



**AUSTSINO RESOURCES GROUP LIMITED**

ABN 12 009 076 242

**FINANCIAL REPORT**

**FOR HALF-YEAR ENDED  
31 DECEMBER 2017**

## AUSTSINO RESOURCES GROUP LIMITED

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## **AUSTSINO RESOURCES GROUP LIMITED**

### **CORPORATE DIRECTORY**

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#### **DIRECTORS**

Chun Ming Ding (Executive Chairman)  
Michael Keemink (Executive Director)  
Ian King (Non-Executive Director)  
Phillip McKeiver (Non-Executive Director)

#### **COMPANY SECRETARY**

Henko Vos

#### **REGISTERED AND PRINCIPAL OFFICE**

100 Colin Street  
West Perth WA 6005

Telephone: (08) 6460 0250  
Facsimile: (08) 6460 0254

#### **SHARE REGISTRY**

Automatic Share Registry Services  
Level 2  
267 St Georges Terrace  
Perth WA 6000

Telephone: 1300 288 664

#### **AUDITORS**

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

#### **SECURITIES EXCHANGE**

AustSino Resources Group Limited shares (ANS) are listed on the Australian Securities Exchange.

## **AUSTSINO RESOURCES GROUP LIMITED**

### **DIRECTORS' REPORT**

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Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2017.

#### **DIRECTORS**

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Chun Ming Ding (Executive Chairman) (appointed 1 September 2017)  
Michael Keemink (Executive Director)  
Ian King (Non-Executive Director) (appointed 20 December 2017)  
Phillip McKeiver (Non-Executive Director) (appointed 20 December 2017)  
Edward Saunders (Non-Executive Director) (resigned 20 December 2017)  
William Han (Non-Executive Director) (resigned 1 September 2017)

#### **PRINCIPAL ACTIVITIES**

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

#### **REVIEW OF OPERATIONS**

The net loss for the half-year ended 31 December 2017 was \$1,372,375 (31 December 2016 - \$1,640,737).

#### ***Investment and Potential Investment***

During the six month period the Company continued to pursue investment in AustSino from China and from within Australia and has continued to do so in 2018.

#### ***Investment in the second half of 2017***

As previously disclosed in early 2017, the Company entered into a strategic cooperation agreement with Zhongying Property Development Company (Zhongying), a company established under the laws of Hong Kong. Having received funds of \$1.22 million during the June 2017 financial year, in early September 2017, the Company agreed with Zhongying to terminate the previous agreement and a new agreement was negotiated that resulted in Zhongying being issued with 1,222,850 shares at \$0.01 per share in the Company.

AustSino also completed a debt for equity swap with another Chinese investor in the amount of \$500,000 and entered into agreements with Aust-China Resources Group Co Ltd (ACR) and associated entities to convert further liabilities and claims, subject to shareholder approval, into shares in the Company.

These share issues are summarised below:

1. On 5 September 2017, the Company issued 50,000,000 shares to Mr Song Zhi Yuan 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 at an issue price of \$0.01 per share;
3. On 29 November 2017, following shareholder approval the Company issued the following shares to 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.

## AUSTSINO RESOURCES GROUP LIMITED

### DIRECTORS' REPORT

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#### *Investment in 2018*

AustSino is a Perth-based exploration company listed on the ASX focused on the Mid West region of Western Australia. The Company's shares were voluntarily suspended from trading approximately 3 years ago and the Company has been seeking in late 2017 and early 2018 to satisfy the requirements of Chapter 12 of the ASX Listing Rules to enable re-quotation of the Company's Shares.

AustSino has announced that it has received applications pursuant to the Company's Replacement Prospectus lodged on 25 January 2018 of \$4.445 million, as set out below:

|   | <b>AUD</b>  |
|---|-------------|
| Applications received & funds held in trust in Australian bank account                    | \$1,445,000 |
| Applications received & funds held in trust in subsidiary company's bank account in China | \$3,000,000 |
| Total applications and application funds received   | \$4,445,000 |

As noted in the Company's Replacement Prospectus, the successful completion of the Company's capital raising is contingent on the ASX granting the Company's request that the Company's shares be reinstated to the ASX trading platform.

The original deadline for requotation of the Company's shares was 19 December 2017 (the third anniversary of the voluntary suspension of its shares from trading). However, on 15 December 2017 the ASX agreed to extend the deadline for requotation of the Company's shares to 28 February 2018. Prior to the closing date of the Replacement Prospectus, a Chinese investor applied for 300 Million shares under the Replacement Prospectus at an issue price of \$0.01 per share and deposited RMB 15,000,000 (AUD \$3 Million) in cleared funds into the Company's bank account in China.

The ASX has informed the Company that, as a condition for requotation of the Company's shares, the ASX will require all subscription funds received under the Replacement Prospectus to be held in the Company's bank accounts in Australia. The ASX has also requested additional information which could not be obtained by the Company from China by the requotation deadline of 28 February 2018.

