



AUSTSINO RESOURCES GROUP LIMITED

**FINANCIAL REPORT
30 JUNE 2018**

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DIRECTORS

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

COMPANY SECRETARY

Henko Vos

REGISTERED OFFICE

Level 5, 35 Havelock Street
West Perth WA 6005

Telephone: +61 8 6460 0250

PRINCIPAL PLACE OF BUSINESS

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West Perth WA 6005

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SHARE REGISTRY

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AUDITORS

RSM Australia Partners
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SECURITIES EXCHANGE

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

WEBSITE

www.aust-sino.com

The directors of AustSino Resources Group Limited herewith submit the financial report of the Company consisting of AustSino Resources Group Limited ('AustSino' or 'Company') and its controlled entities (collectively known as the 'Group' or 'consolidated entity') for the financial year ended 30 June 2018.

DIRECTORS

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

Chun Ming Ding	Executive Chairman (appointed 1 September 2017)
Michael Keemink	Executive Director (effective 27 March 2017) Non-Executive Director (appointed 19 August 2016)
Ian King	Non-Executive Director (appointed 20 December 2017)
Phillip McKeiver	Non-Executive Director (appointed 20 December 2017)
Dr Bielin Shi	Non-Executive Director (appointed 28 August 2018)
Edward Saunders	Non-Executive Director (effective 1 September 2017; resigned 20 December 2017) Non-Executive Chairman (effective 27 March 2017) Executive Chairman (effective 15 September 2016) Non-Executive Chairman (appointed 19 August 2016)
William Han	Non-Executive Director (appointed 19 December 2011; resigned 1 September 2017)

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

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

Chun Ming Ding

Executive Chairman (appointed 1 September 2017)

Mr Ding was born in the People's Republic of China and has been a citizen of Australia for nearly 20 years. 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, Mid West Infrastructure Pty Ltd, 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).

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

Michael Keemink

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

Mr Keemink 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, Mid West Infrastructure Pty Ltd, and is a former director of Aurium (which merged with the Company in 2012).

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

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

Phillip 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. 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.

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

Dr Bielin Shi

Non-Executive Director (appointed 28 August 2018)

Dr Shi is a leading mining executive and geologist who specialises in investment management, mining geology, geostatistics, resource estimation and optimisation, exploration and project development. He is a 30-year veteran of the global mining industry with extensive experience in Western Australian and overseas iron ore resources projects. An Australian citizen since 1997, he currently divides his time between China and Australia. Dr Shi is fluent in Mandarin and English, is a Competent Person under the JORC Code and holds equivalent credentials in respect of Chinese and Hong Kong Mineral Resources / Reserves reporting standards. He has worked extensively with Chinese mining companies (including Citic Pacific, Pei Si International and Shandong Tyan) in Australia, China, Mongolia and Africa. He has also worked widely in Australia and overseas with globally recognised companies like CSA Global, Golder Associates and Coffey Mining. Dr Shi has a PhD (Geology) from the University of Melbourne and post-graduate qualifications in geology and economic management from two leading Chinese institutions: the Geological University of China and Guizhou University of Technology.

Among other affiliations, Dr Shi is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) with Chartered Professional (CP) accreditation and has held academic and teaching positions at leading Australian and Chinese universities. Dr Shi is also an experienced company director, having served on several private and unlisted boards, including Canadian-listed Eastern Platinum Limited, which has major exploration and mining operations in South Africa.

Dr Shi is a Director of Eastern Platinum Limited, a company listed on the Toronto Stock Exchange.

Edward Saunders

Former Non-Executive Director (appointed 19 August 2016; resigned 20 December 2017)

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

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

William Han

Former Non-Executive Director (appointed 19 December 2011; resigned 1 September 2017)

Mr Han has extensive business interests in China and is Chairman Of White Horse Australia Holdings Pty Ltd. His business interests include property development in China and Australia, advertising interests across China and ownership of TV rights including shopping and golf channels in China. Mr Han has other global business interests and lived in Australia for some years when he worked as an IT engineer.

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

COMPANY SECRETARY

Henko Vos (appointed 21 December 2016)

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

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

CORPORATE STRUCTURE

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

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

REVIEW OF OPERATIONS

Investment and Potential Investment

During the 12 month period the Company continued to pursue investment in AustSino from China and from within Australia. This will continue in the latter half of 2018 and beyond.

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.

Investment in 2018

The Company's shares were voluntarily suspended from trading in December 2014 and in late 2017 and early 2018 the Company sought to satisfy the requirements of Chapter 12 of the ASX Listing Rules to enable re-quotations of the Company's Shares (which subsequently occurred on 5 April 2018).

AustSino announced that it had received applications pursuant to the Company's Replacement Prospectus lodged on 25 January 2018 of \$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

The Company successfully arranged the transfer of the funds from its Chinese bank account to its Australian bank accounts and, having met all other requirements and conditions for re-quotations, the Company's shares were reinstated to official quotation on 5 April 2018.

In April 2018, the Company also entered into an agreement with an investor for the issue of 181,818,182 shares at \$0.011 per share to raise a further \$2,000,000. The \$2 Million has been received by the Company and these shares have been issued to the investor. They have been held in escrow since they were issued and will remain in escrow until the earlier of 12 months from date of each issue or until the Company issues a prospectus, cleansing statement or other disclosure document.

Also in April 2018, and in lieu of amounts owed, Mr Keemink, the Executive Director of the Company, agreed to accept 10 million fully paid ordinary shares at 1.1 cent per share. This was subject to any necessary shareholder approvals and any applicable legal requirements. It should be noted that shareholder approval will be sought for the issue of these shares and they have not been issued at this point.

REVIEW OF OPERATIONS (con't)

Potential for Infrastructure Solution in Mid West WA

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

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

- Chinese Government officials
- the WA State Government,
- Potential investors and debt providers to ANS,
- Potential users of the Port and Rail project, and
- Potential consortium partners for a proposed total infrastructure solution

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.

Following is the schedule of AustSino's tenements as at 30 June 2018.

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%
Peak Hill	E 52/3598	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 secured a priority application for Exploration Licence 52/3598 and this now been granted.

In late 2017, the Company consulted with CSA Global to begin to put together a drilling and exploration programme for the coming 12 month period to cover all of our tenements but with focus on the Mining Lease granted at M 52/1068 and the Peak Hill Iron Ore Project. The first stage of this programme was completed in late 2017 and the Company completed approximately 1,200 m of reverse circulation percussion (RC) drilling.

REVIEW OF OPERATIONS (con't)

The next stage of the programme of work was established in the March quarter of 2018 and included a new Heritage Survey, a series of rock chip samples approx. 3,300 metres of reverse circulation drilling (RC) which targeted several high priority (\pm DSO) iron ore targets across several of our tenements. This work has substantially now been completed. At this stage, the Company has not received any results from this work.

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 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

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.

Table 2. DSO Mineral Resource Summary

Telecom Hill East DSO Mineral Resources								
LODE	Category	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	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.

REVIEW OF OPERATIONS (con't)



Figure 1: Project Location

The Mining Licence 52/1068 contains the Telecom Hill mineral resource which remains open within the mining lease and also south into Exploration Licence 52/1557. Geological interpretation of the detailed aeromagnetic data suggest the magnetite bearing units of the Robinson Range Formation are present outside the extents of the currently JORC 2012 mineral resource. Southerly extensions of the mineral resource area were the primary focus of the 2018 drilling programs and results from the drilling programs are expected in the coming months.

