	China	Total
Year ended 30 June 2017			
Revenue			
Interest income	18,097	185	18,282
Other	1,170	-	1,170
Segment revenue	**19,267**	**185**	**19,452**
Result			
Loss before tax	(3,152,014)	(559,392)	(3,711,406)
Income tax expense	-	-	-
Loss for the year	**(3,152,014)**	**(559,392)**	**(3,711,406)**
Asset and liabilities			
Segment assets	4,760,257	1,011,306	5,771,563
Segment liabilities	2,478,870	750,878	3,229,748
Year ended 30 June 2016			
Revenue			
Interest income	2,070	-	2,070
Other	52,813	-	52,813
Segment revenue	**54,883**	**-**	**54,883**
Result			
Loss before tax	1,186,316	250,869	1,437,185
Income tax expense	-	-	-
Loss for the year	**1,186,316**	**250,869**	**1,437,185**
Asset and liabilities			
Segment assets	3,260,745	204,116	3,464,861
Segment liabilities	1,571,512	360,346	1,931,858

18. *Related Party Transactions*

(a) Subsidiaries

The consolidated financial statements include the financial statements of AustSino Resources Group Limited and the subsidiaries listed in the following table:

Name	County of Incorporation	% Equity Interest	
		2017	2016
		%	%
Desert Resources Pty Ltd	Australia	100	100
Apogei Pty Ltd	Australia	80	80
Mid West Infrastructure Group Pty Ltd	Australia	100	100
Aurium Resources Limited	Australia	100	100
Padbury (Shanghai) Enterprise Development Company Ltd	China	100	100

(b) Parent entity

AustSino Resources Group Limited is the ultimate Australian parent entity and ultimate parent of the Group.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 20.

19. *Parent Entity Disclosures*

(a) Summary financial information

Financial Position

	Parent	
	2017	2016
	$	$
Assets		
Current assets	1,605,588	164,520
Non-current assets	1,960,829	3,333,715
Total assets	3,566,417	3,498,235
Liabilities		
Current liabilities	2,375,438	2,361,058
Total liabilities	2,375,438	2,361,058
Equity		
Issued capital	61,229,894	56,485,726
Reserves	6,266,834	6,266,834
Accumulated losses	(66,305,749)	(61,615,383)
Total equity	**1,190,979**	**1,137,177**

Financial Performance

	Parent	
(Loss) for the year	(2,715,472)	(1,818,825)
Other comprehensive (loss) / income	-	-
Total comprehensive (loss) for the year	**(2,715,472)**	**(1,818,825)**

19. Parent Entity Disclosures (con't)

b) Guarantees

AustSino Resources Group Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

c) Other Commitments and Contingencies

AustSino Resources Group Limited has no commitments to acquire property, plant and equipment, and has no contingent liabilities apart from the amounts disclosed in note 16.

20. *Director and Executive Disclosures*

(a) Compensation of Key Management Personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2017.

	Consolidated	
	2017	**2016**
	$	**$**
Short-term personnel benefits	205,514	349,992
Post-employment benefits	12,474	28,500
	217,988	**378,492**

(b) Loans with Key Management Personnel

There were no loans to or from related parties.

(c) Other and balances payable to related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2017	**2016**
	$	**$**
Motor vehicle expenses , as per service agreement (T Quinn)	4,951	31,002
Motor vehicle expenses , as per service agreement (G Stokes)	2,986	35,446

The current trade payable balance as at 30 June 2017 owing to key management personnel and their related parties were:

	2017	**2016**
	$	**$**
Accrued directors fees (W Han) *	137,486	56,884
Accrued bonus as per service agreement (M Keemink)	15,000	-

* W Han resigned on 1 September 2017.

21. *Share Based Payments*

Share based payments to key management personnel:

The establishment of AustSino Resources Group Limited's Option Plan was approved by shareholders at the Annual General Meeting held on 14 December 2012. The Option Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns.

No options were granted under the plan during the current year.

Share based payment to suppliers:

During the year, no share based payment was made to suppliers.