At the Company's request, the ASX has formally agreed to extend the deadline for requotation of the Company's shares to 21 March 2018, to enable the Company additional time to satisfy all of the ASX's requirements and conditions for requotation.

The Company is arranging to transfer the necessary funds from its Chinese bank account to its Australian bank accounts as soon as practicable. The Company is also continuing to liaise with the ASX on meeting all other requirements and conditions for requotation of the Company's shares.

Pursuing the successful requotation of the Company's shares by 21 March 2018 is the Company's top priority.

#### *Mining Lease and exploration licences*

The Company remains focused on the highly prospective but currently underdeveloped Mid West Region. AustSino has a Mining Lease (granted 22/6/2015) over the current mineral deposit areas at Telecom Hill subject to standard endorsements and conditions for the issue of such a lease including indigenous land use and environmental considerations.

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

## AUSTSINO RESOURCES GROUP LIMITED

### DIRECTORS' REPORT

Following is the schedule of AustSino's tenements as at 31 December 2017.

| Area of Interest W.A. | Tenement Reference | Interest |
|-----------------------|--------------------|----------|
| Peak Hill             | M 52/1068          | 100%     |
| Peak Hill             | E 52/1557          | 100%     |
| Peak Hill             | E 52/1860          | 100%     |
| Peak Hill             | E 52/2368          | 100%     |
| Peak Hill             | E 52/2993          | 100%     |
| Mt Padbury            | E 52/1862          | 100%     |
| Mt Padbury            | E 52/1976          | 100%     |
| Mt Padbury            | E 52/2279          | 100%     |

The Company has identified an area contiguous to existing mining tenure prospective for iron mineralisation with the potential of providing additional resource as an adjunct to future operations on the Company's mining lease. The Company has secured a priority application for Exploration Licence 52/3598 over the area which shall be progressed to grant during 2018.

In late 2017, we also commenced recommenced drilling at the Peak Hill Iron Ore project. We completed approximately 1,200 m of reverse circulation percussion (RC) drilling under a programme managed by CSA Global.

Another important body of work completed during the quarter was the upgrade of the Company's Telecom Hill Mineral Resource to JORC 2012 standard. This update was announced on December 20, 2017 and highlighted that the Company has a significant mineral resource tonnage of 700Mt above a 15% Mass Recovery of Iron - a robust magnetite resource, with encouraging concentrate composition. In addition, we have 11.5MT of DSO with upside potential for further discovery of both magnetite and DSO. A summary of the Mineral Resources are provided in Tables 1 & 2 below. The location of the Telecom Hill Mining Lease application is shown in Figure 1.

**Table 1. Telecom Hill Resource summary**

| Telecom Hill Mineral Resources |              |                |             |                           |   |              |              |             |             |
|--------------------------------|--------------|----------------|-------------|---------------------------|---|--------------|--------------|-------------|-------------|
| LODE                           | Category     | Million Tonnes | Fe HEAD (%) | SiO <sub>2</sub> HEAD (%) | Al <sub>2</sub> O <sub>3</sub> 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        |
|                                | <b>Total</b> | <b>700</b>     | <b>27.5</b> | <b>46.3</b>               | <b>3.2</b>                              | <b>2.2</b>   | <b>0.243</b> | <b>0.04</b> | <b>5.26</b> |

**Note:** These Resources in Table 1 are under the JORC Code 2012. AustSino is not aware of any new information or data that materially affects the information included in the Announcement to the ASX on the 20 December 2017 titled "Telecom Hill Mineral Resource Estimate". In the case of the Mineral Resources the company can confirm the assumptions and the technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context of the Competent Person's findings as presented in the announcement have not materially changed.

## AUSTSINO RESOURCES GROUP LIMITED DIRECTORS' REPORT

**Table 2. DSO Mineral Resource Summary**

| Telecom Hill East DSO Mineral Resources |          |             |        |                      |                                    |       |       |          |
|---|----------|-------------|--------|----------------------|------------------------------------|-------|-------|----------|
| LODE                                    | Category | Tonnes (Mt) | Fe (%) | SiO <sub>2</sub> (%) | AL <sub>2</sub> O <sub>3</sub> (%) | P (%) | S (%) | LOI 1000 |
| Total                                   | Inferred | 11.5        | 58.6   | 9.6                  | 2.3                                | 0.211 | 0.02  | 3.12     |