REVIEW OF OPERATIONS (con't)

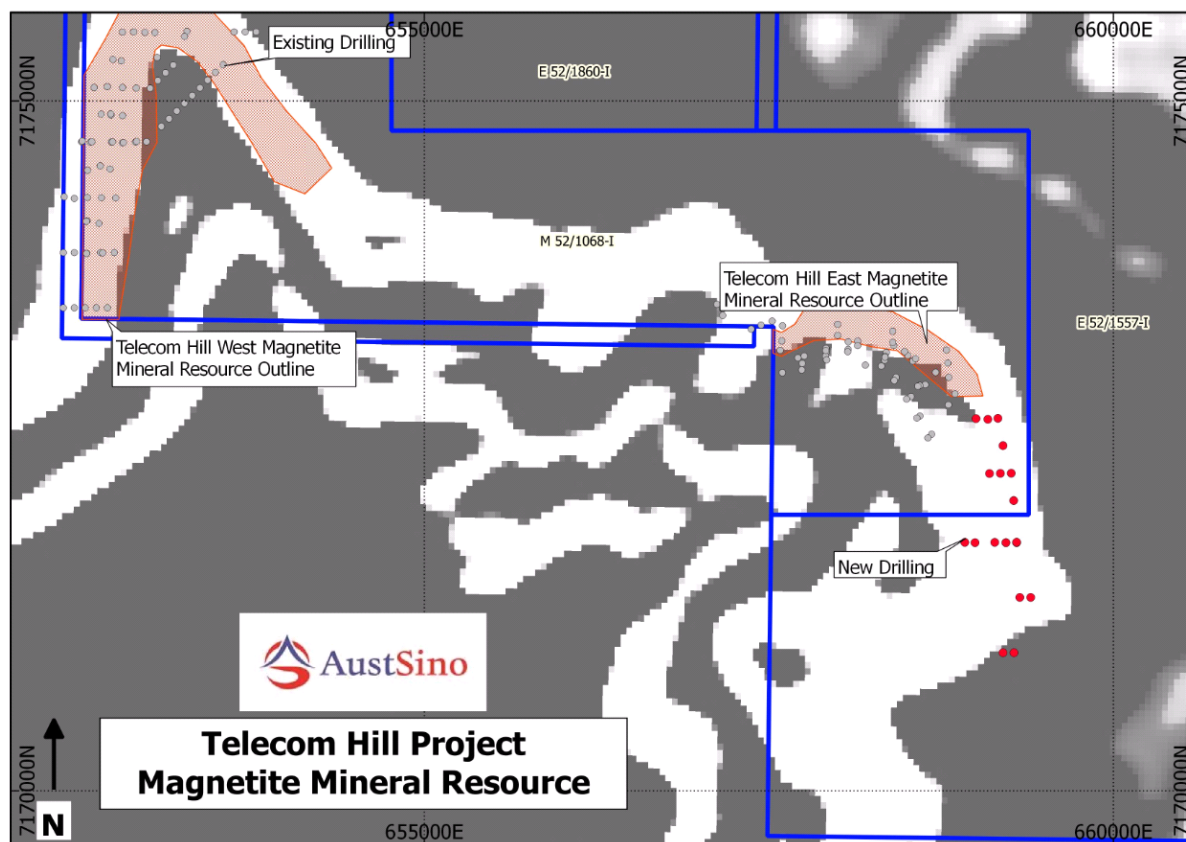


Figure 2 – Drilling Program

AUSTSINO RESOURCES GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

REVIEW OF OPERATIONS (con't)**Operating Results**

Consolidated loss after income tax for the financial year attributable to members of AustSino Resources Group Limited was \$3,327,793 (2017: \$3,711,406).

Financial Position

At 30 June 2018, the consolidated entity had net assets of \$8,172,603 (2017: \$2,541,815).

DIVIDENDS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATIONS

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

INDEMNITY AND INSURANCE OF AUDITOR

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

AUSTSINO RESOURCES GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

EVENTS SUBSEQUENT TO REPORTING DATE**New Principal Place of Business**

In early July 2018, The Company officially vacated its lease at 100 Colin Street, West Perth and moved into a new office – the new address details are below:

- Registered Office and Principal Place of Business
 - Level 5, 35 Havelock Street, West Perth, WA, 6005
- Postal Address
 - PO Box 608, West Perth, WA, 6872

\$750,000 Investment in Sundance Resources Limited (ASX:SDL)

In August 2018, the Company agreed to subscribe for 187,500,000 fully paid ordinary shares in Sundance Resources Ltd (ASX: SDL) for a subscription price of AUD \$0.004 (0.4 cents) per share. The total placement cost of AUD \$750,000 has been paid on 7 August 2018 and the shares in SDL have been issued to the Company.

The funds will be used by Sundance to advance its Mbalam-Nabeba Iron Ore Project in Cameroon and the Republic of Congo in Central Africa (Project) and for general working capital. Sundance and AustSino have also agreed to discuss and advance the development of the Project and those discussions continue.

\$3 million Capital Raising

AustSino announced on 2 August 2018 that it has agreed terms with Mr Guan Min Jie to raise additional capital of \$3 Million. Mr Jie (a resident of China) has agreed to subscribe for approximately 230,769,231 fully paid ordinary shares in AustSino for a subscription price of \$0.013 (1.3 cents) per share to raise \$3 Million.

As at the date of this report, the Company received an initial \$400,000 as part of the subscription funds. The Company envisages the remaining balance to be received in the near future.

When these funds are received by the Company and the shares are issued, the subsequent issued shares will remain in escrow for 12 months from date of issue although the Company may release the shares from escrow earlier than 12 months should the Company issue a prospectus, cleansing statement or other disclosure statement.

New Subsidiary

On 6 August 2018, a new wholly owned subsidiary, Havelock Resources Pty Ltd was incorporated within Australia.

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. This claim was settled subsequent to 30 June 2018.

New Board Appointment

On 28 August 2018, the Company announced the appointment of Dr Bielin Shi as a Non-executive Director, with effect from 28 August 2018. Dr Shi is a leading mining executive and geologist who specialises in investment management, mining geology, geostatistics, resource estimation and optimisation, exploration and project development.

Shares Released from Escrow

On 5 September 2018, 172,284,953 fully paid ordinary shares were released from escrow.

Company Requests Voluntary Suspension from Trading

On the 5 September 2018, the Company requested that it be suspended from quotation immediately pending the release of an announcement regarding a possible fundraising and strategic investment.

AUSTSINO RESOURCES GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

EVENTS SUBSEQUENT TO REPORTING DATE (con't)**Proposed \$100 Million Placement and Strategic Investment in Sundance**

On 25 September 2018 the Company announced that it has entered into a binding but conditional Placement Agreement with Western Australian Port Rail Construction (Shanghai) Ltd (WAPRC) under which WAPRC will subscribe for approximately 7,692,307,693 fully paid ordinary shares at 1.3 cents (\$0.013) per share for a total price of \$100 Million, which following completion will equate to approximately 61% of the total issued share capital of AustSino (**Proposed WAPRC Transaction**).

The \$100M in funds raised from the Proposed WAPRC Transaction is intended by the Company to be used to fund the Proposed Sundance Transaction (see below) and for working capital purposes, and to explore the possibility of AustSino pursuing one or more of the following:

- the proposed development of a deepwater port at Oakajee in the Mid West of Western Australia on a build-own-operate-transfer (BOOT) model, and/or
- the identification and pursuit of one or more other suitable potential opportunities in the Western Australian resources or infrastructure sectors.