22. *Financial Risk Management*

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

Risk Exposures and Responses

Interest rate risk

The Group's exposure to risks of changes in market interest rates relates primarily to the Group's cash balances. The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Group has no interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. Trade payables were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

22. *Financial Risk Management (con't)*

Maturities of financial liabilities
The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated	Less than 1 year	1 - 5 years	5+ years	Total contractual cash flows	Carrying amount
	$	$	$	$	$
As at 30 June 2017					
Trade and other payables*	1,406,898	-	-	1,406,898	1,406,898
	1,406,898	-	-	1,406,898	1,406,898
As at 30 June 2016					
Trade and other payables	1,256,688	-	-	1,256,688	1,256,688
	1,256,688	-	-	1,256,688	1,256,688

* Exclude cash received in advance pending allotment of shares.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise deposits with banks and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to securities it trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

There are no significant concentrations of credit risk within the Group.

Capital Management Risk

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the Group since the prior year.

Commodity Price and Foreign Currency Risk

The Group's exposure to price and currency risk is minimal given the Group is still in the exploration phase.

Fair Value

The methods of estimating fair value are outlined in the relevant notes to the financial statements. All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes.

23. *Events Subsequent to Year End*

Legal claim

The Company had a claim filed against it on 7 Aug 2017 which was amended on 11 Sep 2017 to join the former directors as defendants. The claim is in the amount of $163,833 (plus Interest) in relation to a loss allegedly suffered by a shareholder as a result of an announcement made by the previous directors. The Company expects, as with other past similar claims, that the cost will be covered by insurance policies held.

Shares released from escrow

On 31 August 2017, 476,115,047 fully paid ordinary shares were released from escrow.

Appointment of Mr Chun Ming Ding as Chairman

On 1 September 2017, Mr Chun Ming Ding was appointed as the Company's new Chairman. Mr Ding has been an advisor to the Company and its wholly owned subsidiaries on a range of capital raising activities.

The key commercial terms of Mr Ding's appointment as Chairman are as follows:

- Mr Ding must devote not less than 25 hours per week to the performance of his duties;
- Mr Ding will receive cash remuneration of $1,000 per annum, payable in arrears;
- Mr Ding's entitlement to any short term or long term incentives (or any other discretionary benefits) will be as determined by the Board of the Company from time to time, in its sole discretion (and subject to shareholder approvals, if required);
- Either party may terminate Mr Ding's appointment as Chairman on 2 months' notice; and
- Mr Ding will also continue to perform the role as legal representative of the Company's wholly owned Chinese subsidiary, Padbury (Shanghai) Enterprise Development Company Limited.

In addition to his ongoing involvement with the Company and its subsidiaries, Mr Ding will retain his role as chairman of the Hong Kong registered and privately owned company, Aust-China Resources Group Ltd (ACR).

With effect from 1 September 2017, ACR agreed to provide Mr Ding's services as Managing Director of the Company's wholly owned subsidiary, Mid West Infrastructure Group Pty Ltd (Mid West) for a consultancy fee of CY2,000,000 (c. AUD 385,000) per annum. The initial term of this consultancy is 2 years, but either party may terminate the arrangement by giving 3 months' written notice.

The Company agreed to provide full and final payment to Mr Ding and ACR for any and all advice, services or assistance which they have provided to the Company or its wholly owned subsidiaries since 2014.

The key commercial terms of this arrangement are as follows:

- The Company will grant ACR 200 Million fully paid shares in the Company (Share Consideration) or pay $1.25 Million (Cash Consideration) by 1 November 2017 (Satisfaction Date).

- ACR may elect no later than 7 days before the Satisfaction Date, whether to receive the Share Consideration or the Cash Consideration. Once ACR has made its election, that election is final and irrevocable unless otherwise agreed by the Company (in the Company's sole discretion).
- However, if by the Satisfaction Date, the Company:

  (i) does not have at least a $2.5 million cash balance in its bank account(s) in Australia with an Australian financial institution; or

23. *Events Subsequent to Year End (con't)*

(ii) the Board of the Company forms the reasonable opinion that the Company does not have the financial or legal capacity to provide the Cash Consideration, having regard to any existing or contingent debts or liabilities of the Company or its related bodies corporate under applicable laws, accounting standards or reasonable and prudent business practices, but the Company is able to grant the Share Consideration to ACR, then the Company may (in its sole discretion) instead grant the Share Consideration to ACR, in which case ACR will be deemed to have irrevocably elected to take the Share Consideration rather than the Cash Consideration.