### Competent Persons Statement

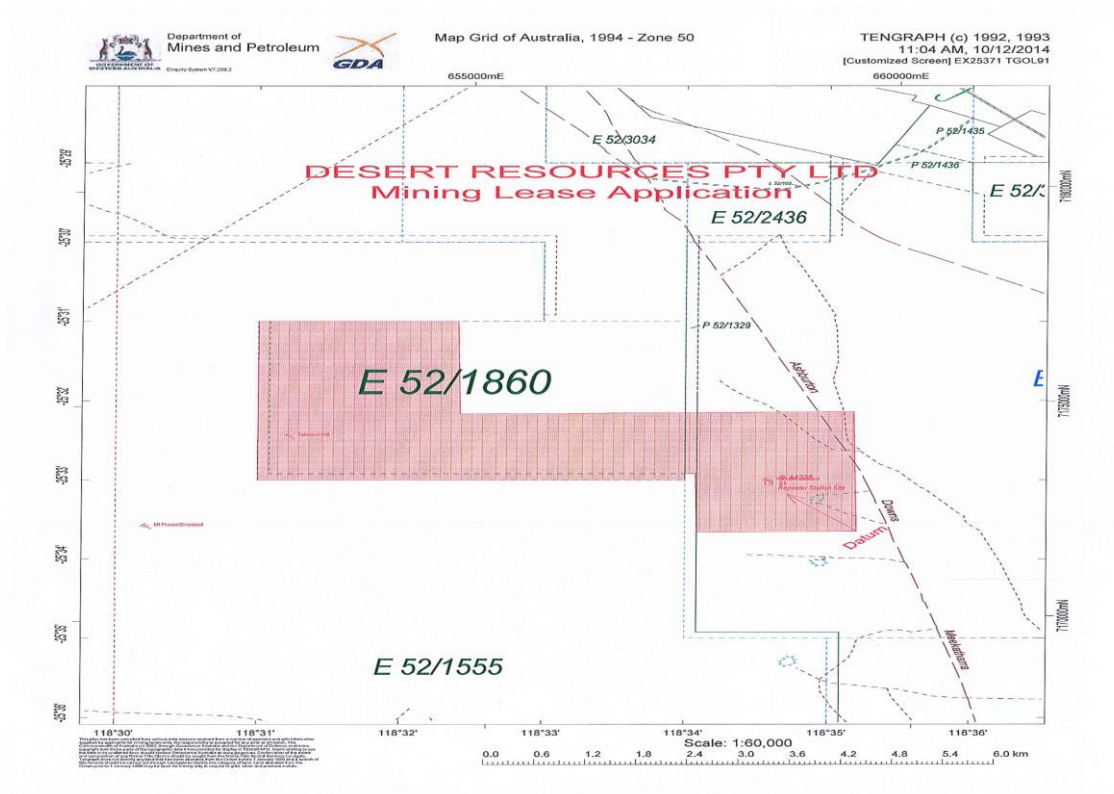
The information in this report that relates to Mineral Resources is based on information compiled by Mr David Williams, who is an employee of CSA Global Pty Ltd and a member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Williams consents to the inclusion of such information in this report in the form and context in which it appears. Mr Williams is not aware of any conflict of interest relating to this work.



**Figure 1: Project Location**

## AUSTSINO RESOURCES GROUP LIMITED DIRECTORS' REPORT

The Mining Lease covers parts of Exploration Licences 52/1860 and 52/1557 together with Prospecting Licence P52/1329 and are shown in Figure 2. In addition to the already-defined mineral deposits there is substantial upside potential to locate additional mineralisation. The prominent ridge line of the Robinson Range Formation that extends between the Telecom Hill East and Telecom Hill West mineral deposit areas is an excellent target that has strong potential to increase the deposits already defined. This area is yet to be tested by drilling but geological mapping and aeromagnetic survey data indicate BIF of similar qualities to those present in the mineral deposit areas. This will be the focus of further exploration during 2018.



**Figure 2 Location of Tenements**



## **AUSTSINO RESOURCES GROUP LIMITED**

### **DIRECTORS' REPORT**

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#### **CORPORATE**

The profile of each of the Directors is set out below, with all bar Mr Keemink being appointed in this six month period. Mr William Han resigned from the Board with effect from 1 September 2017 and Mr Edward Saunders stepped down from the role of non-executive Chairman on 1 September 2017 and resigned from the Board on 20 December 2017.

#### *Mr Chun Ming Ding - Executive Chairman – Appointed 1 September 2017*

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 of Australia for nearly 20 years. He is no longer a citizen of the PRC, 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 ACR which currently holds approximately 5.99% of the Company's issued Shares.

#### *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).

#### *Mr Ian King – Non-Executive Director – Appointed 20 December 2017*

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.

#### *Mr Phil McKeiver – Non-Executive Director – Appointed 20 December 2017*

Mr McKeiver is a former partner (now senior consultant) in the Perth energy and resources team of the leading Australian law firm, Gilbert + Tobin. 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 and 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.

## AUSTSINO RESOURCES GROUP LIMITED

### DIRECTORS' REPORT

#### *Options for Directors*

The Company has agreed to issue the following options to directors, subject to shareholder approval.

| Director   | # (000's) | Term | Exercise Price |
|------------|-----------|------|----------------|
| CM Ding    | 15,000    | 1 yr | \$0.02         |
|            | 10,000    | 2 yr | \$0.03         |
| M Keemink  | 15,000    | 1 yr | \$0.02         |
|            | 10,000    | 2 yr | \$0.03         |
| I King     | 10,000    | 1 yr | \$0.02         |
|            | 10,000    | 2 yr | \$0.03         |
| P McKeiver | 10,000    | 1 yr | \$0.02         |
|            | 10,000    | 2 yr | \$0.03         |

In addition, the Company has agreed to issue Mr Saunders with 15,000,000 one year options with an exercise price of \$0.02, subject to shareholder approval.