The completion of the Proposed WAPRC Transaction is subject to various conditions precedent, including but not limited to the following:

- the Company obtaining relevant shareholder approvals to undertake the Proposed WAPRC Transaction (including the commissioning of an independent expert's report which concludes either that the Proposed WAPRC Transaction is fair and reasonable or not fair but reasonable).
- The Company obtaining relevant regulatory approvals to undertake the Proposed WAPRC Transaction, including complying with any regulatory requirements of the Australian Securities Exchange (ASX) and the Australian Securities and Investments Commission (ASIC).
- WAPRC obtaining relevant regulatory approvals to undertake the Proposed WAPRC Transaction, including any approvals required from China's Office of Overseas Direct Investment (ODI) and China's National Development and Reform Commission (NDRC); and any approvals required by Australia's Foreign Investment Review Board (FIRB).
- WAPRC making \$100M available to complete the Proposed WAPRC Transaction.

On the same date the Company also announced that it has entered into a binding but conditional agreement (Sundance Agreement) with Sundance Resources Limited (Sundance) (ASX code: SDL), pursuant to which the Company will acquire:

- 62,500,000 shares in Sundance at an issue price of A\$0.004 per share within 15 business days of the date of the Sundance Agreement for consideration of \$250,000 (First Placement); and
- 10,545,454,545 shares in Sundance at an issue price of A\$0.0055 per share together with 10,545,454,545 unlisted options at an exercise price of A\$0.02 and an expiry date of five years after the date of issue (Second Placement) for a consideration of \$50 Million which on completion of the Second Placement will give the Company effective control of Sundance (approximately 50.8%) (**Proposed Sundance Transaction**).

The total amount payable by the Company for the First Placement and the Second Placement is \$58.250 Million. Of that amount, \$50 Million will be used by Sundance to cancel approximately \$132 Million worth of debt currently held by its noteholders in return for the payment of cash, shares and options to those noteholders. Sundance will retain \$8.250 Million for working capital and to progress the Mbalam-Nabeba Iron Ore Project in Cameroon and the Republic of Congo in Central Africa (Sundance Project).

EVENTS SUBSEQUENT TO REPORTING DATE (con't)

The completion of the Proposed Sundance Transaction is subject to a number of conditions precedent, including but not limited to the following:

- Wafin Limited, a noteholder of Sundance, executing the Sundance Agreement;
- The Company and/or Sundance not obtaining the necessary regulatory or shareholder approvals in full; or
- The Company being unable to raise the necessary funds from the Proposed WAPRC Transaction in order for it to make its proposed A\$58 Million investment into Sundance.

Further details of the **Proposed WAPRC Transaction** and the **Proposed Sundance Transaction** is noted in the Company's ASX announcement released on 25 September 2018.

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

MEETINGS OF DIRECTORS

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

	Board of Directors	
	Number eligible to attend	Number attended
Chun Ming Ding	6	6
Michael Keemink	7	7
Ian King	5	5
Phillip McKeiver	5	5
Edward Saunders	3	3
William Han	1	1

In addition to the above, the directors met by circular resolution on 6 occasions during the financial year.

SHARE OPTIONS

At the date of this report, the unissued ordinary shares of AustSino Resources Group Limited under option are as follows:

Expiry Date	Exercise Price	Quantity
17 April 2020	\$0.04	20,000,000

Each option entitles the holder to one fully paid ordinary share in the Company at any time up to expiry date. To the date of this report no shares had been issued as a result of the exercise of options.

REMUNERATION REPORT

The Remuneration Report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of the Company for the financial year ended 30 June 2018 and is included on page 16.

NON-AUDIT SERVICES

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

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

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

AUDITOR

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

OFFICERS OF THE COMPANY WHO WERE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'M. Keemink'.

Michael Keemink
Executive Director
Perth, 28 September 2018

REMUNERATION REPORT (AUDITED)

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

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

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

Remuneration Committee

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

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

Remuneration structure

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

REMUNERATION REPORT (AUDITED) (con't)

Non-executive Director Compensation

Objective

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

Structure

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

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

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

Executive Compensation

Objective

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

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

Structure

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

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

Compensation may consist of the following key elements:

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

REMUNERATION REPORT (AUDITED) (con't)

Fixed Remuneration

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

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

Variable Pay — Long Term Incentives

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

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

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

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

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

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

Voting and comments made at the company's 2017 Annual General Meeting ('AGM')

At the 2017 AGM, 98% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

REMUNERATION REPORT (AUDITED) (con't)

Key management personnel details

The following persons were key management personnel of AustSino Resources Group Limited during the financial year:

Chun Ming Ding	Executive Chairman (appointed 1 September 2017)
Michael Keemink	Executive Director (effective 27 March 2017) Non-Executive Director (appointed 19 August 2016)
Ian King	Non-Executive Director (appointed 20 December 2017)
Phillip McKeiver	Non-Executive Director (appointed 20 December 2017)
Edward Saunders	Non-Executive Director (effective 1 September 2017; resigned 20 December 2017) Non-Executive Chairman (effective 27 March 2017) Executive Chairman (effective 15 September 2016) Non-Executive Chairman (appointed 19 August 2016)
William Han	Non-Executive Director (appointed 19 December 2011; resigned 1 September 2017)

Service agreements

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

- Chun Ming Ding** *Executive Chairman (appointed 1 September 2017)*
- \$1,000 cash remuneration per annum payable in arrears (effective 1 September 2017).
 - Mr Ding must devote no less than 25 hours per week to the performance of his duties.
 - Mr Ding's entitlement to any short term or long term incentives (or any other discretionary benefits) will be as determined by the Board of the Company from time to time, in its sole discretion (and subject to shareholder approvals, if required).
 - Either party may terminate Mr Ding's appointment as Chairman on 2 months' notice.
 - 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.
- Managing Director for Mid West Infrastructure Group Pty Ltd (effective 1 September 2017)*
- Aust-China Resources Group Ltd (ACR), company which Mr Ding is Chairman and shareholder of, has agreed to provide Mr Ding's services effective 1 September 2017 as Managing Director of the Company's wholly owned subsidiary, Mid West Infrastructure Group Pty Ltd for a consultancy fee of CY2,000,000 (c. AUD 400,000) per annum. The initial term of this consultancy is 2 years, but either party may terminate the arrangement by giving 3 months' written notice.
- Michael Keemink** *Executive Director (effective 27 March 2017)*
- \$216,000 per annum plus superannuation effective 1 April 2018 (increased from \$144,000 per annum plus superannuation)
 - 3 months' termination notice by Company or 1 months' notice by Executive. The Company may elect to pay the Director in lieu of notice. Term renewable on 12 monthly basis.
- Ian King** *Non-Executive Director (appointed 20 December 2017)*
- \$50,000 per annum (plus superannuation)
 - Mr King may resign by notice in writing at any time. His appointment may also be terminated at any time by Company's shareholders (acting by majority vote).
- Phillip McKeiver** *Non-Executive Director (appointed 20 December 2017)*
- \$50,000 per annum (plus superannuation)
 - Mr McKeiver may resign by notice in writing at any time. His appointment may also be terminated at any time by Company's shareholders (acting by majority vote).

