

ASX Announcement

5 February 2018

**CAPITAL RAISING CLOSE DATE EXTENDED & REPLACEMENT
PROSPECTUS ISSUED**

AustSino Resources Group Limited (**ANS** or the **Company**) has decided to extend the closing date of the capital raising offer to 5.00pm (WST) on Monday February 12 2018.

The revised indicative timetable is as follows:

Key dates

Replacement Prospectus lodged with ASIC	25 January 2018
Offer closing date	12 February 2018
Shares issued under Prospectus	16 February 2018
Re-quotation of the Company's shares by the ASX	23 February 2018

The above dates are all indicative only. The Company, in consultation with its advisors, reserves the right to vary these dates, including by closing the offer early, which may in turn have an impact on the dates after the date of the close of the offer.

We would also like to note that there were a small number of typographical errors in the replacement prospectus that have been brought to our attention. In particular, the close date for the issue on the front page was incorrect and there was an error in the instruction for completing the Application Form attached to the Company's Replacement Prospectus lodged with ASX on 25 January 2018.

The attached revised prospectus corrects these typographical errors.

Further inquiries:

Henko Vos

Company Secretary T: +61 8 9463 2463



REPLACEMENT PROSPECTUS

AustSino Resources Group Ltd
ACN 009 076 242

The Shares offered by this Replacement Prospectus should be considered highly speculative.

For a public offer of up to 450,000,000 Shares at an issue price of \$0.01 per Share to raise up to \$4,500,000 with a minimum subscription of 400,000,000 shares at \$0.01 to raise \$4,000,000.

The offer is scheduled to close at 5:00pm (WST) on 5 February 2018 unless extended or withdrawn. Application must be received before that time to be valid.

This is a replacement prospectus dated 25 January 2018. It replaces a prospectus dated 20 December 2017 relating to the Shares of AustSino Resources Group Ltd.

PROSPECTUS

1. IMPORTANT INFORMATION

This Replacement Prospectus is an Offer for up to 450,000,000 shares at \$0.01 to raise up to \$4,500,000 with a minimum subscription of 400,000,000 shares at \$0.01 to raise \$4,000,000. The Offer closes at 5:00pm WST on 5 February 2018.

This Replacement Prospectus is also for the purposes of satisfying Chapter 12 of the ASX Listing Rules and to satisfy the ASX requirements for re-quotation of the Company's shares from voluntary suspension from trading, following a change of Directors and the adoption of renewed corporate governance policies.

The reasons for this Replacement Prospectus being lodged are set out in Section 2.1 of this Prospectus.

This is an important document that should be read in its entirety.

If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Replacement Prospectus should be considered highly speculative.

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CORPORATE DIRECTORY

Current Directors

Chun Ming Ding	Executive Chairman
Michael Keemink	Executive Director
Ian King	Non-Executive Director
Philip McKeiver	Non-Executive Director

Company Secretary

Henko Vos

Registered Office

100 Colin Street
WEST PERTH WA 6005

ASX Code: ANS

Website: www.aust-sino.com

Lawyers

Christensen Partners
1202 Hay Street
WEST PERTH WA 6005

Share Registry*

Automic Registry Services
Level 2, 267 St Georges Terrace
PERTH WA 6000

Auditor

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

* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

2. IMPORTANT NOTICES

This Prospectus is dated 25 January 2018 and was lodged with the ASIC and ASX on that date. This Prospectus replaced the prospectus lodged by the Company on 20 December 2017 (**Original Prospectus**). The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application will be made to the ASX within seven days after the date of this Prospectus for Official Quotation of the Shares which are the subject of this Prospectus.

No person is authorised to give information or make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares which are the subject of this Prospectus should be considered highly speculative.

2.1 Replacement Prospectus

The main differences between this Prospectus and the Original Prospectus are:

- disclosure of the intentions of the Directors regarding participation in the issue under this Prospectus
- the inclusion of additional information on the use of funds and expected directors fees and salaries
- the Company's historical financial information being included in the body of the Prospectus
- the Company's tenement details being included in the body of the Prospectus
- speculative commentary regarding market considerations under section 5.1 – Market Considerations has been removed

- additional disclosures of past regulatory action and legal proceedings against the Company and certain of its past directors have been inserted in section 5.2 – Company History;
- additional disclosures of Company Announcements since 17 December 2014 to the date of this Prospectus;
- a number of reclassifications and wording changes to the references in the Prospectus to the risks associated with any investment in the Company.

2.2 Risk Factors

Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. For further information in relation to the risk factors of the Company please refer to the summary in the Investment Overview Section in Section 5.6 and Section 8 of this Prospectus.

2.3 Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

2.4 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.aust-sino.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.5 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8 of this Prospectus.

Further information regarding the suspension of the Company's shares, and the steps required for requotation, is contained in Sections 5.3 and 5.4.

2.6 Quotation

The Offer is subject to and conditional upon the ASX granting quotation of the existing Shares of the Company and the Shares to be issued pursuant to this Prospectus.

2.7 Directors' Participation in the Offer

None of the Directors or their Associates will be participating in the Offer.

3. TIMETABLE*

Lodgement of Original Prospectus with ASIC and the ASX	20 December 2017
Lodgement of this Prospectus with ASIC and the ASX	25 January 2018
Opening Date of Offer	25 January 2018
Offer Closing Date	5 February 2018**
Shares issued under Prospectus	9 February 2018
Re-quotation of the Company's Shares by the ASX	16 February 2018

*The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

**For the avoidance of doubt, the Company reserves the right to close the Offer early once the Minimum Subscription Amount has been raised.

Note: These dates are indicative and may be amended by the Company.

100 Colin Street, West Perth
Western Australia 6005
Tel: +61 8 6460 0250

4. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Directors of AustSino Resources Group Ltd (**AustSino** or the **Company**), I am pleased to present you with this opportunity to become a Shareholder of AustSino.

AustSino is a Perth-based exploration company listed on the Australian Securities Exchange (**ASX**) focused on the Mid West region of Western Australia. The Company's Shares were voluntarily suspended from trading approximately 3 years ago and one of the purposes of this Prospectus is to satisfy the requirements of Chapter 12 of the ASX Listing Rules to enable re-quototation of the Company's Shares.

The Company remains focused on the highly prospective but currently underdeveloped Mid West Region. From the perspective of those seeking to develop their mineral tenements, the development of the region has been hindered by the lack of a deepwater port and other economic infrastructure. From the perspective of the potential customers (principally from China), the region is a potentially huge resource province within which Chinese companies have already invested substantially and within which Chinese companies could continue to play a leading role.

The Company has a strong portfolio of prospective iron ore tenements. It also has a strong and committed Board and team of advisors who have extensive networks and expertise in dealings with China, and who have been working hard to position the Company to develop and expand the Company's interests in the Mid West Region.

The Company is also actively canvassing the potential to expand its interests in the Mid West Region and will dedicate further resources to these efforts in 2018, as set out in this Prospectus. On re-quototation, the Company also intends to engage in discussions about the potential for economic infrastructure solutions for the Mid West.

By this Prospectus, the Company is seeking to raise up to \$4,500,000 by the issue of 450,000,000 fully paid ordinary Shares in the capital of the Company, at an issue price of \$0.01 for each Share

This Prospectus contains various information about AustSino and its proposed activities, the Offer and potential risks of investing in the Company. I encourage you to read it carefully and to obtain professional advice, if required, before making any investment.

On behalf of the Board of AustSino, I commend this investment opportunity to you and look forward to welcoming you as a fellow Shareholder of the Company.

Yours sincerely



CHUN MING DING
EXECUTIVE CHAIRMAN

5. COMPANY OVERVIEW

This Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read carefully and considered in its entirety.

5.1 Market Considerations

The Company's mineral tenements and intellectual property relate to the Mid West Region of Western Australia. Although the Mid West Region is highly prospective, the region is a difficult location in which to develop greenfield mining deposits due in part to ore bodies which are different from those in the Pilbara region of Western Australia and which are often located several hundred kilometres from the coast with limited or no access to infrastructure solutions.

The Company's iron ore deposits are located several hundreds of kilometres from the coast, are significant in size and will require significant capital to develop. There are also currently no transportation infrastructure solutions available to enable those deposits to be easily transported and exported.

Finding investors and project partners who can assist in the development of the Company's mineral assets and other intellectual property has understandably been challenging, particularly since commodity prices fell at the end of the last mining boom.

The Board and Management team of the Company are also hopeful that the re-quotation of its Shares on the ASX will renew the focus on the Mid West Region as a highly prospective region, and create a catalyst for renewed discussions about economic infrastructure solutions for the Mid West.

5.2 Company History

The Company was founded in 1983 and was previously known as Padbury Mining Ltd. It was granted Official Quotation of its Shares in November 1993.

The Company has acquired and has been maintaining a suite of tenements in the Mid West Region which were initially the subject of a joint venture with Aurium Resources Ltd (**Aurium**). The Company subsequently obtained a 100% interest in these tenements following a merger with Aurium by way of a Scheme of Arrangement which was approved by the Supreme Court of Western Australia.

A full list of the Company's mineral tenements is set out in Section 7.2 of the Prospectus and the Solicitor's Report and in the Company's recent audited Annual Report.

In addition to its suite of tenements, the Company's wholly owned subsidiary, Mid West Infrastructure Group Pty Ltd (**MWI**), holds intellectual property developed by or on behalf of Yilgarn Infrastructure Ltd (**YIL**). This intellectual property contains economic infrastructure data including port and rail design, detailed engineering studies, project definition documents and financial modelling in relation to the potential development of rail and port infrastructure solutions in the Mid West Region, including at Oakajee.

Approximately \$3 million has been spent on further developing this intellectual property since the acquisition from YIL.

On 11 April 2014, the Company issued a release to the ASX wherein, it alleged, amongst other things, that it had 'secured' requisite funding to undertake the Oakajee Project. Consequent upon an investigation into this announcement by ASIC, it brought civil penalty proceedings against each of the Company, Terry Quinn and Gary Stokes in the Federal Court of Australia on the basis that the making of the announcement constituted breaches of the Corporations Act. As a result of these proceedings, it was found that the Corporations Act had been breached and Mr Quinn and Mr Stokes were disqualified from taking part in the management of corporations for a period of 3 years commencing from 19 August 2016 and in addition were each fined \$25,000. No penalty was incurred by the Company.

As a result of the above Announcement a class action was threatened to be instituted against the Company. The threatened class action was settled upon terms that remain confidential. Some shareholders who have alleged they have suffered loss by reason of the aforesaid Announcement were not part of the threatened class action and have brought separate proceedings against the Company and Messrs Quinn and Stokes which are noted elsewhere in this prospectus and in previous annual reports.

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer, a copy of:

- the Annual Report of the Company for the year ended 30 June 2013, being the last financial year for which an annual financial report was lodged with the ASIC in relation to the Company before the issue of this Prospectus; and
- the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company since the Company lodged its Annual Report for the year ended 30 June 2013 and before the date of issue of this Prospectus are as follows:

Date Lodged	Subject of Announcement
17/12/2014	Trading Halt
19/12/2014	FWL: Option to Purchase Yogi Tenements
19/12/2014	Suspension from Official Quotation
22/12/2014	Update to Voluntary Suspension
22/12/2014	Tenement Acquisition and Market Update
02/01/2015	Company Update Regarding Suspension
12/01/2015	Company Update Regarding Suspension
19/01/2015	Update to Voluntary Suspension
28/01/2015	Clarifying Statement - Mineral Resources and Ore Reserves
28/01/2015	Company Update Regarding Suspension
29/01/2015	\$1M Capital Raising
29/01/2015	Peak Hill Iron Project - Mining Lease Application

COMPANY OVERVIEW

29/01/2015	China Office
29/01/2015	China Subsidiary
30/01/2015	Quarterly Cashflow Report
30/01/2015	Quarterly Activities Report
10/02/2015	Company Update Regarding Suspension
17/02/2015	FWL: Yogi Sale Option Exercised
18/02/2015	Company Update Regarding Suspension
03/03/2015	Yogi Mine Project and Company Update
03/03/2015	Settlement Timetable for Yogi Sale
10/03/2015	Revised Settlement Timetable - Yogi Mine Project
10/03/2015	FWL: Revised Settlement Timetable
11/03/2015	Half-Year Financial Report
18/03/2015	Company Update Regarding Suspension
31/03/2015	Company Update Regarding Suspension
13/04/2015	Company Update Regarding Suspension
14/04/2015	FWL: Sale of Yogi to Padbury Terminated
24/04/2015	Quarterly Cashflow Report
24/04/2015	Quarterly Activities Report
29/05/2015	Company Update Regarding Suspension
24/06/2015	Directors Charges
30/06/2015	Company Update Regarding Suspension
03/07/2015	Mining Lease Approved
03/07/2015	\$0.2M Capital Raising
20/07/2015	Vale
31/07/2015	Quarterly Cashflow Report
31/07/2015	Quarterly Activities Report
03/08/2015	Company Update Regarding Suspension
07/08/2015	\$0.15M Capital Raising
31/08/2015	Company Update Regarding Suspension
30/09/2015	Annual Statutory Accounts
30/09/2015	Company Update Regarding Suspension
28/10/2015	Notice of Annual General Meeting/Proxy Form
30/10/2015	Company Update Regarding Suspension
30/10/2015	Quarterly Cashflow Report
30/10/2015	Quarterly Activities Report
30/10/2015	Appendix 4G
30/10/2015	Annual Report to shareholders
30/11/2015	Company Update Regarding Suspension
30/11/2015	Results of Meeting
23/12/2015	Company Update Regarding Suspension
29/01/2016	Company Update Regarding Suspension
29/01/2016	Quarterly Cashflow Report
29/01/2016	Quarterly Activities Report
01/03/2016	Company Update Regarding Suspension
16/03/2016	Half Yearly Report and Accounts
22/03/2016	Share Placement
31/03/2016	Company Update Regarding Suspension

29/04/2016	Quarterly Cashflow Report
29/04/2016	Quarterly Activities Report
02/05/2016	Company Update Regarding Suspension
31/05/2016	Company Update Regarding Suspension
30/06/2016	Company Update Regarding Suspension
27/07/2016	Federal Court Action
28/07/2016	Quarterly Cashflow Report
28/07/2016	Quarterly Activities Report
01/08/2016	Company Update regarding Suspension
19/08/2016	Board Changes
22/08/2016	Initial Director's Interest Notice x 2
22/08/2016	Final Director's Interest Notice x 2
01/09/2016	Company Update Regarding Suspension
15/09/2016	Executive Chairman
30/09/2016	Company Update Regarding Suspension
02/11/2016	Company Update Regarding Suspension
05/12/2016	Company Update Regarding Suspension
09/12/2016	Change of Share Registry Address
19/12/2016	Notice of Annual General Meeting/Proxy Form
19/12/2016	Appendix 4G
19/12/2016	Annual Report to shareholders
21/12/2016	Company Secretary Appointment/Resignation
11/01/2017	Clarification of ASX Aware Letter Response
11/01/2017	Response to ASX Query
18/01/2017	Company Update Regarding Suspension
24/01/2017	Quarterly Cashflow Report
24/01/2017	Quarterly Activities Report
24/01/2017	Capital Raising & Non-Binding Proposal for Further Capital
24/01/2017	Appendix 3B
25/01/2017	Results of AGM
30/01/2017	Quarterly Cashflow Report
30/01/2017	Quarterly Activities Report
03/02/2017	Change of Company Name
22/02/2017	Response to ASX Query
01/03/2017	Company Update Regarding Suspension
15/03/2017	Half Year Accounts
27/03/2017	Board Changes
28/04/2017	Quarterly Cashflow Report
28/04/2017	Company Update Regarding Suspension
28/04/2017	Quarterly Activities Report
03/07/2017	Company Update Regarding Suspension
31/07/2017	Quarterly Cashflow Report
31/07/2017	Quarterly Activities Report
24/08/2017	Shares Released from Escrow
29/08/2017	Board Changes and Related Matters
31/08/2017	Company Update Regarding Suspension
05/09/2017	Grant of Shares

07/09/2017	Initial Director's Interest Notice
07/09/2017	Final Director's Interest Notice
11/09/2017	Appendix 3B
29/09/2017	Annual Statutory Accounts
29/09/2017	Company Update Regarding Suspension
26/10/2017	Lapsing of Minor Tenements
27/10/2017	Corporate Governance Statement including Appendix 4G
27/10/2017	Annual Report to shareholders
30/10/2017	Quarterly Cashflow Report
30/10/2017	Notice of Annual General Meeting/Proxy Form
30/10/2017	Extension of Satisfaction Date under Amended Deed of Release
30/10/2017	Quarterly Activities Report
7/11/2017	Exploration Work Programme and Company Update
7/11/2017	FIRB Application by ACR
29/11/2017	Executive Director Address to AGM
29/11/2017	Results of Annual General Meeting
29/11/2017	FIRB Approval
5/12/2017	Appendix 3B
15/12/2017	Extension of Deadline
20/12/2017	Telecom Hill Mineral Resource Estimate
20/12/2017	Board Changes
20/12/2017	Prospectus
21/12/2017	Proposed Grant of Share Options to Board of Directors
21/12/2017	Prospectus – Amended
22/12/2017	Change of Director's Interest Notice
22/12/2017	Initial Director's Interest Notice – x 2
22/12/2017	Final Director's Interest Notice
22/12/2017	Appendix 3B
11/01/2018	Update on Re-listing and Associated Capital Raising

5.3 Trading History

At the request of its former Board of Directors, the Company's Shares were voluntarily suspended from trading on the ASX during December 2014. Since that time, the Directors and Management team have been taking steps to maintain the Company's tenements and intellectual property, while seeking to recapitalise and restructure the Company.

The Company entered into voluntary suspension from official quotation of its shares on 19 December 2014, pending the release of an announcement. On 22 December 2014, the Company announced that it was still seeking to finalise a proposed capital raising; advising that the Company would remain in suspension whilst that issue remained unresolved.

The Company did not achieve its plans to raise approximately \$100 million from investors in China and the Company's former management team, ceased to be employees of the company during 2016 and no longer have

any involvement in the management of the Company or its subsidiaries.

Since the departure of the Company's former Directors, the Company's new Board and Management team have been working closely with Australian regulators, investors, creditors, and with their professional advisors, on a range of measures to re-position the Company for a successful return to the market, with sufficient capital to explore the future development of its suite of mining tenements.

A range of initiatives and transactions have been undertaken by the Company's new Board and Management team during 2016 and 2017 (which are outlined in the Company's relevant ASX Announcements and its recent AGM Notice of Meeting).

On 15 December 2017, the Company wrote to the ASX requesting an extension of the 19 December 2017 deadline for the automatic removal of the Company from the ASX Official List.

The Company received confirmation from the ASX as to the conditions which will need to be satisfied to enable the company's shares to be re-quoted on 15 December 2017 and the ASX has granted the Company an extension of time to 28 February 2018 in order to satisfy the conditions required for re-quotation of the Company's Shares.

The policy of the ASX is to automatically remove an entity from the Official List if that entity's securities have been suspended from trading for a continuous period of 3 years, with removal to take effect from open of trading on the first trading day following expiration of that 3 year period. The Company was scheduled to be removed from the Official List from the start of trading on 20 December 2017.

The Company was advised by the ASX on 15 December 2017 that, based on the information provided by the Company, the ASX has decided to grant the Company a short extension of the removal of the deadline to 28 February 2018.

The ASX advised that if the Company is not reinstated to quotation before the commencement of trading on 1 March 2018, the ASX will remove the Company from the Official List. No further extensions will be considered or granted by the ASX.

The Company continues to work towards its reinstatement to the Official List and will update the market in due course.

5.4 Company's suspension

As noted above, the Company has been voluntarily suspended from trading on the ASX since December 2014.

Among other things, the ASX required the Company to:

- lodge this Prospectus; and
- complete the Offer before readmission to the Official List.

It is anticipated that the Company's Shares can be re-quoted before 28 February 2018, subject to the Company satisfying all ASX admission requirements under Chapter 12 of the ASX Listing Rule. Indicative details in respect of the timetable are set out above in Section 3 of this Prospectus.

5.5 Operations and activities

The Company remains committed to the future development and expansion of its mining interests in the Mid West Region.

On re-quotation, the Company intends to undertake the maintenance and further exploration of the Company's current suite of tenements in the Mid West Region, and has reappointed CSA Global to advise on the potential development and expansion of its mining tenements.

In addition, the Company will continue to explore potential opportunities to utilise or extract value out of the intellectual property which it holds, whether in its own right or through collaboration, joint ventures or other partnerships with parties who are interested in developing infrastructure solutions for the Mid West Region, in order to facilitate the development and export of minerals from the region.

The Company continues to engage in confidential discussions with a range of parties in relation to potential future infrastructure and funding solutions, however none of those discussions are at a binding stage, and it is not possible for the Board or Management team of the Company to predict whether or not (and if so, when or on what terms) any such discussions will lead to detailed negotiations, term sheets, binding commitments, contracts or investments. The Company continues to respond to confidential enquiries and facilitates due diligence as and when requested.

5.6 Key Risks

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Shares of our Company.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 8 of this Prospectus.

As noted in Section 5.4, if the Company's Shares are not reinstated to quotation by 28 February 2018, the ASX will remove the Company from the Official List from the commencement of trading on 1 March 2018.

(a) Reliance on Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these persons cease their employment or if one or more of the Directors leaves the Board.

(b) Future Capital Requirements/Risk of Dilution

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its plans in the future and to take advantage of opportunities for acquisitions, joint ventures or other business opportunities,

and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional financing will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's proposed future activities may result in delay and indefinite postponement of such activities. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(c) Exploration and Development Risks

The business of iron ore exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is or may be dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable reserves;
- access to adequate capital for project development;
- sufficient access to power and water solutions;
- design and construction of efficient development and production infrastructure and transportation solutions within capital and operating expenditure budgets;
- securing and maintaining title to tenements
- obtaining consents and approvals necessary for the conduct of exploration, development and production; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs will depend, among other things, on successful exploration and establishment of production facilities and transport solutions.

Drilling activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

There is no assurance that any exploration on current or future tenements will result in the establishment of sufficient ore reserves to justify mining in a very remote location.

(d) Price Volatility

The demand for, and price of, iron ore is highly dependent on a variety of factors, including international supply and demand, weather

conditions, actions taken by governments, and global economic and political developments.

A material decline or volatility in the price of iron ore may have a material adverse effect on the Company's business, financial condition and results of operations.

If the Company achieves success leading to iron ore production, the revenue it will derive through the sales that exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for iron ore, technological advancements, forward selling activities and other economic factors.

5.7 The Offer

By this Prospectus, the Company invites applications for up to 450,000,000 Shares at an issue price of \$0.01 per Share to raise up to \$4,500,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. Please refer to Section 12.2 for further information regarding the rights and liabilities attaching to the Shares.

The key information relating to the Offer and references to further details are set out below.

5.8 Purpose of the Offer

The purpose of the Offer under this Prospectus is to enable the Company to meet the expenditure commitments and proposed work program developed by its consultant CSA Global.

The Company is aiming to apply the funds raised under the Offer in the manner detailed in Section 5.9 (Use of Funds). The Board believes that the funds raised from the Offer, combined with existing funds, will provide the Company with sufficient working capital at anticipated expenditure levels to achieve the objectives as shown in the table in Section 5.9 and in the CSA Global report.

This Prospectus has also been issued to:

- meet the re-admission requirements of ASX under Chapter 12 of the ASX Listing Rules;
- remove the need for an additional disclosure document to be issued in respect of any Shares previously issued by the Company; and
- meet the objectives set out in section 5.9 (Use of Funds) of this Prospectus.

5.9 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the next two years following re-admission of the Company to the Official List of ASX for the purpose of the following planned activities (which amounts are estimates based on current intentions as at the date of this Prospectus:

MAXIMUM SUBSCRIPTION - \$4,500,000	\$000
Category of planned expenditure	
Working capital (as discussed below)	1,300
Maintaining and developing its tenements (as set out below)	
2018 – success based	1,150
2019 – success based	1,050
Exploring the potential to acquire interests in additional tenements (services of external consultants and legal advisers predominantly);	250
Seeking to be a catalyst to promote economic infrastructure solutions for the Mid West Region (as discussed below).	750
Total	4,500

MINIMUM SUBSCRIPTION - \$4,000,000	\$000
Category of planned expenditure	
Working capital	800
Maintaining and developing its tenements	
2018 – success based	1,150
2019 – success based	1,050
Exploring the potential to acquire interests in additional tenements (services of external consultants and legal advisers predominantly);	250
Seeking to be a catalyst to promote economic infrastructure solutions for the Mid West Region (as discussed below).	750
Total	4,000

Working capital

The Company will use funds for working capital purposes, including towards the cost of Board members (\$150k p.a.), the Executive Chairman (\$350k p.a.), the costs of operating an office in Shanghai, China and an office and warehouse storage facility in Australia. The Company will also clear residual debts to the Office of State Revenue (\$200k). Working capital requirements will also include consultant, legal, Regulator, ASX, website, accounting and audit, company secretarial and other costs.

Tenement maintenance and development

The Company intends to adopt the proposed exploration program and budget set out in Section 3 of the Independent Technical Assessment Report prepared by CSA Global as summarised below:

Proposed Exploration Program and Budget*				
Activity	2018 Budget AUD\$		2019 Budget AUD\$	
	Minimum	Success Based	Minimum	Success Based
Tenement Costs (rents, rates)	\$110,000	\$110,000	\$100,000	\$120,000
Geological Personnel	\$100,000	\$200,000	\$120,000	\$150,000
Travel and Accommodation	\$20,000	\$30,000	\$20,000	\$30,000
Field Camp	\$15,000	\$30,000	\$20,000	\$30,000
Consumables and Freight	\$15,000	\$30,000	\$20,000	\$30,000
Geophysics	\$30,000	\$50,000	\$ 10,000	\$10,000
Surface Geochemistry	\$30,000	\$30,000	\$-	\$-
Drilling (inc heritage)	\$380,000	\$500,000	\$400,000	\$500,000
Drilling Assays	\$80,000	\$130,000	\$100,000	\$130,000
Metallurgy	\$20,000	\$40,000	\$30,000	\$50,000
TOTAL	\$800,000	\$1,150,000	\$820,000	\$1,050,000

*These proposed activities and expenditures are estimates only as at the date of this Prospectus.

Seeking to be a catalyst to promote economic infrastructure solutions for the Mid West

The Company has allocated \$750,000 in funds to be used for this purpose. The Company's present intentions are that these funds will be used to undertake the following activities, with the amounts allocated to particular activities varying upon the success and timeframe associated with each:

- Costs of staff and consultants
- Legal fees (drafting heads of agreements and other documents, participating in negotiations)
- Engagement with potential Chinese partners (both with existing interests in the Mid West and with interests in providing construction or other services), including a visit to China for the new Board and key advisers
- Creation of an alliance of key Mid West stakeholders (leveraging of the past work of the Geraldton Iron Ore Alliance and the Magnetite Network)
- Indigenous engagement
- Community initiatives in the Mid West.

5.10 Current Position of the Company

There has been no material change in the nature and scale of the Company's activities since its Shares were voluntarily suspended from trading on the ASX in December 2014. The Company's principal activity remains the exploration for iron ore on its mineral tenements and its intellectual property relates to the Mid West Region. The Company remains committed to the development and expansion of its mining interests in that region, and continues to explore models to develop an economically viable infrastructure solution that may open up the region.

At the General Meeting held on 29 November 2017, the Company sought and obtained approval for the resolutions referred to in Section 5.19. The Board and Management team of the Company believe that the implementation of the transactions and arrangements which were the subject of resolutions at the AGM will assist the Company to stabilise its balance sheet and undertake the proposed plans and activities referred to in this Prospectus.

As noted elsewhere in this Prospectus, the Company intends to seek the re-quotation of its Shares on the ASX. The ASX requires the Company to re-comply with the admission requirements set out in Chapter 12 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Company's Shares will remain suspended from trading and will not be reinstated until satisfaction of the conditions of the Offer and the ASX approving the Company's re-compliance with the admission requirements of Chapter 12 of the ASX Listing Rules.

5.11 Substantial Shareholders and Directors' Interests

(a) As at the date of this Prospectus, the following are the top 20 Shareholders of the Company:

Shareholder	Holding	% IC
Aust-China Resources Co. Limited	265,000,000	5.99%
Jamora Nominees Pty Ltd	229,260,000	5.19%
Zhongying Property Development Company Limited	200,000,000	4.52%
Song Zhi Yuan	170,000,000	3.85%
White Horse (Australia) Holdings Pty Ltd	142,300,000	3.22%
Millcrest Pty Ltd	122,183,503	2.54%
Mr Stanly Miller	104,748,500	2.37%
Mr Tony Peter Caldoroni & Mrs Julie Annete Caldaroni	100,000,010	2.26%
Du Yong Yi	100,000,000	2.26%
Yi Li	60,000,000	1.35%
Smartequity EIS Pty Ltd	55,000,000	1.24%
Mr Peter John David Hague Benson	53,873,303	1.22%
Steere Superfund Pty Ltd <John Steere Super Fund>	53,000,000	1.20%
Zheng Tian Cai	50,000,000	1.13%
Ms Zhang Si Wei	50,000,000	1.13%
Power Success International Enterprise Limited	50,000,000	1.13%
Vallone Family Pty Ltd <Vallone Family Super A/C>	42,500,000	0.96%
Mr Christopher John Avis <Avis Family No 1 A/C>	41,807,981	0.95%
Mr Terence Martin Quinn & Mrs Myriam Quinn <GGMU Super Fund A/C>	40,000,000	0.90%
Mr Zhong Can Yao	38,060,000	0.83%
Mr Yi Hua He	36,515,160	0.83%
Citicorp Nominees Pty Limited	36,377,302	0.82%
TOTALS	2,030,626,759	45.93%
Total Issued Capital	4,420,833,650	100.00%

The Company will, after closing the Offer, announce to the ASX details of its top 20 Shareholders prior to the Shares commencing trading on the ASX.

(b) Directors' Interests:

Director	Direct Share Holding	Indirect Shareholding	% Voting Shares
Chun Ming Ding	0	265,000,000	5.99%
Michael Keemink	0	1,924,750	0.04%
Philip McKeiver	0	0	0%
Ian King	0	0	0%

5.12 Restricted Shares

The Company currently has held in escrow:

- 265,000,000 Shares subject to an escrow period expiring 29 November 2018; and
- 172,284,953 Shares subject to an escrow period expiring on 5 September 2018.

5.13 Financial Information

We set out below the summary historical and pro forma financial information of the Company and the Company refers to the Investigating Accountant's Report (IAR) in Section 10.

The historical audited financial position of the Company as at 30 June 2017, 30 June 2016 and 30 June 2015 is set out below.