#### *Ongoing and Planned Activities*

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 focused 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.

The business strategy of the Company is to own and develop a portfolio of mineral interests in Western Australia with a particular focus on the MidWest region of Western Australia. The Company intends to work closely with all key stakeholders in this region including exploration of the potential for collaboration with other mining companies and infrastructure providers.

The Company intends to apply the funds of \$4.445 million raised from the recently closed prospectus, 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.

| Category of planned expenditure   | \$000        |
|---|--------------|
| Maintaining and developing its tenements  |              |
| 2018 – success based  | 1,150        |
| 2019 – success based  | 1,050        |
| Exploring the potential to acquire interests in additional tenements                          | 250          |
| Seeking to be a catalyst to promote economic infrastructure solutions for the Mid West Region | 750          |
| Working capital   | 1,245        |
| <b>Total</b>  | <b>4,445</b> |

## AUSTSINO RESOURCES GROUP LIMITED

### DIRECTORS' REPORT

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#### CHANGES IN STATE OF AFFAIRS

There were no significant changes in the entity's state of affairs in the Company during the period ended 31 December 2017, other than that referred to in the half-year financial statements or notes thereto.

#### EVENTS SUBSEQUENT TO THE PERIOD END

On 1 March 2018, the Company announced that it received applications pursuant to the Company's Replacement Prospectus lodged on 25 January 2018, in excess of the minimum subscription of \$4,000,000 and slightly below the maximum subscription of \$4,500,000.

Application forms received and funds received held on trust by the Company and its wholly owned subsidiary companies comprised approximately \$4.445 million, as set out below:

|  | AUD         |
|--|-------------|
| Applications received & funds held in trust in Australian bank account                     | \$1,445,000 |
| Applications received & funds held in trust in subsidiary company's bank account in China* | \$3,000,000 |
| Total applications and application funds received  | \$4,445,000 |

\* - RMB 15,000,000 (approx. \$3,000,000 AUD comprising 300,000,000 shares at \$0.01 per share).

As noted in the Company's Replacement Prospectus, the successful completion of the Company's capital raising is contingent on the ASX granting the Company's request that the Company's shares be reinstated to the ASX trading platform.

Prior to the closing date of the Replacement Prospectus, a Chinese investor applied for 300 Million shares under the Replacement Prospectus at an issue price of \$0.01 per share and deposited RMB 15,000,000 (AUD \$3 Million) in cleared funds into the Company's bank account in China.

The ASX has informed the Company that, as a condition for requotation of the Company's shares, the ASX will require all subscription funds received under the Replacement Prospectus to be held in the Company's bank accounts in Australia. The ASX has also requested additional information which could not be obtained by the Company from China by the requotation deadline of 28 February 2018.

At the Company's request, the ASX has formally agreed to extend the deadline for requotation of the Company's shares to 21 March 2018, to enable the Company additional time to satisfy all of the ASX's requirements and conditions for requotation.

The Company is arranging to transfer the necessary funds from its Chinese bank account to its Australian bank accounts as soon as practicable. The Company is also continuing to liaise with the ASX on meeting all other requirements and conditions for requotation of the Company's shares.

No other matter or circumstance has arisen since the end of the half-year which has significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reporting for the half-year ended 31 December 2017.

## **AUSTSINO RESOURCES GROUP LIMITED**

### **AUDITORS' INDEPENDENCE DECLARATION**

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#### **AUDITOR'S DECLARATION OF INDEPENDENCE**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year ended 31 December 2017 is included within this financial report.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Michael Keemink  
Executive Director

Perth, 15 March 2018

**RSM Australia Partners**

Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

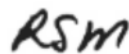
F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of AustSino Resources Group Limited for the half year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



D J WALL  
Partner

Perth, WA  
Dated: 15 March 2018

**AUSTSINO RESOURCES GROUP LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the half-year ended 31 December 2017

|   | Consolidated       | Consolidated       |
|---|--------------------|--------------------|
|   | 31 December        | 31 December        |
|   | 2017               | 2016               |
|   | \$                 | \$                 |
| Revenue   | 3,244              | 12,558             |
| Depreciation expense  | (38,254)           | (28,860)           |
| Impairment of exploration assets                                      | (28,949)           | -                  |
| Exploration and evaluation expenditure                                | (323,304)          | (144,648)          |
| Directors fees and benefits   | (108,863)          | (109,830)          |
| Consulting fees   | (295,309)          | (521,910)          |
| Administration expenses   | (580,940)          | (848,047)          |
| <b>Loss before income tax expense</b>                                 | <b>(1,372,375)</b> | <b>(1,640,737)</b> |
| Income tax expense  | -                  | -                  |
| <b>Net loss for the period after income tax</b>                       | <b>(1,372,375)</b> | <b>(1,640,737)</b> |
| <b>Other comprehensive income, net of tax</b>                         |                    |                    |
| <i>Item that may be reclassified subsequently to operating result</i> |                    |                    |
| Foreign currency translation differences                              | 5,243              | 28,361             |
| <b>Other comprehensive income for the period</b>                      | <b>5,243</b>       | <b>28,361</b>      |
| <b>Total comprehensive loss for the period</b>                        | <b>(1,367,132)</b> | <b>(1,612,376)</b> |
| <br>Basic and diluted loss per share (cents per share)                | <br>(0.03)         | <br>(0.04)         |