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

REMUNERATION REPORT (AUDITED) (con't)

Remuneration

Details of the remuneration of each key management personnel of the company, including their personally-related entities, during the year were as follows:

Directors	Year	Short Term Benefits Post-Employment		Post-Employment	Share Based Payments	Total
		Salary and fees	Cash Bonus	Superannuation	Shares and Options	
		\$	\$	\$	\$	\$
C M Ding ¹	2018	330,678	-	-	-	330,678
	2017	-	-	-	-	-
M Keemink	2018	160,667	-	15,026	-	175,693
	2017	50,867	15,000	3,958	-	69,825
I King ²	2018	28,744	-	-	-	28,744
	2017	-	-	-	-	-
P McKeiver ³	2018	28,744	-	-	-	28,744
	2017	-	-	-	-	-
E Saunders ⁴	2018	21,005	-	1,996	-	23,001
	2017	39,647	-	3,767	-	43,414
W Han ⁵	2018	8,333	-	-	-	8,333
	2017	50,000	-	-	-	50,000
T Quinn ⁶	2018	-	-	-	-	-
	2017	25,000	-	2,375	-	27,375
G Stokes ⁶	2018	-	-	-	-	-
	2017	25,000	-	2,374	-	27,374
Total	2018	578,171	-	17,022	-	595,193
	2017	205,514	15,000	12,474	-	217,988

1. Appointed on 1 September 2017. Mr Ding acts as Managing Director of Mid West Infrastructure Group Pty Ltd, wholly owned subsidiary of the Company, for a consultancy fee of CNY 2 million per annum. The fees are paid to Aust-China Resources Group (ACR), a company which Mr Ding is a Chairman and controlling shareholder of.

2. Appointed on 20 December 2017. Amount is comprised of accrued amount of \$15,056.

3. Appointed on 20 December 2017. Amount is comprised of accrued amount of \$28,744.

4. Resigned on 20 December 2017.

5. Resigned on 1 September 2017. Remuneration to W Han has been accrued and not yet paid.

6. Resigned 19 August 2016.

There were no performance related payments made during the year.

Compensation options to key management personnel

Proposed Grant of Share Options

In December 2017, the Company agreed to grant of the following share options to the following Directors (subject to relevant Shareholder approvals being obtained at the next General Meeting):

Mr Chun Ming Ding (Executive Chairman)

As part of his remuneration package, the Company has agreed to grant Mr Ding the following share options (subject to relevant shareholder approvals):

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

Mr Michael Keemink (Executive Director)

As part of his remuneration package, the Company has agreed to grant Mr Keemink the following share options (subject to relevant shareholder approvals):

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

REMUNERATION REPORT (AUDITED) (con't)

Mr Ian King and Mr Philip McKeiver (Non-executive Directors)

As part of their respective remuneration packages, the Company has agreed to grant to each of Mr King and Mr McKeiver the following share options (subject to relevant Shareholder approvals):

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

Mr Edward Saunders (Former Non-executive Director)

The Board announced on 20 December 2017 that Mr Edward Saunders had resigned as a Director. As part of Mr Saunders' termination arrangements, the Company has agreed to grant Mr Saunders 15,000,000 share options exercisable for a term of 1 year at a price of \$0.02 (subject to relevant shareholder approvals).

The Company will seek relevant Shareholder approvals in respect of the above matters at the next General Meeting. As at the date of this report, none of these options have been issued.

Compensation shares to key management personnel

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

Shares issued to key management personnel on exercise of compensation options

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

Key management personnel shareholdings

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

	Balance 01/07/17	Received as Remuneration	Options Exercised	Net Change/ Other	Balance 30/06/18
C M Ding ¹	-	-	-	265,000,000	265,000,000
M Keemink	1,924,750	-	-	-	1,924,750
I King ²	-	-	-	-	-
P McKeiver ²	-	-	-	-	-
E Saunders ³	6,000,000	-	-	(6,000,000)	-
W Han ⁴	142,300,000	-	-	(142,300,000)	-
	150,224,750	-	-	(116,700,000)	266,924,750

1. Appointed on 1 September 2017. The 265,000,000 shares were issued pursuant to Resolution 5 and 6 approved at the 2017 AGM. The shares were issued to Aust-China Resources Group Limited (ACR), a company which Mr Ding is a Chairman and controlling shareholder of.

2. Appointed on 20 December 2017.

3. Net Change/Other represents 6,000,000 shares held at resignation date 20 December 2017.

4. Net Change/Other represents 142,300,000 shares held at resignation date 1 September 2017.

REMUNERATION REPORT (AUDITED) (con't)

Key management personnel option holdings

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

	Balance 01/07/17	Received as Remuneration	Options Exercised	Net Change/ Other	Balance 30/06/18
C M Ding ¹	-	-	-	-	-
M Keemink	-	-	-	-	-
I King ²	-	-	-	-	-
P McKeiver ²	-	-	-	-	-
E Saunders ³	-	-	-	-	-
W Han ⁴	-	-	-	-	-
	-	-	-	-	-

1. Appointed on 1 September 2017.

2. Appointed on 20 December 2017.

3. Resigned on 20 December 2017.

4. Resigned on 1 September 2017.

Other transactions with key management personnel and their related parties

For the year ended 30 June 2018, the Company paid \$330,678 to Aust-China Resources Group Limited (HK) ('ACR') for the provision of Mr Chun Ming Ding's services as Managing Director of Mid West Infrastructure Group Pty Ltd, a wholly owned subsidiary of the Company. Mr Ding is a Chairman and controlling shareholder of ACR. This amount is included as part of Mr Chun Ming Ding's remuneration in the table above. As at 30 June 2018, nil was outstanding.

Pursuant to Resolution 5 approved at the 2017 AGM, the Company issued 200 Million fully paid ordinary shares to ACR on 30 November 2017 under a Deed of Release at a deemed price of 0.3 cents per share as full and final payment to Mr Ding and ACR for any advice services or assistance which they have provided to the Group 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 2017 AGM, the Company issued an additional 65 Million fully paid ordinary shares to ACR on 30 November 2017 under a Deed of Release at a deemed price of 0.3 cents as 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.

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

As at 30 June 2018, the Company recorded an amount of CNY180,816 (\$36,986) 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 September 2018 quarter. The Company also recorded an amount of \$88,775 payable to Gilbert + Tobin, a law firm which Mr Phil McKeiver is senior consultant of, for legal services provided in May and June 2018.

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

REMUNERATION REPORT (AUDITED) (con't)

The current trade payable balance as at 30 June 2018 owing to key management personnel and their related parties were:

	2018	2017
	\$	\$
Accrued directors fees (W Han)	145,819	137,486
Accrued directors fees (I King)	15,056	-
Accrued directors fees (P McKeiver)	28,747	-
Accrued bonus as per service agreement (M Keemink)	15,000	15,000
Business expenses to be reimbursed (C Ding)	36,986	-
	<u>241,608</u>	<u>152,486</u>

Additional information

The loss of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$
Revenue	9,514	18,282	2,070	9,324	35,894
EBITDA	(3,249,986)	(3,644,535)	(1,372,735)	(10,465,762)	(7,132,202)
EBIT	(3,327,793)	(3,711,406)	(1,437,185)	(10,504,611)	(7,154,005)
Loss after income tax	(3,327,793)	(3,711,406)	(1,437,185)	(10,504,611)	(7,154,005)

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

	2018	2017	2016	2015	2014
Share price at financial year end (\$)	0.016	0.007	0.007	0.007	0.005
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.08)	(0.10)	(0.04)	(0.31)	(0.21)

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

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of AustSino Resources Group Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM

RSM AUSTRALIA PARTNERS

D J Wall

Perth, WA
Dated: 28 September 2018

D J WALL
Partner

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AUSTSINO RESOURCES GROUP LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated	
		2018	2017
		\$	\$
Revenue	2(a)	9,514	18,282
Other income	2(b)	-	1,170
Depreciation		(77,807)	(66,871)
Impairment of assets	2(c)	(28,950)	-
Exploration and evaluation expenditure	2(c)	(702,086)	(243,135)
Employee benefits expense	2(c)	(665,526)	(552,657)
Consulting fees		(528,456)	(1,515,140)
Other expenses	2(c)	(1,334,482)	(1,353,055)
(Loss) before income tax expense		(3,327,793)	(3,711,406)
Income tax expense	3(a)	-	-
Net (loss) for the year		(3,327,793)	(3,711,406)
Other comprehensive income			
<i>Items that may be reclassified subsequently to operating result</i>			
Foreign currency translation	14(b)	(42,575)	(23,950)
Other comprehensive income for the year, net of tax		(42,575)	(23,950)
Total comprehensive (loss) for the year		(3,370,368)	(3,735,356)
Basic and diluted earnings per share	5	Cents (0.08)	Cents (0.10)

The accompanying notes form part of these financial statements.