- The Company will grant ACR an additional 65 Million fully paid shares in the Company by 1 November 2017.

- The above arrangements are reflected in a Deed of Release executed between Mr Ding, ACR, the Company and its wholly owned subsidiaries but that deed is conditional on approval of the Company's shareholders to the grant of any shares to ACR.

Change of Mr Edward Saunder's role to Non-Executive Director

Mr Edward Saunders resigned from his role as Non-Executive Chairman from 1 September 2017 but remained on the Board of the Company as Non-Executive Director.

Resignation of Mr William Han

Mr William Han resigned from his role as Non-Executive Director of the Company from 1 September 2017.

Grant of shares

On 5 September 2017, pursuant to a deed of release executed, the Company issued 50,000,000 fully paid shares to Mr Song, in full and final satisfaction of any claims which Mr Song would otherwise have in relation to the refurbishment of the Company's Shanghai office. During 2014/2015, Mr Song contributed to the financial cost refurbishing the Company's Shanghai office, for which he had not yet received any payment.

The shares were issued to Mr Song without shareholder approval in accordance with Listing Rule 7.1. They will be held in escrow for 12 months from the date of issue.

Grant of new shares to Zhongying Property Development Company Limited (Zhongying)

On 5 September 2017, the Company announced that the Company and Zhongying signed a subscription agreement in June 2016 under which the Company agreed to issue 200,000,000 fully paid ordinary shares to Zhongying at $0.01 per share to raise $2m before costs.

The Company issued an initial tranche of 77,715,047 shares to Zhongying in August 2016, but the remaining 122,284,953 shares were not issued in 2016 and the subscription price for those remaining shares (being AUD1.22m) had accordingly been held in trust in an Australian bank account.

Following further negotiations between Zhongying and the Company's Chairman, Mr Chun Ming Ding, the following arrangements have been agreed between Zhongying and the Company:

1. The original subscription agreement signed by the Company and Zhongying was terminated with effect from 5 September 2017.

2. A new share subscription agreement was executed on the same day. Pursuant to the agreement, the Company issued 122,284,953 fully paid shares (New Shares) at an issue price of $0.01 per Share (AUD1,222,849.53 in aggregate) on 5 September 2017.

3. The New Shares were issued to Zhongying without shareholder approval in accordance with Listing Rule 7.1.

4. The New Shares will be held in escrow for 12 months.

23. *Events Subsequent to Year End (con't)*

5. Zhongying gave its approval for the Company to transfer the funds currently held in trust to the Company's normal operating bank account as full and final payment of the subscription price for the New Shares.

The funds made available to the Company upon the issue of the New Shares will be used for working capital and to further progress the Company's activities in the Mid West Region of Western Australia.

Payment to consultants

On 7 September 2017, the Company made a one-off payment of $50,000 plus GST to consultants upon the receipt of an additional $500,000 from the proceeds of share issues made within the scope of permitted ASX rules. This is in accordance to Termination Agreement signed between the Company and the consultants dated 13 April 2017.

Other than the abovementioned matters, no other circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the company in subsequent financial years, other than as outlined in the company review which is contained in this Financial Statements.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board

Michael Keemink
Executive Director
Perth, 29 September 2017

RSM Australia Partners

Level 32, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

AUSTSINO RESOURCES GROUP LIMITED

Opinion

We have audited the financial report of AustSino Resources Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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 year then ended and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $3,711,406 and had cash outflows from operating activities of $3,009,225 and from investing activities of $135,810 during the year ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its current assets by $830,921. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed this matter
Carrying value of deferred exploration expenditure Refer to Note 10 in the financial statements	
The Group has capitalised a significant amount of exploration and evaluation expenditure, with a carrying value of $3,056,481 as at 30 June 2017. Under AASB 6 *Exploration for and Evaluation of Mineral Resources,* the Group is required to annually test the amount of exploration and evaluation asset for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. The annual assessment test was significant to our audit in view of the assessment process being judgemental and complex.	Our audit procedures in relation to the carrying value of the exploration and evaluation asset included: • Obtaining evidence that the Group has valid rights to explore in the specific area; • Enquiring with and assessing management's basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can conclude there exists no commercially viable quantities of mineral resources; • Enquiring with management and reviewing budgets and plans to test that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific area; and • Reviewing minutes of director meetings and Australian Securities Exchange announcements to ensure that the Group had not resolved to discontinue activities in the specific area.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of AustSino Resources Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

D J WALL
Partner

Perth, WA
Dated: 29 September 2017

HOLDINGS AS AT 12 OCTOBER 2017

Number of holders of equity securities
Ordinary share capital
4,155,833,650 fully paid ordinary shares are held by 4,454 individual shareholders.