Historical statement of financial position	30 June 2017	30 June 2016	30 June 2015
	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	2,266	120	405
Trade and other receivables	133	48	40
Total current assets	2,399	168	445
Non current assets			
Trade and other receivables	62	69	71
Plant & Equipment	254	171	239
Deferred exploration expenditure	3,057	3,057	3,078
Total non current assets	3,373	3,297	3,388
Total assets	5,772	3,465	3,833
Current liabilities			
Trade and other payables	2,630	1,932	1,227
Provisions	600	0	0
Total current liabilities	3,230	1,932	1,227
Net assets	2,542	1,533	2,606
Equity			
Issued capital	61,230	56,486	56,136
Reserves	6,272	6,296	6,282
Accumulated losses	(64,960)	(61,249)	(59,812)
Total equity	2,542	1,533	2,606

Financial performance

The statement of financial performance of the Company for each financial year ended 30 June 2017, 30 June 2016 and 30 June 2015 (also included in the IAR) is set out below:

Historical statement of financial performance	30 June 2017	30 June 2016	30 June 2015
	\$'000	\$'000	\$'000
Revenue	18	2	9
Other income	1	53	130
Depreciation	67	65	39
Impairment of assets	0	21	8,663
Exploration and evaluation expenditure	243	170	60
Employee benefits expense	553	379	362
Consulting fees	1,515	4	70
Other expenses	1,352	853	1,450
Loss before income tax	(3,711)	(1,437)	(10,505)
Income tax expense	0	0	0
Loss after income tax	(3,711)	(1,437)	(10,505)
Other comprehensive income net of tax	(24)	14	15
Total comprehensive loss	(3,735)	(1,423)	(10,490)

Pro forma statement of financial position as at 30 June 2017

The table below sets out the statement of financial position of the Company as at 30 June 2017, 30 June 2016 and 30 June 2015. It also sets out the pro forma financial position as at 30 June 2017 (also included in the IAR), representing the audited statement of financial position as at 30 June 2017 adjusted for the subsequent events and transactions which occurred between 30 June 2017 and the date of the IAR as set out in the notes at the bottom of the table below.

Pro forma statement of financial position	AustSino Audited 30 Jun 17 \$'000	Subsequent events Unaudited 30 Jun 17 \$'000	Pro forma adjustments Unaudited 30 Jun 17 \$'000	Pro forma Unaudited 30 Jun 17 \$'000
Assets				
Current assets				
Cash and cash equivalents (Note 1)	2,266	-	4,419	6,685
Trade and other receivables	133	-	-	133
Total current assets	2,399	-	4,419	6,818
Non current assets				
Trade and other receivables	62	-	-	62
Plant & Equipment	254	-	-	254
Deferred exploration expenditure	3,057	-	-	3,057
Total non current assets	3,373	-	-	3,373
Total assets	5,772	-	4,419	10,191
Liabilities				
Current liabilities				
Trade and other payables (Note 2)	2,630	(1,918)	-	712
Provisions (Note 3)	600	(600)	-	-
Total current liabilities	3,230	(2,518)	-	712
Total liabilities	3,230	(2,518)	-	712
Net assets	2,542	2,518	4,419	9,479
Equity				
Issued capital (Note 4)	61,230	2,518	4,419	68,167
Reserves	6,272	-	-	6,272
Accumulated losses	(64,960)	-	-	(64,960)
Total equity	2,542	2,518	4,419	9,479
Notes:				
The following pro forma transactions have occurred prior to the date of this Prospectus:				
1. On 5 September 2017, the Company issued 50,000,000 shares to Mr Song Zhi Yuan ("Mr Song") at an issue price of \$0.01 per share as satisfaction for \$500,000 payable to Mr Song as at 30 June 2017 for the refurbishment of the Company's Shanghai Office;				
2. On 5 September 2017, the Company issued 122,284,953 shares to Zhongying Property Development Company ("Zhongying") at an issue price of \$0.01 per share. The funds had been received and were held in trust by the Company as at 30 June 2017;				
3. On 29 November 2017, the Company approved the issue of the following shares to Aust-China Resources Group Limited ("ACR"): <ul style="list-style-type: none"> 200,000,000 shares at a deemed issue price of \$0.003 per share, in respect of services provided to the Company since 2014; and 65,000,000 shares at a deemed issue price of \$0.003 per share in satisfaction of payables due to ACR at 30 June 2017; 				
The following pro forma transactions which are yet to occur, but are proposed to occur immediately before or following completion of the Offer:				
4. The issue of 450,000,000 fully paid ordinary shares in the Company at \$0.01 each to raise \$4,500,000, before costs, pursuant to the Offer and the payment of cash costs related to the Offer estimated to be \$349,850.				

Historical Cashflow

The historical statement of cashflows for each financial year ended 30 June 2017, 30 June 2016 and 30 June 2015 (also included in the IAR) is set out below.

Historical statement of cashflows	30 June 2017	30 June 2016	30 June 2015
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Payments to suppliers and employees	(2,785)	(842)	(1,405)
Net interest received	18	2	5
Other income	1	53	130
Exploration expenditure	(243)	(170)	(476)
Net cash outflow from operating activities	(3,009)	(957)	(1,746)
Cash flows from investing activities			
Refund of security deposit	6	-	(54)
Payments for plant and equipment	(142)	(3)	(210)
Net cash outflow from investing activities	(136)	(3)	(264)
Cash flows from financing activities			
Proceeds from issue of shares	4,069	-	1,000
Cash received pending allotment of shares	1,222	675	350
Net cash inflow from financing activities	5,291	675	1,350
Net increase/(decrease) in cash held	2,146	(285)	(660)
Cash and cash equivalents at the beginning of the period	120	405	1,065
Cash and cash equivalents at the end of the period	2,266	120	405

IAR and Historical audit opinions

IAR Opinions

The IAR contains the following opinions:

“Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendix to this Report, and comprising:

- *The statement of financial performance of the Company for the three years ended 30 June 2015, 30 June 2016 and 30 June 2017;*
- *The statement of cash flows of the Company for the three years ended 30 June 2015, 30 June 2016 and 30 June 2017; and*
- *The statement of financial position of the Company as at 30 June 2017,*

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix to this Report.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in the Appendix to this Report, and comprising the pro forma statement of financial position as at 30 June 2017 of the Company and its controlled entities, is not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix of this Report”.

Historical audit opinions on the Company’s financial statements

30 June 2017

The audit opinion of RSM Australia Partners for the year ended 30 June 2017 is set out below:

“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”.*

The Independent Auditor’s report contained the following comment as to “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”.

30 June 2016

The audit opinion of RSM Australia Partners for the year ended 30 June 2016 is set out below:

“In our opinion:

- (a) The financial report of Padbury Mining Limited is in accordance with the Corporations Act 2001, including:*
 - (i) giving a true and fair view of the consolidated entity’s financial position as at 30 June 2016 and of its financial performance for the year ended on that date; and*
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001” and*
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c)”.*

30 June 2015

The audit opinion of RSM Bird Cameron Partners for the year ended 30 June 2015 is set out below:

“In our opinion:

- (a) the financial report of Padbury Mining Limited is in accordance with the Corporations Act 2001, including:*
 - (i) giving a true and fair view of the consolidated entity’s financial position as at 30 June 2015 and of its performance for the year ended on that date; and*
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001” and*
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c)”.*

5.14 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

5.15 Dividend Policy

It is anticipated that significant expenditure will be incurred in the expenditure on the Company’s mineral tenements. These activities are expected to dominate the two year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board of Directors and will depend on the availability of distributable

earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

5.16 Directors and Key Personnel

As at the date of this Prospectus, the Board comprises of:

- Chun Ming Ding – Executive Chairman;
- Michael Keemink – Executive Director;
- Ian King – Non-Executive Director; and
- Phil McKeiver – Non-Executive Director.

The profiles of each of the Directors and key management are set out below.

Mr Chun Ming Ding - Executive Chairman

Mr Ding was appointed as Chairman and a Director of the Company with effect from 1 September 2017. Mr Ding was born in the People's Republic of China but has been a citizen Australia for nearly 20 years. Mr Ding is no longer a citizen of the People's Republic of China, but spends significant time in that country.

Mr Ding has considerable experience in business, economics, capital raisings and resources projects and has been a consultant to the Company since 2014. Mr Ding is also the Managing Director of the Company's wholly owned subsidiary, MWI, and is the Legal Representative of the Company's Shanghai-based subsidiary, Padbury (Shanghai) Enterprise Development Co. Limited.

Mr Ding is also the Chairman and the controlling shareholder of Aust-China Resources Group Co. Ltd (HK) (ACR) which currently holds approximately 5.99% of the Company's issued Shares.

Further information about Mr Ding and ACR's arrangements with the Company is available in Section 5.18 of this Prospectus.

Mr Michael Keemink - Executive Director

Mr Keemink has been the Executive Director of the Company since March 2017 and a Director since August 2016. Mr Keemink is an Australian citizen who is an experienced company director and businessman (with experience in resources projects and financial services).

He is also a director of the Company's wholly owned subsidiary, MWI, and is a former director of Aurium (which merged with the Company in 2012).

Further information about Mr Keemink's arrangements with the Company is available in Section 5.18 of this Prospectus.

Mr Ian King – Non-Executive Director

Mr King is an experienced executive and director and member of AICD. From 2002 – 2017 Mr King was the Chairman of the Mid West (Geraldton) Port Authority. Mr King was the Chair of the Governance Committee. Previously, Mr King has held senior management roles for many years with Toll Group.

Mr King has worked extensively with existing and prospective ore mining companies, industry associations, infrastructure providers, government agencies, community interest groups and other key stakeholders in the Mid West Region. Mr King also has considerable experience working with Chinese investors and board members and has regularly travelled to China on business.

Further information about Mr King's arrangements with the Company is available in Section 5.18 of this Prospectus.

Mr Phil McKeiver – Non-Executive Director

Mr McKeiver is a former partner (now senior consultant) in the Perth energy and resources team of the leading Australian law firm, Gilbert + Tobin. (Gilbert+Tobin is one of the Company's legal advisors, but is not advising the Company or its Board or Management team on this Prospectus.)

Mr McKeiver has relevant experience advising listed and unlisted companies and government sector clients on corporate and commercial matters and major project development, including in the iron ore sector.

Mr McKeiver has served on numerous company boards and executive committees and is an experienced company director. Mr McKeiver is a graduate of AICD and will be appointed as Chairman of the Company's Audit and Governance Committee.

Before returning to private practice with Gilbert+Tobin, Mr McKeiver was General Counsel and Company Secretary for Oakajee Port & Rail Pty Ltd between 2009-2013. During his time with Oakajee Port & Rail, Mr McKeiver had extensive engagement with iron explorers and miners, industry associations, infrastructure providers, government agencies, community interest groups and other key stakeholders in the Mid West Region.

Further information about Mr McKeiver's arrangements with the Company is available in Section 5.18 of this Prospectus.

Mr Henko Vos – Company Secretary

Mr Vos has been Company Secretary of ANS since 2016.

Mr Vos is a member of the Governance Institute of Australia and Certified Practising 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.

Mr Vos has held numerous CFO and Company Secretarial roles in various listed and unlisted companies across the industrial and resources sectors.

He is also currently a Associate Director in Perth with Nexia Australia, a highly regarded national corporate advisory and accounting practice.

5.17 Corporate Governance

The Company has adopted the Corporate Governance Principles and Recommendations (2nd edition) published by the ASX Corporate Governance Council with amendments and alterations taking into account the Company's nature and size. The Company's Corporate Governance Plan may be requested from the company secretary (on + 61 8 6489 1600

or obtained from the Company's website (www.aust-sino.com).

With the recent appointment of Messrs King and McKeiver, the Board of the Company has decided to further review, and if necessary, vary the Company's Corporate Governance Plan during the first half of 2018.

5.18 Disclosure of Interests

The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting (currently \$250,000). The remuneration of any executive Director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee. Directors are not required under the Company's Constitution to hold Shares.

Details of the Directors' remuneration (inclusive of superannuation) and relevant interests in the Shares of the Company as at the date of this Prospectus and upon completion of the Offer are set out below.

Ian King and Philip McKeiver, both non-executive directors, will each be paid an annual salary of \$50,000 per annum together with the statutory superannuation. On or around the date of this Prospectus, as part of their remuneration package the Company also agreed to grant each of Mr King and Mr McKeiver the following share options (subject to relevant shareholder approvals being obtained):

- 10,000,000 share options exercisable for a 1 year term at a price of \$0.02 per share; and
- 10,000,000 share options exercisable for a 2 year term at a price of \$0.03 per share.

Neither Mr King nor Mr McKeiver have any other relevant interests in Shares in the Company as at the date of this Prospectus.

Michael Keemink is an executive director of the Company and is entitled to be paid some \$144,000 per annum together with statutory superannuation.

On or around the date of this Prospectus, as part of his remuneration package the Company also agreed to grant Mr Keemink the following share options (subject to relevant shareholder approvals being obtained):

- 15,000,000 share options exercisable for a 1 year term at a price of \$0.02 per share; and
- 10,000,000 share options exercisable for a 2 year term at a price of \$0.03 per share.

Mr Keemink also has a relevant interest in 1,924,750 Shares in the Company.

On 1 September 2017, Mr Chun Ming Ding was appointed as the Company's new Executive 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 Executive 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 a 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);
- the Company or Mr Ding may terminate Mr Ding's appointment as Executive 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.

On or around the date of this Prospectus, as part of his remuneration package the Company also agreed to grant Mr Ding the following share options (subject to relevant shareholder approvals being obtained):

- 15,000,000 share options exercisable for a 1 year term at a price of \$0.02 per share; and
- 10,000,000 share options exercisable for a 2 year term at a price of \$0.03 per share.

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 Co. 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, MWI for a consultancy fee of CY2,000,000 (c. AUD 385,000) per annum. The initial term of this consultancy is 2 years, but the Company or ACR may terminate the arrangement by giving 3 months' written notice.

During 2017, 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 (which were ratified by Shareholders at the Company's Annual General Meeting on 29 November 2017), are as follows:

- The Company agreed to 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 could elect no later than 7 days before the Satisfaction Date, whether to receive the Share Consideration or the Cash Consideration. Once ACR had made its election, that election was final and irrevocable unless otherwise agreed by the Company (in the Company's sole discretion).
- However, if by the Satisfaction Date, the Company:
 - o did not have at least a \$2.5 million cash balance in its bank account(s) in Australia with an Australian financial institution; or

- the Board of the Company formed the reasonable opinion that the Company did 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, the Share Consideration to ACR, then the Company could (in its sole discretion) instead grant the Share Consideration to ACR, in which case ACR would be deemed to have irrevocably elected to take the Share Consideration rather than the Cash Consideration.
- The Company granted ACR an additional 65 Million fully paid shares in the Company by 1 November 2017.
- The above arrangements were reflected in a Deed of Release executed between Mr Ding, ACR the Company and its wholly owned subsidiaries but that deed was conditional on approval by the Company's shareholders to the grant of any shares to ACR (which approval was subsequently given).

Ultimately the Company elected to grant the Share Consideration (200,000,000 Shares) rather than the Cash Consideration to Mr Ding. This transaction, combined with the 65 Million Shares also granted to Mr Ding, gives him a relevant interest in 265,000,000 Shares in the Company as at the date of this Prospectus.

5.19 Agreements with Directors or Related Parties

(a) General

The Company's policy in respect of related party arrangements is:

- a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

Further information about the Company's arrangements with each of the Directors and their associated or related parties, is contained in Section 5.18 of this Prospectus.

(b) Report on Annual General Meeting of Shareholders held on 29 November 2017

The following business was conducted and resolutions were passed at the Company's Annual General Meeting held in Perth, Western Australia on 29 November 2017.

Further information in relation to these matters is available from the Company's AGM Notice of Meeting lodged on the ASX platform in October 2017.

Resolution 1 - Adoption of Remuneration Report

That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the remuneration report for the financial year ended 30 June 2017 be adopted.

Resolution 2 – Election of Director / Chairman – Chun Ming Ding (Mr Ding)

That, for the purpose of clause 6.3 of the Constitution and for all other purposes, Chun Ming Ding, a Director who was appointed on 1 September 2017, retires, and being eligible, is elected as a Director and Chairman.

Resolution 3 – Ratification of Consultancy Services Agreement with Aust-China Resources Group Co. Ltd (ACR) and Mr Ding

That for the purpose of Chapter 2E and s 208 of the Corporations Act, and for all other purposes, the terms of the Consultancy Agreement executed between the Company, ACR and Mr Ding, pursuant to which ACR has agreed to provide Mr Ding's services as Managing Director of Mid West and Mr Ding has agreed to perform such services, be ratified.

Resolution 4 – Ratification of full and final payment to Mr Ding and ACR for any advice, services or assistance provided by them to the Company or its wholly owned subsidiaries since 2014

That for the purpose of Chapter 2E and s 208 of the Corporations Act, and for all other purposes, the Shareholders approve and ratify the execution of the Deed of Release, pursuant to which the Company has agreed to provide full and final payment to Mr Ding and ACR for any advice, services or assistance provided by them to the Company or its wholly owned subsidiaries since 2014.

Resolution 5 – Issue of 200 Million shares to Aust-China Resources Group Co. Limited (ACR)

That for the purpose of Chapter 2E and s 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of 200 Million fully paid ordinary shares in the Company to ACR (Share Consideration) or the payment to ACR of \$1.25 Million (Cash Consideration.)

Resolution 6 – Issue of 65 Million additional shares to Aust-China Resources Group Co. Limited (ACR)

That for the purpose of Chapter 2E and s 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of 65 Million additional fully paid ordinary shares in the Company to ACR in full and final satisfaction of amounts otherwise payable to Mr Ding of not more than AUD650,000.

Resolution 7 — Ratification of shares issued by the Company to Zhongying Property Development Company Ltd (Zhongying)

That the issue by the Company, on 5 September 2017, of 122,284,953 fully paid ordinary shares to Zhongying at an issue price of \$0.01 per Share (c. AUD1,222,849.53 in aggregate) in accordance with Listing Rule 7.1, be ratified.

Resolution 8 — Ratification of shares issued by the Company to Mr Song Zhi Yuan (Mr Song)

That the issue by the Company, on 5 September 2017, of 50,000,000 shares to Mr Song at an issue price of \$0.01 per share in accordance with Listing Rule 7.1, be ratified.

6. DETAILS OF THE OFFER

6.1 The Offer

6.1.1 Offer

Pursuant to this Prospectus, the Company invites applications for up to 450,000,000 Shares at an issue price of \$0.01 per Share.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. A Summary of the rights and liabilities attaching to the Company's Shares (including the Shares which are the subject of this Prospectus) is set out in Section 12.2 of this Prospectus.

(a) Minimum subscription

The Offer is subject to a Minimum Subscription of 400,000,000 Shares at an issue price of \$0.01 per Share.

If the Minimum Subscription has not been raised within 2 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

(b) Oversubscription

Oversubscriptions of up to 500,000 Shares will be accepted by the Company to provide exploration and working capital funds to the Company.

(c) Not underwritten

The Offer is not underwritten.

(d) Minimum application amount

Applications under the Offer must be for a minimum of 500,000 Shares (\$5000) and payment for the Shares must be made in full at the issue price of \$0.01 per Share.

6.2 Completion of the Offer

Completion of the Offer is conditional upon the Minimum Subscription being received.

6.3 Applications

Applications for Shares under the Offer must be made using the relevant Application Form. By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Completed Application Forms must be mailed or delivered to the address set out on the Application Form so they are received by no later than the **5:00pm (WST) on the Closing Date**.

Offer applications must be accompanied by payment in full in Australian currency in one of the following methods:

- a cheque made payable to "AustSino Resources Group Limited" and crossed "Not Negotiable";

- electronic transfer of funds into the following trust account opened specifically for this Offer:

"AustSino Resources Group Ltd-Subscriptions Trust Account"
BSB 035-063
Account no. 193807

The Company reserves the right to close the Offer early.

6.4 Issue of Shares and Allocation Policy

Subject to the Minimum Subscription being reached and satisfaction of each of the Conditions to the Offer (refer to Section 6.2 of this Prospectus), the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

6.5 ASX Listing

The Company will apply for Official Quotation of all Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any of the Company's Shares unless and until the Company has re-complied with Chapter 12 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Sections 5.3 and 5.4 of this Prospectus).

If the Shares are not admitted to Official Quotation by ASX on or before 28 February 2018, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

6.6 Applications Outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any

other formalities need to be considered and followed in order to accept the Offer.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

6.7 FIRB Approval

Without limiting the statements made in Section 6.6 (Applications Outside Australia), applications made under this Prospectus by overseas investors may require approval from the Australian Government's Foreign Investment Review Board (**FIRB**) under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) and the *Foreign Acquisitions and Takeovers Regulation 2015* (Cth) (**FATR**).

You are urged to seek your own professional advice on whether or not any proposed application by you for Shares under this Prospectus will require FIRB approval.

6.8 Withdrawal of Offer

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) as soon as practicable.

7. COMPANY ACTIVITY

The principal activity of the Company remains the exploration for iron ore in the Mid West.

The Company's business plans for future operations are primarily focussed around:

- developing its existing portfolio of tenements in and around Robertson Range and Peak Hill;
- exploring the potential to acquire and or earn in to additional tenements in the Mid West that are prospective for iron ore; and
- seeking to act as a catalyst for the development of economic infrastructure in the Mid West.

Further details on how each of these objectives will be pursued are set out below.

7.1 Pursuing investment opportunities

As noted in the Company's Annual Report dated 20 June 2017, the Company continues to pursue overseas investment.

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

Following the appointment of Mr Chun Ming Ding as Chairman of the Company, the Company agreed with Zhongying to terminate the previous agreement and in early September 2017 a 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.

The Company also completed a debt for equity swap with another Chinese investor, Mr Song, in the amount of \$500,000 and entered into agreements with Aust-China Resources Group Co Ltd 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.

7.2 Mining Lease and Exploration Licences

As noted in the Company's recent Annual Financial Report, the Company 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 targeting iron mineralisation in the Robinson Range Formation; a sequence of interbedded banded iron formation (BIF), granular iron formation, siltstone and shale.

The Company has delineated significant JORC mineral deposits at Telecom Hill East and Telecom Hill West for

magnetite and a DSO mineral deposit at Telecom Hill East. A summary of the mineral resources is provided in the Independent Technical Assessment Report.

The Tenements being the Mining Lease M52/1068 and 7 Exploration Licences together comprise what is known as the Peak Hill Iron Project (**Project**) which comprise two areas known as Telecom Hill and Mount Padbury.

The Telecom Hill tenements comprise Mining Lease M52/1068 and Exploration Licences E52/1557, E52/1860, E52/2368 and E52/2993 and ELA52/3598 and the Mount Padbury tenements comprise Exploration Licences E52/1862, E52/1976 and E52/2279.

Together these tenements cover an aggregate area of 567.7km² and are held by Desert Resources Pty Ltd a wholly owned subsidiary of the Company.

Full particulars of the tenements comprising the project are set out in the Solicitor's Report Appendix 6.

On 26 October 2017, the Company announced to the ASX that Prospecting Licences 52/1329, 52/1330, 52/1331, 52/1332, 52/1333 and 52/1352 had lapsed. These Prospecting Licences did not cover a substantial area and lapsed at the end of their 8 year term after the Company determined that there was no significant iron mineralisation to warrant conversion of the licence areas to Mining Leases. The lapsing of these areas did not reduce the JORC compliant inferred resources of the Company.

7.3 Exploring the potential to acquire additional tenements

The Company is keen to expand its portfolio of tenements in the Mid West and, in particular, wishes to explore acquiring interests in tenements to the East and South of Geraldton to complement its portfolio to the North.

A number of parties have been identified to be approached about potential collaboration and/or transactions. No formal approaches have been made, nor will they be until such time as the Company is recapitalised and its Shares are requested on ASX.

The Company is open to a range of potential models of collaboration including earn-in, joint ventures and acquisitions.

Further funding may be sought from Shareholders or other funding sources as necessary to pursue specific opportunities that are developed by the Company.

7.4 Exploring the potential for infrastructure solutions in Mid West Region of Western Australia

As noted in the Company's last Annual Financial Report, the Company continues to explore models to develop an economically viable infrastructure solution that will open up the Mid West Region.

The initial focus is to collaborate with mining or exploration companies to the South of the proposed port at Oakajee.

As part of this strategy, the Company continues to explore potential avenues to engage and collaborate with local and

overseas companies in relation to a future infrastructure solution for the Mid West Region.

The Company hopes that over time it can potentially play a role as a catalyst to develop an economic infrastructure solution working closely with other stakeholders and with an initial focus on servicing mines to the South of Geraldton.

In this regard, the Company will look to create an alliance of interested parties, drawing on the past lessons of the Geraldton Iron Ore Alliance and MagNet (Magnetite Network).

The funds raised through the Offer will assist with the continuation of the operations and activities referred to above.

8. RISK FACTORS

8.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, and that they consult their professional advisers, before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Company Specific

(a) Re-Quotation of Shares on ASX

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares until such time as the Company does re-comply with the ASX Listing Rules.

As noted in Section 5.3, if the Company's Shares are not reinstated to quotation by 28 February 2018, the ASX will remove the Company from the Official List from the commencement of trading on 1 March 2018.

(b) Dilution Risk

The Company currently has an issued Share capital of 4,420,833,650 Shares and, if the Offer is fully subscribed, will have an issued Share capital of between 4,820,833,650 and 4,870,833,650 Shares. It may be necessary or appropriate, in the future, for the Company to undertake a consolidation of its issued Share capital.

(c) Reliance on Key Personnel

The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced personnel and consultants given the relatively small size of the Company compared with other industry participants, particularly if there is an increase in

demand for highly skilled people in the industry or uncertainty about the future plans and prospects of the Company.

(d) Tenement Title and Renewal Risks

Interests in tenements in Western Australia are governed by the mining legislation and regulations of Western Australia. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. The Company needs to comply with these license conditions in order to retain title to, or renew and maintain, the tenements.

The Solicitor's Report in Section 11 reports on the tenements held by the Company. To maintain them the Company will need to meet ongoing expenditure conditions and the risk associated with exploration.

(e) Native Title and Heritage Risk

The development of the Company's mineral deposits and or the transportation of iron ore will or may require further negotiations with the Native Title parties and indigenous groups who have rights or claims in respect of the land on which such developments are located. Further exploration work or project developments would likely also require heritage approvals. There is a risk that the Company may not be able to negotiate or finalise arrangements with the relevant Native Title parties or indigenous groups to enable the Company to undertake its proposed or future activities.

(f) Future Capital Requirements

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's future projects may result in delay and indefinite postponement of their activities and potential development.

There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs, as the case may be.

(g) Risks Associated with Operating in Western Australia

The Company's principal assets are located in the East Murchison Region in the Mid West and are or may be subject to a number of risks, including:

- potential difficulties in protecting rights and interest in assets including but not limited to Native Title claims;
- obtaining access to transportation solutions to the coast and access to a deepwater port; and
- lack of government support for economic infrastructure solutions in the Mid West.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial position.

(h) Exploration and Development Risks

The business of iron ore exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is or may be dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable reserves;
- access to adequate capital for project development;
- sufficient access to power and water solutions;
- design and construction of efficient development and production infrastructure and transportation solutions within capital and operating expenditure budgets;
- securing and maintaining title to tenements
- obtaining consents and approvals necessary for the conduct of exploration, development and production; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs will depend, among other things, on successful exploration and establishment of production facilities and transport solutions.

Drilling activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

There is no assurance that any exploration on current or future tenements will result in the establishment of sufficient ore reserves to justify mining in a very remote location.

(i) Price Volatility

The demand for, and price of, iron ore is highly dependent on a variety of factors, including international supply and demand, weather conditions, actions taken by governments, and global economic and political developments.

A material decline or volatility in the price of iron ore may have a material adverse effect on the Company's business, financial condition and results of operations.

If the Company achieves success leading to iron ore production, the revenue it will derive through the sales that exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for iron ore, technological advancements, forward selling activities and other economic factors.

(j) Exchange Rate Volatility

International prices of various commodities including iron ore are typically denominated in United States dollars or other foreign currencies, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of rates of exchange between those currencies and the Australian dollar as determined in international markets.

(k) Reserves and Resource Estimates

Reserve and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect the Company's business or operations.

(l) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- identifying a metallurgical process through test work to produce a saleable ore and/or concentrate;
- developing an economic process route to produce or and/or concentrate; and
- changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

As noted elsewhere in this Prospectus, the Company's iron deposits are predominantly magnetite deposits and have different characteristics to many of the iron ore mines and iron ore bodies located in the Pilbara Region of Western Australia, which are haematite or direct shipping ore (DSO).

(m) Industry Operation Risks

In the future, industry operating risks include fire, explosions, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty.

The occurrence of any of these risks in the future could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

(n) Environmental Risks

The operations and proposed activities of the Company are subject to laws and regulation concerning the environment. As with most exploration and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The development of transportation solutions for the Company's minerals may also have an impact on the environment.

(o) Competition

If there is a viable business for the development of its mineral deposits and other assets, the Company will compete with other companies, including major world mining companies. All of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

(p) Potential Acquisitions or other Commercial Arrangements

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects, although no such acquisitions or investments are currently planned. The Company may also enter into other commercial arrangements, such as earn-ins, joint ventures, asset disposals, collaborations and other

types of project partnerships. Any such transactions will be accompanied by the risks and costs commonly encountered in undertaking such transactions.

8.3 General Risks

(a) Trading Price of the Company's Shares

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares.

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general, and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Unpredictable influences on the market for equities could include, but not be limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(b) Economic

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and its ability to fund its proposed operations and activities.

Factors that may contribute to the general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation, tax changes, new legislation, and movements in interest rates, inflation rates and currency exchange rates.

(c) Litigation Risks

The Company could be the subject of legal claims or litigation including, but not limited to, intellectual property claims, regulatory intervention, claims and employee claims.

The Company is a defendant in proceedings instituted New South Wales by a former shareholder

seeking the sum of \$163,833 (plus interest and costs) in relation to loss allegedly suffered as a result of an announcement made by previous directors of the Company (those directors are also parties to these proceedings). Otherwise, the Company is not engaged in any material litigation.

(d) Market Conditions

Share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) iron ore price;
- (ii) general economic outlook;
- (iii) introduction of tax reform or other new legislation;
- (iv) interest rates and inflation rates;
- (v) changes in investor sentiment toward particular market sectors; and
- (vi) the demand for, and supply of, capital.

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(e) Market Acceptance

The global marketplace and demand for the Company's products may change over time and may be affected by a large number of factors which are outside the control of the Company. Accordingly, there is a risk that the Company may not be able to sell its products at all (or at an acceptable price), which could adversely impact the Company's income, profits, operations and commercial viability.

(f) Global credit and investment markets

Global credit, commodity and investment markets have in the past and may in the future experience a high degree of uncertainty and volatility. The factors which have led or could lead to this situation will or may be outside the control of the Company and may continue for some time. This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(g) Regulatory Risk

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its Shares. In addition, there is a

commercial risk that legal action may be taken against the Company in relation to commercial matters.

(h) Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(i) Insurance

The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available, unaffordable or because the Board or Management team of the Company consider the required premiums to be excessive having regard to the benefits that may accrue.

8.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

9. ADDITIONAL INFORMATION

9.1 Litigation

As at the date of this Prospectus, the Company had a claim filed against it in New South Wales on 7 August 2017 in an amount of \$163,833 (plus interest and costs) in relation to loss allegedly suffered by a shareholder as the result of announcement made by previous directors. Otherwise the Directors are not aware of any material legal proceedings pending or threatened against the Company.

9.2 Rights and liabilities attaching to Shares

The Shares offered under this Prospectus will be fully paid ordinary shares in the issued capital of the Company and will, upon issue, rank equally with all other Shares then on issue.

The rights and liabilities attaching to Shares are regulated by the Company's Constitution, the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and common law.

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other Shares in respect of which there is any liability.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Variation of rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting.

In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

9.3 Interests of Directors

Other than as set out in this Prospectus, no Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

9.4 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or

- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

RSM Corporate Australia Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 9 of this Prospectus. The Company estimates it will pay RSM Corporate Australia Pty Ltd a total of \$8,000 (excluding GST) for these services. During the 24 months preceding lodgment of this Prospectus with the ASIC, RSM Australia Partners Pty Ltd (an associated entity of RSM Corporate Australia Pty Ltd) has received \$131,183.25 in fees from the Company for auditing services.

Christensen Partners has acted as the solicitors to the Company in the preparation of this Prospectus. The Company estimates it will pay Christensen Partners \$19,352.00 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates and \$47,230.00 (excluding GST and disbursements) in fees from the Company up to 30 November 2017 for other legal services.