AUSTSINO RESOURCES GROUP LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018



		Consolidated	
		2018	2017
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	5,388,309	2,266,406
Trade and other receivables	7	309,743	132,421
Total Current Assets		5,698,052	2,398,827
Non-Current Assets			
Trade and other receivables	7	65,083	62,210
Plant and equipment	8	229,425	254,045
Deferred exploration expenditure	10	3,027,531	3,056,481
Intangible assets	9	-	-
Total Non-Current Assets		3,322,039	3,372,736
Total Assets		9,020,091	5,771,563
LIABILITIES			
Current Liabilities			
Trade and other payables	11	847,488	2,629,748
Provisions	12	-	600,000
Total Current Liabilities		847,488	3,229,748
Total Liabilities		847,488	3,229,748
Net Assets		8,172,603	2,541,815
EQUITY			
Issued capital	13	70,200,920	61,229,894
Reserves	14	6,259,812	6,272,257
Accumulated losses		(68,288,129)	(64,960,336)
Total Equity		8,172,603	2,541,815

The accompanying notes form part of these financial statements.

AUSTSINO RESOURCES GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018
Consolidated

	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 July 2016	56,485,726	(61,248,930)	29,373	6,266,834	1,533,003
(Loss) for the year	-	(3,711,406)	-	-	(3,711,406)
Foreign currency translation	-	-	(23,950)	-	(23,950)
Total comprehensive (loss) for the year	-	(3,711,406)	(23,950)	-	(3,735,356)
Transactions with owners in their capacity as owners:					
Securities issued during the year	4,761,150	-	-	-	4,761,150
Cost of capital raising	(16,982)	-	-	-	(16,982)
Balance at 30 June 2017	61,229,894	(64,960,336)	5,423	6,266,834	2,541,815
Balance at 1 July 2017	61,229,894	(64,960,336)	5,423	6,266,834	2,541,815
(Loss) for the year	-	(3,327,793)	-	-	(3,327,793)
Foreign currency translation	-	-	(42,575)	-	(42,575)
Total comprehensive (loss) for the year	-	(3,327,793)	(42,575)	-	(3,370,368)
Transactions with owners in their capacity as owners:					
Securities issued during the year	9,207,849	-	-	30,130	9,237,979
Cost of capital raising	(236,823)	-	-	-	(236,823)
Balance at 30 June 2018	70,200,920	(68,288,129)	(37,152)	6,296,964	8,172,603

The accompanying notes form part of these financial statements.

AUSTSINO RESOURCES GROUP LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018



Consolidated		
Note	2018 \$	2017 \$
Cash flows from operating activities		
Payments to suppliers and employees	(2,202,375)	(2,785,541)
Interest received	9,514	18,282
Other income	-	1,170
Exploration expenditure	(797,103)	(243,136)
Net cash (used in) operating activities	6(i) (2,989,964)	(3,009,225)
Cash flows from investing activities		
Refund of security deposit	-	6,349
Payments for plant and equipment	(62,747)	(142,159)
Net cash (used in) investing activities	(62,747)	(135,810)
Cash flows from financing activities		
Proceeds from issue of shares (net of costs)	6,208,177	4,068,998
Cash received pending allotment of shares	-	1,222,850
Net cash provided by financing activities	6,208,177	5,291,848
Net increase in cash held	3,155,466	2,146,813
Cash at beginning of the financial year	2,266,406	119,593
Foreign exchange	(33,563)	-
Cash at end of the financial year	6 5,388,309	2,266,406

The accompanying notes form part of these financial statements.

AUSTSINO RESOURCES GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

1. Summary of Significant Accounting Policies

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

The separate financial statements of the parent entity, AustSino Resources Group Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. Separate information about the parent entity is disclosed in note 19.

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

The financial report was authorised for issue on 28 September 2018.

(a) Basis of Preparation

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

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

The presentation currency of the Group is Australian dollars.

(b) Going Concern

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

As disclosed in the financial statements, the consolidated entity incurred a loss of \$3,327,793 and had net cash outflows from operating activities of \$2,989,964 and net cash outflows from investing activities of \$62,747 for the year ended 30 June 2018. As at that date the consolidated entity had net current assets of \$4,850,564.

The Directors believe that it is reasonably foreseeable that the Company will continue as going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- As disclosed in note 23, on 2 August 2018 the Company announced that it has agreed terms with Mr Guan Min Jie (a resident of China) to raise additional capital of \$3 Million. Mr Jie has agreed to subscribe for approximately 230,769,231 fully paid ordinary shares in AustSino for a subscription price of \$0.013 (1.3 cents) per share to raise \$3 Million;
- Also disclosed in note 23, on 25 September 2018 the Company announced that it has entered into a binding but conditional Placement Agreement with Western Australian Port Rail Construction (Shanghai) Ltd (WAPRC) under which WAPRC will subscribe for approximately 7,692,307,693 fully paid ordinary shares at 1.3 cents (\$0.013) per share for a total price of \$100 Million; and
- The directors are confident that the Group will be successful in raising additional funds through the issue of new equity, should the need arise.

1. Summary of Significant Accounting Policies (con't)**(c) Adoption of new and revised standards**

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

New standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2018. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

AASB 9, published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group does not expect the implementation of this standard to have a material effect on the financial statements.

AASB 15 Revenue from Contracts with Customers

These amendments must be applied for annual reporting periods beginning on or after 1 January 2018. Therefore application date for the Group will be 30 June 2019.

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The Group has decided against early adoption of this standard. The Group does not expect the implementation of this standard to have a material effect on the financial statements because it is a pre-revenue business.

AASB 16 Leases

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

There are some optional exemptions for leases with a period of 12 months or less and for low value leases. The application date of this standard is for annual reporting periods beginning on or after 1 January 2019. The Group has decided against early adoption of these standards. Whilst the impact of AASB 16 has not yet been quantified the Group currently has operating lease commitments for \$900,186 worth of non-cancellable operating leases, the Group anticipates most of this will be brought onto the statement of financial position except for amount pertaining to short term or low value leases. Interest and amortisation expense will increase and rental expense will decrease.

2. Summary of Significant Accounting Policies (con't)**(d) Basis of consolidation**

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

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

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

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

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

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

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

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

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

(e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

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

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

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

(g) Cash and cash equivalents

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

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

(h) Trade and other receivables

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

(i) Income Tax

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(j) Other taxes

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

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

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

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

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

(k) Plant and equipment

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

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.