The accompanying notes form part of these financial statements

**AUSTSINO RESOURCES GROUP LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2017

|                                      |      | Consolidated     | Consolidated     |
|--------------------------------------|------|------------------|------------------|
|                                      |      | 31 December      | 30 June          |
|                                      | Note | 2017             | 2017             |
|                                      |      | \$               | \$               |
| <b>ASSETS</b>                        |      |                  |                  |
| <b>Current Assets</b>                |      |                  |                  |
| Cash and cash equivalents            | 2    | 1,257,849        | 2,266,406        |
| Trade and other receivables          |      | 137,281          | 132,421          |
| <b>Total Current Assets</b>          |      | <b>1,395,130</b> | <b>2,398,827</b> |
| <b>Non-Current Assets</b>            |      |                  |                  |
| Other assets                         |      | 84,394           | 62,210           |
| Plant and equipment                  |      | 220,697          | 254,045          |
| Deferred exploration and evaluation  | 3    | 3,027,532        | 3,056,481        |
| <b>Total Non-Current Assets</b>      |      | <b>3,332,623</b> | <b>3,372,736</b> |
| <b>Total Assets</b>                  |      | <b>4,727,753</b> | <b>5,771,563</b> |
| <b>LIABILITIES</b>                   |      |                  |                  |
| <b>Current Liabilities</b>           |      |                  |                  |
| Trade and other payables             | 4    | 1,052,497        | 2,629,748        |
| Provisions                           |      | -                | 600,000          |
| <b>Total Current Liabilities</b>     |      | <b>1,052,497</b> | <b>3,229,748</b> |
| <b>Total Liabilities</b>             |      | <b>1,052,497</b> | <b>3,229,748</b> |
| <b>Net Assets</b>                    |      | <b>3,675,256</b> | <b>2,541,815</b> |
| <b>EQUITY</b>                        |      |                  |                  |
| Issued capital                       | 5    | 63,730,467       | 61,229,894       |
| Foreign currency translation reserve |      | 10,666           | 5,423            |
| Reserves                             |      | 6,266,834        | 6,266,834        |
| Accumulated losses                   |      | (66,332,711)     | (64,960,336)     |
| <b>Total Equity</b>                  |      | <b>3,675,256</b> | <b>2,541,815</b> |

The accompanying notes form part of these financial statements

**AUSTSINO RESOURCES GROUP LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
For the half-year ended 31 December 2017

| <b>Consolidated</b>                            | <b>Issued<br/>Capital<br/>\$</b> | <b>Accumulated<br/>Losses<br/>\$</b> | <b>Foreign<br/>Currency<br/>Translation<br/>Reserve<br/>\$</b> | <b>Option<br/>Reserve<br/>\$</b> | <b>Total<br/>Equity<br/>\$</b> |
|--|----------------------------------|--------------------------------------|--|----------------------------------|--------------------------------|
| <b>At 1 July 2016</b>                          | <b>56,485,726</b>                | <b>(61,248,930)</b>                  | <b>29,373</b>  | <b>6,266,834</b>                 | <b>1,533,003</b>               |
| Loss for the period                            | -                                | (1,640,737)                          | -  | -                                | (1,640,737)                    |
| Other comprehensive income                     | -                                | -                                    | 28,361   | -                                | 28,361                         |
| <b>Total comprehensive loss for the period</b> | <b>-</b>                         | <b>(1,640,737)</b>                   | <b>28,361</b>  | <b>-</b>                         | <b>(1,612,376)</b>             |
| Issue of shares                                | 4,761,150                        | -                                    | -  | -                                | 4,761,150                      |
| <b>At 31 December 2016</b>                     | <b>61,246,876</b>                | <b>(62,889,667)</b>                  | <b>57,734</b>  | <b>6,266,834</b>                 | <b>4,681,777</b>               |
| <b>At 1 July 2017</b>                          | <b>61,229,894</b>                | <b>(64,960,336)</b>                  | <b>5,423</b>   | <b>6,266,834</b>                 | <b>2,541,815</b>               |
| Loss for the period                            | -                                | (1,372,375)                          | -  | -                                | (1,372,375)                    |
| Foreign currency translation                   | -                                | -                                    | 5,243  | -                                | 5,243                          |
| <b>Total comprehensive loss for the period</b> | <b>-</b>                         | <b>(1,372,375)</b>                   | <b>5,243</b>   | <b>-</b>                         | <b>(1,367,132)</b>             |
| Issue of shares                                | 2,517,850                        | -                                    | -  | -                                | 2,517,850                      |
| Less: Share issue costs                        | (17,277)                         | -                                    | -  | -                                | (17,277)                       |
| <b>At 31 December 2017</b>                     | <b>63,730,467</b>                | <b>(66,332,711)</b>                  | <b>10,666</b>  | <b>6,266,834</b>                 | <b>3,675,256</b>               |