CSA Global Pty Ltd has acted as the independent technical expert in the preparation this Prospectus. The Company estimates it will pay CSA Global Pty Ltd \$24,500 (excluding GST) for these services and \$136,411.12 (excluding GST) for work completed up to 30 November 2017 for other advisory services.

One of the Company's Directors, Mr Phil McKeiver, is a former partner (now senior consultant) of the Perth office of Gilbert+Tobin Lawyers. Gilbert+Tobin is one of the Company's legal advisors, but is not advising the Company or its Board or Management team on this Prospectus.

9.5 Consents

Each of the parties referred to in this Section:

- (a) do not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

RSM Corporate Australia Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 9 of this Prospectus in the form and context in which the information and report is included. RSM Australia Partners Pty Ltd has not withdrawn its consent prior to lodgment of this Prospectus with the ASIC.

RSM Australia Partners has given its consent to being named as auditor in this Prospectus. RSM Australia Partners has not withdrawn its consent prior to lodgment of this prospectus with the ASIC.

Christensen Partners has given its written consent to being named as the solicitors to the Company in this Prospectus and has prepared the Solicitor's Report on Tenements in Section 11 of this Prospectus. Christensen Partners has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

CSA Global Pty Ltd has given its written consent to being named as independent technical expert to the Company in this Prospectus and has prepared the Independent Technical Assessment Report (ITAR). CSA Global Pty Ltd has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

9.6 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$319,063 for the Minimum Subscription or \$349,850 for the full subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$)	Full Subscription (\$)
ASIC fees	2,225	2,225
ASX fees	12,338	13,125
Legal and Due Diligence Fees	25,000	25,000
Investigating Accountant's Fees	8,000	8,000
CSA Global	24,500	24,500
Fees for overseas subscribers	240,000	270,000
Printing and Distribution	2,000	2,000
Miscellaneous	5,000	5,000
TOTAL	319,063	349,850

* The Company invites direct applications for Shares pursuant this Prospectus. No broker commissions will be paid by the Company on any applications made through licensed security dealers or Australian financial services licensee and accepted by the Company. The amount calculated is based on 100% of applications being made directly to the Company.

** The Company has agreed to pay any government and associated costs incurred by overseas subscribers up to 6%.

9.7 Continuous disclosure obligations

Following readmission of the Company to the Official List, the Company will continue to be a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s Shares.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Only a limited amount of the information previously disclosed to the market by the Company has been reproduced in this Prospectus. The Company’s previous announcements to the market are available via the ASX platform or via the Company’s website: www.aust-sino.com.

9.8 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the ASX company announcements platform or the Company’s website at www.aust-sino.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

9.9 Financial Forecasts

The Directors consider that it is not possible to accurately predict any future revenues or profitability of the Company or whether any revenues or profitability will eventuate. The business of the Company is dependent upon a number of factors and many of these factors are outside the control of the Company. Consequently, the Company, the Directors do not make any forecast or representation in relation to the Company’s future financial position or performance.

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring

stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise

holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of Shares can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9.11 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Security holder and to facilitate distribution payments and corporate communications to you as a Security holder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Shares in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

By investing in the Company, you will be taken to have consented to the uses and disclosures of your personal information in the manner described above.

10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Mr Chun Ming Ding
Executive Chairman
For and on behalf of AustSino Resources Group Limited

11. GLOSSARY

ASIC means Australian Securities & Investments Commission.

Associates means associates as defined in the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Closing Date means the closing date of the Offer.

Company means **AustSino Resources Group Limited** (ACN 009 076 242).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Mid West Region means the Mid West Region of Western Australia.

Minimum Subscription means the Company receiving valid applications for not less than 400,000,000 Shares under the Offer to raise \$4,000,000.

Offer means the offer of up to 450,000,000 Shares at an issue price of \$0.01 per Share to raise up to \$4,500,000 with a Minimum Subscription.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Prospectus means this replacement prospectus.

Section means a section of this replacement Prospectus.

Share means a fully paid ordinary share in the capital of the Company and, if the context so requires, includes a Share issued under this Prospectus.

Shareholder means a holder of Shares.

WST means Western Standard Time as observed in Perth, Western Australia.

12. INDEPENDENT TECHNICAL ASSESSMENT REPORT - APPENDIX A



CSA Global
Mining Industry Consultants



Independent Technical Assessment Report

Peak Hill Iron Project: Western Australia

CSA Global Report Nº R425.2017

20 December 2017

www.csaglobal.com

Report prepared for

Client Name	AustSino Resources Group Ltd
Project Name/Job Code	ARGLITR01
Contact Name	Mike Keemink
Contact Title	Executive Director
Office Address	100 Colin St, West Perth WA 6005


Report issued by

CSA Global Office	CSA Global Pty Ltd Level 2, 3 Ord Street West Perth, WA 6005 AUSTRALIA PO Box 141, West Perth WA 6872 AUSTRALIA T +61 8 9355 1677 F +61 8 9355 1977 E csaaus@csaglobal.com
Division	Corporate

Report information

File name	R425.2017 ARGLITA01 Peak Hill Iron Project ITAR (DRAFT).docx
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Author and Reviewer Signatures

Coordinating Author	James Potter BSc (Hons) MBA, MAusIMM, MAIG	Signature:	Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
Contributing Author	Mark Pudovskis BSc (Applied Geology) MAusIMM	Signature:	
Peer Reviewer	Trivindren Naidoo MSc, Grad.Cert (Mineral Economics), FGSSA, MAusIMM, and Pr.Sci.Nat. (Geology)	Signature:	Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
CSA Global Authorisation	Graham Jeffress BSc(Hons), FAIG, RPGeo, FAusIMM, FSEG	Signature:	Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.

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Executive Summary

CSA Global Pty Ltd (CSA Global) was requested by AustSino Resources Group (AustSino or “the Company”) to prepare an Independent Technical Assessment Report (“ITAR” or the “Report”) on the Peak Hill Iron Project (the “Project”).

The Report is for inclusion in a prospectus for the issue of 450,000,000 shares at \$0.01 cents to raise up to \$4,500,000 with a minimum subscription of 400,000,000 shares to raise \$4,000,000. The Report was prepared in accordance with the VALMIN¹ Code. A valuation was not requested.

The Project is in the Peak Hill district, 150 km north of Meekatharra and some 900 km north-east of Perth, Western Australia. It comprises seven granted Exploration Licences, one pending Exploration Licence, and one granted Mining Licence, covering an aggregate area of 567.7 km². The tenements are held by Desert Resources Pty Ltd, a wholly owned subsidiary of AustSino.

AustSino is incorporated in Australia is seeking to be removed from suspension from the Australian Securities Exchange (ASX) to raise funds for the purposes of undertaking drilling and other programmes at the Project. AustSino have engaged CSA Global as an independent technical specialist to assess the proposed exploration and development programme and budget.

Peak Hill Iron Project, Western Australia

AustSino holds 100% of the iron rights to the tenements within the Peak Hill Iron Project. All the granted tenure has been authorised for iron by the Government of Western Australia Department of Mines, Industry Regulation and Safety (DMIRS). The rights for gold, base metals and manganese have been assigned to third parties and are not discussed in this Report.

The granted tenements cover an area of approximately 550.5 km², with the pending application covering 17.2 km². The Project contains the Telecom Hill Iron Mineral Resource Estimate (Table 1, Table 2 and Table 3) along with exploration targets which include both magnetite beneficiation feed “ore” (BFO) and goethite/haematite direct shipping “ore” (DSO) mineralisation.

The Project’s key technical points comprise:

- The principal iron mineralisation style is a primary magnetite-bearing Palaeoproterozoic banded iron formation or BIF (the Robinson Range Formation) containing typically 20–40% Fe. The magnetite protore (± haematite and silica), is colloquially termed a ‘beneficiation feed ore’ (BFO), and can be upgraded to marketable iron concentrate, grading greater than 64% Fe. The beneficiation process is via grinding and magnetic separation, which recovers the magnetite component.

CSA Global believes that although the concentrate grade achieved is of likely marketable quality, ongoing studies are required to fully understand the metallurgical properties and mineral distribution within the BIF, with a view to potentially also recovering any haematite component.

- A direct shipping “ore” (DSO) component of goethite and/or haematite-rich mineralisation is also present, formed by the supergene enrichment of the primary BIF.
- The Peak Hill Iron Project contains both a BFO (magnetite) and a DSO (haematite) Mineral Resource at Telecom Hill, which was drilled between 2008 and 2012. The Mineral Resources are detailed below in Table 1, Table 2, and Table 3 with the 2012 JORC Code Table 1 in Appendix 1.

¹ Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. The VALMIN Code, 2015 Edition. Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

- The Telecom Hill magnetite Mineral Resource remains open along strike in the Robinson Range Formation with significant potential to delineate additional magnetite concentrate resources. CSA Global believes the Project's tenements are under-explored and that potential to increase the resources remains.
- Interpretation of aeromagnetic *geophysical* data has identified an additional 16 prospective DSO targets that warrant field reconnaissance and (potentially) drill testing.
- A comprehensive and systematic work programme comprising field reconnaissance, geophysics and drilling is proposed for 2018 and 2019 to further develop the Project.

Table 1: Magnetite Mineral Resource, Telecom Hill.
Quoted from blocks where Mass Recovery >15% and fresh rock domain blocks.

LODE	JORC Classification	Million Tonnes	Fe HEAD (%)	SiO ₂ HEAD (%)	Al ₂ O ₃ HEAD (%)	MgO HEAD (%)	P HEAD (%)	S HEAD (%)	LOI HEAD (%)
1	Indicated	192	30.0	45.6	1.7	2.1	0.185	0.05	5.52
	Inferred	250	27.8	46.0	3.0	2.5	0.170	0.04	5.89
2	Inferred	79	21.8	50.8	5.8	2.7	0.257	0.02	4.06
4	Inferred	179	26.8	45.5	4.1	1.8	0.402	0.04	4.63
Total	Indicated	192	30.0	45.6	1.7	2.1	0.185	0.05	5.52
	Inferred	508	26.5	46.6	3.8	2.3	0.265	0.04	5.16
	Total	700	27.5	46.3	3.2	2.2	0.243	0.04	5.26

Table 2: DSO Mineral Resource, Telecom Hill East.
Quoted from blocks where Fe>50% and mRL>=470

LODE	JORC Classification	Million Tonnes	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)
1	Inferred	11.5	58.6	9.6	2.3	0.211	0.02	3.12

Table 3: Telecom Hill in situ concentrate resources
Concentrate tonnes and grades reported from Mass Recovery > 15% and fresh rock domain blocks.

JORC Classification	Million Tonnes	Mass Recovery (%)	Fe CONC (%)	SiO ₂ CONC (%)	Al ₂ O ₃ CONC (%)	MgO CONC (%)	P CONC (%)	S CONC (%)	LOI CONC (%)
Indicated	43	22.4	66.8	5.7	0.2	0.2	0.046	0.03	-1.17
Inferred	115	22.6	63.8	9.4	0.4	0.3	0.044	0.02	-0.92
Total	158	22.5	64.6	8.4	0.3	0.3	0.045	0.03	-0.99

Davis Tube Recovery (DTR) at p80 38µm to liberate the reported concentrate grades

Use of funds

The Company proposes a minimum exploration budget of \$800,000 in 2018, and \$820,000 in 2019, to be undertaken using the funds raised from the capital raising.

The exploration funds will be allocated based on prospectivity and statutory tenement commitments. The largest proportion of the funds will be allocated to the Telecom Hill area, with the aim being to better understand the metallurgy of the BFO, and increase the magnetite mineral resource by drilling along strike.

A majority of the other DSO target areas are under-explored and will require initial field reconnaissance and potential scout drilling.

The proposed exploration budget exceeds the anticipated minimum statutory annual expenditure commitments which currently stands at \$753,000 as outlined by the DMIRS.

The Company's commitments to exploration and production activities satisfy the requirements of the ASX listing Rules 1.3.2(b) and 1.3.3(b). CSA Global understands with a successful capital raising the Company will have sufficient working capital to carry out its stated objectives, satisfying the requirements of the ASX listing Rules 1.3.3(a), following their intended capital raising. CSA Global considers the Project has sufficient technical merit to justify the proposed exploration programs and associated expenditure.

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1 Introduction

1.1 Context, Scope, and Terms of Reference

CSA Global Pty Ltd (CSA Global) was requested by AustSino Resources Group Limited (AustSino or “the Company”) to prepare an Independent Technical Assessment Report (ITAR) for use in a prospectus to support the issue of 450,000,000 shares at \$0.01 to raise up to \$4,500,000, with a minimum subscription of 400,000,000 shares to raise \$4,000,000. These funds will be used for the exploration, evaluation, and development of the Peak Hill Iron Project.

The Company holds the iron rights to the Peak Hill Iron Project that comprises seven granted Exploration Licences, one granted Mining Lease and one Exploration Licence under application. All tenure is held under the name Desert Resources Pty Ltd, a wholly owned subsidiary of AustSino Resources Group Limited.

The ITAR is an Independent Technical Assessment Report subject to the VALMIN² Code. In preparing this ITAR, CSA Global:

- Adhered to the VALMIN Code.
- Relied on the accuracy and completeness of the data provided to it by AustSino, and that AustSino made CSA Global aware of all material information in relation to the Projects.
- Relied on AustSino’s representation that it will hold adequate security of tenure for exploration and assessment of the Projects (outlined in the accompanying solicitors report).
- Required that AustSino provide an indemnity to the effect that AustSino would compensate CSA Global in respect of preparing the report against any and all losses, claims, damages and liabilities to which CSA Global or its Associates may become subject under any applicable law or otherwise arising from the preparation of the report to the extent that such loss, claim, damage or liability is a direct result of AustSino or any of its directors or officers knowingly providing CSA Global with any false or misleading information, or AustSino, or its directors or officers knowingly withholding material information.
- Required an indemnity that AustSino would compensate CSA Global for any liability relating to any consequential extension of workload through queries, questions, or public hearings arising from the reports.

1.2 Compliance with the VALMIN and JORC Codes

The report has been prepared in accordance with the VALMIN Code, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC³ Code and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and ASX that pertain to independent expert’s reports (IERs).

1.3 Principal Sources of Information and Reliance on Other Experts

CSA Global has based its review of the Project, on information made available to the principal authors by AustSino along with technical reports prepared by consultants, government agencies, previous tenements holders, and other relevant published and unpublished data.

² *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. The VALMIN Code, 2015 Edition.* Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

³ *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition.* Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

CSA Global has also relied upon discussions with AustSino's management for information contained within this assessment. CSA Global has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy, and completeness of the technical data upon which this report is based. Unless otherwise stated, information and data contained in this technical report or used in its preparation has been provided by AustSino in the form of documentation.

Descriptions of the mineral tenure; tenure agreements, encumbrances and environmental liabilities were provided to CSA Global by AustSino or its technical consultants. CSA Global has also relied on information from online web-based land records systems the from the Western Australian Government Department of Mines, Industry Regulation and Safety (DMIRS) GeoView systems (<https://geoview.dmp.wa.gov.au/GeoViews/?Viewer=GeoVIEW>) and Minerals Titles Online (MTO: <http://www.dmp.wa.gov.au/Mineral-Titles-online-MTO-1464.aspx>) in respect to the Peak Hill Iron Project.

CSA Global has not independently verified the legal status or ownership of the property or any of the underlying agreements however, all the information appears consistent with the information provided by the Company to CSA Global.

AustSino has warranted to CSA Global that the information provided for preparation of this report correctly represents all material information relevant to the Project. Full details on the tenements is provided in the Independent 'Solicitors' Report on Mining Tenements' completed by Christensen Partners Pty Ltd 18th December 2017 elsewhere in the prospectus.

1.4 Authors of the Report

CSA Global is a privately owned, mining industry consulting company headquartered in Perth, Western Australia. CSA Global provides geological, resource, mining, management and corporate consulting services to the international resources sector and has done so for more than 30 years.

This Independent Technical Assessment Report (ITAR) has been prepared by a team of consultants sourced principally from CSA Global's Perth and Kalgoorlie offices. The individuals who have provided input to the ITAR have extensive experience in the mining industry and are members in good standing of appropriate professional institutions. The consultants preparing this ITAR are specialists in the field of geology and exploration, in particular relating to iron ore.

The following individuals, by virtue of their education, experience and professional association, are considered Competent Persons, as defined in the JORC Code (2012), and Specialists, as defined in the VALMIN Code (2015), for this report. The Competent Persons' individual areas of responsibility are presented below:

- Principal Author – Mr James Potter (Consultant Geologist with CSA Global in Kalgoorlie, WA), responsible for oversight of the report and those sections dealing specifically with exploration of the tenure.
- Contributing Author – Mr Mark Pudovskis (Principal Consultant, Exploration with CSA Global in Perth, WA) responsible for oversight of the report and those sections dealing specifically with mineral resource estimates
- Peer Review – Trivindren Naidoo (Principal Consultant Corporate, with CSA Global in Perth, WA) was responsible for the peer review of the report
- Mr Graham Jeffress (Manager – Corporate of CSA Global in Perth, WA), responsible for the entire report.

James Potter (BSc (Hons), MBA, MAIG, MAusIMM) has close to 20 years' experience in the mineral industry, ranging from early stage exploration to production. James has held senior management roles and has specialist expertise in structural geology, 3D geological interpretation, regolith interpretation and data management. James has an extensive background in Archaean gold, base metals and iron ore projects. He uses a practical, hands on leadership to facilitate project management, strategy design and implementation. James is a Member of the AusIMM and a Member of AIG and holds a Masters of Business Administration (MBA).

Mark Pudovskis (BSc (Applied Geology) MAusIMM) has significant iron experience from his time working with BHPB. Mark is a geologist with over 20 years' multi-commodity global experience across a variety of geological terranes, with specialist expertise in exploration for and the evaluation of iron ore, manganese and potash deposits.

Peer review was completed by CSA Global Principal Consultant, Mr Trivindren Naidoo, MSc (Exploration Geology), Grad.Cert (Mineral Economics), FGSSA, MAusIMM, and Pr.Sci.Nat. (Geology). Trivindren is a consulting geologist with over 17 years' experience in the minerals industry, including 12 years as a consultant. He has an extensive background in mineral exploration, and specialises in due diligence reviews, project evaluations and valuations, as well as code-compliant reporting. Trivindren's knowledge is broad-based, and he has wide-ranging experience in the field of mineral exploration and resource development, having managed or consulted on various projects ranging from first-pass grassroots exploration to brownfields exploration and evaluation. Trivindren has the relevant qualifications, experience, competence, and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

CSA Global Authorisation was completed by Mr Graham Jeffress (BSc(Hons) FAIG, RPGeo, FAusIMM, FSEG), a geologist with over 28 years' experience in exploration geology and management in Australia, Papua New Guinea and Indonesia. He has worked in exploration (ranging from grassroots reconnaissance through to brownfields, near-mine, and resource definition), project evaluation and mining in a variety of geological terrains, commodities, and mineralisation styles within Australia and internationally, including gold exploration in the Mid-West, Eastern Goldfields and in the Lake Grace region. Graham has completed numerous independent technical reports and valuations of mineral assets.

1.5 Independence

Neither CSA Global, nor the authors of this report, has or has had previously, any material interest in AustSino or the mineral properties in which AustSino has an interest. CSA Global's relationship with AustSino is solely one of professional association between client and independent consultant. CSA Global have a non-binding consultant-client relationship with AustSino providing services under a normal commercial basis. Previous work completed includes mineral resource estimates, targeting studies, field mapping projects and drill programme design and supervision.

CSA Global is an independent geological consultancy. Fees are being charged to AustSino at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the report. The fee for the preparation of this report is approximately \$25,000.

No member or employee of CSA Global is, or is intended to be, a director, officer or other direct employee of AustSino. No member or employee of CSA Global has, or has had, any shareholding in AustSino.

There is no current formal agreement between CSA Global and AustSino, as to AustSino providing further work for CSA Global. CSA Global have provided technical consultancy services to AustSino supporting ongoing exploration and compliance at the Peak Hill Iron Project.

1.6 Declarations

1.6.1 Purpose of this Document

This report has been prepared by CSA Global at the request of, AustSino. Its purpose is to provide an ITAR of AustSino's Peak Hill tenure.

The report is to be included in its entirety within a prospectus to be prepared by AustSino in connection with a proposed capital raising raise up to AUD\$4,500,000 with a minimum subscription to raise \$4,000,000. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The statements and opinions contained in this report are given in good faith and in the belief, that they are not false or misleading. The conclusions are based on the reference date of 18th December 2017 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

1.6.2 Competent Person's Statements

The information in the report that relates to the Technical Assessment of the Mineral Assets, Exploration Target, or Exploration Results for AustSino's Peak Hill Iron Project is based on, and fairly represents, the information compiled and conclusions derived by Mr James Potter, a Competent Person who is a Member of the AIG and a Member of the AusIMM.

Mr Potter is a full-time employee of CSA Global.

Mr Potter has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and types of deposits under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the "Australian Code for the public Reporting of Technical Assessments and Valuations of Mineral Assets", and as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Potter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr. Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Mr. Williams consents to the disclosure of information in this report in the form and context in which it appears.

1.6.3 Site Inspections

Mr Potter completed a site inspection of the Peak Hill Iron Project from 3–11th November 2017 as part of CSA Global's ongoing technical support of the project. Mr Potter visited key outcrops at Telecom Hill, inspected some drill core and reverse circulation (RC) drill spoils. During his time at the Project Mr Potter also visited several other areas of outcropping goethite-haematite mineralisation and Banded Iron Formation (BIF) including areas along strike from Mount Padbury and the outcrops previously identified by Sofoulis (1970) at Telecom Hill and other areas within the Project.

1.7 About this Report

This report outlines the prospectivity for iron mineralisation within the AustSino tenements located in the Peak Hill district of Western Australia. Each tenement or target area is discussed in detail including geology, work history, results, exploration potential, recommendations and technical risks. No valuation has been completed for the Project.

2 Peak Hill Iron Project

2.1 Location, access and infrastructure

The Peak Hill Iron Project is located approximately 150 km north of the township of Meekatharra and approximately 600 km northeast of Geraldton (Figure 1). The Project is accessed by the Great Northern Highway then by the Ashburton Downs – Meekatharra road which runs through the eastern edge of the project. Existing station and mineral development tracks transect a majority of the Project (Figure 2).



Figure 1: Peak Hill Iron Project Location Map

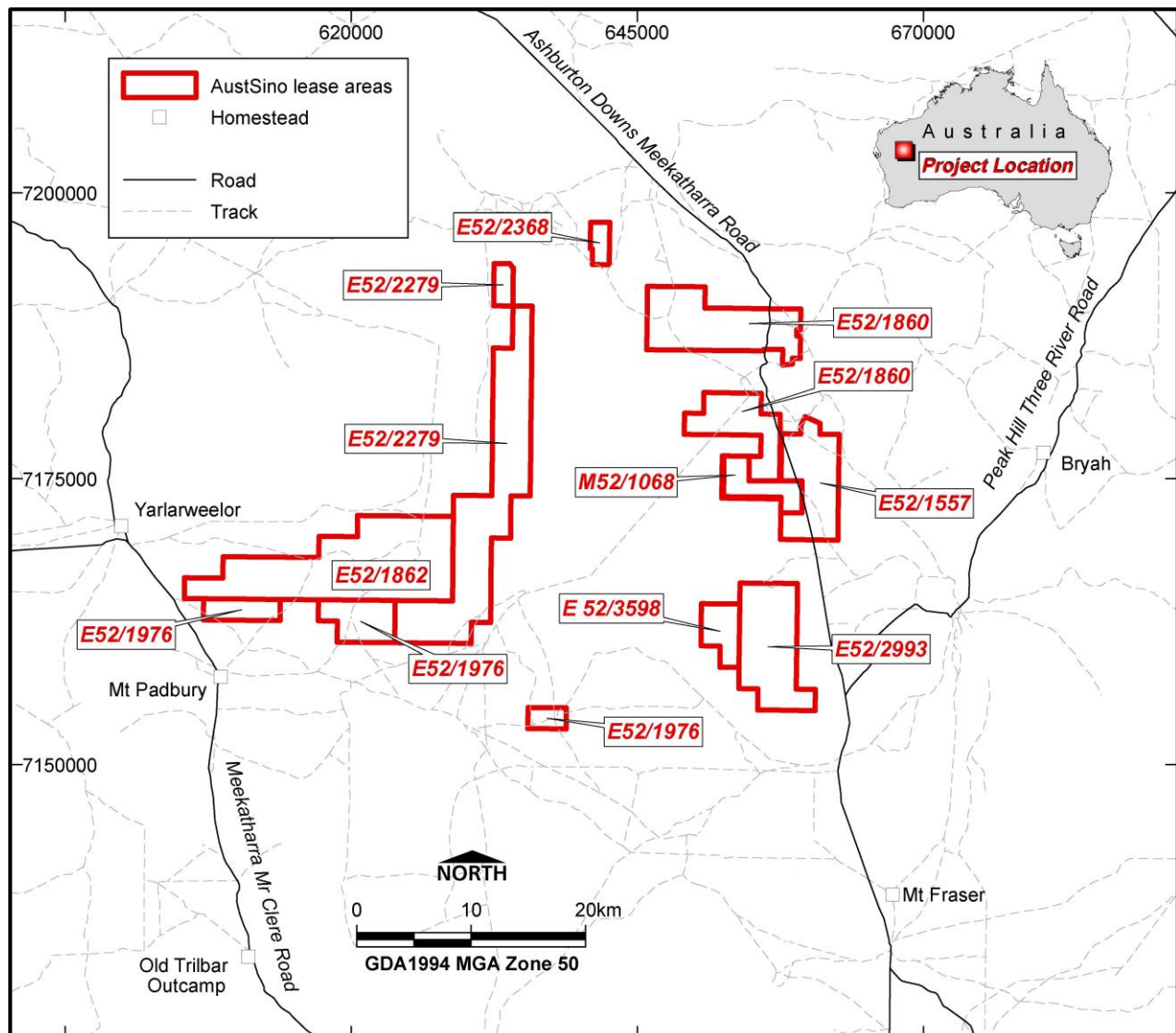


Figure 2: Peak Hill Iron Project Tenement Access plan

Geraldton, located approximately 600 km south west of the Project, is the closest port and the location of the proposed Oakajee Development Project. The development of the Oakajee project is currently on hold pending sufficient demand and commercial interest (DJTSI, 2017). Other ports include Cape Preston (860 km by road), Onslow (820 km by road) and Fremantle (960 km by road).

Road access, grid power and gas are all available within 100 km of the project area, however there is very limited rail infrastructure in the region. Part of the mothballed Oakajee development plan included rail through to Jack Hills and the Weld Range (Figure 1) located approximately 200 km from the Peak Hill Iron Project.

2.2 Climate, Topography and Vegetation

The Peak Hill region is classified as having a semi-arid climate with hot to extremely hot summers and mild winters. The mean summer maximum temperature is 37.1°C with a minimum of 23.3°C and a mean winter maximum temperature of 19.9°C and a minimum of 8.2°C (BOM 2017). Annual mean rainfall is 238.7 mm much of which falls in the warmer months January to March reflecting the influence of the wet season. The driest period is spring September–October where the average monthly rainfall is 5.3 mm.

The Banded Iron Formations of the Peak Hill region typically form prominent ridges rising up to 100 m above the surrounding terrain. Mount Padbury (695 mRL), Mount Fraser (770 mRL) and the unnamed peak near Telecom Hill (714 mRL) are all prominent features on the landscape (Photo 1).



Photo 1: Typical BIF ridge (note the telecom tower in the background on Telecom Hill).
Photo: James Potter CSA Global

The Murchison River to the south of the Project is the significant drainage feature which flows seasonally to the west. Access can be hampered during the summer wet season from November through to March especially in the flat plans adjacent to the large drainage systems. Vegetation is characterised by acacia scrub with variable wattle, eucalyptus and ghost gums trees.

2.3 Tenure

The Peak Hill Iron Project comprises eight Exploration Licences and one Mining Lease with details tabulated in Table 4. All granted tenure is authorised for iron. An addition Exploration Licence application (E52/3598) is pending iron authorisation. This licence is pending approval subject to various conditions, including but not limited to Native Title and Heritage considerations.

According to the independent solicitors' report (Christensen 2017) all tenements are currently held under the name of Desert Resources Pty Ltd which AustSino has a 100% equity interest in (AustSino 2017). CSA Global understands that all tenements in the Peak Hill Iron Project have agreements with third party company's relating to gold, base metals, and manganese. This report pertains to iron rights only, as per the outline in the agreed scope of work between CSA Global and AustSino. CSA Global has sighted the agreements, however is relying on the Independent Solicitors Report and AustSino's instruction in this matter.

Many of the tenements are nearing their expiry dates (Table 4) and as such will require further extension of term or conversion into a Retention Licence, or Mining Lease to ensure the tenure security.

CSA Global has been provided correspondence from DMIRS showing exemption from expenditure applications have been granted for E52/1557, E52/1860, E52/1862 and M52/1068. CSA Global has been supplied with expenditure reports showing minimum expenditure commitments for E52/1557, E52/1976 and E52/2993 are likely to be met following a recently completed field programme in the region.

Table 4: Peak Hill Iron Project Tenements

Tenement ID	Application Date	Grant Date	End Date	Auth for Iron	Area (blocks ⁴)	Area (ha)	Reporting Group
M52/1068	16/12/2014	22/06/2015	21/06/2036	Yes		1820.	
E52/1557	29/11/2000	9/11/2004	8/11/2018	Yes	16.		230/2007
E52/2368	9/03/2009	4/06/2009	3/06/2019	Yes	2.		230/2007
E52/1976	19/07/2006	24/11/2006	23/11/2018	Yes	13.		161/2009
E52/1860	11/04/2005	25/08/2005	24/08/2018	Yes	35.		230/2007
E52/2993	27/09/2013	7/11/2013	6/11/2018	Yes	18.		230/2007
E52/1862	11/04/2005	25/08/2005	24/08/2018	Yes	38.		161/2009
E52/2279	31/10/2008	20/03/2009	19/03/2019	Yes	39.		161/2009
ELA52/3598	24/11/2017	Pending Grant	NA	No	5.		

All tenements are granted, apart from ELA52/3598

All tenements are held by Desert Resources Pty Ltd

⁴A block is an area of 1 minute latitude by 1 minute longitude; the area comprising one graticule block will range from approximately 2.8 km² to 3.3 km² depending on the latitude.

2.4 Geology

The following Regional Geology (2.4.1) and Local Area Geology (2.4.2) sections are referenced from 'Geology and Mineralisation of the Palaeoproterozoic Bryah and Padbury Basins Western Australia' Pirajno, F., Occhipinti, S. A., and Swager, C., 2000. unless otherwise stated.

2.4.1 Regional Geology

The Peak Hill Iron Project is located within the Palaeoproterozoic Padbury and Bryah Basins. The Padbury Basin is a succession of clastic and chemical sedimentary rocks deposited on top of the Bryah Basin, which is a succession of mafic and ultramafic rocks. The two basins uncomfortably overlie the northern margin of the Yilgarn Craton (Figure 3). The basins form part of the Capricorn Orogen which is a collision zone between the Archaean Pilbara and Yilgarn Cratons. The Bryah Basin sequence was formed during back-arc seafloor spreading and rifting on the northern margin of the Yilgarn. The Padbury Basin formed unconformably on the Bryah Basin as a foreland structure resulting from either the c. 1800 Ma oblique collision of the Pilbara and Yilgarn Cratons or the c. 2000 Ma collision between the Glenburgh Terrane and the Yilgarn Craton (Glenburgh Orogeny).