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

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.

(I) 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.

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.

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

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) Issued capital

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

(n) 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.

(o) Trade and other payables

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

(p) Provisions

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

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

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

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

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

(q) Share-based payment transactions

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

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

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

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

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

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

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

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

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

(r) Segment Reporting

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

1. Summary of Significant Accounting Policies (con't)**(s) Intangibles***Intellectual property rights*

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

(t) Earnings per share

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

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

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

(u) Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

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

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

(v) Significant Accounting Estimates and Judgments

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

1. Summary of Significant Accounting Policies (con't)*Exploration and evaluation assets*

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

Share-based payment transactions

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

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated	
	2018	2017
	\$	\$
2. Revenue and Expenses		
(a) Revenue		
Interest received	9,514	18,282
(b) Other income		
Other	-	1,170
	-	1,170
(c) Expenses		
Loss for the year includes the following expenses:		
Impairment	28,950	-
Exploration costs	702,086	243,135
Rental expense	305,205	230,043
Legal fees	435,946	277,309
Travel and accommodation	29,332	248,711
3. Income Tax		
(a) Income Tax Expense		
The income tax expense for the year differs from the prima facie tax as follows:		
Loss for year	(3,327,793)	(3,711,406)
Prima facie income tax benefit @ 30% (2017: 27.5%)	(998,338)	(1,020,637)
Tax effect of non-deductible items	154,504	83,635
Adjustments recognised in the current year in relation to the current tax of previous years	(1,027,174)	(422,870)
Effect of previously unrecognised tax losses	204,205	(1,448,795)
Effect of temporary differences not brought to account in equity	(83,984)	-
Deferred tax assets not brought to account	1,750,787	2,808,667
Total income tax expense	-	-
(b) Deferred Tax Assets		
Deferred tax assets not brought to account arising from tax losses, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 (i) occur:	12,888,122	11,121,813
4. Auditors' Remuneration		
Amounts received or due and receivable by RSM Australia Partners:		
- audit and review services	45,857	38,000
- investigating accountant's report	8,700	-
	54,557	38,000

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
5. Earnings per Share (EPS)

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Earnings – Net loss for year

Weighted average number of ordinary shares used in the calculation of basic EPS

Consolidated	
2018	2017
\$	\$
Cents	Cents
(0.08)	(0.10)
(3,327,793)	(3,711,406)
No.	No.
4,417,418,205	3,902,674,360

6. Cash and Cash Equivalents

Petty cash
Cash at bank
Restricted cash¹

1,500	1,500
5,386,809	1,042,056
-	1,222,850
5,388,309	2,266,406

1. \$1,222,850 was amount received from an investor for shares at \$0.01 each held by the Company in trust pending shareholder approval for the issue of shares. These shares were subsequently issued in September 2017.

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

Loss for the year (3,327,793) (3,711,406)

Non-cash items

Depreciation 77,807 66,871
Impairment of tenement costs 28,950 -
Liabilities settled by issue of shares 1,540,548 -
Liabilities settled by issue of unlisted options 30,130 -

Changes in assets and liabilities

Receivables (180,194) (83,698)
Payables (559,412) 119,008
Provisions (600,000) 600,000
Net cash flows used in operating activities **(2,989,964) (3,009,225)**

7. Trade and other receivables
Current

Other receivables 190,488 87,187
GST receivable, net 119,255 45,234
309,743 132,421

Non- Current

Security bonds **65,083 62,210**

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
7. Trade and other receivables (con't)

Terms and conditions relating to the above financial instruments:

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

8. Plant and Equipment

	Consolidated	
	2018	2017
	\$	\$
Plant and equipment – at cost	230,220	127,805
Additions – at cost	17,971	102,415
Accumulated depreciation	(156,737)	(132,527)
	91,455	97,693
Office furniture and fittings – at cost	255,699	219,609
Additions – at cost	24,242	39,743
Accumulated depreciation	(167,567)	(106,636)
	112,374	152,716
Computer equipment – at cost	21,517	21,517
Additions – at cost	12,369	-
Accumulated depreciation	(20,011)	(17,881)
	13,875	3,636
Motor vehicle – at cost	-	-
Additions – at cost	11,818	-
Accumulated depreciation	(97)	-
	11,721	-
Total plant and equipment	573,837	507,436
Accumulated depreciation	(344,412)	(253,391)
Total written down amount	229,425	254,045
Reconciliation		
Balance at 1 July, net of accumulated depreciation	254,045	171,505
Foreign currency translation	(9,560)	7,253
Additions	62,747	142,158
Depreciation charge for year	(77,807)	(66,871)
Balance at 30 June, net of accumulated depreciation	229,425	254,045

9. Intangible Assets

Intellectual property rights – at cost	2,560,000	2,560,000
Accumulated Impairment loss	(2,560,000)	(2,560,000)
	-	-
Reconciliation		
Balance at 1 July, net of accumulated impairment	-	-
Impairment loss charge for the year	-	-
Balance at 30 June, net of accumulated impairment	-	-

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated	
	2018	2017
	\$	\$
10. Deferred exploration expenditure		
Expenditure brought forward	3,056,481	3,056,481
Expenditure incurred during year	702,086	243,135
Expenditure written off during year	(702,086)	(243,135)
Impairment during the year	(28,950)	-
Expenditure carried forward	3,027,531	3,056,481

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

11. Trade and Other Payables	2018	2017
	\$	\$
Current		
Trade payables and accruals ¹	847,488	1,406,898
Cash received in advance pending allotment of shares	-	1,222,850
	847,488	2,629,748

1. The 30 June 2017 balance included an amount owed to Mr Ding of \$252,819. This liability was extinguished following the issue of 65 Million shares to ACR in November 2017.

Terms and conditions relating to the above financial instruments:

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

12. Provisions	2018	2017
	\$	\$
Current		
Provision -consultancy services	-	600,000
	-	600,000

The provision represents the Directors' best estimate of the cost to the Company of settling costs owed to ACR. The liability was extinguished following the issue of 200 Million shares in November 2017.

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
13. Issued Capital
(a) Issued and paid up capital

	Number	\$
Ordinary shares fully paid	5,071,651,832	70,200,920

(b) Movement in ordinary shares on issue

	2018 Number	2018 \$	2017 Number	2017 \$
Balance at beginning of year	3,983,548,697	61,246,876	3,507,433,650	56,485,726
Issue of shares in settlement of debts	50,000,000	500,000		
Issue of shares to raise funds	122,284,953	1,222,849		
Issue of shares pursuant to resolutions approved at AGM on 29 Nov 2017	265,000,000	795,000		
Issue of shares pursuant to Company's Replacement Prospectus dated 25 Jan 2018	444,500,000	4,445,000	476,115,047	4,761,150
Issue of shares in settlement of debt	24,500,000	245,000	-	-
Issue of shares pursuant to agreement with Mr Du Yong Yi to raise additional capital	181,818,182	2,000,000	-	-
Less: Capital raising costs	-	(253,805)	-	(16,982)
Balance at end of year	5,071,651,832	70,200,920	3,983,548,697	61,229,894

(c) Share options

The Company issued 20,000,000 unlisted options during the year, exercisable at \$0.04 per option with an expiry date of 17 April 2020.