The accompanying notes form part of these financial statements



**AUSTSINO RESOURCES GROUP LIMITED**  
**STATEMENT OF CASH FLOWS**  
For the half-year ended 31 December 2017

|  |      | Consolidated              | Consolidated              |
|--|------|---------------------------|---------------------------|
|  | Note | 31 December<br>2017<br>\$ | 31 December<br>2016<br>\$ |
| <b>Cash flows from operating activities</b>              |      |                           |                           |
| Payments to suppliers and employees                      |      | (995,884)                 | (1,259,483)               |
| Payments for exploration expenditure                     |      | (275,199)                 | (144,648)                 |
| Interest received  |      | 3,244                     | 11,388                    |
| Other income   |      | -                         | 1,170                     |
| Deposits paid  |      | (43,571)                  | -                         |
| Net cash (used in) operating activities                  |      | <u>(1,311,410)</u>        | <u>(1,391,573)</u>        |
| <b>Cash flows from investing activities</b>              |      |                           |                           |
| Purchase of plant and equipment                          |      | (4,905)                   | (4,648)                   |
| Net cash (used in) investing activities                  |      | <u>(4,905)</u>            | <u>(4,648)</u>            |
| <b>Cash flows from financing activities</b>              |      |                           |                           |
| Proceeds from issue of shares                            |      | -                         | 4,085,980                 |
| Capital raising costs                                    |      | (2,242)                   | -                         |
| Application funds received pending allotment of shares   |      | 310,000                   | 1,222,850                 |
| Net cash provided by financing activities                |      | <u>307,758</u>            | <u>5,308,830</u>          |
| Net (decrease) / increase in cash held                   |      | (1,008,557)               | 3,912,609                 |
| Cash at beginning of the half-year                       |      | 2,266,406                 | 119,593                   |
| <b>Cash and cash equivalents at end of the half-year</b> | 2    | <u><u>1,257,849</u></u>   | <u><u>4,032,202</u></u>   |

The accompanying notes form part of these financial statements

**AUSTSINO RESOURCES GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the half-year ended 31 December 2017

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This general purpose financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by AustSino Resources Group Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

**New and Revised Accounting Standards**

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

**Going Concern**

The financial statements have been prepared on the 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. As disclosed in the financial statements, the Group incurred a loss of \$1,372,375 and had net cash outflows from operating activities and investing activities of \$1,311,410 and \$4,905 respectively for the period ended 31 December 2017. In addition, as disclosed in Note 9, the Company's Replacement Prospectus notes that the successful completion of the Company's capital raising is contingent on the ASX granting the Company's request that the Company's shares be reinstated to the ASX trading platform. These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors believe there are reasonable grounds to believe the Group can continue as a going concern, after consideration of the matters disclosed in Note 9, whereby the Group has received funds of approximately \$4,445,000 from the Replacement Prospectus lodged on 25 January 2018. The successful completion of the Company's capital raising is contingent on the ASX granting the Company's request that the Company's shares be reinstated to the ASX trading platform. The deadline for requotation of the Company's shares has been extended to 21 March 2018 to enable the Company additional time to satisfy all of the ASX's requirements and conditions for requotation.

Accordingly, the directors believe that the Group will be able to continue to operate as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

**AUSTSINO RESOURCES GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the half-year ended 31 December 2017

**2. CASH AND CASH EQUIVALENTS**

|                              | 31 December<br>2017<br>\$ | 30 June<br>2017<br>\$ |
|------------------------------|---------------------------|-----------------------|
| Petty cash                   | 1,500                     | 1,500                 |
| Cash at bank                 | 946,349                   | 1,042,056             |
| Restricted cash <sup>1</sup> | 310,000                   | 1,222,850             |
|                              | <b>1,257,849</b>          | <b>2,266,406</b>      |

<sup>1</sup> 31 December 2017: Application funds received under the Replacement Prospectus being held on trust by the Company. Refer Note 9 for more information.

**3. DEFERRED EXPLORATION EXPENDITURE**

|  | 31 December<br>2017<br>\$ | 30 June<br>2017<br>\$ |
|--|---------------------------|-----------------------|
| <b>Deferred exploration and evaluation</b>         | <b>3,027,532</b>          | <b>3,056,481</b>      |
| <b>Movement</b>                                    |                           |                       |
| Balance at beginning of half-year                  | 3,056,481                 | 3,056,481             |
| Exploration and evaluation expenditure incurred    | 323,304                   | 243,135               |
| Exploration and evaluation expenditure written off | (323,304)                 | (243,135)             |
| Impairment of exploration and evaluation assets    | (28,949)                  | -                     |
| Balance at end of half-year                        | <b>3,027,532</b>          | <b>3,056,481</b>      |

Costs carried forward in respect of areas of interest in the following phases:

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.