The Peak Hill Schist is the oldest rock unit in the area and is a strongly foliated, often mylonitic sequence of phyllonite, quartz-muscovite schist, calc-silicate schist, sericite (-quartz) schist and quartz-muscovite-biotite-chlorite schist.. The Peak Hill Schist is thought to be the far western extent of the Marymia Inlier, an Archaean granite-greenstone basement within the Proterozoic rocks forming the Capricorn Orogen (Bagas, 1999).

The younger Bryah Group is in faulted contact with the Peak Hill Schist and unconformably overlies the rocks of the Archaean Yilgarn Craton to the south. The Bryah Group is divided into four formations (Figure 6) the Karalundi, Narracoota, Ravelstone, and Horseshoe, of which the Narracoota is the dominant formation. The Narracoota consists of tholeiitic extrusive and intrusive rocks, subordinate ultramafic units, intercalated with minor jasperoid chert and clastic sedimentary rocks. The remaining formations are sedimentary units including quartz conglomerates, quartz arenites, lithic wacke, shale, siltstone, mangiferous shale and banded iron formation.

Locally, the Padbury Group unconformably overlies the Horseshoe Formation of the Bryah group but in some locations, is in faulted contact with the Bryah Group and Yarlalweelor gneiss complex of the Yilgarn Craton (Figure 4). The age of the Padbury group is poorly constrained and is subdivided into four formations, Labouchere, Wilthorpe, Robinson Range and Millidie (Figure 6). The Padbury group is a sedimentary sequence containing quartz wake, siltstone, conglomerate, iron formations, haematitic shale, and minor clastic rocks and dolomite (Occhipinti et al., 1997).

The rocks of the Padbury and Bryah basins are thought to be pervasively deformed from either solely during the c. 1.8 Ga Capricorn Orogeny (Tyler et al., 1998) or in part also during the earlier c. 2.0 Ga Glenburgh Orogeny and then the Capricorn Orogeny (Occhipinti et al., 1999). Four distinct groups of structures have been identified (D1-D4), representing progressive compressional deformation history. The first recognised event is defined in the Peak Hill Anticline area as D1 layer parallel mylonitic thrust faults and originally sub-horizontal folds, overprinted by D2 upright east-west striking regional folds. Northerly-trending upright D3 folds and foliations recording east-west compression are weakly developed in the Peak Hill anticline but better developed elsewhere (Pirajno et al., 2000). The northerly trending structures (D3) do not always overprint the east west trending structures (D2) suggesting these may have developed during the same progressive deformation event.

The major fold structures in the Padbury and Bryah Basins are the Peak Hill Anticline, Robertson Range Syncline, Millidie Syncline, Fraser Synclinorium, Horseshoe Anticline and the Padbury Syncline (Figure 4) which all represent refolded folds. D4 structures include mesoscopic chevron folds, kinks, shear zones, and faults and

are locally accompanied by the development of a foliation which typically trend north-north-west and northwest in the Padbury-Bryah domain.

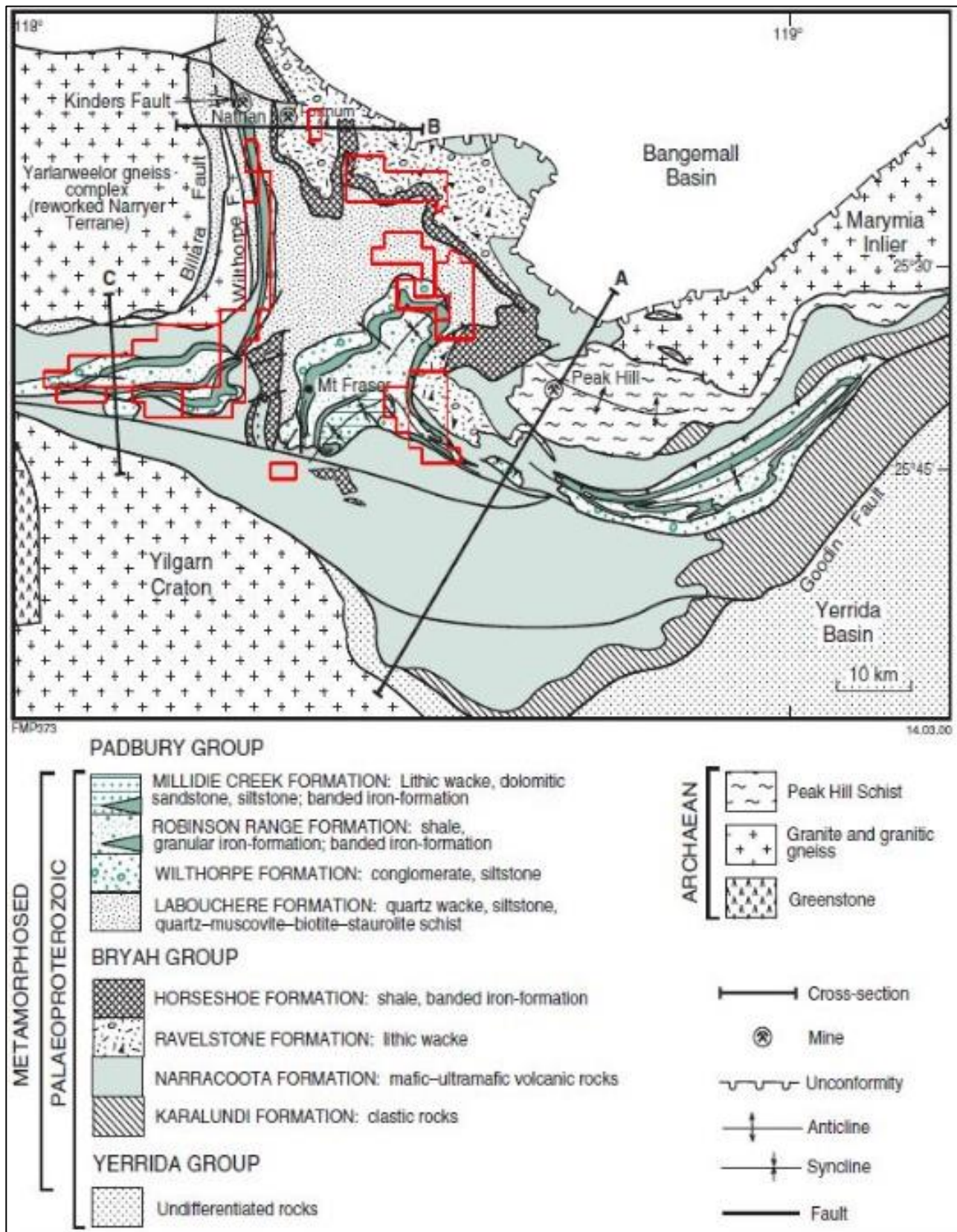


Figure 3: Simplified Regional Geology of the Padbury and Bryah Basins (after Pirajno et al., 2000, after Occhipinti, 1998). Approximate location of AustSino tenements in red.

Metamorphism within the Padbury group is greenschist facies with peak metamorphism occurring during the D2-D3 event associated with burial and metasomatism during the Capricorn Orogen.. Within the Padbury sequence the development of steeply plunging folds during D2 and D3 has produced structural thickening of the iron rich units potentially increasing the BFO tonnage in some areas. The late faulting during D4 also has the potential to produce structural thickening though localised duplication of the sequence. The folding and faulting events (D2 to D4) aid in the localisation of the meteoric fluids which are important during the enrichment process to form the DSO mineralisation. The metamorphic grade increase has the potential to enhance the magnetite grain size, aiding in the recovery process.

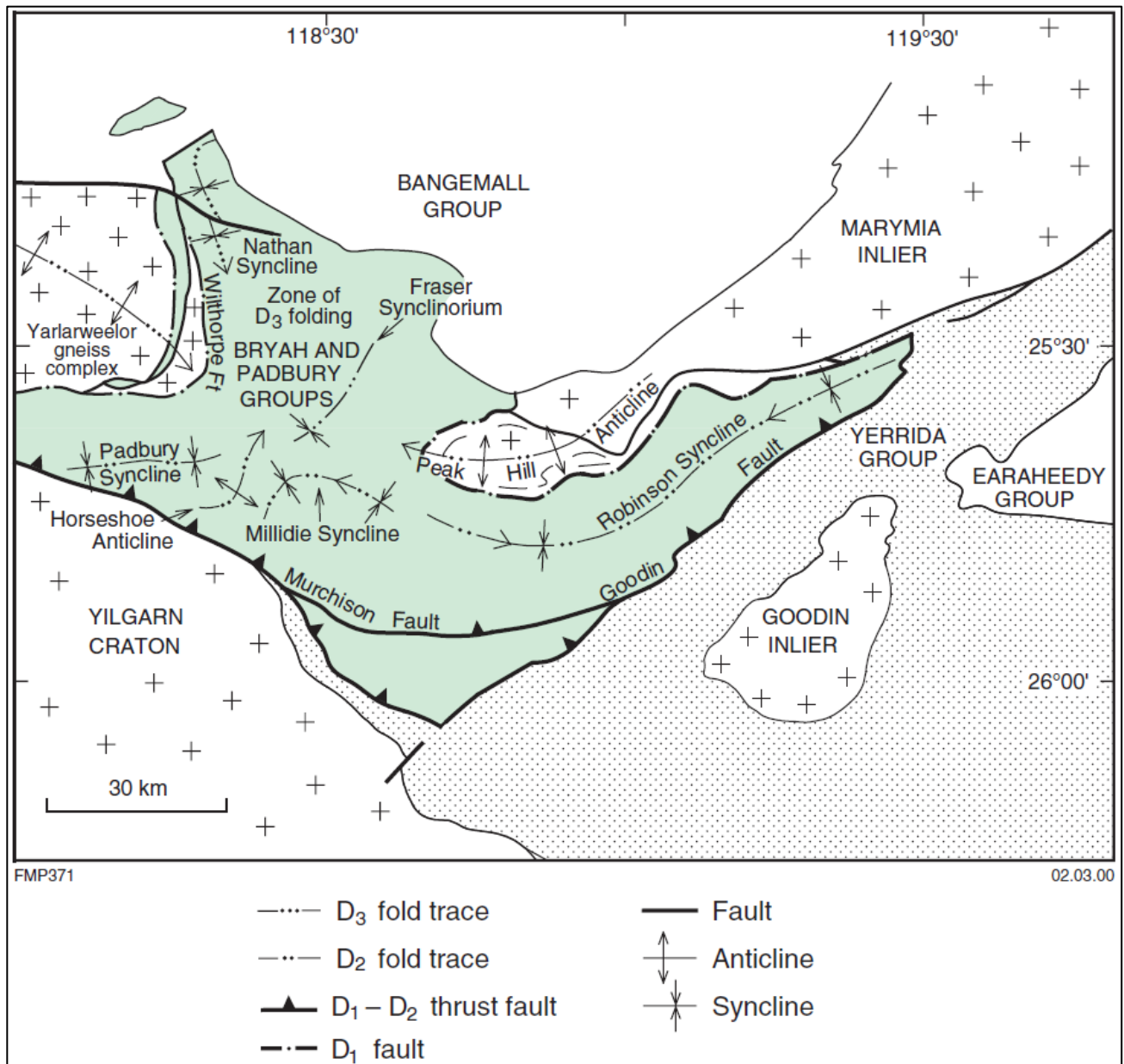


Figure 4: Major Regional Structures in the Bryah and Padbury Groups (Pirajno et al., 2000, after Occhipinti, 1998).

<i>Group</i>	<i>Age (Ma)</i>	<i>Formation</i>	<i>Rock type</i>
Padbury Group (peripheral foreland basin)	<c. 2000	Millidie Creek	sericitic siltstone, chloritic siltstone, banded iron-formation, dolomitic arenite
		Robinson Range	ferruginous shale, banded iron-formation
		Wilthorpe (Beatty Park and Heines Members)	quartz-pebble conglomerate (siltstone-wacke and polymictic conglomerate respectively)
		Labouchere	turbidite sequence (quartz wacke, siltstone)
	 <i>unconformable contact — tectonized in many places</i>	
Bryah Group (rift basin)	<c. 2000	Horseshoe	banded iron-formation, wacke, shale
		Ravelstone	quartz-lithic wacke
		Narracoota	mafic-ultramafic volcanic rocks and intercalated sedimentary rocks
		Karalundi	conglomerate, quartz wacke
	 <i>faulted contact</i>	
Yerrida Group (sag and rift basin)	c. 2174		

Figure 5: Stratigraphy of the Bryah and Padbury Groups
(Pirajno et al., 2000).

2.4.2 Project Area Geology

The outcrop geology is sparse with the exception of the BIF in the Robertson Range Formation and to a lesser extent the BIF of the Horseshoe formation. Much of the other formations within the Padbury-Bryah Basins are moderately to intensely weathered and covered by alluvial, colluvial or aeolian transported cover. The large drainage systems typically have braided seasonal waterways which produce wide flat alluvial basins.

The Robertson Range Formation within the Padbury Group is the focus of iron exploration at the Peak Hill Iron Project and forms elongate outcrops comprising a succession of BIF, siltstone and iron-rich shale with granular iron formation present in irregular lenses. The BIF has laminations up to 3cm thickness and comprises various amounts of quartz, iron oxides (haematite or magnetite), biotite and locally, ferro-actinolite. The shale and siltstone consist of fine-grained sericite, quartz, chlorite, iron oxides, and in a few places, minor sphene. The Robinson Range Formation contains the thickest sequence of magnetite rich BIF making it the most prospective unit for iron exploration.

The other notable unit in the project area is the Horseshoe Formation of the Bryah Basin. This unit hosts lateritic manganese which has been mined at the Horseshoe and Mount Padbury mines. The Horseshoe Formation includes finely laminated ferruginous shale, and siltstone, fine grained quartz-feldspar wacke, manganeseiferous shale, garnetiferous biotite-chlorite schist and garnetiferous iron formation.. The garnet could be related to the metamorphism of the Peak Hill Schist. The Geological Survey of Western Australian 40m aeromagnetic data suggests this unit has a high magnetite content due to the strong positive response.

The Mount Padbury – Mount Fraser area was originally mapped by Macleod in 1969 during mapping of the Peak Hill 1:250,000 sheet. The area was mapped by Sofoulis in 1970 where he focused on iron ore mineralisation. Subsequently most 1:100,000 mapping was completed in the 1990's Jamindi sheet published in 2013 (Cutten et al., 2013) Bryah Sheet: (Pirajno and Occhipinti 1998), Padbury Sheet (: Occhipinti et al., 1998), Milgun Sheet (Swager and Myers, 1999). Much of the 1:100,000 mapping was brought together into the interpretation completed by Pirajno et al. (2000) (Figure 6) which forms much of the geological background for this report.

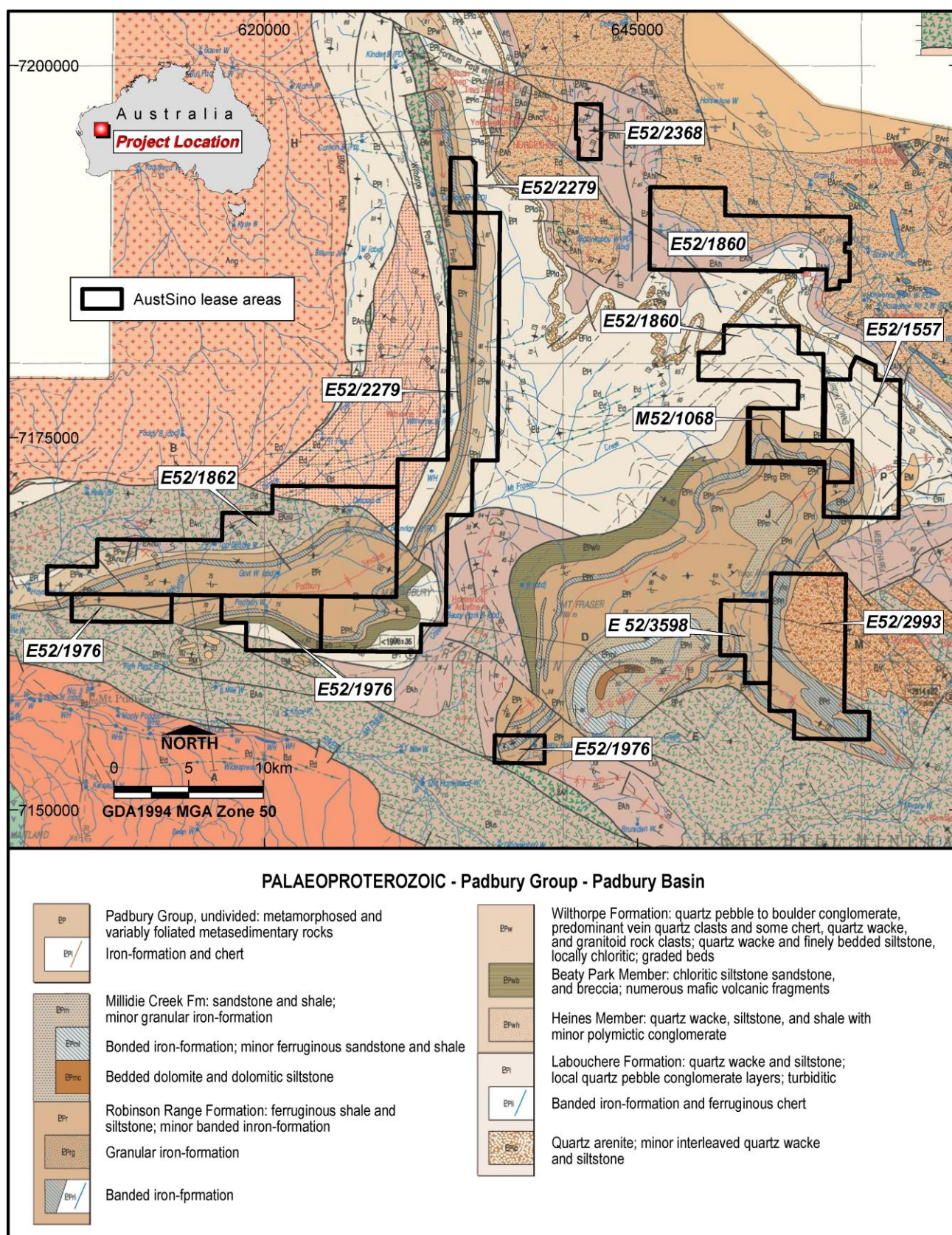


Figure 6: Interpreted Geology of the Bryah and Padbury Basins (After Pirajno et al. (2000))

2.4.3 Mineralisation Styles

There are two main iron mineralisation styles present across the Peak Hill Iron Project within the Robinson Range Formation:

- A magnetite-rich banded iron formation is the Project's dominant mineralisation style, characterised as hard to very hard and fine-grained, consisting predominantly of alternating centimetre thickness banding of iron-rich minerals and chert. The mineralisation is stratabound and while there are other magnetic BIF units within the Padbury Basin, the only unit that currently hosts significant mineralisation is the Robinson Range Formation. From a tonnage perspective the most favourable areas are where structural thickening due to folding and/or faulting has occurred.

The present defined Mineral Resource is capped by a weathered or oxidised surface comprising predominantly haematite, minor goethite and magnetite interbedded with chert. This unit is presently considered uneconomic due to its low magnetite content (less than 20% Mass Recovery in the DTR work).

- The DSO haematite / goethite mineralisation observed at Telecom Hill is localised within the second BIF unit stratigraphically above the main magnetite BIF which hosts a large proportion of the mineral resource. Field observations have revealed that the DSO favours both the shallower dipping stratigraphy and those areas of structural complexity, either synclinal or faulted settings. CSA Global supports further detailed exploration to fully understand the mineralisation controls.

2.5 Exploration History

Exploration in the region has a long history with the discovery of gold at Peak Hill in 1892. Iron exploration began in 1970 with Sofoulis, however, given the relatively low iron ore prices at the time, the area was considered sub-economic when compared with the high grades (>65% Fe) in the Hamersley. Iron exploration re-emerged in the region in the late 2000s driven by a sharp increase in the price of iron ore. The potential for magnetite mineralisation was recognised at this time and was further supported by the announcement of the WA Government assistance programme targeted at opening up the Mid-West for iron ore in late 2012 (DMP 2013).

Gold has been the main exploration focus in the region, but the discovery of DeGrussa copper gold VHMS deposit in 2009 within the Narracoota Volcanics (Sandfire 2009) renewed base metal exploration in the region.

shows the available drilling information in the project and highlights iron ore drilling has occurred at Mount Padbury and Telecom Hill, the remaining drilling was targeting gold, manganese and base metals.

With the exception of some preliminary work in the 1970's all the documented iron exploration on the project tenements was completed by AustSino or its Joint Venture (JV) partners or precursor company's. The iron exploration history is documented in Table 5 and a summary of other commodities is presented in Table 6

The first positive iron ore exploration results were published in 2008 when sampling completed by the Padbury Mining Limited / Aurum Resources Limited JV identified the presence of medium grade iron mineralisation grading between 51-59% Fe in outcrop at Telecom Hill (Taylor 2010). Follow-up RC drilling in 2009 (27 holes for 2620 metres) intercepted several zones of iron mineralisation, (Taylor 2010). Work continued between 2010 and 2013 and defined a magnetite and DSO mineral resource at Telecom Hill (AustSino 2017). RC drilling and surface sampling at Mount Padbury and surface sampling programs at Dimple Range identified potential for DSO mineralisation (AustSino 2017). In November 2017 a small RC drilling programme was completed southeast of Telecom Hill and northwest of Mount Padbury and a surface sampling programme on E52/2993 following a long period of no field work.

Table 5 *Iron ore exploration history of the Peak Hill Iron Project (AustSino 2017, Sofoulis 1970).*

Period	Organisation	Description
1969	GSWA	Iron ore potential was first recognized in 1969 by Macleod when conducting mapping of the 1:250,000 Peak Hill sheet for the Geological Survey of Western Australia.
1970	GSWA	Sofoulis (1970) returned to the area following Macleod's identification of the iron ore potential. Mapping and sampling were completed where 200, small (50-200m) pods of haematite and/or goethite mineralisation were noted and sampled returning grades in excess of 60% Fe. Approximately 20-30 of the pods are within the Project's area.
1973 to 1974	Northern Mining Corporation NL (NMC)	Following the work by Sofoulis, NMC acquired the State Agreement lease and conducted cursory reconnaissance in the area. They confirmed the presence of enrichment noted by Sofoulis however concluded their Weld Range and Jack Hills areas were more prospective and closer to port and consequently relinquished the Robinson Range Project.
1974 to 2005	Various	No recorded iron ore exploration was conducted during this period at the project.
2005-2008	Padbury Mining / Greater Pacific Gold Ltd	Mainly corporate activity occurred. Formation of Joint Ventures (JV) and a focus on gold exploration. Joint venture with Montezuma formed in 2007.
2008	Padbury Mining / Greater Pacific Gold Ltd	Joint venture between Greater Pacific (precursor name to AustSino) and Montezuma recognized the potential for iron mineralisation however JV was terminated. New JV with Aurium signed. Surface sampling completed identified high grade iron at several locations with the best being Telecom Hill. Aeromagnetics survey completed.
2008-2009	Montezuma	JV with Padbury Mining terminated. Company continued to explore in the region with the eventual acquisition of Peak Hill. Mainly focused on tenements off the project to the north around Horseshoe. Ground gravity survey completed at Telecom Hill.
2008 to present	Sinosteel	Field work commenced in 2008 once a heritage agreement had been signed. Only very minor overlap between the Sinosteel tenements and the AustSino Peak Hill Iron tenements. Main focus was on drilling for manganese and while iron was recognised in the mapping and surface sampling, no further work was completed targeting iron.
2009	Padbury Mining / Aurum JV	Name changed to Padbury Mining. Completed first drilling programme with high grade results returned in RC drilling at Telecom Hill along with magnetite mineralisation.
2010	Padbury Mining / Aurum JV	Drilling at Telecom Hill transitioned into resource definition of both the magnetite and DSO. Mapping and surface sampling completed throughout the project. Promising results returned from Mount Padbury.
2011	Padbury Mining / Aurum JV	Maiden magnetite mineral resource estimate at Telecom Hill. Maiden RC drilling programme completed at Mount Padbury with DSO grade (>55% Fe) intercepts but with high P (>0.2% P).
2012	Padbury Mining / Aurum JV	Maiden DSO mineral resource estimate at Telecom Hill. An increase in the magnetite mineral resource estimate. Merger with Aurium completed.
2013	Padbury Mining	Project development studies at Telecom Hill. Mapping and portable XRF at Mount Padbury and Dimple Creek,
2013 to 2017	Padbury Mining	No significant on ground exploration work completed.
2017	Padbury Mining / AustSino	Change Name to AustSino. Completed RC drilling programme north of Mount Padbury and south of Telecom Hill.

Table 6: Gold and base metals brief exploration history

Period	Organisation	Description
1892 to 1913	Various	Gold was first discovered at Peak Hill in 1892 and in the early days the series of deposits produced 270,000 ounces.
1913 to 1990s	Various	Exploration continued in the region predominantly for gold but also base metals with the discovery of the Cashman's VHMS deposit south of the Project.
1990's to 2009's	Various	Several companies operated the mines in the area producing over 500,000 ounces of gold. Discovery of De Grussa in the region caused a renewed interest in base metals however no discoveries were made. Manganese exploration and mining occurred during this period both on and adjacent to the project tenements.
2009 - 2017	Various	Fortnum and all the associated gold mines in the region on care and maintenance. Manganese mining continued at a small scale in the area.
2017 to present	WestGold	Westgold purchased the project from a junior and refurbished the plant based on a reserve of 339,000 ounces (WestGold 2017)

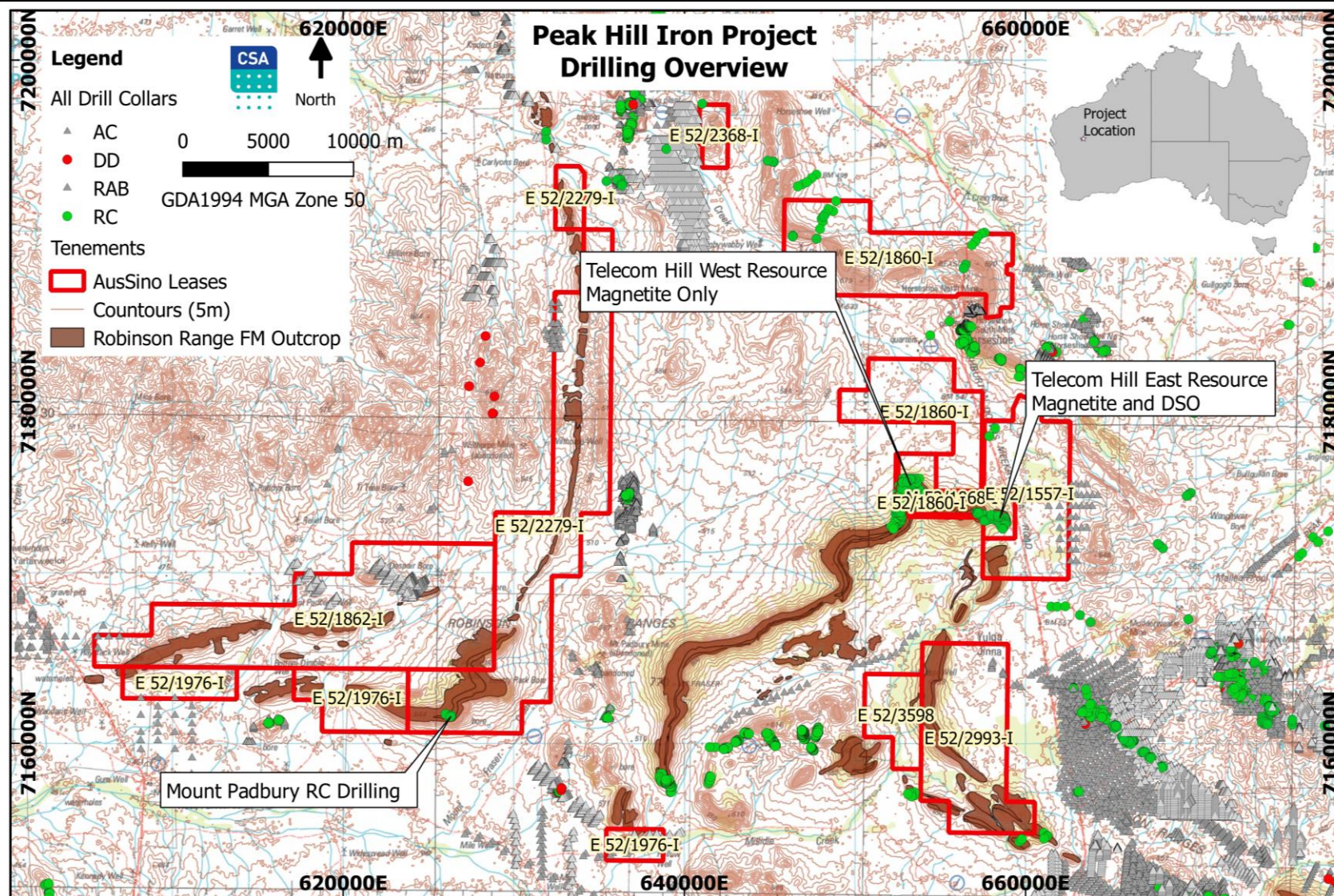


Figure 7: Available Drilling Data
(Source: AustSino database and WAMEX open file drill hole database).

2.6 Telecom Hill Mineral Resource Estimate

The Telecom Hill Mineral Resource is located predominantly on M52/1860, approximately 1 km west of the Ashburton Road Figure 9, with the remainder on E52/1557. The maiden resource estimate was announced by Padbury Mining Ltd in 2012 and has been upgraded and re-released several times. The most recent resource estimation, reported in accordance with the 2012 JORC code (Williams 2017), was completed by CSA Global and released publicly on the 19th of December 2017.

Four domains of magnetite-bearing BIF were modelled, three in Telecom Hill West (THW) and one in Telecom Hill East (THE). The domains were interpreted based upon a combination of lithological logs of drill samples, and where Fe > 20%. One of the THW domains is insufficiently supported by drilling and was not included in the Mineral Resource. A base of complete oxidation surface was interpreted and built into the Mineral Resource model. Oxide material was removed from the Mineral Resource because testwork determined it did not contain sufficient quantities of magnetite.

CSA Global agrees with this approach however recommends further metallurgical studies to investigate whether the haematite component can be economically recovered.

The haematite – goethite mineralisation supporting the DSO Mineral Resource is located at the eastern end of Telecom Hill. The mineralisation zones are sub-vertical zones and are conformable with BIF stratigraphy in the area. Two domains were interpreted from field mapping and geological logging, however only one has sufficient Fe content to consider for reporting as a Mineral Resource.

The resource classification is based solely upon drill spacings. Drill holes supporting the magnetite Indicated Mineral Resource at Telecom Hill are on a spacing of 200 m (N) x 80 m (E) to 200 m (N) x 100 m (E). The Inferred magnetite Mineral Resource is supported by a drill spacing of 400 m (N) x 80 m (E) to 400 m (N) x 100 m (E).

The drilling supporting the Inferred Direct Shipping Ore (DSO) Mineral Resource at Telecom Hill East is drilled on a data spacing of 160 m (N) x 50 m (RL) to 200 m (N) x 100 m (RL).

The Author's considers this approach to classification to be acceptable for this style of mineralisation given the continuity of the banded iron formation is supported by the field mapping and available aeromagnetic data.