(d) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

14. Reserves

	2018 \$	2017 \$
Option issue reserve	6,296,964	6,266,834
Foreign currency translation reserve	(37,152)	5,423
	6,259,812	6,272,257

(a) Option issue reserve
(i) Nature and purpose of reserve

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

(ii) Movements in reserve

Opening balance 1 July	6,266,834	6,266,834
Options issued	30,130	-
Closing balance 30 June	6,296,964	6,266,834

	Consolidated	
	2018	2017
	\$	\$
14. Reserves (con't)		
(b) Foreign currency translation reserve		
<i>(i) Nature and purpose of reserve</i>		
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.		
<i>(ii) Movements in reserve</i>		
Opening balance 1 July	5,423	29,373
Foreign currency translation	42,575	(23,950)
Closing balance 30 June	(37,152)	5,423

15. Commitments

Exploration Commitments

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

	Consolidated	
	2018	2017
	\$	\$
Not later than one year	796,623	758,080
Lease Commitments		
Within one year	345,305	223,237
1-5 years	554,881	281,053
Total lease commitments	900,186	504,290

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
16. Contingent Liabilities
Native title

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

Other than the above there were no other contingent liabilities for the financial year ended 30 June 2018.

17. Financial Reporting by Segments

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

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

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

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

	Australia	China	Total
Year ended 30 June 2018			
Revenue			
Interest income	9,391	123	9,514
Segment revenue	9,391	123	9,514
Result			
Loss before tax	(2,940,255)	(387,538)	(3,327,793)
Income tax expense	-	-	-
Loss for the year	(2,940,255)	(387,538)	(3,327,793)
Asset and liabilities			
Segment assets	6,557,791	2,462,300	9,020,091
Segment liabilities	810,502	36,986	847,488
Year ended 30 June 2017			
Revenue			
Interest income	18,097	185	18,282
Other	1,170	-	1,170
Segment revenue	19,267	185	19,452
Result			
Loss before tax	(3,152,014)	(559,392)	(3,711,406)
Income tax expense	-	-	-
Loss for the year	(3,152,014)	(559,392)	(3,711,406)
Asset and liabilities			
Segment assets	4,760,257	1,011,306	5,771,563
Segment liabilities	2,478,870	750,878	3,229,748

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

18. Related Party Transactions
(a) Parent entity

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

(b) Subsidiaries

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

Name	County of Incorporation	% Equity Interest	
		2018 %	2017 %
Desert Resources Pty Ltd	Australia	100	100
Apogee Pty Ltd	Australia	80	80
Mid West Infrastructure Group Pty Ltd	Australia	100	100
Aurium Resources Limited	Australia	100	100
Padbury (Shanghai) Enterprise Development Company Ltd	China	100	100

(c) Key management personnel

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

(d) Related party transactions

Pursuant to Resolution 5 approved at the 2017 AGM, the Company issued 200 Million fully paid ordinary shares to ACR on 30 November 2017 under a Deed of Release at a deemed price of 0.3 cents per share as full and final payment to Mr Ding and ACR for any advice services or assistance which they have provided to the Group 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 2017 AGM, the Company issued an additional 65 Million fully paid ordinary shares to ACR on 30 November 2017 at a value of \$195,000 under a Deed of Release at a deemed price of 0.3 cents as 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.

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

19. Parent Entity Disclosures
(a) Summary financial information
Financial Position

	Parent	
	2018	2017
	\$	\$
Assets		
Current assets	3,433,039	1,605,588
Non-current assets	2,057,284	1,960,829
Total assets	5,490,323	3,566,417
Liabilities		
Current liabilities	807,891	2,375,438
Total liabilities	807,891	2,375,438
Equity		
Issued capital	70,200,920	61,229,894
Reserves	6,296,964	6,266,834
Accumulated losses	(71,815,452)	(66,305,749)
Total equity	4,682,432	1,190,979

Financial Performance

	Parent	
(Loss) for the year	(7,880,423)	(2,715,472)
Other comprehensive (loss) / income	-	-
Total comprehensive (loss) for the year	(7,880,423)	(2,715,472)

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
19. Parent Entity Disclosures (con't)
b) Guarantees

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

c) Other Commitments and Contingencies

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

d) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

20. Key Management Personnel Disclosures
(a) Compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2018.

	Consolidated	
	2018	2017
	\$	\$
Short-term personnel benefits	578,171	205,514
Post-employment benefits	17,021	12,474
	595,193	217,988

(b) Loans with Key Management Personnel

There were no loans to or from related parties.

(c) Transactions and balances payable to Key Management Personnel:

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

	2018	2017
	\$	\$
Motor vehicle expenses , as per service agreement (T Quinn)	-	4,951
Motor vehicle expenses , as per service agreement (G Stokes)	-	2,986
	-	7,937

The amounts included in current trade payable balance relating to key management personnel and their related parties were:

	2018	2017
	\$	\$
Accrued directors fees (W Han)*	145,819	137,486
Accrued directors fees (I King)	15,056	-
Accrued directors fees (P McKeiver)	28,747	-
Accrued bonus as per service agreement (M Keemink)	15,000	15,000
Business expenses to be reimbursed (C Ding)	36,986	-
	241,608	152,486

* W Han resigned on 1 September 2017.

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

21. Share Based Payments

Share based payments to key management personnel:

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

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

Share based payment to suppliers:

Ordinary shares

Pursuant to a deed of release, the Company issued 50,000,000 ordinary shares on 5 September 2017 to Mr Song in full and final satisfaction of any claims which Mr Song would otherwise have in relation to the refurbishment of the Company's Shanghai office during 2014/2015. The shares were issued at the share price of \$0.01 each. The issue of these shares settled the liability of \$500,000 recorded in the Company's 30 June 2017 financial statements.

Pursuant to Resolution 5 approved at the 2017 AGM, the Company issued 200 Million fully paid ordinary shares to ACR on 30 November 2017 under a Deed of Release at a deemed price of 0.3 cents per share as full and final payment to Mr Ding and ACR for any advice services or assistance which they have provided to the Group 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 2017 AGM, the Company issued an additional 65 Million fully paid ordinary shares to ACR on 30 November 2017 at a value of \$195,000 under a Deed of Release at a deemed price of 0.3 cents as 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.

On 17 April 2018, the Company issued 24,500,000 ordinary shares in lieu of cash payments for consulting services rendered to the Company. The share based payments were valued at the fair value of the services received. The shares were issued at the share price of \$0.01 each. Expenses of \$245,000 were recognised in the statement of profit or loss and other comprehensive income.

Unlisted options

On 17 April 2018, the Company issued 20,000,000 unlisted options to suppliers in lieu of cash payments for consulting services rendered to the Company. The unlisted options have an exercise price of \$0.04 each and expires 17 April 2020. The options hold no voting rights and are not transferable. The share based payments were valued at the fair value of the services received. Expenses of \$30,130 were recognised in the statement of profit or loss and other comprehensive income.

Set out below are the options exercisable at the end of the financial year

Grant date	Expiry date	2018 Number	2017 Number
17 April 2018	17 April 2020	20,000,000	-

The weighted average share price during the year was 0.9 cents per share (2017: 0.7 cents per share).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.72 years.