**4. TRADE AND OTHER PAYABLES**

|   | 31 December<br>2017<br>\$ | 30 June<br>2017<br>\$ |
|---|---------------------------|-----------------------|
| Trade payables and accruals             | 742,497                   | 1,406,898             |
| Application funds received <sup>1</sup> | 310,000                   | 1,222,850             |
|   | <b>1,052,497</b>          | <b>2,629,748</b>      |

<sup>1</sup> 31 December 2017: Application funds received under the Replacement Prospectus being held on trust by the Company. Refer Note 9 for more information.

**AUSTSINO RESOURCES GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the half-year ended 31 December 2017

**5. ISSUED CAPITAL**

|                                      | 31 December<br>2017<br>\$ | 30 June<br>2017<br>\$       |
|--------------------------------------|---------------------------|-----------------------------|
| Ordinary shares – fully paid         | 63,730,467                | 61,229,894                  |
|                                      |                           | <b>31 December<br/>2017</b> |
|                                      | <b>Number</b>             | <b>\$</b>                   |
| Movement in ordinary shares on issue |                           |                             |
| Balance at beginning of half-year    | 3,983,548,697             | 61,229,894                  |
| Issue of shares on 5 September 2017  | 122,284,953               | 1,222,850                   |
| Issue of shares on 5 September 2017  | 50,000,000                | 500,000                     |
| Issue of shares on 30 November 2017  | 265,000,000               | 795,000                     |
| Less: Share issue costs              | -                         | (17,277)                    |
| Balance at end of half-year          | 4,420,833,650             | 63,730,467                  |

**6. SEGMENT INFORMATION**

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

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

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

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

|                                      | Australia          | China            | Total              |
|--------------------------------------|--------------------|------------------|--------------------|
| <b>Period ended 31 December 2017</b> |                    |                  |                    |
| Revenue                              |                    |                  |                    |
| Interest income                      | 3,123              | 120              | 3,244              |
| Other                                | -                  | -                | -                  |
| <b>Segment revenue</b>               | <b>3,123</b>       | <b>120</b>       | <b>3,244</b>       |
| Result                               |                    |                  |                    |
| Loss before tax                      | (1,256,744)        | (115,630)        | (1,372,375)        |
| Income tax expense                   | -                  | -                | -                  |
| <b>Loss for the year</b>             | <b>(1,256,744)</b> | <b>(115,360)</b> | <b>(1,372,375)</b> |
| Asset and liabilities                |                    |                  |                    |
| Segment assets                       | 3,858,373          | 869,380          | 4,727,753          |
| Segment liabilities                  | 1,028,121          | 24,376           | 1,052,497          |

**AUSTSINO RESOURCES GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the half-year ended 31 December 2017

**6. SEGMENT INFORMATION (con't)**

|                                      | Australia          | China            | Total              |
|--------------------------------------|--------------------|------------------|--------------------|
| <b>Period ended 31 December 2016</b> |                    |                  |                    |
| Revenue                              | -                  | -                | -                  |
| Interest income                      | 11,377             | 11               | 11,388             |
| Other                                | 1,170              | -                | 1,170              |
| <b>Segment revenue</b>               | <b>12,547</b>      | <b>11</b>        | <b>12,558</b>      |
| Result                               |                    |                  |                    |
| Loss before tax                      | (1,485,194)        | (155,543)        | (1,640,737)        |
| Income tax expense                   | -                  | -                | -                  |
| <b>Loss for the year</b>             | <b>(1,485,194)</b> | <b>(155,543)</b> | <b>(1,640,737)</b> |
| <br>Asset and liabilities            |                    |                  |                    |
| Segment assets                       | 6,352,920          | 1,160,514        | 7,513,434          |
| Segment liabilities                  | 2,380,412          | 451,245          | 2,831,657          |

**7. CONTINGENT LIABILITIES**

There has been no significant changes in contingent liabilities since the last annual reporting date.

**8. DIVIDENDS**

No dividends have been declared or paid during the half-year ended 31 December 2017 or in the prior period, and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2017.

**9. EVENTS SUBSEQUENT TO REPORTING DATE**

On 1 March 2018, the Company announced that it received applications pursuant to the Company's Replacement Prospectus lodged on 25 January 2018, in excess of the minimum subscription of \$4,000,000 and slightly below the maximum subscription of \$4,500,000.

Application forms received and funds received currently held on trust by the Company and its wholly owned subsidiary companies comprise approximately \$4.445 million, as set out below:

|  | AUD                |
|--|--------------------|
| Applications received & funds held in trust in Australian bank account                     | \$1,445,000        |
| Applications received & funds held in trust in subsidiary company's bank account in China* | \$3,000,000        |
| <b>Total applications and application funds received</b>                                   | <b>\$4,445,000</b> |

\* - RMB 15,000,000 (approx. \$3,000,000 AUD comprising 300,000,000 shares at \$0.01 per share).