Number of Securities Held	No. of Holders	Units
1 to 1,000	73	16,999
1,001 to 5,000	78	280,149
5,001 to 10,000	167	1,424,501
10,001 to 100,000	2,014	97,974,152
100,001 and over	2,122	4,056,137,849
Total Number of Holders	**4,454**	**4,155,833,650**

Number of holders of less than a marketable parcel 1,852

Voting Rights

The voting rights attached to ordinary shares (the only class of equity securities currently on issue) are as follows:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

20 Largest Holders of Fully Paid Ordinary Shares	No.	%
JAMORA NOMINEES PTY LTD <KABOONK DISCRETIONARY A/C>	229,260,000	5.52%
ZHONGYING PROPERTY DEVELOPMENT COMPANY LIMITED	200,000,000	4.81%
SONG ZHI YUAN	170,000,000	4.09%
WHITE HORSE (AUSTRALIA) HOLDINGS PTY LTD	142,300,000	3.42%
MILLCREST PTY LTD	112,183,503	2.70%
MR STANLY MILLER	104,748,500	2.52%
MR TONY PETER CALDARONI & MRS JULIE ANNETTE CALDARONI <CALDARONI FAMILY S/F A/C>	100,000,010	2.41%
DU YONG YI	100,000,000	2.41%
YI LI	60,000,000	1.44%
SMARTEQUITY EIS PTY LTD	55,000,000	1.32%
MR PETER JOHN DAVID HAGUE BENSON	53,873,303	1.30%
STEERE SUPERFUND PTY LTD <JOHN STEERE SUPER FUND A/C>	53,000,000	1.28%
MS ZHANG SI WEI	50,000,000	1.20%
POWER SUCCESS INTERNATIONAL ENTERPRISE LIMITED	50,000,000	1.20%
ZHENG TIAN CAI	50,000,000	1.20%
VALLONE FAMILY PTY LTD <VALLONE FAMILY SUPER A/C>	42,500,000	1.02%
MR CHRISTOPHER JOHN AVIS <AVIS FAMILY NO1 A/C>	41,807,981	1.01%
MR TERENCE MARTIN QUINN & MRS MYRIAM QUINN <GGMU SUPER FUND A/C>	40,000,000	0.96%
MR ZHONG CAN YAO	38,060,000	0.92%
MR YI HUA HE	36,516,160	0.88%
CITICORP NOMINEES PTY LIMITED	36,377,302	0.88%
FAMI HOLDINGS PTY LTD <PARF DISCRETIONARY A/C>	35,242,857	0.85%
Total	**1,800,869,616**	**43.34%**

Restricted Securities

The number and class of securities subject to voluntary escrow are set out below:

172,284,953 escrowed shares – ends 5 September 2018

Company Secretary

The name of the company secretary is Mr Henko Vos.

On-market Buy-back

At the date of this report, the Company is not involved in an on-market buy back.

Securities exchange listing

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange Limited (ASX). The Company's ASX code is "ANS".

Registered office and principal place of business

100 Colin Street
West Perth WA 6005

Telephone: +61 8 6460 0250
Facsimile: +61 8 6460 0254

Registers of securities are held at the following address:

Automic Registry Services
Level 2, 267 St George's Terrace
Perth WA 6000

Telephone: 1300 288 664 (within Australia) or +61 8 9324 2099 (outside Australia)

Interest in Mining Tenements

Mt Padbury, Western Australia

Held by Desert Resources Pty Ltd (100%):

EL 52/1862
EL 52/1976
EL 52/2279
EL 52/1330*
EL 52/1331*
P 52/1342*

Peak Hill , Western Australia

Held by Desert Resources Pty Ltd (100%):

EL 52/1557
EL 52/1860
EL 52/2368
EL 52/1329*
EL 52/1332*
EL 52/1333*
EL 52/2993
M 52/1068

*these licences lapsed on 25 October 2017 following the Company's decision not to renew them.