The Robinson Range Formation is presented in Figure 9. The location of the Mineral Resource and AustSino tenure are also shown in Figure 8 and indicates the location of the BIF and haematite lodes, with the haematite lode to the immediate south of magnetite lode BIF 4. The summary of the CSA Global Magnetite Mineral Resource estimate is included as Table 7 and the DSO Mineral Resource estimate is summarised in Table 8. The magnetite concentrate grades are summarised in Table 9. The magnetite Mineral Resource was previously reported in accordance with the 2004 edition of the JORC Code and reported above a cut-off grade of 20% Fe, comprising 925 million tonnes with a head grade of 27.2% Fe. The difference in tonnes is attributable to a decision to report the Mineral Resource based on the Mass Recovery of in situ iron, to better reflect the processing path required for magnetite iron ore deposits.

Iron Ore pricing is variable based on the quality of the product and the commonly quotes spot price is based on a 62% Fe CFR (cost and freight) China (Platts, 2017). To achieve his pricing the product needs to be a minimum of 62% Fe, have 8% moisture, <4.5% Silica, <2% alumina, <0.075% phosphorus, and <0.02% sulphur (Platts 2017). If the quality of the product exceeds this, it will attract premium pricing while poorer quality products will attract a discount.

A summary of the data and methodologies supporting the Mineral Resource estimates form part of this Report including a separate JORC Table 1 in Appendix 1⁵.

⁵ AustSino Resource Group Limited (ASX: ANS) announcement 19 December 2017

Table 7: Magnetite Mineral Resource, Telecom Hill.
Quoted from blocks where Mass Recovery >15% and fresh rock domain blocks. Head grades reported.

LODE	Classification	Million Tonnes	Fe HEAD (%)	SiO ₂ HEAD (%)	Al ₂ O ₃ HEAD (%)	MgO HEAD (%)	P HEAD (%)	S HEAD (%)	LOI (%) HEAD
1	Indicated	192	30.0	45.6	1.7	2.1	0.185	0.05	5.52
	Inferred	250	27.8	46.0	3.0	2.5	0.170	0.04	5.89
2	Inferred	79	21.8	50.8	5.8	2.7	0.257	0.02	4.06
4	Inferred	179	26.8	45.5	4.1	1.8	0.402	0.04	4.63
Total	Indicated	192	30.0	45.6	1.7	2.1	0.185	0.05	5.52
	Inferred	508	26.5	46.6	3.8	2.3	0.265	0.04	5.16
	Total	700	27.5	46.3	3.2	2.2	0.243	0.04	5.26

Table 8: DSO Mineral Resource, Telecom Hill East.
Quoted from blocks where Fe>50% and mRL>=470

LODE	JORC Classification	Million Tonnes	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)
1	Inferred	11.5	58.6	9.6	2.3	0.211	0.02	3.12

Table 9: Magnetite Concentrate Mineral Resource, Telecom Hill.
reported from Mass Recovery > 15% and fresh rock domain blocks.

JORC Classification	Million Tonnes	Mass Recovery (%)	Fe CONC (%)	SiO ₂ CONC (%)	Al ₂ O ₃ CONC (%)	MgO CONC (%)	P CONC (%)	S CONC (%)	LOI CONC (%)
Indicated	43	22.4	66.8	5.7	0.2	0.2	0.046	0.03	-1.17
Inferred	115	22.6	63.8	9.4	0.4	0.3	0.044	0.02	-0.92
Total	158	22.5	64.6	8.4	0.3	0.3	0.045	0.03	-0.99

Davis Tube Recovery (DTR) at p80 38µm to liberate the reported concentrate grades

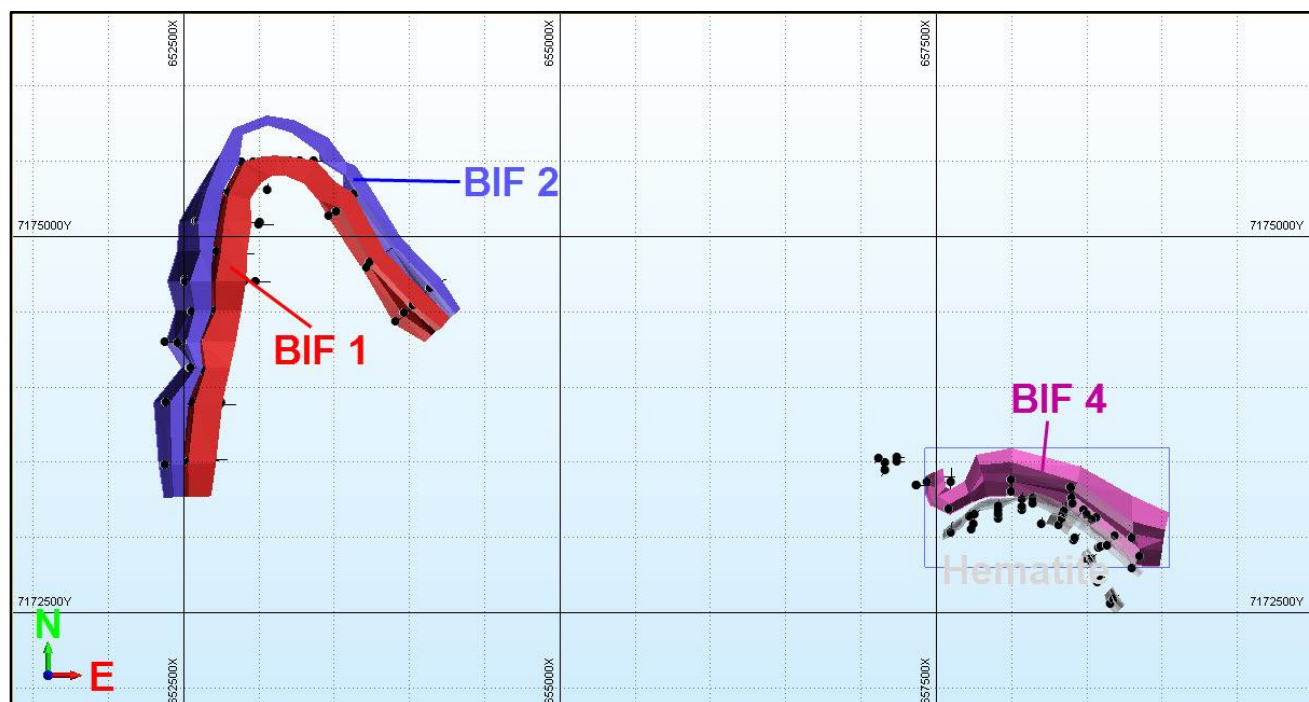


Figure 8: The Telecom Hill Mineral Resource Wireframes.
Note the two distinct zones to the east and west. Also note the DSO is the faint grey shape south of BIF 4.

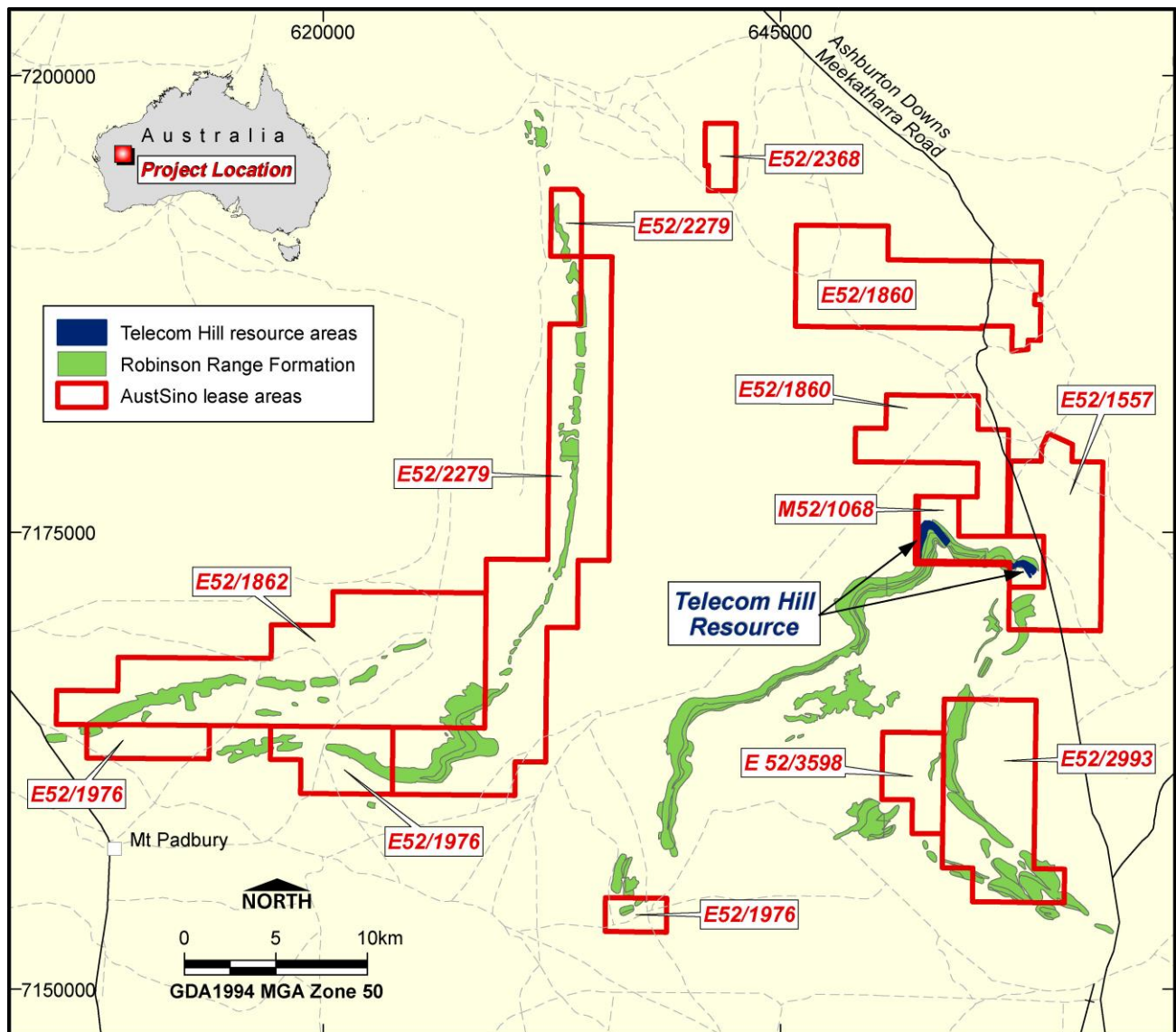


Figure 9: Location of the Telecom Hill Mineral resource and project tenements.

2.7 Exploration Potential and Planned Work

CSA Global were engaged by AustSino to develop a programme of works at the Peak Hill Iron Project for 2018 and 2019. The exploration strategy was to progress the development of the Telecom Hill Mineral Resource and to assess the potential of the other tenements with an initial focus on DSO mineralisation (Figure 9)(Potter 2017).

The prospective BIF of the Robinson Range Formation is prominent throughout the Project area and poses a significant exploration target for both magnetite and DSO. This unit has attracted the most iron ore exploration, however additional exploration is warranted in the Horseshoe Formation BIF as it has been largely ignored for iron in favour for manganese.

The work planned by AustSino commencing in March 2018 will comprise:

- drilling metallurgical and extensional holes at Telecom Hill;
- infill and extensional drilling at Mount Padbury; and
- exploration traverses at other targets along the Robinson Range Formation where outcrop is limited targeting areas with DSO potential.

To adequately define the drilling programme, supporting work comprising the reprocessing of aeromagnetic data, geophysical modelling (mainly on the aeromagnetic data), field mapping and handheld XRF analysis should precede any drilling.

The geophysics work will target:

- Areas of high magnetism, potentially representing a high magnetite content, and;
- Areas of magnetic destruction, potentially representing areas of DSO mineralisation i.e. the magnetite content may have been converted to a haematite goethite mineralisation.

CSA Global recommends this approach to exploration, as well as revisiting in the field areas where mapping has previously identified the potential for haematite goethite mineralisation. 16 areas have had cursory exploration between 2008 and 2013 which identified small (<200m) pods of DSO warranting further investigation (in red on Figure 10). Notable amongst these are the Dimple Creek area on E52/1862 and the folded area on the southern part of E52/2993 as these have no drilling and the potential for buried mineralisation.

CSA Global's opinion is that targeting the DSO component should be the initial focus of exploration.

CSA Global understands that only Davis Tube metallurgical test work has been completed to date on the magnetite resource and recommends additional metallurgical test work to better understand the style of mineralisation present and determine whether the haematite component of the weathered banded iron formation can be recovered in concentrate.

It is CSA Global's understanding that AustSino intends to complete such a metallurgical focussed diamond drilling (HQ triple tube) and supports this initiative

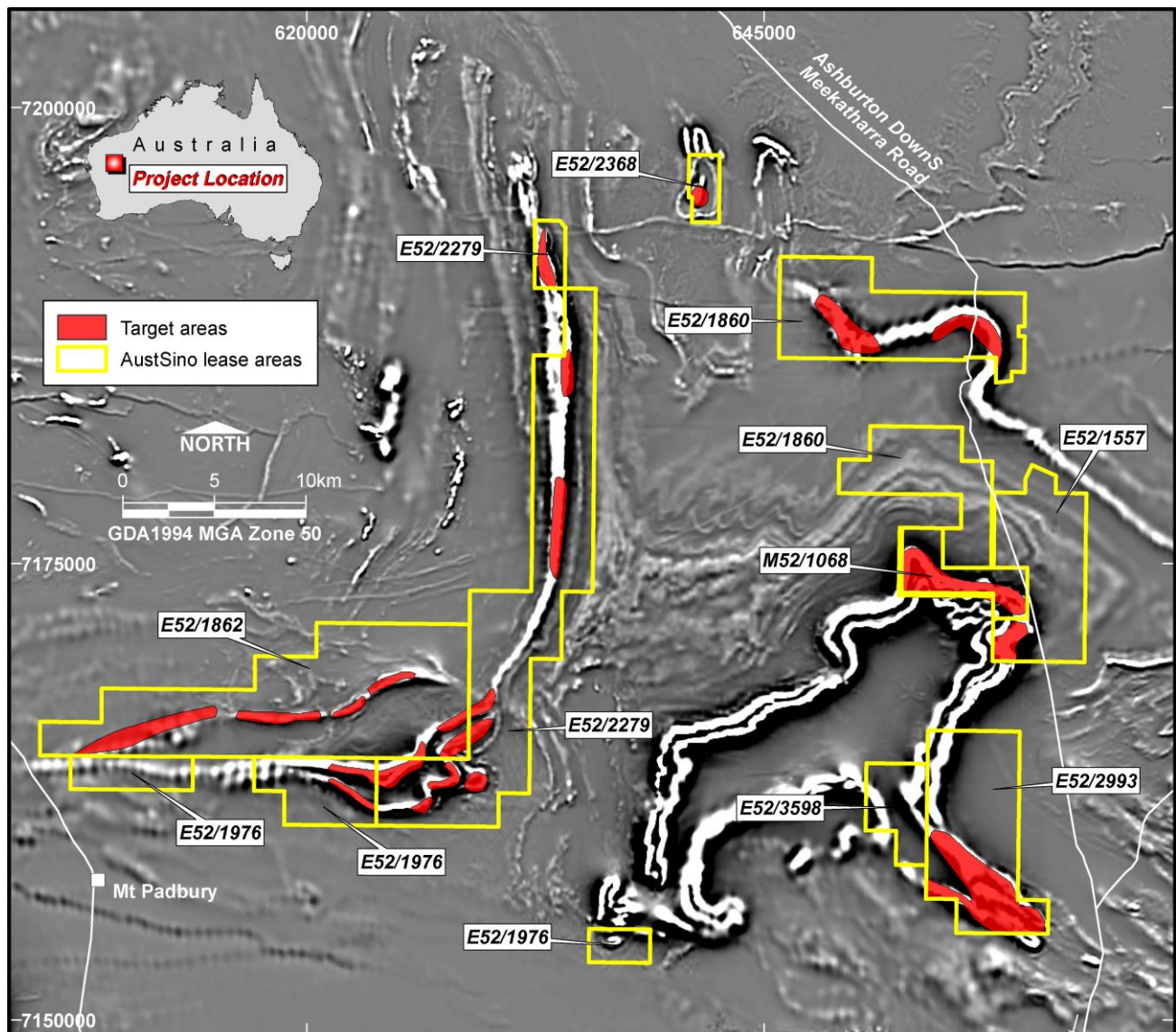


Figure 10: Regional location plan showing the various target areas on the 40m GSWA aeromagnetics (first vertical derivative, total magnetic intensity).

2.7.1 Telecom Hill Resource

The Telecom Hill mineral resource is not closed off and is currently the most prospective area in the tenement package. The folding has structurally thickened the stratigraphy enhancing the tonnage potential. Two distinct zones of mineralisation have been modelled, Telecom Hill East and Telecom Hill West (Figure 8) separated by approximately 3 km of outcropping BIF which has not been adequately explored. Further drilling is required to join the two mineralised zones. However, prior to the completion of this drilling CSA Global recommends a review of the geophysics (detailed aeromagnetics and ground gravity) targeting as discussed in Section 2.7.

The Mineral Resource estimate is reported as predominantly Inferred Resources and a significant amount of infill drilling (70–100 holes) would be required to convert the Inferred Resource areas into Indicated Resources. A 2012 JORC Code Ore Reserve requires an Indicated Mineral Resource as a minimum, however CSA Global recommends this further infill drilling be postponed in favour of drilling outside the current mineral resource wireframes. Drilling focus outside of the resource will ensure the project is adequately explored and development plans includes all areas of mineralisation.

2.7.2 Telecom Hill Area

In November 2017, six RC holes were drilled to the south east of the Telecom Hill East mineral resource. These holes were targeting a magnetic high in an area with no outcrop due to transported cover. Assays are pending from this drilling however, CSA Global observed magnetite BIF in most of the holes and at least one hole had a zone with a high percentage of probable haematite.

This area has a strike length of currently over 2 km and the detailed aeromagnetic interpretation indicated at least three magnetite rich bands are present. CSA Global recommends further drilling in this area to better define the magnetite and identify any potential zones of DSO. At least 20 to 30 RC holes will be required to test this area and further drilling (as discussed above) will then be required to join this area to the main Telecom Hill West mineral resource.

Increasing the magnetite and DSO tonnage in the area around Telecom Hill should be a priority for AustSino as it is their most advanced target. The folding in the area structurally thickens the BIF which overall increases the tonnage of the area. Synclinal folding can also focus meteoric fluids increasing the likelihood of DSO mineralisation formation.

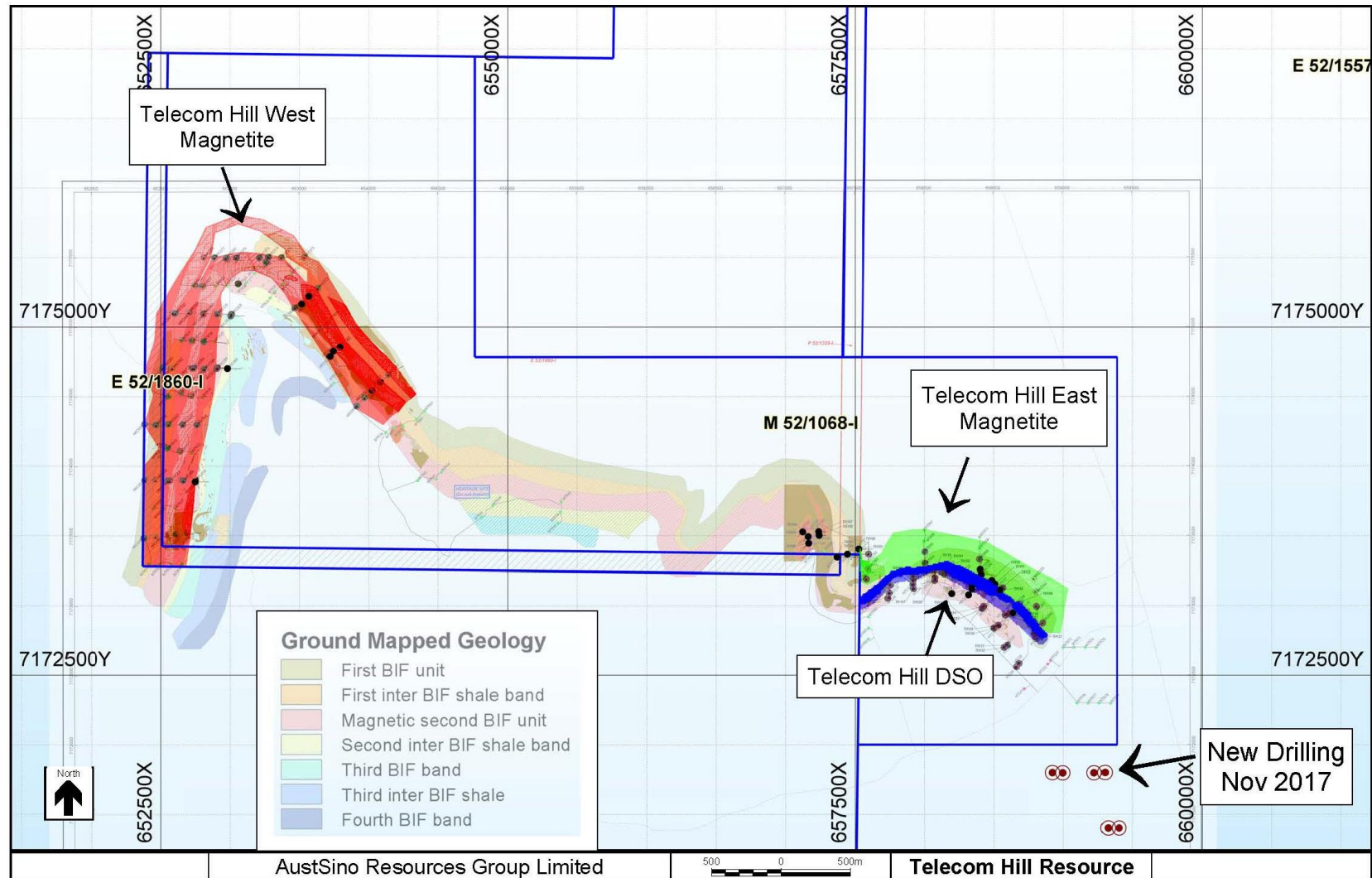


Figure 11: Telecom Hill Mineral Resource block model.
Note the gap between the two areas and the gap to the new drilling.

2.7.3 Mount Padbury

Drilling at Mount Padbury in 2012 intersected numerous zones of low grade (approximately 54-56% Fe) goethite dominant DSO material high in LOI (8-10% at 1000 degrees) and phosphorus (0.4-0.5% P) (Padbury 2012). To date, 11 holes have been drilled into the target with results including 92m @ 55.7% Fe from surface (Table 10, Figure 12 and Figure 13).

CSA Global recommends AustSino drill some additional holes along strike in both directions from the current Mount Padbury drilling to fully delineate the lateral extents of the DSO mineralisation and also to determine if the higher phosphorus grades are a surface weathering phenomenon related to the increased goethite content or are prevalent at depth where the content of haematite increases. An initial ten holes are planned.

Table 10: All drilling results from Mount Padbury Drilling in 2011.
Reported intercepts greater than 6m. 3m maximum internal dilution. Note the Very high P grades, (typical Hamersley P is <0.1%)

Hole ID	Easting	Northing	mRL	Dip	Azimuth	Interval	From	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI (1000°) %
	MGA94 50			°		(m)	(m)					
HMP010	626,164	7,161,629	629	-60	180	53	3	56	3.8	3.5	0.49	9.5
HMP011	626,151	7,161,628	628	-60	180	26	1	53.3	3.9	4	0.44	11.5
	and					18	34	54.8	3.3	4.2	0.53	10.7
	and					9	64	59	2.2	1.3	0.67	10
HMP012	626,150	7,161,603	628	-60	180	7	81	55.1	6.8	4.1	0.18	9.5
HMP013	626,140	7,161,590	626	-60	180	No Significant Results						
HMP014	626,257	7,161,623	639	-60	180	43	4	55.9	3.2	4	0.46	9.7
HMP015	626,257	7,161,622	640	-60	180	28	4	53.4	5.4	4.8	0.47	9.8
	and					20	54	57.9	4.8	2.3	0.3	8
	and					9	78	56.4	5.2	2.1	0.48	9.6
HMP016*						Hole Not drilled						
HMP017	626,258	7,161,602	641	-60	180	47	4	54.7	4.6	4.1	0.46	10.2
HMP018*						Hole Not drilled						
HMP019	626,353	7,161,644	638	-60	180	92	0	55.7	3.6	4.2	0.52	9.5
HMP020*						Hole Not drilled						
HMP021	626,336	7,161,591	643	-60	180	49	16	56.9	3.9	3.5	0.42	9
HMP022	626,304	7,161,567	641	-60	180	15	0	55.4	6.5	3.6	0.52	8.6

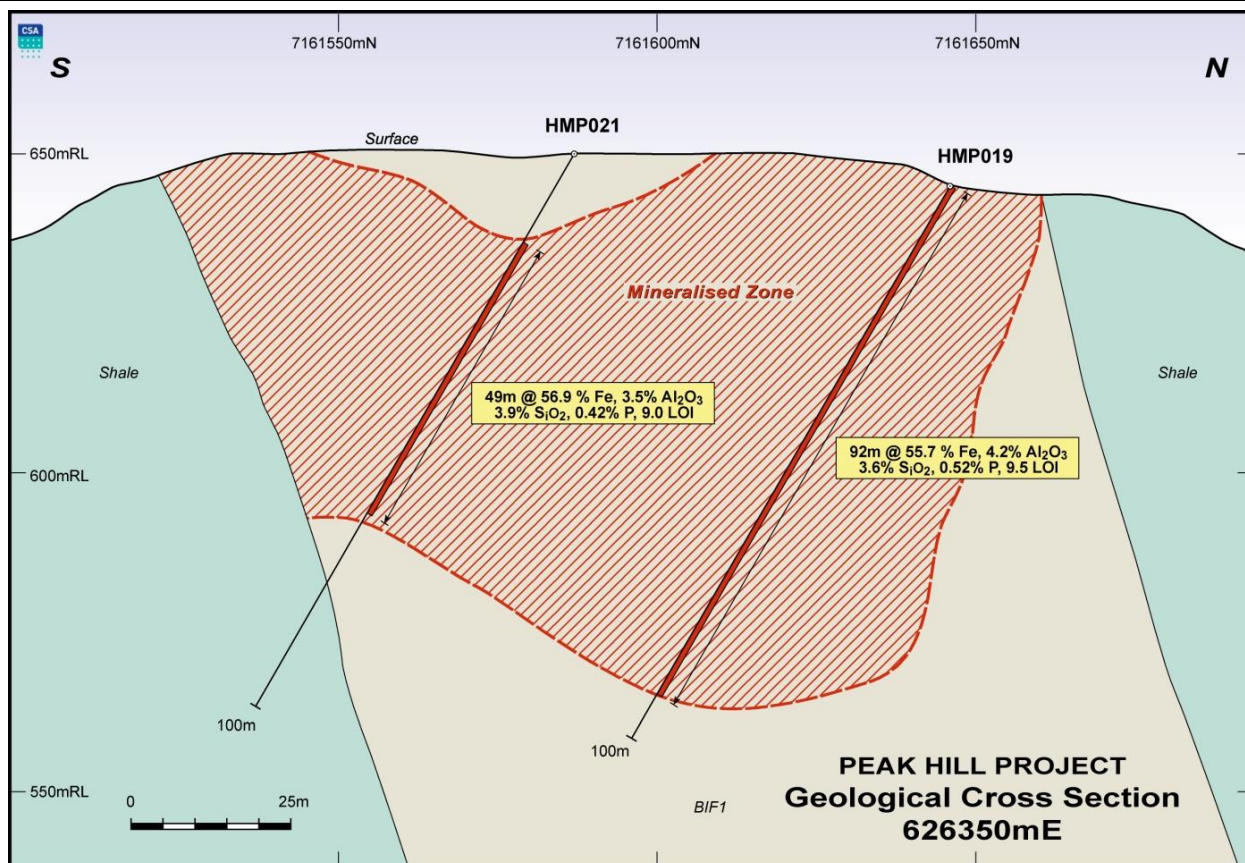


Figure 12: Cross section from the Mount Padbury drilling.
Looking West. Hole details in Table 10

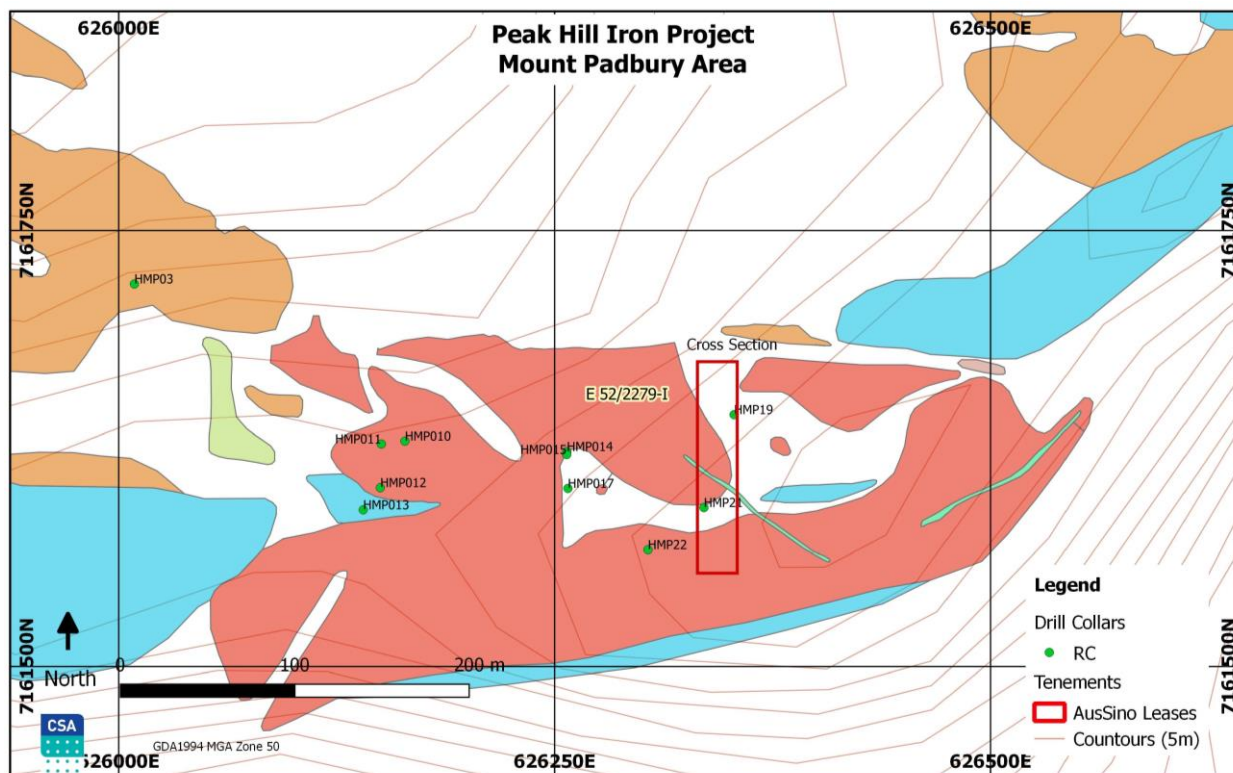


Figure 13: Location of Mount Padbury Drilling
(rectangle shows cross section location) on Figure 12

2.7.4 Dimple Creek

Mapping in 2013 identified two areas at Dimple Creek that exhibited iron enrichment at surface. At the time this area was recommended for further follow up given the tenor of the results, but no drilling was completed. Field checking at the time identified some other areas along strike warranted further mapping which was not completed.