22. Financial Risk Management

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

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

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

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

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

Risk Exposures and Responses***Interest rate risk***

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

Liquidity Risk

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

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

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

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

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

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
22. Financial Risk Management (con't)
Liquidity Risk (con't)
Maturities of financial liabilities

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

Consolidated	Less than 1 year	1 - 5 years	5+ years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
As at 30 June 2018					
Trade and other payables	847,488	-	-	847,488	847,488
	847,488	-	-	847,488	847,488
As at 30 June 2017					
Trade and other payables*	1,406,898	-	-	1,406,898	1,406,898
	1,406,898	-	-	1,406,898	1,406,898

* Exclude cash received in advance pending allotment of shares.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Credit risk

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

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

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

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

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

Capital Management Risk

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

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

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

Commodity Price and Foreign Currency Risk

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

AUSTSINO RESOURCES GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

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

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

23. Events Subsequent to Year End**New Principal Place of Business**

In early July, 2018, the Company officially vacated its lease at 100 Colin Street, West Perth and moved into a new office – the new address details are below:

- Registered Office and Principal Place of Business
 - Level 5, 35 Havelock Street, West Perth, WA, 6005
- Postal Address
 - PO Box 608, West Perth, WA, 6872

\$750,000 Investment in Sundance Resources Limited (ASX:SDL)

In August 2018, the Company agreed to subscribe for 187,500,000 fully paid ordinary shares in Sundance resources Ltd (ASX: SDL) for a subscription price of AUD \$0.004 (0.4 cents) per share. The total placement cost of AUD \$750,000 has been paid on 7 August 2018 and the shares in SDL have been issued to the Company.

The funds will be used by Sundance to advance its Mbalam-Nabeba Iron Ore Project in Cameroon and the Republic of Congo in Central Africa (Project) and for general working capital. Sundance and AustSino have also agreed to discuss and advance the development of the Project and those discussions continue.

\$3 million Capital Raising

AustSino announced on 2 August 2018 that it has agreed terms with Mr Guan Min Jie to raise additional capital of \$3 Million. Mr Jie (a resident of China) has agreed to subscribe for approximately 230,769,231 fully paid ordinary shares in AustSino for a subscription price of \$0.013 (1.3 cents) per share to raise \$3 Million.

As at the date of this report, the Company received an initial \$400,000 as part of the subscription funds. The Company envisages the remaining balance to be received in the near future.

When these funds are received by the Company and the shares are issued, the subsequent issued shares will remain in escrow for 12 months from date of issue although the Company may release the shares from escrow earlier than 12 months should the Company issue a prospectus, cleansing statement or other disclosure statement.

New Subsidiary

On 6 August 2018, a new wholly owned subsidiary, Havelock Resources Pty Ltd was incorporated within Australia.

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. This claim was settled subsequent to 30 June 2018.

New Board Appointment

On 28 August 2018, the Company announced the appointment of Dr Bielin Shi as a Non-executive Director, with effect from 28 August 2018. Dr Shi is a leading mining executive and geologist who specialises in investment management, mining geology, geostatistics, resource estimation and optimisation, exploration and project development.

Shares Released from Escrow

On 5 September 2018, 172,284,953 fully paid ordinary shares were released from escrow.

23. Events Subsequent to Year End (con't)**Proposed \$100 Million Placement and Strategic Investment in Sundance**

On 25 September 2018 the Company announced that it has entered into a binding but conditional Placement Agreement with Western Australian Port Rail Construction (Shanghai) Ltd (WAPRC) under which WAPRC will subscribe for approximately 7,692,307,693 fully paid ordinary shares at 1.3 cents (\$0.013) per share for a total price of \$100 Million, which following completion will equate to approximately 61% of the total issued share capital of AustSino (**Proposed WAPRC Transaction**).

The \$100M in funds raised from the Proposed WAPRC Transaction is intended by the Company to be used to fund the Proposed Sundance Transaction (see below) and for working capital purposes, and to explore the possibility of AustSino pursuing one or more of the following:

- the proposed development of a deepwater port at Oakajee in the Mid West of Western Australia on a build-own-operate-transfer (BOOT) model, and/or
- the identification and pursuit of one or more other suitable potential opportunities in the Western Australian resources or infrastructure sectors.

The completion of the Proposed WAPRC Transaction is subject to various conditions precedent, including but not limited to the following:

- the Company obtaining relevant shareholder approvals to undertake the Proposed WAPRC Transaction (including the commissioning of an independent expert's report which concludes either that the Proposed WAPRC Transaction is fair and reasonable or not fair but reasonable).
- The Company obtaining relevant regulatory approvals to undertake the Proposed WAPRC Transaction, including complying with any regulatory requirements of the Australian Securities Exchange (ASX) and the Australian Securities and Investments Commission (ASIC).
- WAPRC obtaining relevant regulatory approvals to undertake the Proposed WAPRC Transaction, including any approvals required from China's Office of Overseas Direct Investment (ODI) and China's National Development and Reform Commission (NDRC); and any approvals required by Australia's Foreign Investment Review Board (FIRB).
- WAPRC making \$100M available to complete the Proposed WAPRC Transaction.

On the same date the Company also announced that it has entered into a binding but conditional agreement (Sundance Agreement) with Sundance Resources Limited (Sundance) (ASX code: SDL), pursuant to which the Company will acquire:

- 62,500,000 shares in Sundance at an issue price of A\$0.004 per share within 15 business days of the date of the Sundance Agreement for consideration of \$250,000 (First Placement); and
- 10,545,454,545 shares in Sundance at an issue price of A\$0.0055 per share together with 10,545,454,545 unlisted options at an exercise price of A\$0.02 and an expiry date of five years after the date of issue (Second Placement) for a consideration of \$50 Million which on completion of the Second Placement will give the Company effective control of Sundance (approximately 50.8%) (**Proposed Sundance Transaction**).

The total amount payable by the Company for the First Placement and the Second Placement is \$58.250 Million. Of that amount, \$50 Million will be used by Sundance to cancel approximately \$132 Million worth of debt currently held by its noteholders in return for the payment of cash, shares and options to those noteholders. Sundance will retain \$8.250 Million for working capital and to progress the Mbalam-Nabeba Iron Ore Project in Cameroon and the Republic of Congo in Central Africa (Sundance Project).

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

The completion of the Proposed Sundance Transaction is subject to a number of conditions precedent, including but not limited to the following:

- Wafin Limited, a noteholder of Sundance, executing the Sundance Agreement;
- The Company and/or Sundance not obtaining the necessary regulatory or shareholder approvals in full; or
- The Company being unable to raise the necessary funds from the Proposed WAPRC Transaction in order for it to make its proposed A\$58 Million investment into Sundance.

Further details of the **Proposed WAPRC Transaction** and the **Proposed Sundance Transaction** is noted in the Company's ASX announcement released on 25 September 2018.

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

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

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

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

On behalf of the Board

A handwritten signature in black ink, appearing to read 'M. Keemink'.

Michael Keemink
Executive Director
Perth, 28 September 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of AustSino Resources Group Limited

Opinion

We have audited the financial report of AustSino Resources Group Limited (**Company**) and its subsidiaries (**Group**), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Capitalised exploration and evaluation expenditure Refer to Note 10 in the financial statements	
<p>The Group has capitalised exploration and evaluation expenditure with a carrying value of \$3,027,531 at the reporting date.</p> <p>We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the assets including:</p> <ul style="list-style-type: none"> • Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest; and • Assessing whether any indicators of impairment are present. 	<p>Our audit procedures in relation to the carrying value of exploration and evaluation asset included:</p> <ul style="list-style-type: none"> • Ensuring that the right to tenure of the area of interest was current; • Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; • Enquiring with management and reviewing budgets to test that the entity will incur substantive expenditure for each area of interest in the future; • Assessing and evaluating management's assessment that no indicators of impairment existed at the reporting date; and • Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of AustSino Resources Group Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



D J WALL
Partner
RSM AUSTRALIA PARTNERS

Perth, Western Australia
28 September 2018