As noted in the Company's Replacement Prospectus, the successful completion of the Company's capital raising is contingent on the ASX granting the Company's request that the Company's shares be reinstated to the ASX trading platform.

**AUSTSINO RESOURCES GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the half-year ended 31 December 2017

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**9. EVENTS SUBSEQUENT TO REPORTING DATE (con't)**

Prior to the closing date of the Replacement Prospectus, a Chinese investor applied for 300 Million shares under the Replacement Prospectus at an issue price of \$0.01 per share and deposited RMB 15,000,000 (AUD \$3 Million) in cleared funds into the Company's bank account in China.

The ASX has informed the Company that, as a condition for requotation of the Company's shares, the ASX will require all subscription funds received under the Replacement Prospectus to be held in the Company's bank accounts in Australia. The ASX has also requested additional information which could not be obtained by the Company from China by the requotation deadline of 28 February 2018.

At the Company's request, the ASX has formally agreed to extend the deadline for requotation of the Company's shares to 21 March 2018, to enable the Company additional time to satisfy all of the ASX's requirements and conditions for requotation.

The Company is arranging to transfer the necessary funds from its Chinese bank account to its Australian bank accounts as soon as practicable. The Company is also continuing to liaise with the ASX on meeting all other requirements and conditions for requotation of the Company's shares.

No other matter or circumstance has arisen since the end of the half-year which has significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reporting for the half-year ended 31 December 2017.

**10. RELATED PARTY TRANSACTIONS**

**Issue of 265 Million shares to Aust-China Resources Group Limited (ACR)**

Pursuant to Resolution 5 approved at the Annual General Meeting held on 29 November 2017, the Company issued 200 Million fully paid shares to Aust-China Resources Group Limited (ACR) in full and final payment to Mr Ding and ACR for any advice, services or assistance which they have provided to the Company or its wholly owned subsidiaries since 2014.

At 30 June 2017, the Company had recorded a provision against a potential claim payable to Mr Ding and ACR of \$600,000 reflecting the estimated cost to the Company in settling this debt as at 30 June 2017. The liability was extinguished following the issue of the 200 Million shares.

Pursuant to Resolution 6 approved at the Annual General Meeting held on 29 November 2017, the Company issued an additional 65 Million fully paid shares to Aust-China Resources Group Limited (ACR) in full and final satisfaction of other amounts otherwise payable to Mr Ding. At 30 June 2017, the Company recorded a liability payable to ACR of \$252,519 reflecting the estimated cost to the Company in settling this obligation. The liability was extinguished following the issue of the 65 Million shares.

ACR is an entity associated with Mr Ding by way of a holding of approximately 90% of ACR's issued capital. Mr Ding is also the chairman of ACR.

All 265 Million shares are subject to a 12 month escrow period from the date of issue.

**AUSTSINO RESOURCES GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the half-year ended 31 December 2017

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**10. RELATED PARTY TRANSACTIONS (con't)**

**Payment of consultancy fees to Aust-China Resources ACR**

With effect from 1 September 2017, ACR has agreed to provide Mr Ding's services as Managing Director of the Company's wholly owned subsidiary, Mid West Infrastructure Group Pty Ltd (Mid West) for a consultancy fee of CNY2,000,000 (c. AUD 385,000) per annum. The initial term of this consultancy is 2 years, but either party may terminate the arrangement by giving 3 months' written notice. As at 31 December 2017, a total of A\$125,000 was incurred.

**Reimbursable Business expenses**

As at 31 December 2017, the Company recorded an amount of CNY123,934 reimbursable to Mr Ding for the business expenses which he had paid out of pocket for the Shanghai subsidiary. This amount will be reimbursed in the March 2018 quarter.

## AUSTSINO RESOURCES GROUP LIMITED

### DIRECTORS' DECLARATION

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In the opinion of the directors of AustSino Resources Group Limited ('the company'):

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Michael Keemink  
Executive Director

Perth, 15 March 2018



**RSM Australia Partners**

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

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

[www.rsm.com.au](http://www.rsm.com.au)

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE MEMBERS OF**  
**AUSTSINO RESOURCES GROUP LIMITED**

We have reviewed the accompanying half-year financial report of AustSino Resources Group Limited which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

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

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AustSino Resources Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

RSM Australia Partners 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 Australia Partners ABN 36 965 185 036

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of AustSino Resources Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

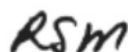
### *Conclusion*

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

- (a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Material uncertainty related to going concern*

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$1,372,375 and had net cash outflows from operating activities and investing activities of \$1,311,410 and \$4,905 respectively during the period ended 31 December 2017. 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 consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



RSM AUSTRALIA PARTNERS



D J WALL  
Partner

Perth, WA  
Dated: 15 March 2018