AustSino plans to complete some further reconnaissance mapping in the area especially in the area along strike to the east of the existing mapping. If successful they will conduct scout RC drilling over areas of iron enrichment. This drilling would entail one or two sections of four to six RC holes drilled to a depth of ~150m through any DSO enrichment and into the underlying fresh rock to test the magnetite units. Figure 14 shows the mapping and the zones of observed enrichment and the unmapped area to the east.. The 2018 field programme will target these areas.

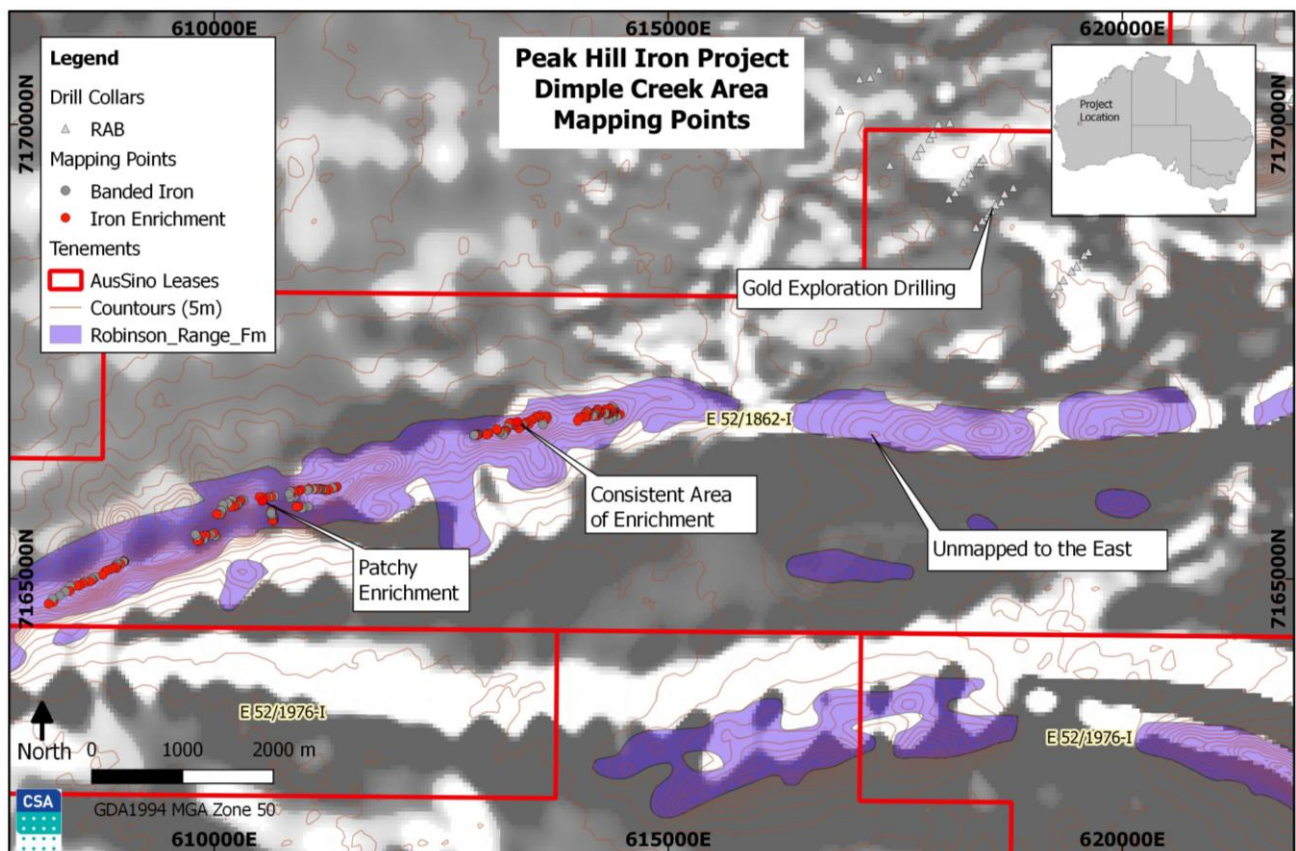


Figure 14: Dimple Creek area showing Robinson Range Formation and surface mapping locations. Note the eastern area has not been mapped in detail.

2.7.5 Other Areas

There are numerous observed localities throughout the tenement package where the Robinson Range Formation outcrops and has the potential for iron enrichment (Figure 10). None of these targets have been drilled and some have not been mapped. CSA Global recommends that AustSino completes reconnaissance mapping and portable XRF analysis to identify possible enrichment. Then in the second half of 2018 or in early 2019, complete drilling to confirm results and test the depth potential of these areas.

In the northern part of the project there has been some noted occurrences within the Horseshoe formation which AustSino intends to follow-up on E52/1860 (Figure 10). Figure 10

It is recommended that all available aeromagnetic data be acquired from third parties and integrated and reprocessed with the aim of improving the regional datasets. Once acquired, magnetic modelling of the BIF units is recommended to assist with targeting the drilling.

CSA Global recommends more detailed focus on the southern end of E52/2993 (Figure 10) due to the presence of a tight syncline which may structurally thicken the unit, and the syncline allows for an increase in the supergene processes that can lead to the development of DSO. However, drilling off tenement to the south by PepinNini failed to return iron ore mineralisation (Clifford, 2012). The approach for this area would be mapping in the first half of 2018. If the mapping identified suitable targets, then drilling to take place in the second half of 2018 or early in 2019.

Mapping in the Mount Padbury area has identified additional zones of potential DSO mineralisation (Figure 15) CSA Global recommends further investigation into these areas to document their potential and determine if the elevated phosphorus (>0.2% P) is consistent throughout this area. One or two drill holes each into three of four of these pods would be warranted to better understand the distribution of the phosphorus.

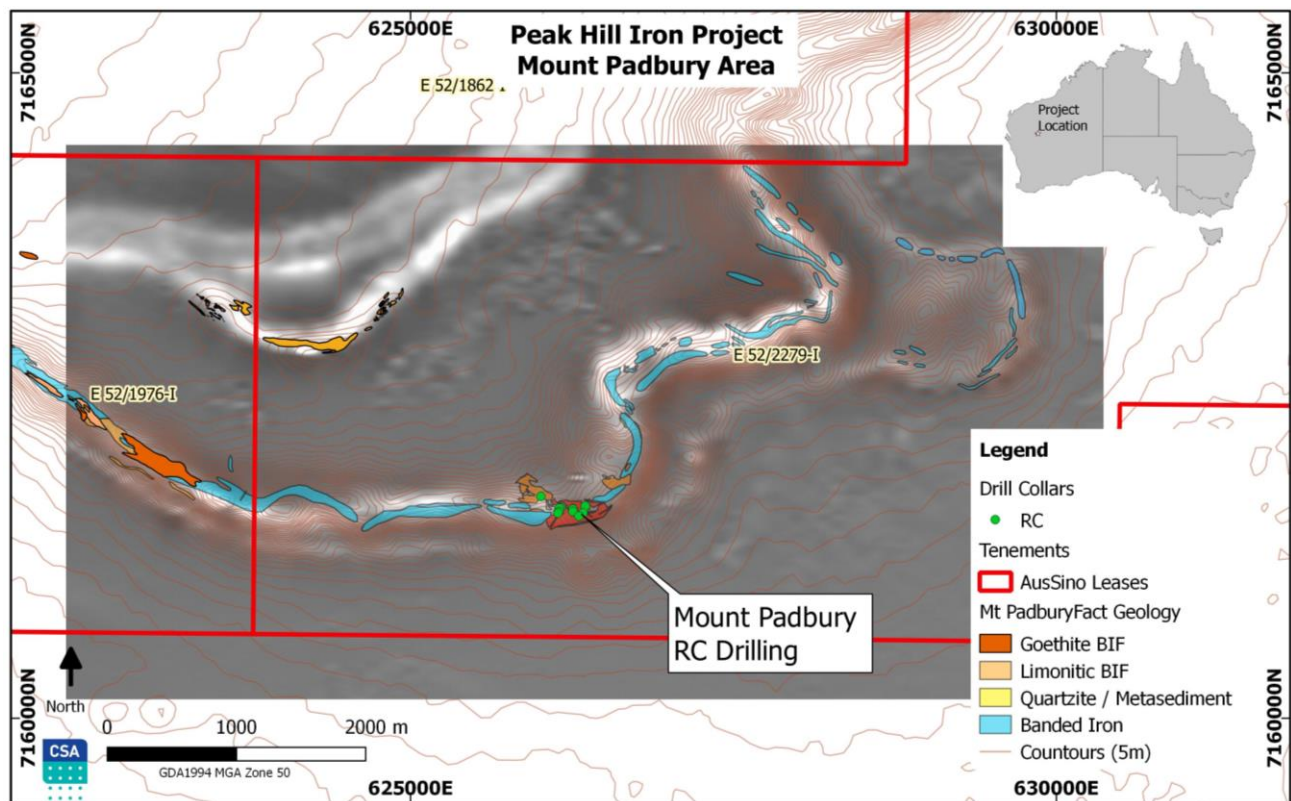


Figure 15: Location of Mount Padbury area, mapping on 1vd tmi aeromagnetics. Orange and yellow are potential DSO target

3 Use of Funds

The Company provided CSA Global with a copy of their exploration strategy, proposed work programmes and planned expenditure for the Project for an initial two-year period following re-listing on the ASX

Table 11 summarises AustSino's proposed minimum exploration expenditure for the initial two years following the capital raising. While a single budget has been proposed, if the initial work is successful additional funds would be sought.

The mineral properties held by the Company are considered to be "advanced exploration projects" that are intrinsically speculative in nature. CSA Global considers that the projects are sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of their economic potential, consistent with the proposed programmes.

The total expenditure for the first two years will be between AUD \$1,620,000 and AUD \$2,200,000. Currently this budget does not include provision for significant mineral resource drilling at Telecom Hill.

CSA Global has developed and reviewed the exploration programmes and is of the opinion that the programmes are appropriate, and the funds allocated will be sufficient to commence the proposed programmes, and sustain exploration activities over the first two years. Progressive expenditure will naturally depend on the success of the proposed exploration activities. The company may require additional funds, should the outcome of the initial stages of exploration justify additional work.

At least half of the liquid assets held, or funds proposed to be raised by the Company, are understood to be committed to the exploration, development and administration of the mineral properties, satisfying the requirements of ASX Listing Rules 1.3.2(b) and 1.3.3(b). CSA Global also understands that the Company has sufficient working capital; to carry out its stated objectives, satisfying the requirements of ASX Listing Rule 1.3.3(a).

The Company has prepared staged exploration and evaluation programmes, specific to the potential of the projects, which are consistent with the budget allocations, and warranted by the exploration potential of the projects. CSA Global considers that the relevant areas have sufficient technical merit to justify the proposed programmes and associated expenditure satisfying the requirements of ASX Listing 1.3.3(a).

The proposed exploration budgets also exceed the anticipated minimum annual statutory expenditure commitments on the various project tenements.

Table 11: Proposed use of funds

Proposed Exploration Programme and Budget		
Activity	2018 Budget AUD\$	2019 Budget AUD\$
Tenement Costs (rents, rates)	\$ 110,000	\$ 100,000
Geological Personnel	\$ 100,000	\$ 120,000
Travel and Accommodation	\$ 20,000	\$ 20,000
Field Camp	\$ 15,000	\$ 20,000
Consumables and Freight	\$ 15,000	\$ 20,000
Geophysics	\$ 30,000	\$ 10,000
Surface Geochemistry	\$ 30,000	\$-
Drilling (inc heritage)	\$ 380,000	\$ 400,000
Drilling Assays	\$ 80,000	\$ 100,000
Metallurgy	\$ 20,000	\$ 30,000
TOTAL	\$ 800,000	\$ 820,000

4 Project Risks

A key risk, common to all exploration projects, is that the expected mineralisation may not be present or that it may be too small to warrant commercial exploitation. This is particularly applicable to a bulk commodity like iron where transport costs are high, and the value of the end product is quality dependant.

The Peak Hill Iron Project considerations are on the quality of the product, the cost of liberating the magnetite and or haematite from the BIF and the size of the resource. Typically, the specific ore characteristics of a magnetite mineral resource has a large bearing on the project's economics. These characteristics typically include hardness, grain size, and mineralogy (i.e. haematite, magnetite, goethite etc).

4.1 Peak Hill Project

The main non-technical risks associated with the Peak Hill Project is the location of the project, namely:

- Distance to port and transport of a bulk commodity such as iron ore
- Project lies within Nharnuwangga, Wajarri and Ngarla Native Title claim area
- Many of the targets are situated on ridge lines, which have the potential to have rare or endangered flora and fauna. Historical surveys have mitigated much of this risk but not removed it completely.
- Many of the exploration licences are nearing the end of their term. To secure the tenements extensions will be required and/ or conversion to mining leases (subject to DMIRS mining lease application requirements).

Exploration and potential mining activities involving ground disturbance, and any transport of machinery, materials and any potential processing and transport of economic minerals discovered, will need to be carefully managed to maintain a social licence to operate.

Lack of local infrastructure may also represent a risk to any potential future development activities.

4.1.1 Telecom Hill

The main technical risk at Telecom Hill is the unknown nature of the physical properties of the magnetite ore. The beneficiation and separation of the magnetite from the non-ferrous minerals is highly dependent on how fine the material needs to be ground, which requires substantial energy. The stratiform nature and good continuity of the magnetite mineralisation suggest the resource is well understood and classification improvements will be largely dependent on the drill spacing.

Much of the work to date at Telecom Hill has focused on resource extensions and little work has been done on the mining aspects, including but not limited to, geotechnical, hydrological and waste characterisation considerations. For the DSO resource the relatively high level (e.g. 0.21% P) of impurities poses a technical risk for the marketability of the product.

With regards to step-out drilling, a key technical risk is that further exploration will not result in identifying a body of mineralisation sufficiently large to be considered an economic resource.

4.1.2 Mount Padbury Risks

The very high phosphorus content (>0.4% P) poses a significant risk for the Mount Padbury target. Unless this is addressed the prospect will not be able to compete with Pilbara ores, which typically range between 0.03–0.15% P.

As with all exploration projects, a key technical risk is that further exploration will not result in identifying a body of mineralisation sufficiently large to be considered an economic resource.

5 Conclusions

AustSino has a sizable tenement package in an area with known iron ore resources and significant exploration potential. The Telecom Hill mineral resource has good growth potential through exploration success, and the asset forms a solid base on which to base future development plans. The remainder of the tenement package has been relatively unexplored, with drilling only completed at Telecom Hill and Mount Padbury. Surface mapping and field reconnaissance has identified 16 priority target areas for follow-up.

CSA Global believes the Project has sufficient technical merit to justify ongoing exploration and development. Furthermore, the proposed exploration programme of work and budget is appropriate given the relatively early development stage of the project and the overall prospectivity of the region.

CSA Global recognises the higher phosphorus levels ($>0.2\%$) identified in the DSO mineral resource at Telecom Hill and in the drilling at Mount Padbury poses a marketing risk. There is a possibility the higher phosphorus levels will be prevalent throughout the project. Initial testwork suggests the magnetite mineral resource at Telecom Hill is amenable to beneficiation through magnetic separation however detailed testwork is yet to be completed to understand the detailed metallurgy and processing options that will be required.

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7 Glossary

Aeromagnetic Survey:	A common type of geophysical survey carried out using a magnetometer aboard or towed behind an aircraft. As the aircraft flies, the magnetometer measures and records the total intensity of the magnetic field of the earth at the sensor
Alluvium:	General term for loose, unconsolidated sediments that have been eroded, transported by wind or water and deposited in a non-marine setting.
Anticline:	A ridge or fold of stratified rock in which the strata slope downwards from the crest
Archaean:	The earliest era of geological time spanning the interval from the formation of Earth to about 2,500 million years ago.
BIF:	Banded Iron Formation. Defined as a sedimentary rock comprising alternating layers of magnetite and chert and having more than 15% contained iron.
BFO	Beneficiation Feed Ore. Lower grade iron ore (~15-50% Fe) which requires processing to improve the grade into a saleable product (>56% Fe)
BL	Graticular block 1 second by 1 second in the Lat / Long System. Used to define the area of an exploration licence.
Channel Iron Deposit: (CID)	Detrital iron deposited in the palaeochannels of river and creek systems, defined by the presence of fossil wood fragments. Previously known as pisolite or pisolitic ironstone.
Colluvium:	General term for material which accumulates at the foot of a steep slope. Can be partially consolidated.
Cut-off grade:	The lowest grade or quality of mineralised material that qualifies as economically mineable and available in a given deposit (JORC, 2012)
Deposit:	An accumulation of iron mineralisation that has been spatially defined
Dip:	The angle at which a planar feature is inclined to the horizontal plane
Fault:	An extended break in a rock formation, marked by the relative displacement and discontinuity of strata on either side of a particular plane.
Fold:	when one or a stack of originally flat and planar surfaces, such as sedimentary strata, are bent or curved as a result of permanent deformation
Goethite:	The second most common iron oxide with a chemical composition of $\text{FeO}(\text{OH})$, typically brown in colour though will turn bright yellow when crushed to a powder
Haematite:	The most common Iron oxide in the earth's crust with a chemical composition of Fe_2O_3 , typically coloured red
High Grade:	Defined by cut-off grade, currently any Fe grade above 56% Fe, but this varies depending on producer and market. Historically this has changed as increasingly lower grade material
JORC	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).
Mineralisation:	The process by which iron is introduced into a rock, resulting in a potentially valuable deposit of iron in the rock.
"Orebody":	Commonly used term denoting a mineralised accumulation of iron, NB not a recommended term unless Ore Reserves have been declared.
Outcrop:	A rock formation that is visible on the surface
Palaeochannel:	A remnant of an inactive river channel that has been filled with more recent sediments, including CID

Palaeo-drainage:	A remnant of an inactive river or stream channel that has been either filled or buried by younger sediment. Direction of flow can differ from modern drainage systems
Plunge	The inclination of a surface or axis of an anticline or syncline to the horizontal
Proterozoic	The time in the Earth's history that occurred from 2.5 billion to 543 million years ago.
Reverse circulation:	A drilling method that returns cuttings to the surface through an inner tube inside the rod. This is achieved by blowing air down the outside of the inner tube at a rate of up to 1500 Pascals. This creates a pressure differential that pushes cuttings (and water) up the inner tube via air lift
Rock chip samples:	Surface samples taken to determine the presence of iron mineralisation. Generally it is not representative of subsurface material
State Agreement	A State Agreement is a legal contract between the Western Australian Government and a proponent of a major project within the boundaries of Western Australia
Stratigraphy:	The order in which a sequence of rocks were deposited. Commonly refers to the layering of different rock units which are divided into various groupings
Structure:	The architecture of the earth's crust that influences the shape of the landscape. Common structures present throughout the Hamersley Iron Province are faults and folds
Supergene:	Mineralisation process through descending meteoric fluids
Syncline:	A trough or fold of stratified rock in which the strata slope upwards from the axis
VALMIN	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. The VALMIN Code, 2015 Edition. Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

8 Abbreviations and Units of Measurement

AIG	Australian Institute of Geoscientists
ASIC	Australian Securities and Investment Commission
AusIMM	Australasian Institute of Mining and Metallurgy
BID	Bedded Iron Deposit
BIF	Banded Iron Formation
BFO	Beneficiation Feed Ore
CFR	Cost and freight (used in Fe pricing)
DMP	Western Australian Department of Mines and Petroleum (old name)
DMIRS	Western Australian Department of Mines, Industry Regulation and Safety
E or EL	Exploration Licence
GSWA	Geological Survey of Western Australia
IER	Independent Experts Report
ITAR	Independent Technical Assessment Report
JORC	Joint Ore Reserves Committee
JV	Joint Venture
km	Kilometres
Ma	Millions of years
MBA	Masters of Business Administration
Mt	million tonnes
MTO	Mineral Titles Online. WA Government online repository of live and extinguished tenement data
QAQC	quality assurance and quality control (for sampling and assaying)
RC	reverse circulation drilling (hammer drilling)
TR	Temporary Reserve
WAMEX	Western Australian Mineral Exploration Reports
XRF	x-ray fluorescence
QAQC	quality assurance and quality control (for sampling and assaying)
ha	hectares
km	kilometres
km ²	square kilometres
BL	graticular block (lat Long)

Appendix 1: JORC Code Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></p> <p><i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></p>	<p>Drill hole data supporting the Magnetite Mineral Resource estimate (MRE) comprises 128 Reverse Circulation (RC) and 5 diamond drill (DD) holes for a total of 21,959 m. Not all holes penetrated banded iron formation (BIF) or haematite/goethite units. Drilling took place from 2009 through 2012.</p> <p>Drill hole data supporting the haematite-goethite MRE comprises 27 RC holes for a total of 2,784 m. These holes were drilled in 2009 and 2011.</p> <p>Drill hole data for reporting of exploration results took place from 2008 through to 2013. All drilling and sampling was carried out to industry standard, with details discussed later in Section 1.</p> <p>The iron mineralisation is contained within BIF or an enriched version of BIF where haematite and goethite are derived from magnetite precursor minerals. The BIF units were targeted by the drilling and samples closely inspected by the project geologist for sample recovery and quality.</p>
Drilling techniques	<p><i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></p>	<p>RC and diamond drilling were used. The DD holes were pre-collared to the fresh rock interface using RC, then diamond drilled using HQ diameter to the end of hole.</p> <p>RC drilling for the magnetite MRE typically reached depths varying between 200 m and 250 m with the deepest hole 315 m. DD holes ranged in depth from 296 m to 338 m. DD core was not oriented.</p> <p>RC drilling for the haematite-goethite MRE and exploration drilling typically reached depths varying between 90 m and 120 m with the deepest hole 246 m.</p>
Drill sample recovery	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></p>	<p>RC samples were not directly monitored for sample recovery, however a visual assessment of the quantity of the 4 m samples was made by the project geologist supervising the drilling activity. Where sample recoveries were deemed to be sub-optimal, the geologist discussed this with the driller to attempt to improve sample recoveries.</p> <p>DD core recoveries were calculated by measuring the length of core per drill run and comparing against the length of the run, as per standard industry procedure. The BIF units, especially in the fresh rock zone which hosts the Mineral Resource, are highly competent and conducive to high recovery.</p>

Criteria	JORC Code explanation	Commentary
		There is no relationship between DD recovery and head assay grade. Such a relationship could not be quantified from RC chips due to the lack of recovery data.
<i>Logging</i>	<p><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	<p>A geologist was present at all times during drilling and sampling. Geological logging protocols at the time of drilling were followed to ensure consistency in drill logs between geological staff.</p> <p>RC chips were logged for weathering, lithologies (primary and proto), mineralogy, colour and grainsize.</p> <p>DD core was also logged for structure (alpha and betas, when observed) and photographed.</p> <p>The interpreted BIF and shale domains were logged, as was the oxidation of the samples. These logs were correlated with assays. Magnetic susceptibility (mag sus) readings were taken using a hand-held meter for each sample.</p> <p>The full sample lengths were logged.</p>
<i>Sub-sampling techniques and sample preparation</i>	<p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<p>RC and DD holes were sampled at 1 m intervals within the mineralisation, and 4 m composited samples in the shale units. The samples were sub-sampled using a rig mounted cone splitter into a large calico bag. The samples were stockpiled on site and dispatched to ALS Laboratories in Perth twice a week.</p> <p>For the diamond drilling the RC pre-collars were sampled in the same way as the RC holes. DD core was sampled on site using an automatic core saw set to cut one third of the core. The one third portions were submitted to ALS Laboratories in Perth.</p> <p>The Competent Persons (CP) considers the RC and DD sampling techniques to be of industry standard and appropriate for the style of mineralisation and lithologies being targeted.</p> <p>Quality control (QC) procedures included the use of certified reference material (CRM) and field duplicates. CRMs and field duplicates were inserted at a rate of 1:20 samples. Sample sizes are considered to be appropriate compared to the grain size of the material being sampled.</p>
<i>Quality of assay data and laboratory tests</i>	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <p><i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></p>	<p>All samples were analysed using fused disc XRF as per ALS's standard iron ore suite of analytes (as used in the period 2009 to 2012) as well as loss on ignition at 1000° by thermo gravimetric analysis.</p> <p>Based on magnetic susceptibility readings, samples for the magnetite MRE were selected for analysis by Davis Tube Recovery (DTR) at p80 38µm to assess the recoverable magnetic fraction. The resulting magnetic concentrate and nonmagnetic tails were then analysed by fused disc XRF. A total of 1,864 4 m composited samples were submitted for DTR test work.</p> <p>Results are considered total.</p> <p>The Competent Persons (CP) considers the sample preparation and sample analyses techniques to be of industry standard and appropriate for the style of mineralisation and lithologies being targeted.</p>

Criteria	JORC Code explanation	Commentary
		No significant errors or bias were noted in the field duplicate data. CRM results demonstrate that all but one batch of samples fell inside acceptable control limits. An early batch had a slightly low bias, and the entire batch was re-analysed with results conforming to the required control limits.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i>	Selected BIF intercepts were independently reviewed by alternate geological personnel. Diamond core was reviewed by senior company personnel. The haematite/ goethite intersections were independently inspected by alternate company geologists. No twin drilling has occurred to date. Assay, QC and DTR results were emailed to CSA Global as pdf documents and csv files. These were imported into Datashed, a relational database with inbuilt validation procedures. The database was maintained by CSA Global, with data security of paramount importance. The database and files were backed up to a server on a regular basis. Any adjustments made to data were either at the request of the project or company geologist to the database administrator or following a query from the database administrator. Only the database administrator had security privileges to adjust data.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i>	All drill holes were surveyed by independent surveying companies, using DGPS to provide accurate surveyed coordinates. Downhole surveys were taken by north seeking Gyroscope tool, with azimuth adjusted to the MGA grid. Where surveys were not taken, the bearing and dip of the holes at the collar were applied to the entire depth of hole. All spatial coordinates are in Map Grid of Australia (MGA) Zone 50 South. The CP considers the topographic survey to be of adequate quality and to support the Mineral Resource.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> <i>Whether sample compositing has been applied.</i>	Drill holes supporting the magnetite Indicated Mineral Resource at Telecom Hill are drilled at a spacing of 200 m (N) x 80 m (E) to 200 m (N) x 100 m (E). The Inferred magnetite Mineral Resource is supported by a drill spacing of 400 m (N) x 80 m (E) to 400 m (N) x 100 m (E). Drill holes supporting the Inferred Direct Shipping Ore (DSO) Mineral Resource at Telecom Hill East are drilled at a spacing of 160 m (N) x 50 m (RL) to 200 m (N) x 100 m (RL). The CP considers the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation procedure(s) and classifications applied. RC drill samples (1 m) from the magnetite target were composited to 4 m intervals at the drill rig. The RC samples from the DSO sampling were not composited and retained as 1 m samples.

Criteria	JORC Code explanation	Commentary
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Holes were drilled at a –60° angle and planned to intersect the BIF / haematite units as close to orthogonal as the drilling practice allowed. The azimuth of the holes was varied to intersect the BIFs as close to perpendicular as possible, based upon the geologists interpretation of the subsurface BIF. No material sampling bias was introduced during drilling. Any sampling bias is considered to have minimal impact upon the veracity of the Mineral Resource estimate.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	Drill samples were under the care and supervision of company staff at all times in a secure sample compound. Samples were then transported by local couriers to the analytical laboratory in Perth.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	The sampling techniques and data have not undergone any formal review. The Mineral Resource was originally reported under JORC (2004) and appropriate reviews of data were undertaken by the CP at the time (June 2012). Appropriate data and documentation reviews have been undertaken to support the current MRE.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The Telecom Hill MRE is within mining lease M52/1068, which is contained within exploration licences E52/1860 and E52/1557. M52/1068 was granted on 22/6/2015 for a period of 21 years, and expires on 21/6/2036. It has an area of 1,819.9 Ha. Annual rent of \$32,032 is paid. Annual expenditure is \$182,000. E52/1860 was granted on 25/8/2005 and is due for renewal on 24/8/2018. It has an area of 35 BL. Annual rent of \$18,725 is paid. Annual expenditure is \$105,000. This tenement covers the Telecom Hill West MRE (Lodes 1 and 2). E52/1557 was granted on 9/11/2004 and is due for renewal on 8/11/2018. It has an area of 16 BL. Annual rent of \$8,560 is paid. Annual expenditure is \$70,000. This tenement covers the Telecom Hill East MRE (Magnetite Lode 3) and the DSO MRE. The Mount Padbury drilling is within E52/2279 E52/2279 was. Granted on 20/03/2009 and is due for expiry on 19/03/2019. The licence has 39 blocks, annual rent is \$20,865.00 and annual expenditure is \$117,000.00. Dimple Creek is within E52/1862. E52/1862 was granted 25/08/2005 and is due for expiry 24/08/2018. The tenement comprises 38 blocks, has an annual rent of \$20,330.00 and an annual commitment of \$114,000.00.

Criteria	JORC Code explanation	Commentary
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>The Telecom Hill prospect has been explored for mineral commodities only relatively recently. Padbury Mining has carried out exploration activities across the Peak Hill Iron Ore Project since 1995. Exploration to date has included multiple phases of geological mapping, detailed aeromagnetic surveys, hyperspectral surveying, RC and DD drilling. These programs have delineated two areas with significant tonnages of magnetite bearing BIF, namely Telecom Hill West and East (THW and THE).</p> <p>Some cursory iron exploration was completed in the early 1970's with little success. Geological mapping at THE identified several haematite-goethite bearing outcrops, parallel to magnetite bearing BIF zones.</p> <p>Follow up drilling by Padbury Mining between 2009 and 2012 support this MRE.</p>
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The magnetite and haematite-goethite deposits are hosted within BIFs of the Palaeoproterozoic aged Robinson Range Formation. The Robinson Range Formation in the project area comprises multiple BIF units intercalated with shales which have been folded into a series of open folds dipping steeply to the south-south-west. The units outcrop over a range of 10 km in a large ridge running east-west through the project area. The BIF units range in thickness from 10 m to 200 m with variable magnetite content.</p> <p>The BIF units are comprised of alternating layers of chert and iron oxide minerals, with lesser impurities including sulphides. Iron oxide species are typically magnetite (Fe₃O₄) and Haematite (Fe₂O₃), with the BIF units at Telecom Hill containing sufficient concentration of magnetite to support the estimation of a Mineral Resource. Leaching of the magnetite bearing BIFs over long geological time results in the conversion to Haematite, or it's hydrous form (Goethite). This DSO MRE includes this mineralisation.</p>
<i>Drill hole Information</i>	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <p><i>easting and northing of the drill hole collar</i></p> <p><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></p> <p><i>dip and azimuth of the hole</i></p> <p><i>down hole length and interception depth</i></p> <p><i>hole length.</i></p> <p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	<p>Information from drill programmes was used to support the Mineral Resource estimate. The locations of drill samples, and the geological logs of these samples were used to build the geological model, and with the sample analyses, support the MRE. Information regarding the exploration results is included within the report.</p>
<i>Data aggregation methods</i>	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	<p>All drill hole data from the Telecom Hill Prospect were used to support the Mineral Resource estimate.</p> <p>Exploration results have been reported without using an upper cut-off. The CP considers this is appropriate for this style of mineralisation</p>

Criteria	JORC Code explanation	Commentary
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	Reported intercepts use the average grade over the entire interval and includes assay when below the cutoff as internal dilution (maximum of 3 metres). No metal equivalents are reported.
<i>Relationship between mineralisation widths and intercept lengths</i>	<i>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	The BIF units at Telecom Hill and throughout the Peak Hill project are vertical to sub-vertical, and the drill holes were planned to intersect the units as close to orthogonal as possible, within the practical limitations of the drill rig. The BIF units are readily discernible in both RC sample chips and DD core and the geological contacts are relatively straightforward to interpret. The units supporting the Mineral Resource are generally very thick (>20 m, up to 200 m thick) and the relationship between width of mineralisation (the BIF unit) and drill intercept lengths is readily apparent.
<i>Diagrams</i>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Plans of the BIF units and drilling are included with this announcement.
<i>Balanced reporting</i>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	It is considered that all substantive material relevant to the Mineral Resource estimation process has been reported.
<i>Other substantive exploration data</i>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	Bulk density testwork was carried out on representative DD core samples from BIF and haematite-goethite zones of mineralisation. The core was wax coated then a density value calculated via the water immersion technique (Archimedes principle). A total of 62 samples support a density of 3.2 t/m ³ for magnetite bearing BIF, and 2.9 t/m ³ for the haematite-goethite zones. High resolution aeromagnetic surveys were flown in 2011, and the interpreted results were used to assist with drill hole planning.
<i>Further work</i>	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	No further work is planned for the immediate future on the Telecom Hill project, apart from possible desktop studies of geology and data. Further exploration work is planned in other areas of the Peak Hill project.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Database integrity</i>	<i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i> <i>Data validation procedures used.</i>	Assay, QC and DTR results were emailed to CSA Global as pdf documents and csv files. These were imported into Datashed, a relational database with inbuilt validation procedures. The database was maintained by CSA Global, with data security of paramount importance. Database and files were backed up to a server on a regular basis.
<i>Site visits</i>	<i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> <i>If no site visits have been undertaken indicate why this is the case.</i>	The Competent Person has not visited site. Alternative CSA Global personnel (Mr. Daniel Wholley) carried out several site inspections during the Mineral Resource drill programmes between 2009 and 2012 and examined the outcrop of BIF and inspected drill sampling procedures.
<i>Geological interpretation</i>	<i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i> <i>Nature of the data used and of any assumptions made.</i> <i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i> <i>The use of geology in guiding and controlling Mineral Resource estimation.</i> <i>The factors affecting continuity both of grade and geology.</i>	<p>Interpretation of BIF units is based upon geological mapping of the BIF outcropping at surface, and drill samples intersecting the BIF at variable depths below surface. The BIF lithologies (principally chert and iron oxide) are readily apparent in RC chips and DD core. The magnetite minerals are easily discerned with a hand-held magnet, and by recording the magnetic susceptibility of each sample. The alternate shale units are also readily discernible from the drill sample.</p> <p>Interpretation of the geological units are straightforward for an experienced geologist, with the strike and dip of the units interpreted in cross section. Geological maps of surface expression of the units demonstrate the structural complexity of the units, with fold noses and variable strike built into the interpretations.</p> <p>Geological interpretation of the magnetite BIF zones is based upon lithological logs and a lower Fe assay of 20%. SiO₂ and magnetic susceptibility were also used to guide the interpretations.</p> <p>A base of complete oxidation (BOCO) interface was interpreted from lithological logs of drill samples and the magnetic susceptibility of the samples. The BOCO surface varies in depth between 40 m and 80 m below surface.</p> <p>Three BIF units were interpreted supporting the magnetite Mineral Resource. The two THW BIF units are parallel, similar in strike and dip, but have different thicknesses. They are folded into a distinct plunging syncline dipping to the southeast at 70–80°. The BIF 1 Domain consists of a thick planar BIF mineralised lode with relatively higher Fe grades compared with other two. BIF 2 domain is parallel to BIF 1 with lower Fe grades and higher SiO₂ and Al₂O₃ contents. BIF 4 domain is located at THE and is parallel to the DSO haematite mineralisation. BIF 4 has Fe grades about midway between BIF 1 and BIF 2 with lower Fe grades and higher SiO₂ and Al₂O₃ concentrations.</p> <p>The DSO zone, encapsulating haematite-goethite mineralisation, exists over a strike extent of 1,300 m. The interpreted mineralisation zones are sub-vertical and parallel to BIF units which support Inferred magnetite Mineral Resources, as part of this report. The</p>

Criteria	JORC Code explanation	Commentary
		<p>interpreted DSO zones are based upon a nominal lower Fe (%) cut-off grade of 50%, with the lithological logs of drill samples used to support the interpretation based upon grade. A BOCO surface was interpreted based upon lithological logs. One zone of DSO mineralisation was modelled as support for the Mineral Resource.</p> <p>Alternative interpretations were not considered. The surface outcrop and drill hole intercepts of the mineralisation, both the magnetite and DSO zones, provide fairly strong support for the current interpretations. The geological understanding of the deeper zones is supported by drill intercepts and there are higher risks associated with the geological interpretations and subsequent tonnages. This is reflected in the Inferred classification assigned to the deeper volumes.</p>
Dimensions	<i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i>	<p>The magnetite zones have a strike extent of 4,300 m, a plan width of between 180 m and 250 m, and a depth of 300 m.</p> <p>The DSO zone has a strike extent of 1,500 m, a plan width of between 15 m and 30 m, and a depth of 150 m.</p>
Estimation and modelling techniques	<p><i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i></p> <p><i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i></p> <p><i>The assumptions made regarding recovery of by-products.</i></p> <p><i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i></p> <p><i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i></p> <p><i>Any assumptions behind modelling of selective mining units.</i></p> <p><i>Any assumptions about correlation between variables.</i></p> <p><i>Description of how the geological interpretation was used to control the resource estimates.</i></p> <p><i>Discussion of basis for using or not using grade cutting or capping.</i></p> <p><i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i></p>	<p>Micromine software was used for geological modelling, block model construction and final classification of the Mineral Resources. Datamine software was used for grade interpolation.</p> <p>For the magnetite Mineral Resource, a block model with block sizes 10 m (X) by 10 m (Y) by 10 m (Z) was constructed. Sub celling was used to honour the wireframe boundaries. The block sizes are considered small compared to the typical drill spacing, however the geological and Fe_Head grades are very continuous.</p> <p>For the DSO Mineral Resource, a block model with block sizes 20 m (X) by 10 m (Y) by 10 m (Z) was constructed. Sub celling was used to honour the wireframe boundaries. Blocks were flagged according to the geological and mineralisation envelopes.</p> <p>Drill sample data were flagged by the mineralisation and weathering domain envelopes, with variables LODE and WEATH used. Most drill holes were sampled at 1 m intervals and the drill samples were composited to 1 m lengths. Composited sample data were statistically reviewed to determine appropriate top cuts, with the following top cuts applied: Fe – no top cut applied for magnetite or DSO; SiO₂ (60% for Magnetite, and 35% DSO); Al₂O₃ – no top cut; P (magnetite – no top cut; DSO - 0.5%); S (1% magnetite and 1.1% DSO); LOI – no top cut. Log probability plots were used to determine the top cuts, and the very high-grade samples were reviewed in Datamine to determine if they were clustered with other high-grade samples.</p> <p>The block model and drill sample locations were translated into a flattened space to simulate an unfolding procedure, to 'straighten out' the fold limbs hosting the magnetite and haematite-goethite mineralisation. The flattened sample locations were used for variogram modeling.</p>

Criteria	JORC Code explanation	Commentary
		<p>For the magnetite Mineral Resource, downhole and directional experimental variograms were modelled for head and concentrate assay grades (derived from analyses of DTR product) for Fe, SiO₂, Al₂O₃, MgO, P, S and LOI1000.</p> <p>For the haematite-goethite Mineral Resource, downhole and directional experimental variograms were modelled for Fe, SiO₂, Al₂O₃, MgO, P, S and LOI1000.</p> <p>Kriging neighborhood analyses were undertaken to determine the optimal block model size, search ellipse radii, and number of samples to estimate each block.</p> <p>All grades were interpolated by ordinary kriging. A 3-pass estimation strategy was used for both MREs. For the Magnetite MRE, pass 1 used a search ellipse of 200 m (major) by 80 m (semi-major) by 60 m (minor) dimensions. For the haematite-goethite MRE, pass 1 used a search ellipse of 110 m (major) by 60 m (semi-major) by 30 m (minor) dimensions. For both the magnetite and haematite-goethite MREs, a minimum of 8 and maximum of 24 samples from a minimum of 4 drill holes were used to interpolate a cell. If a cell could not be interpolated in pass 1, then pass 2 parameters used, which was double the first pass radii with the same sample number limits. If a cell could not be interpolated in pass 2, then pass 3 parameters were used, with a search ellipse radii equivalent to 3.5 times the first pass search ellipse. A minimum of 4 and maximum of 24 samples were used to interpolate a cell. Cell discretization of 5 x 5 x 2 (X, Y, Z) was employed. Octant based searching was not used.</p> <p>The mineralisation envelopes were used as hard boundaries during grade interpolation. The Mineral Resources were previously reported in 2012 under the JORC (2004) Code. No additional geological or sampling information was included in the current Mineral Resources. A review of Mineral Resource classification has resulted in a minor adjustment to the reported tonnages and grades for Indicated and Inferred Mineral Resources.</p> <p>The interpolated grades were validated by way of review of cross sections (block model and drill samples presented with same colour legend), swath plots, and comparison of mean grades from sample data.</p> <p>The deposit has not been mined and there are no reconciliation data to use to reconcile the model with.</p>
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Tonnages are estimated on a dry basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	<p>The Magnetite Mineral Resource is reported above a cut-off grade of 15% Mass Recovery, which is also used as a reporting criterion for other Magnetite Mineral Resources.</p> <p>The magnetite Mineral Resource is reported from blocks within the fresh rock domain. Blocks in the BIF domain coded as being oxidised are excluded from the Mineral Resource. A depth extent of 320 m RL was also used to define the lower limit of Mineral Resources, being approximately 250 m below surface.</p>

Criteria	JORC Code explanation	Commentary
		The haematite-goethite Mineral Resource is reported above a cut-off grade of 50% Fe. Most of the volume of the mineralisation domains is reported above this cut-off, which is in line with other DSO Mineral Resources reported from the region. The lower limit of the DSO Mineral Resource is approximately 200 m below surface.
<i>Mining factors or assumptions</i>	<i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i>	Mining would be by open cut methods. The widths of the zones of mineralisation would allow a larger scale mining fleet because edge dilution (waste material at the edges of the ore domains being captured in the ore) will be kept to a minimum.
<i>Metallurgical factors or assumptions</i>	<i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i>	David Tube recovery (DTR) testwork (p80 38µm) has been undertaken to assess the recoverable magnetic fraction possible when crushed and ground BIF ore is passed through magnetic separation. The recovered (concentrate) and tails products were analysed for the Fe suite of elements by fused disc XRF, and the concentrate grades were interpolated into the Mineral Resource model with results reported as part of the MRE statement. A total of 1,864 4 m composited samples were submitted for analyses by DTR.
<i>Environmental factors or assumptions</i>	<i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i>	The project is located in a semi-arid region of Western Australia, with low annual rainfall. Environmental work at Telecom Hill deposits included the identification and flagging of artefacts to ensure drilling does not disturb any areas of heritage and cultural significance.
<i>Bulk density</i>	<i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i>	A total of 64 DD core billets were tested to determine bulk density values for the BIF, haematite-goethite and external shale domains. The density measurements were completed using wax coated core, with the samples weighed in air then in water, with a density value calculated based upon the Archimedes principle. The samples logged as BIF and located within the fresh zone (not oxidised) average 3.20 t/m ³ . The samples logged as haematite-goethite average 3.01 t/m ³ . A comparison of the results with the logged core resulted in a decision to lower the average density to 2.90 t/m ³ , which was used to calculate block tonnages for the Mineral Resource.
<i>Classification</i>	<i>The basis for the classification of the Mineral Resources into varying confidence categories.</i>	The Mineral Resources were classified based upon drill hole spacing, quality of sampling and sample analyses, quantity of density measurements, and the relative confidence in the geological interpretation.

Criteria	JORC Code explanation	Commentary
	<i>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit.</i>	<p>The magnetite Mineral Resource is classified as Indicated and Inferred. The haematite-goethite Mineral Resource is classified as Inferred. Both resource models have volumes which are not classified, either the oxide weathering horizon in the Magnetite model, or the deeper volumes which are not adequately supported by drilling.</p> <p>Drill holes supporting the magnetite Indicated Mineral Resource at Telecom Hill are drilled at a spacing of 200 m (N) x 80 m (E) to 200 m (N) x 100 m (E). The Inferred magnetite Mineral Resource is supported at a drill spacing of 400 m (N) x 80 m (E) to 400 m (N) x 100 m (E).</p> <p>The drilling supporting the Inferred Direct Shipping Ore (DSO) Mineral Resource at Telecom Hill East is drilled at a data spacing of 160 m (N) x 50 m (RL) to 200 m (N) x 100 m (RL).</p> <p>The results appropriately reflect the Competent Person's view of the deposits.</p>
<i>Audits or reviews</i>	<i>The results of any audits or reviews of Mineral Resource estimates.</i>	The Mineral Resources were reviewed by CSA Global resource geologists as part of the CSA Global peer review process, and any deficiencies were noted and corrected prior to finalisation and reporting of the Mineral Resource. No external audits have been carried out.
<i>Discussion of relative accuracy/confidence</i>	<p><i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i></p> <p><i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></p>	<p>No detailed studies have been completed using simulation or probabilistic methods that could quantify relative accuracy of the resource estimates.</p> <p>The BIF units supporting the magnetite Mineral Resource are have sufficient width, strike extent and depth extent to minimise geological risk in the interpretation of the geological envelopes. The current drill spacing is not amenable to modelling of internal waste zones.</p> <p>The classification of the Mineral Resource is a fair and reasonable representation of the relative accuracy in grade distribution and the geological domains as modelled.</p>



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13. INVESTIGATING ACCOUNTANT'S REPORT - APPENDIX B

RSM Corporate Australia Pty Ltd

Level 32, Exchange Tower,
2 The Esplanade Perth WA 6000

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9199

www.rsm.com.au

20 December 2017

The Directors
AustSino Resources Group Limited
100 Colin Street
West Perth, WA, 6005

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Independent Limited Assurance Report ("Report") on AustSino Resources Group Limited Historical and Pro Forma Historical Financial Information

Introduction

We have been engaged by AustSino Resources Group Limited ("AustSino" or the "Company") to report on the historical financial information of the Company for the three years ended 30 June 2015, 30 June 2016 and 30 June 2017 and Pro Forma Historical Financial Information of the Company as at 30 June 2017 for inclusion in a prospectus ("Prospectus") of the Company dated on or around 20 December 2017, to be issued in connection with the proposed public offering of up to 450,000,000 ordinary AustSino shares at an issue price of \$0.01 per share to raise up to \$4.5 million before costs (the "Offer").

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The future prospects of the Company, other than the preparation of Pro Forma Historical Financial Information, assuming completion of the transactions summarised in Note 1 of the Appendix of this Report, are not addressed in this Report. This Report also does not address the rights attaching to the shares to be issued pursuant to this Prospectus, nor the risks associated with an investment in shares in the Company.

Background

AustSino is an Australian public company with mineral exploration tenements in the Mid-West Region of Western Australia. The Company was formerly named Padbury Mining Limited but changed its name to AustSino in February 2017.

The Company was listed on the Australian Securities Exchange ("ASX") but has been voluntarily suspended from trading on the ASX since December 2014. Since that time, the Directors have been maintaining the Company's tenements and intellectual property, while seeking to recapitalise and restructure the Company.

The Directors of the Company are seeking re-quotation of its Shares on the ASX and will use the funds raised from the Offer to explore options for maximising returns to Shareholders in relation to the Company's Mid-West tenements.

THE POWER OF BEING UNDERSTOOD **AUDIT | TAX | CONSULTING**

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

Scope

Historical financial information

You have requested RSM Corporate Australia Pty Ltd ("RSM") to review the following historical financial information of the Company included in the Prospectus at the Appendix to this Report:

- The statement of financial performance of the Company for the three years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- The statement of cash flows of the Company for the three years ended 30 June 2015, 30 June 2016 and 30 June 2017; and
- The statement of financial position of the Company as at 30 June 2017;

(together the "Historical Financial Information" attached at the Appendix to this Report for reference).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles of the International Financial Reporting Standards and the Company's adopted accounting policies.

The Historical Financial Information represents that of the Company and has been extracted from the financial statements of the Company for the three years ended 30 June 2015, 30 June 2016 and 30 June 2017, which were audited by RSM Australia Partners in accordance with Australian Auditing Standards and the *Corporations Act 2001*. The audit report issued for the year ended 30 June 2017 was an unmodified opinion, which included a material uncertainty regarding the Company's ability to continue as a going concern.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by International Financial Reporting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro forma historical financial information

You have requested RSM to review the pro forma historical statement of financial position as at 30 June 2017, referred to as "the Pro Forma Historical Financial Information".

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company after adjusting for the effects of the subsequent events and pro forma adjustments described in Note 1 of the Appendix to this Report. The stated basis of preparation is the recognition and measurement principles of the International Financial Reporting Standards applied to the Historical Financial Information and the events or transactions to which the subsequent events and pro forma adjustments relate, as described in Note 1 of the Appendix to this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or statement of financial performance.

Directors' responsibility

The Directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making such enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- A consistency check of the application of the stated basis of preparation, to the Historical and Pro Forma Historical Financial Information;
- A review of the Company's and its auditors' work papers, accounting records and other documents;
- Enquiry of directors, management personnel and advisors;
- Consideration of subsequent events and pro forma adjustments described in Note 1 of the Appendix to this Report; and
- Performance of analytical procedures applied to the Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendix to this Report, and comprising:

- The statement of financial performance of the Company for the three years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- The statement of cash flows of the Company for the three years ended 30 June 2015, 30 June 2016 and 30 June 2017; and
- The statement of financial position of the Company as at 30 June 2017,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix to this Report.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in the Appendix to this Report, and comprising the pro forma statement of financial position as at 30 June 2017 of the Company and its controlled entities, is not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix of this Report.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

RSM has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM has not authorised the issue of the Prospectus. Accordingly, RSM makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Disclosure of Interest

RSM does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. RSM will receive a professional fee for the preparation of this Report.

Yours faithfully

A handwritten signature in black ink that reads 'Andrew Gilmore'.

A J GILMOUR
Director

AUSTSINO RESOURCES GROUP LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDED 30 JUNE 2015, 2016 AND 2017

	Year ended 30-Jun-17 Audited \$	Year ended 30-Jun-16 Audited \$	Year ended 30-Jun-15 Audited \$
Revenue	18,282	2,070	9,324
Other income	1,170	52,813	130,127
Expenses			
Depreciation	(66,871)	(64,450)	(38,849)
Impairment of assets	-	(21,260)	(8,663,132)
Exploration and evaluation expenditure	(243,135)	(170,000)	(60,502)
Employee benefits expense	(552,657)	(378,718)	(362,348)
Consulting fees	(1,515,140)	(4,223)	(69,673)
Other expenses	(1,353,055)	(853,417)	(1,449,558)
Loss before income tax	(3,711,406)	(1,437,185)	(10,504,611)
Income tax expense	-	-	-
Loss after income tax for the period	(3,711,406)	(1,437,185)	(10,504,611)
Other comprehensive income for the period, net of tax	(23,950)	14,186	15,187
Total comprehensive loss for the period	(3,735,356)	(1,422,999)	(10,489,424)

Investors should note that past results are not a guarantee of future performance.

AUSTSINO RESOURCES GROUP LIMITED
STATEMENT OF CASH FLOWS
FOR THE THREE YEARS ENDED 30 JUNE 2015, 2016 AND 2017

	Year ended 30-Jun-17 Audited \$	Year ended 30-Jun-16 Audited \$	Year ended 30-Jun-15 Audited \$
Cash flows from operating activities			
Payments to suppliers and employees	(2,785,541)	(842,109)	(1,405,001)
Net Interest received	18,282	2,070	5,779
Other income	1,170	52,813	130,127
Exploration expenditure	(243,136)	(170,000)	(476,342)
Net cash (outflow) from operating activities	<u>(3,009,225)</u>	<u>(957,226)</u>	<u>(1,745,437)</u>
Cash flows from investing activities			
Refund of security deposit	6,349	-	(54,336)
Payments for plant and equipment	(142,159)	(3,728)	(209,682)
Net cash (outflow) from investing activities	<u>(135,810)</u>	<u>(3,728)</u>	<u>(264,018)</u>
Cash flows from financing activities			
Proceeds from issue of shares	4,068,998	-	1,000,000
Cash received pending allotment of shares	1,222,850	675,170	350,000
Net cash inflow from financing activities	<u>5,291,848</u>	<u>675,170</u>	<u>1,350,000</u>
Net increase in cash held	2,146,813	(285,784)	(659,455)
Cash and cash equivalents at the beginning of the period	119,593	405,377	1,064,832
Cash and cash equivalents at the end of the period	<u>2,266,406</u>	<u>119,593</u>	<u>405,377</u>

Investors should note that past results are not a guarantee of future performance.

AUSTSINO RESOURCES GROUP LIMITED
PRO FORMA STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	AustSino Audited 30-Jun-17 \$	Subsequent events Unaudited 30-Jun-17 \$	Pro forma adjustments Unaudited 30-Jun-17 \$	Pro forma Unaudited 30-Jun-17 \$
Assets					
Current assets					
Cash and cash equivalents	3	2,266,406	-	4,150,150	6,416,556
Trade and other receivables		132,421	-	-	132,421
Total current assets		<u>2,398,827</u>	<u>-</u>	<u>4,150,150</u>	<u>6,548,977</u>
Non-current assets					
Trade and other receivables		62,210	-	-	62,210
Plant and equipment		254,045	-	-	254,045
Deferred exploration expenditure		3,056,481	-	-	3,056,481
Total non-current assets		<u>3,372,736</u>	<u>-</u>	<u>-</u>	<u>3,372,736</u>
Total assets		<u>5,771,563</u>	<u>-</u>	<u>4,150,150</u>	<u>9,921,713</u>
Liabilities					
Current liabilities					
Trade and other payables	4	2,629,748	(1,917,850)	-	711,898
Provisions	5	600,000	(600,000)	-	-
Total current liabilities		<u>3,229,748</u>	<u>(2,517,850)</u>	<u>-</u>	<u>711,898</u>
Total liabilities		<u>3,229,748</u>	<u>(2,517,850)</u>	<u>-</u>	<u>711,898</u>
Net assets		<u>2,541,815</u>	<u>2,517,850</u>	<u>4,150,150</u>	<u>9,209,815</u>
Equity					
Issued capital	6	61,229,894	2,517,850	4,150,150	67,897,894
Reserves		6,272,257	-	-	6,272,257
Accumulated losses		(64,960,336)	-	-	(64,960,336)
Total equity		<u>2,541,815</u>	<u>2,517,850</u>	<u>4,150,150</u>	<u>9,209,815</u>

The unaudited pro forma statement of financial position represents the audited statement of financial position of the Company as at 30 June 2017 adjusted for the subsequent events and pro forma transactions outlined in Note 1 of this Appendix. It should be read in conjunction with the notes to the Historical and Pro Forma Historical Financial Information.

1. Introduction

The financial information set out in this Appendix consists of the Historical Financial Information together with the Pro Forma Historical Financial Information.

The Pro Forma Historical Financial Information has been compiled by adjusting the statement of financial position of the Company as at 30 June 2017, reflecting the Directors' pro forma adjustments for the impact of the following subsequent events and pro forma adjustments.

Adjustments adopted in compiling the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared by adjusting the Historical Financial Information to reflect the financial effects of the following subsequent events which have occurred in the period since 30 June 2017 and the date of this Report:

- (i) On 5 September 2017, the Company issued 50,000,000 shares to Mr Song Zhi Yuan ("Mr Song") at an issue price of \$0.01 per share as satisfaction for \$500,000 payable to Mr Song as at 30 June 2017 for the refurbishment of the Company's Shanghai Office;
- (ii) On 5 September 2017, the Company issued 122,284,953 shares to Zhongying Property Development Company ("Zhongying") at an issue price of \$0.01 per share. The funds for the share issue had been received and were held in trust by the Company as at 30 June 2017;
- (iii) On 29 November 2017, the Company approved the issue of the following shares to Aust-China Resources Group Limited ("ACR"):
 - 200,000,000 shares at a deemed issue price of \$0.003 per share, in respect of services provided to the Company since 2014; and
 - 65,000,000 shares at a deemed issue price of \$0.003 per share in satisfaction of payables due to ACR at 30 June 2017;

and the following pro forma transactions which are yet to occur, but are proposed to occur immediately before or following completion of the Offer:

- (iv) The issue of 450,000,000 fully paid ordinary shares in the Company at \$0.01 each to raise \$4,500,000, before costs, pursuant to the Offer;
- (v) The payment of cash costs related to the Offer estimated to be 349,850.

The Pro Forma Historical Financial Information has been presented in abbreviated form and does not contain all the disclosures usually provided in an Annual Report prepared in accordance with the *Corporations Act 2001*.

2. Statement of significant accounting policies

(a) Basis of preparation

The Historical Financial Information has been prepared in accordance with the recognition and measurement requirements of the International Financial Reporting Standards ("IFRS"), adopted by the International Accounting Standards Board and the Corporations Act 2001.

The Pro Forma Historical Financial Information presented in the Prospectus as at 30 June 2017 has been prepared to reflect the Directors' pro forma adjustments for the effects of the Offer and other transactions in Note 1 above.

The significant accounting policies that have been adopted in the preparation and presentation of the historical and the Pro forma Historical Financial Information are:

(b) Basis of measurement

The Historical and Pro Forma Historical Financial Information has been prepared on the historical cost basis except for financial instruments classified at *fair value through profit or loss*, which are measured at fair value.

(c) Principles of consolidation

The Historical and Pro Forma Historical Financial Information incorporates the assets, liabilities and results of entities controlled by the Company at the end of the pro forma reporting period. A controlled entity is any entity over which the Company has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated entity have been eliminated in full on consolidation. Accounting policies of subsidiaries have been charged where necessary to ensure consistency with those adopted by the parent entity.

(d) Functional and presentation currency

The Historical and Pro Forma Historical Financial Information has been presented in Australian dollars which is the Company's functional currency.

(e) Use of estimates and judgements

The preparation of Financial Information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(f) Going concern

The Historical and Pro Forma Historical Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

(g) Revenue recognition

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

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

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Share-based payment transactions

The Company provides benefits to employees and other parties in the form of share based payments, whereby the employees and parties provide services in exchange for shares and other securities in the Company. The cost of the equity settled share based payment transactions is determined by reference to the fair value of the equity instruments granted.

The fair value 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 ("vesting period").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) The grant date fair value;
- (ii) The extent to which the vesting period has expired; and
- (iii) The number of equity instruments that, in the opinion of the Directors of the Company, will ultimately vest.

This opinion is formed based on the best available information at reporting date. 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.

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

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

(k) Plant and equipment

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

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) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration or 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.

(l) Exploration and evaluation expenditure (cont.)

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.

(m) 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.

3. Cash and cash equivalents

	Note	Audited 30-Jun-17 \$	Unaudited Pro-forma 30-Jun-17 \$
Cash and cash equivalents		2,266,406	6,416,556
AustSino cash and cash equivalents as at 30 June 2017			2,266,406
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Proceeds from the Offer pursuant to the Prospectus	1(iv)		4,500,000
Capital raising costs	1(v)		(349,850)
			4,150,150
Pro-forma cash and cash equivalents			6,416,556

4. Trade and other payables

		Audited 30-Jun-17 \$	Unaudited Pro-forma 30-Jun-17 \$
Trade and other payables		2,629,748	711,898
AustSino payables as at 30 June 2017			2,629,748
<i>Subsequent events are summarised as follows:</i>			
Issue of shares to Mr Song	1(i)		(500,000)
Issue of shares to Zhongying	1(ii)		(1,222,850)
Issue of shares to ACR	1(iii)		(195,000)
			(1,917,850)
Pro-forma trade and other payables			711,898

5. Provisions

		Audited 30-Jun-17 \$	Unaudited Pro-forma 30-Jun-17 \$
Provisions		600,000	-
AustSino payables as at 30 June 2017			600,000
<i>Subsequent events are summarised as follows:</i>			
Provisions due to ACR settled via issue of shares	1(iii)		(600,000)
Pro-forma trade and other payables			-

6. Issued capital

	Note	Number of shares	\$
AustSino issued share capital as at 30 June 2017		4,155,833,650	61,229,894
<i>Subsequent events are summarised as follows:</i>			
Issue of shares to Mr Song	1(i)	50,000,000	500,000
Issue of shares to Zhongying	1(ii)	122,284,953	1,222,850
Issue of shares to ACR	1(iii)	265,000,000	795,000
		437,284,953	2,517,850
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Fully paid ordinary shares issued at \$0.01 pursuant to this Prospectus	1(iv)	450,000,000	4,500,000
Cash costs associated with the share issue pursuant to this Prospectus	1(v)	-	(349,850)
		450,000,000	4,150,150
Pro-forma issued share capital		5,043,118,603	67,897,894

6. Related party disclosure

Following completion of the Offer, the Directors of AustSino will be Mr Chun Ming Ding, Mr Michael Keemink, Mr Ian King and Mr Phil McKeiver. Directors' holdings of shares, directors' remuneration and other directors' interests are set out in sections 5.18 and 12.3 of the Prospectus.

7. Commitments and contingent liabilities

The Company had following commitments at 30 June 2017:

	Unaudited Pro-forma 30-Jun-17 \$
<i>Committed at the reporting date but not recognised as liabilities payable:</i>	
Exploration Commitments	
Not later than one year	<u>758,080</u>
Lease Commitments	
Within one year	281,053
1 – 5 years	<u>223,237</u>
Total	<u>504,290</u>

Following completion of the Offer, the Company will have the following contingent liabilities as at 30 June 2017:

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 AustSino 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 AustSino 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; and
- (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.

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.

7. Controlled entities

The consolidated Historical and Pro Forma Historical Financial Information include the financial information of AustSino Resources Group Limited and the subsidiaries listed in the following table:

Consolidated Entities	Country of Incorporation	Pro forma interest held
Desert Resources Pty Ltd	Australia	100%
Apogei Pty Ltd	Australia	80%
Mid West Infrastructure Group Pty Ltd	Australia	100%
Aurium Resources Limited	Australia	100%
Padbury (Shanghai) Enterprise Development Company Ltd	China	100%

14. SOLICITOR'S REPORT – APPENDIX C

Ref:
Email: lee@christensenpartners.com.au

18 December 2017

The Directors
AustSino Resources Group Ltd
100 Colin Street
WEST PERTH WA 6005

Dear Sirs

Solicitors' Report on Mining Tenements

This report is prepared for inclusion in a prospectus to be dated on or about 20 December 2017 to be issued by AustSino Resources Group Limited (Company) for the issue of 450,000,000 shares at \$0.01 cents each to raise up to \$4,500,000 million with a minimum subscription of 400,000,000 shares to raise \$4,000,000.

This report relates to the mining tenements in Western Australia listed in the Schedule of Mining Tenements (Schedule), being the mining tenements in which the Company holds an interest (Tenements).

1. Searches

We have arranged for the following searches to be conducted for the purpose of this report:

- (a) searches of the Tenements in the register maintained by the Department of Mines, Industry Regulation and Safety and Petroleum (Department) pursuant to the Mining Act 1978 of Western Australia (WA Mining Act) on 5 and 15 December 2017;
- (b) quick appraisal searches of the Tenements obtained on-line from the Department dated 11 and 15 December 2017;
- (c) searches of the native title application summaries maintained by the National Native Title Tribunal (NNTT) on 7 and 18 December 2017 in relation to those registered native title claims which affect the Tenements;

On the basis of the searches we consider that this report provides an accurate statement as to the status of the Tenements as at 11 December 2017.

2. Mining Tenements generally

The Tenements comprise seven exploration licences and one mining lease and one application for an Exploration Licence.

An exploration licence which was granted or applied for before 10 February 2006 remains in force for a period of 5 years and may, in prescribed circumstances, at the discretion of the Minister, be extended over the whole or part of the exploration licence by a further period or periods of one or two years. An exploration licence applied for on or after 10 February 2006 will, once granted, remain in force for a period of 5 years and may, in prescribed circumstances, at the discretion of the Minister, be extended over whole or part of the exploration licence for a further period of 5

years, followed by 2 year periods. In either case, the prescribed circumstances include where the Minister is satisfied that planned exploration could not be carried out due to delay in obtaining necessary approvals or due to the land being unworkable for at least a significant part of one year of the term, or where the Minister is satisfied that work carried out justifies further exploration.

At the end of the third and fourth years of the term of an exploration licence which was granted or applied for before 10 February 2006 the holder must relinquish an area which constitutes not less than half of the area of the licence as at each relinquishment date. A holder may apply for an exemption from the requirement to relinquish an area of the exploration licence.

In respect of an exploration licence applied for on or after 10 February 2006 the holder must relinquish an area which constitutes not less than 40% of the area of the licence at the end of 5 years and the earlier relinquishments are not required. A holder may apply to the Minister for a deferral of the requirement to relinquish an area of the exploration licence for a period of 12 months.

No legal or equitable interest in or affecting an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. No fee is payable for the obtaining of such consent. In determining a request for consent the Minister will consider whether the exploration programme planned for the first 12 months following grant and lodged by the tenement holder at the time of applying for the tenement has been complied with.

Exploration licences are described by graticular blocks, which range in area from approximately 2.8 km² to 3.3 km² depending on where the block is located in the State.

The WA Mining Act confers on the holder of an exploration licence which is in force, the right to apply for and, subject to the WA Mining Act, have granted one or more mining leases over any part of the land the subject of that licence. The exploration licence will continue in force beyond its term if the holder has made an application for a mining lease over the area of the licence.

A mining lease may only be applied for in instances where the Director, Geological Survey is satisfied that significant mineralisation exists or where a mining proposal has been prepared. "Significant mineralisation" is defined in the Mining Act as a deposit of minerals where there is a reasonable prospect of those minerals being obtained by mining operations. A mining proposal is a document which sets out in detail the mining operations proposed to be carried out on the area of the application.

A mining lease remains in force for a period of 21 years and may be renewed for successive periods of 21 years with the tenement holder entitled to the first renewal as of right. No legal interest in a mining lease can be transferred or mortgaged without the prior written consent of the Minister. The inferred reserves referred to in the CSA Global Report in Section 9 of this Prospectus are situated within the boundaries of Mining Lease M52/1068.

2.1 Tenement Conditions and Forfeiture

Mining tenements in Western Australia are granted subject to various standard conditions prescribed by the WA Mining Act including payment of annual rent, minimum expenditure requirements, reporting requirements and standard environmental conditions, as well as any conditions that may be imposed by the Minister in respect of a particular mining tenement (such as restrictions on mining or access to certain reserves).

If a tenement holder fails to comply with the terms and conditions of a tenement the Warden or the Minister, as applicable, may impose a fine or order that the tenement be forfeited. In most cases an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement. In certain cases, a third party can institute administrative proceedings under the WA Mining Act before the Warden seeking forfeiture of the tenement.

In the case of failure to comply with the annual minimum expenditure requirement the tenement holder can apply to the Department for an exemption from that expenditure requirement. In addition, a third party can object to an application for exemption for expenditure. If an exemption application is refused then it is open to the Warden or Minister (as applicable) to impose a fine or make an order for forfeiture.

Mining tenements in Western Australia are also subject to statutory requirements of certain other Acts including the Aboriginal Heritage Act 1972, Environmental Protection Act 1986, Rights in Water and Irrigation Act 1914 and Conservation and Land Management Act 1984, the full details of which are beyond the scope of this report.

3. Iron ore

It was a requirement of the WA Mining Act that where an application for a prospecting licence, exploration licence, retention licence or mining lease was made prior to 8 February 2017 the approval of the Minister must be obtained before any prospecting, exploration, working or mining the land for iron ore can be carried out on that a tenement. This requirement does not apply if the application for the tenement was made on or after 8 February 2017. This approval has been obtained for all of the granted Tenements that were applied for prior to 8 February 2017.

It is also noted that after a period of 15 years from the grant of any mining lease additional rent will be charged in the event that iron ore is being produced from that mining lease, as provided for in Mining Regulations 1981 (WA), regulation 28A.

4. Pastoral lease land

A number of the tenements encroach upon land which is the subject of a pastoral lease.

In relation to land the subject of a pastoral lease, a granted tenement does not entitle the holder to conduct activities on or interfere with specified areas of that land without the written consent of the occupier of that land, unless the mining warden otherwise directs or the mining activities are carried out not less than 30 metres below the natural surface of the land. The specified areas in this case comprise land that is:

- (a) for the time being under crop, or which is situated within 100m of such land;
- (b) used as or situated within 100m of a yard, stockyard, garden, cultivated field, orchard, vineyard, plantation, airstrip or airfield;
- (c) situated within 100m of any land that is in actual occupation and on which a house or other substantial building is erected;
- (d) the site of or situated within 100m of any cemetery or burial ground;
- (e) the site of, or is situated within 400m of the outer edge of, any water works, race, dam, well or bore, not being an excavation previously made and used for mining purposes by a person other than a lessee of that pastoral lease.

As some of the Tenements encroach on pastoral lease land those Tenements, will give limited rights of access to the specified areas set out above without the consent of the occupiers of those leased areas. Where the consent of the occupier is given it is commonly given under the terms of an access agreement under which the tenement holder also agrees to pay compensation to the occupier for losses including loss for damage to improvements or any substantial loss of earnings.

It is not possible to determine from the searches we obtained the extent to which the pastoral lease land encroached upon by the Tenements falls within the specified areas above or therefore determine the extent or significance of these restrictions on access. In carrying out its activities on

those Tenements the Company will need to identify those areas and ensure that it does not conduct any mining activities on them, except below the required 30 metres, unless it obtains the consent of the occupier.

5. Aboriginal heritage

There may be sites of Aboriginal heritage or significance located on the land the subject of the Tenements.

The Aboriginal Heritage Act 1972 (WA) (WA Heritage Act) applies to the Tenements and makes it an offence to, among other things, alter or damage an Aboriginal site or object on or under an Aboriginal site. A site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent. There is no requirement or need for a site to be registered in any public manner or, indeed, be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the WA Heritage Act.

The Aboriginal and Torres Strait Islander Heritage Act 1984 (Cth) (Commonwealth Heritage Act) also applies to the Tenements and is aimed at the preservation and protection of significant Aboriginal areas and significant Aboriginal objects. This Act only applies if, and to the extent, a declaration has been made by the Commonwealth Minister for Aboriginal Affairs.

We have not undertaken searches to ascertain if any Aboriginal sites have been registered in the vicinity of the Tenements under these Acts as there is no obligation, in those Acts, to register sites, objects or relics. In any event, their exact location is not always ascertainable from such searches.

To ensure that that it does not contravene these Acts while carrying out operations on the Tenements, the Company would need to conduct heritage surveys to determine if any Aboriginal sites exist within the area of the Tenements. If so, the Company would also need to ensure that any interference with such Aboriginal sites is in strict conformity with the provisions of the above WA Heritage Act and the Commonwealth Heritage Act.

6. State Register of Heritage Places

None of the Tenements, being so far as the Company is aware encroach upon a site that is on the State Register of Heritage Places maintained by the Heritage Council of Western Australia. Sites listed on the State Register of Heritage Places are considered to be places of cultural heritage significance. Any proposals for the development of such a place will be referred to the Heritage Council of WA for advice.

7. Restrictions on grant of Mining Tenements in national parks and nature reserves

The current State Government has a policy that prohibits mineral and petroleum exploration and mining in all national parks and nature reserves. The Government has authorised the progression and grant of any applications which were made prior to 10 February 2001 but these are subject to careful assessment and, if granted, are usually subject to stringent conditions.

Tenement applications made after 10 February 2001 which lie wholly within a national park or nature reserve will be refused, and those which are only partially within a national park or nature reserve will have the area of the national park or nature reserve excised.

8. Native title – generally

On 3 June 1992 the High Court of Australia held in *Mabo v Queensland* that the common law of Australia recognises a form of native title. In order to maintain a native title claim the persons making such claim must show that they enjoyed certain customary rights and privileges in respect

of a particular area of land and that they have maintained their traditional connection with that land. Such a claim will not be recognised if the native title has been extinguished or otherwise lost, either by voluntary surrender to the Crown, death of the last survivor of a community entitled to native title, abandonment of the land in question by that community or the granting of an "inconsistent interest" in the land by the Crown. An example of inconsistent interest would be the granting of a freehold or some types of leasehold interest in the land. The granting of a non-exclusive interest will not extinguish native title unless it is wholly inconsistent with native title and native title rights will co-exist with that interest to the extent that they are not inconsistent with that interest.

The Commonwealth Parliament responded to the Mabo decision by passing the Native Title Act 1993 (Cth) (Commonwealth Act). Among other things, the Commonwealth Act:

- (a) regulates the recognition and protection of native title;
- (b) confirms the validity of titles granted by the Federal Government prior to the commencement of that Act on 1 January 1994;
- (c) specifies the procedures to be complied with for certain future acts which affect native title; and
- (d) specifies the procedures by which Aboriginal people can claim native title and by which people determined to hold native title can claim compensation.

The Commonwealth Act was extensively amended in 1998 by the Native Title Amendment Act 1998. These amendments include the validation of any titles that may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. Other significant amendments include a revised threshold test for the acceptance of native title claims, confirmation of extinguishment of native title by the grant of "exclusive possession" pastoral leases and certain other leasehold interests and provisions intended to deal with overlapping claims.

The Western Australian Parliament has enacted the Titles (Validation) and Native Title (Effect of Past Acts) Act 1995 which adopts the Commonwealth Act in Western Australia.

The majority of the High Court concluded in the Ward decision (8 August 2002) that, among other things:

- (a) native title is wholly extinguished in respect of land the subject of freehold, public works or other previous "exclusive possession" acts, and in respect of minerals and petroleum which are vested in the Crown, as well as various other grants and vestings; and
- (b) native title is partially extinguished as a result of the grant of "non-exclusive possession" pastoral leases and mining leases, and also as a result of the creation of certain reserves.

We have not researched the historic underlying land tenure in respect of the Tenements in order to assess the extent of extinguishment (if any) for the purposes of this report.

9. Native title – native title claims

Persons claiming to hold native title may lodge an application for determination of native title (being a native title claim) with the Federal Court. Applications which are lodged with the Federal Court will be referred to the NNTT for the purposes of registration of the claim.

If the Native Title Registrar is satisfied that a claim meets the registration requirements set out in the Commonwealth Act (Registration Test) it will be entered on the Register of Native Title Claims maintained by the NNTT (NT Register). Claimants of registered claims are afforded certain

procedural rights under the Commonwealth Act including the "right to negotiate" discussed further below.

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received maintained by the NNTT. Such claims may be entered on the NT Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. Claims which are not registered do not get the right to negotiate and claims. Claims that are deregistered will lose the right to negotiate from the date of deregistration but will still remain on foot in the Federal Court until such time as they are determined by the Court. The quick appraisal searches provided by the Department only include information in relation to claims on the NT Register. We have not undertaken the additional searches needed to determine whether any unregistered claims affect the Tenements.

All of the Tenements relate to land which is currently the subject of either a registered native title claim and/or a determination, or determinations, of native title. The Tenements affected by these claims and determinations are identified in the Schedule. The fact that a claim has been lodged (but not yet determined) does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area. The existence of native title will be established in due course as the undetermined claims are determined by the Federal Court. We have not undertaken, nor are we qualified to, undertake, the considerable historical, anthropological and ethnographic work that would be required to determine the possibility of any further claims in respect of the area of the Tenements being made in the future.

10. Native title – validity of titles

10.1 Granted Tenements

The grant of a mining tenement is an act that is capable of affecting, and which may affect, native title. The future act processes of the Commonwealth Act provide a mechanism for achieving the valid grant of a mining tenement in terms of native title. The validity of a mining tenement granted in Western Australia is dependent on its date of grant.

All of the mining tenements were granted after 23 December 1996 and according to those which are affected by native title rights and interests will be valid provided the applicable processes prescribed by the Commonwealth Act were complied with. We understand that it has been the practice of the Western Australian Government to comply with these processes but we have not undertaken any independent enquiries to confirm that this is the case.

10.2 Future Tenement Grants

The valid grant of any of the Tenements which may affect native title requires full compliance with the "future act" provisions of the Commonwealth Act in addition to compliance with the usual procedures under the State's mining legislation. The primary future act procedure prescribed under the Commonwealth Act applicable to mining tenements is the "right to negotiate" process. Other procedures generally apply to low-impact titles (such as prospecting and exploration licences) or infrastructure titles as noted below.

The right to negotiate process involves the publishing of a notice of the proposed grant of a tenement followed by negotiation in good faith between the relevant State Government, the tenement applicant and the relevant registered native title claimant or holder. If agreement to enable the grant to occur is not reached within 6 months of the relevant notification, the matter may be referred to arbitration before the NNTT, which has a further 6 months to make a determination. A party to a determination of the NNTT may appeal that determination to the Federal Court on a question of law.

The Commonwealth Act provides that, in relation to the grant of mining tenements in certain areas, a State law can operate in lieu of the right to negotiate process of the Commonwealth Act. These areas are principally areas covered by pastoral leases. The Western Australian State Government has not yet introduced such a law.

The Department has released a policy to facilitate the grant of exploration licence applications which falls within an exception to the right to negotiate procedure. The Department has indicated its intention to grant exploration licences where the applicant is willing to enter into a standard aboriginal heritage protection agreement (HPA) or an alternative heritage agreement. The HPAs have been negotiated between the State, mining and exploration representative bodies, and certain of the aboriginal representative bodies. A number of native title groups have developed alternative heritage agreements. The policy appears to be effective in achieving the grant of exploration licences.

The right to negotiate process does not have to be pursued in cases where an indigenous land use agreement (ILUA) is negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures will vary depending on the terms of the relevant ILUA. Similarly, if any other type of agreement is reached between a mining company or other proponent and a native title group which allows the grant of future tenements, the right to negotiate process may not have to be followed with that native title group but the parties will be required to enter into a State Deed pursuant to section 31 of the Commonwealth Act which refers to the existence of that other ancillary agreement and confirms that the tenement can be granted. A State Deed is a standard form document prepared by the State Government and available from the Department. All of the tenements are the subject of the ILUA.

11. Risk Factors – native title and Aboriginal heritage

The existence of native title and/or native title claims in relation to the land the subject of the Tenements may have an adverse impact on the activities of the Company and its ability to fund those activities. It is impossible at this stage to quantify the impact that these matters may have, but the main risks include:

- (a) delays in obtaining the grant of renewals or conversions of the Tenements, or further applications, as a result of the future act processes as these processes can typically take in excess of 18 months unless there is an agreement already in place. Further, in the case of the right to negotiate process, if the parties cannot reach agreement the matter may be referred to the NNTT for arbitration. The NNTT may determine that the application cannot be granted or can only be granted on conditions unacceptable to the Company. Similarly, in the process for infrastructure titles, the independent person may make an assessment that, if accepted by the State Minister means, the application cannot be granted or can only be granted on conditions unacceptable to the Company;
- (b) compensation may be payable by the Company as a result of agreements made pursuant to the right to negotiate or alternative process or as a result of a compensation order made by the Federal Court in the event native title has been determined to exist. The amount of such compensation is not quantifiable at this stage;
- (c) failure by the State Government to fully comply with the applicable future act processes will result in a tenement that is granted being invalid to the extent it is inconsistent with native title rights and interests; it will be difficult to assess what practical effect that will have other than on a case by case basis; and
- (d) the risk that Aboriginal sites and objects exist on the land the subject of the Tenements, the existence of which sites and objects may preclude or limit mining activities in certain areas of the Tenements. Further, the disturbance of such sites and objects is likely to be an

offence under the applicable legislation, exposing the Company to fines and other penalties, unless authorisation is obtained under the relevant legislation.

12. Qualifications

While the status of the Tenements is dealt with in detail in the Schedule and the Notes, we point out by way of summary, that:

- (a) we have assumed the results of the searches which we have made or caused to be made referred to in Section 1 of this report are accurate, complete and up-to-date;
- (b) we have relied on the accuracy of the Registers and databases maintained by the governmental bodies referred to in Section 1 of this report; and
- (c) the holding of the Tenements is subject to compliance with their terms and conditions and the provisions of the WA Mining Act and the information available from the searches we conducted only includes information in relation to compliance with some such terms, conditions and provisions.

Further, as it is beyond the scope of this report, we have not undertaken the following searches:

- (a) searches of Aboriginal heritage sites that may exist on the Tenements;
- (b) searches of the register of contaminated sites maintained by the Western Australia Department of Water and Environment Regulation and Conservation;
- (c) searches of deregistered or unregistered native title claims with NNTT; and
- (d) historic land tenure searches to determine if the Tenements encroach on any "minerals to owner" private land.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lee Christensen', with a stylized flourish extending from the end.

Lee Christensen
Director
Christensen Partners

Tenement No.	Holder	Grant Date	Expiry Date	Requested Dealings	Registered Native Title Claims	Notes
Mount Padbury E52/1862	Desert Resources Pty Ltd ACN 107 142 003	25/08/2005	24/08/2018	Caveat 295370 lodged by consent by Peak Hill Manganese Pty Ltd on 17/07/2008. <i>Note 3</i> Tax Memorial 464067 registered 11/12/2014 by the Commissioner of State Taxation. <i>Note 4</i> Caveat 497378 lodged by consent by Jalein Pty Ltd on 23/11/2016.	WCD 2000/001 *See <i>Note 1</i> attached to this Schedule regarding ILUA. *See <i>Note 2</i> attached to this Schedule regarding determinations.	Authorised for iron.
Mount Padbury E52/1976	Desert Resources Pty Ltd ACN 107 142 003	24/11/2006	23/11/2018	Caveat 295371 lodged by Peak Hill Manganese Pty Ltd on 17/07/2008. <i>Note 3</i> Tax Memorial 464068 by Commissioner of State Taxation on 17/05/2015. <i>Note 4</i> Caveat 497379 lodged by caveat by Jalein Pty Ltd on 23/11/2016. <i>Note 5</i>	*See <i>Note 1</i> attached to this Schedule regarding ILUA. See <i>Note 2</i> attached to this Schedule regarding determinations.	Authorised for Iron
Mount Padbury E52/2279	Desert Resources Pty Ltd ACN 107 142 003	20/03/2001	19/03/2019	Caveat 318408 lodged by consent by Peak Hill Manganese Pty Ltd on 21/04/2009. <i>Note 3</i> Tax Memorial 464070 lodged by Commissioner of State Taxation 17/03/2015. <i>Note 4</i> Caveat 497380 lodged by consent by Jalein Pty Ltd on 23/11/2016. <i>Note 5</i>	NNTT WC1990/013 WAD 72/1998 *See <i>Note 1</i> attached to this Schedule regarding ILUA. *See <i>Note 2</i> attached to this Schedule regarding determinations.	Authorised for Iron
Peak Hill E52/1557	Desert Resources Pty Ltd ACN 107 142 003	09/11/2004	08/11/2018	Caveat 295365 lodged by consent by Peak Hill Manganese on 17/07/2008. <i>Note 3</i> Tax Memorial 464075 lodged by Commissioner of State Taxation 17/03/2005. <i>Note 4</i> Caveat 497376 lodged by consent by Jalein Pty Ltd 23/11/2016. <i>Note 5</i>	*See <i>Note 1</i> attached to this Schedule regarding ILUA. *See <i>Note 2</i> attached to this Schedule regarding determinations.	Authorised for Iron

Tenement No.	Holder	Grant Date	Expiry Date	Requested Dealings	Registered Native Title Claims	Notes
E52/1860	Desert Resources Pty Ltd ACN 107 142 003	25/08/2005	24/08/2018	Caveat 295368 lodged by consent by Peak Hill Manganese Pty Ltd on 17/07/2008. <i>Note 3</i> Caveat 426120 lodged by consent by Process Minerals International Pty Ltd on 28/06/2013. <i>Note 6</i> Tax Memorial 464085 by Commissioner of State Taxation on 17/03/2015. <i>Note 4</i> Caveat 497377 lodged by consent by Jalein Pty Ltd on 23/11/2016. <i>Note 5</i>	*See <i>Note 1</i> attached to this Schedule regarding ILUA. *See <i>Note 2</i> attached to this Schedule regarding determinations.	Authorised for Iron
E52/2368	Desert Resources Pty Ltd ACN 107 142 003	04/06/2019	03/06/2019	Tax Memorial 464077 by Commissioner of State Taxation 17/03/2015. <i>Note 4</i> Caveat 497381 lodged by consent by Jalein Pty Ltd on 23/11/2016. <i>Note 5</i>	*See <i>Note 1</i> attached to this Schedule regarding ILUA. *See <i>Note 2</i> attached to this Schedule regarding determinations.	Authorised for Iron
E52/2993	Desert Resources Pty Ltd ACN 107 142 003	07/11/2013	06/11/2018	Nil	*See <i>Note 1</i> attached to this Schedule regarding ILUA. *See <i>Note 2</i> attached to this Schedule regarding determinations.	Authorised for Iron
M52/1068	Desert Resources Pty Ltd ACN 107 142 003	22/06/2015	21/06/2036	Caveat lodged by consent by Jalein Pty Ltd on 23/11/2016. <i>Note 5</i>	*See <i>Note 1</i> attached to this Schedule regarding ILUA. *See <i>Note 2</i> attached to this Schedule regarding determinations.	Authorised for Iron

On 24 November 2017 the Company lodged an application for an exploration licence E52/3598 comprising 5 blocks.

Note 1: All of the tenements are the subject WIA 2000/001 Indigenous Land Use Agreement (ILUA) with the Nharnuwangga Wajarri and Ngarlawangga people which ILUA provides that the Company must negotiate under the terms of the ILUA and not the Native Titles Act.

Note 2: The table below was provided by the National Native Title Tribunal and was derived from searches of the following tribunal databases:

- Schedule of Native Title Determination Applications;
- Register of Native Title Claims;
- Native Title Determination;
- Register of Indigenous Land Use Agreements;
- Notified Indigenous Land Use Agreements.

NNTT SEARCHES

Tenement ID	Feature Area SqKm	NNTT file number	Name	Category	Overlap Area SqKm	Percent Selected Feature
E52/1557-I	43.2692	WCD2000/001	Nharnuwangga	Determinations	43.2692	100.00%
E52/1557-I	43.2692	WIA2000/001	Nharnuwangga Wajarri and Ngarlawangga	ILUAs	43.2692	100.00%
E52/1860-I	94.5984	WCD2000/001	Nharnuwangga	Determinations	94.5984	100.00%
E52/1860-I	94.5984	WIA2000/001	Nharnuwangga Wajarri and Ngarlawangga	ILUAs	94.5984	100.00%
E52/1862-I	117.4610	WCD2000/001	Nharnuwangga	Determinations	117.4610	100.00%
E52/1862-I	117.4610	WIA2000/001	Nharnuwangga Wajarri and Ngarlawangga	ILUAs	117.4610	100.00%
E52/1976-I	40.1671	WCD2000/001	Nharnuwangga	Determinations	40.1671	100.00%
E52/1976-I	40.1671	WIA2000/001	Nharnuwangga Wajarri and Ngarlawangga	ILUAs	40.1671	100.00%
E52/2279-I	120.5464	WCD2000/001	Nharnuwangga	Determinations	120.5464	100.00%
E52/2279-I	120.5464	WIA2000/001	Nharnuwangga Wajarri and Ngarlawangga	ILUAs	120.5464	100.00%
E52/2368-I	5.9361	WCD2000/001	Nharnuwangga	Determinations	5.9361	100.00%
E52/2368-I	5.9361	WIA2000/001	Nharnuwangga Wajarri and Ngarlawangga	ILUAs	5.9361	100.00%
E52/3598-I	55.6122	WCD2000/001	Nharnuwangga	Determinations	55.6122	100.00%
E52/3598	55.6122	WIA2000/001	Nharnuwangga Wajarri and Ngarlawangga	ILUAs	55.6122	100.00%
M52/1068-I	16.9822	WCD2000/001	Nharnuwangga	Determinations	16.9822	100.00%
M52/1068-I	16.9822	WIA2000/001	Nharnuwangga Wajarri and Ngarlawangga	ILUAs	16.9727	99.94%

It was determined in WCD 2000/001 on 29 August 2000 that Native Title exists in parts of the determination area the subject of that application and in respect of the Company's tenements 100% of the area of the tenements are subject to Native Title on behalf of the Nharnuwangga, Wajarri and Ngarlawangga People. The Company will have to negotiate future acts on the tenements with these people.

Note 3: The various caveats lodged by Peak Hill Manganese Pty Ltd relate to tenements applied for by Peak Hill Manganese Pty Ltd for minerals other than iron and are not of any significant concern to the Company within the boundaries of the tenements.

Note 4: The Tax Memorial lodged by the Commissioner of State Taxation relate to stamp duty due to the Office of State Revenue and is anticipated that it will be discharged from funds raised by the Offer.

Note 5: The various caveats lodged by Jalein Pty Ltd relate to tenements applied for by Jalein Pty Ltd for minerals within the boundaries of the tenements other than iron and are not of any significant concern to the Company.

Note 6: The caveat number 426120 lodged by Process Minerals International Pty Ltd is in the same category as those referred to in Notes 3 and 5.

ILUA Terms and Conditions:

The grant of all the Company's tenements has been made in accordance with the Nharnuwangga Wajarri and Ngarlawangga Indigenous Land Use Agreement between the State of Western Australia and the Native Title Holders registered under Section 24CL of the Native Title Act 1993 of 5 July 2001.

Imposed on each of the Tenements are the following two conditions:

- (a) The rights conferred by this Exploration Licence (or Mining Licence) may not be exercised until a Heritage Agreement (as defined in the Nharnuwangga Wajarri and Ngarlawangga Indigenous Land Use Agreement) has been entered into in respect of the Licence provided that this restriction only applies for so long as the Nharnuwangga Wajarri and Ngarlawangga Indigenous Land Use Agreement is in force.
- (b) The holder from time to time of this Exploration Licence (or Mining Licence) shall not so long as the Nharnuwangga 25/08/2005 Wajarri and Ngarlawangga Indigenous Land Use Agreement is in force carry out an exploration activity (as defined in the Nharnuwangga Wajarri and Ngarlawangga Indigenous Land Use Agreement) other than in accordance with the Heritage Agreement.

The Nharnuwangga Wajarri and Ngarlawangga Indigenous Land Use Agreement (**ILUA**) was entered into on or about October 2000 between the State of Western Australia and various Applicants acting on their own behalf and on behalf of the Nharnuwangga Wajarri and Ngarlawangga native title claim group.

The ILUA was made with the intent that all compulsory acquisitions of native title rights and interests all applications for tenements and grants of general purpose leases and all productive mining which is yet to commence within the Nharnuwangga Wajarri and Ngarlawangga Land in respect of which the agreed determination states that native title has not been extinguished are dealt with under the ILUA in place of the right to negotiate procedures and the right to claim compensation under the *Native Title Act*. See Section 8 of our letter to the Company. The ILUA provides that the Parties consent to the doing of future acts so long as the doing of those acts is in accordance with the ILUA. Compensation is only payable so far as the Company is concerned if it commences productive mining. The ILUA contains arbitration and dispute resolution procedures.

Annexure A to the ILUA provides the circumstances in which a Heritage Survey is either required or not required before the commencement of exploration activity to ensure that in exercise of rights damage, disturbance or interference to an Aboriginal site is avoided so far as possible.

Complete this Application and Pay Electronically or by post

Enter your details below (clearly in capital letters using pen), and return in accordance with the instructions on the reverse.

1. Number of Shares applied for

, , A\$, , .

Applications must be for a minimum of 500,000 Shares (A\$5,000), and thereafter in multiples of 500,000 Shares (A\$5,000)

2. Applicant name(s) and postal address: refer to naming standards for correct form of registrable title(s) overleaf																													
Name of Applicant 1																													
Name of Applicant 2 or <Account Designation>																													
Name of Applicant 3 or <Account Designation>																													
Postal address																													
Unit / Street Number / Street name or PO Box																													
Suburb/Town																				State					Postcode				
Country and ZIP Code (if outside Australia)																													

3. Contact details Telephone Number <input type="text"/>		Contact Name (PLEASE PRINT) <input type="text"/>
Email Address <input type="text"/>		

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

4. CHESS Holders Only - Holder Identification Number (HIN)

X										
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Note: if the name and address details in sections 2 do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. TFN/ABN/Exemption Code										
Applicant 1										
Applicant #2										
Applicant #3										

If NOT an individual TFN/ABN, please note the type in the box C = Company; P = Partnership; T = Trust; S =



Automatic Pty Ltd (ACN 152 260 814) trading as Automatic, the Company's Securities Registrar, advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website - www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Health Club A/C>	Food Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE REPLACEMENT PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for Ordinary Fully Paid Shares ('Shares') in AustSino Resources Group Limited (ACN 009 076 242) ('Company'), made under the terms set out in the Prospectus dated 24 January 2018. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable) and an Application Form, on request and without charge.

- Shares applied for & payment amount** - Enter the number of Shares you wish to apply for. Your application must be for a minimum of 500,000 Shares (A\$5,000). Applications for greater than 500,000 shares must be in multiples of 500,000 Shares (A\$5,000). Next, enter the amount of the Application Monies payable. To calculate this amount, multiply the number of Shares applied for by the offer price, which is A\$0.01 per share.
- Applicant name(s) and postal address** - Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. You should refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- Contact Details** - Please provide your contact details for us to contact you between 9:00am WST and 5:00pm WST should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at <https://investor.automic.com.au/#/home>
- CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.
- TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
- Payment** - Payments for applications made electronically can only be made by Electronic Funds Transfer (EFT). **Do not forward cash with this Application Form as it will not be accepted.** If you are posting the application then please proceed in accordance with the lodgement instructions below and attach a cheque. Funds can be transferred into the following bank account, please return this form together with a copy of your funds transfer receipt.
Account Name: AustSino Resources Group Ltd-Subscriptions Trust Account
BSB: 035-063
Account Number: 193807

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, YOU DECLARE THAT:

- all details and statements made on the form are complete and accurate;
- where information has been provided about another individual, that individual's consent has been obtained to transfer the information to the Company;
- the Company and their respective officers and agents are authorised to do anything on your behalf (including the completion and execution of documents) to enable the Shares to be allocated to you;
- you agree to be bound by the constitution of the Company;
- neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital.

LODGEMENT INSTRUCTIONS

The Offer opens at 9.00am (WST) on 25 January 2018 and is expected to close at 5.00pm (WST) on 5 February 2018. The Company may elect to extend the Offer or close it (after the Offer is open) at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible. Completed Application Forms and cheques must be:

POSTED TO:	DELIVERED TO (during business hours only - 9am to 5pm (AEDT)):
AustSino Resources Group Limited C/- Nexia Perth GPO Box 2570 PERTH WA 6001	AustSino Resources Group Limited C/- Nexia Perth Level 3, 88 William Street PERTH WA 6000

Your Application Form must be received by AustSino / Nexia no later than 5.00pm (WST) 5 February 2018

If you have any enquiries in respect of this Application, please contact the Company Secretary on (+61 8) 9463 2463 or at henko.vos@nexiaperth.com.au.