AustSino

ABN 12 009 076 242

AUSTSINO RESOURCES GROUP LIMITED

FINANCIAL REPORT
30 JUNE 2019

DIRECTORS
Chun Ming Ding (Executive Chairman)
Michael Keemink (Executive Director)
Philip McKeiver (Non-Executive Director)
Dr Bielin Shi (Non-Executive Director)

COMPANY SECRETARY
Henko Vos

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AUDITORS
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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 2019.

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

Chun Ming Ding	*Executive Chairman (appointed 1 September 2017)*
Michael Keemink	*Executive Director (effective 27 March 2017)*
	Non-Executive Director (appointed 19 August 2016)
Philip McKeiver	*Non-Executive Director (appointed 20 December 2017)*
Dr Bielin Shi	*Non-Executive Director (appointed 28 August 2018)*
Ian King	*Non-Executive Director (appointed 20 December 2017; ceased 20 February 2019)*

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 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 Group Pty Ltd, and is a former director of Aurium Resources Limited (which merged with the Company in 2012).

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

Philip 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.

DIRECTORS (con't)

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 , 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 mining companies (including Citic Pacific, Pei Si International and Minjar Gold) in Australia and China. He has also worked widely in Australia and overseas with globally recognised companies like CSA Global, Golder Associates. Dr Shi has a PhD (Geology) from the University of Melbourne and post-Doctorial Research qualification in geostatistics from Edith Cowan University, Western Australia.

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; and a Director of China Gold International Resources Corp. Ltd, a company listed on the Toronto and Hong Kong Stock Exchanges.

Ian King, *Non-Executive Director (appointed 20 December 2017; ceased 20 February 2019)*

The Company was deeply saddened by the passing of Mr Ian King on 20 February 2019. Ian was a much respected member of the Board and made an invaluable contribution to the Company since his appointment. As Chairman of Geraldton Port Authority for a decade and a half, Ian also made an enormous contribution to the Mid West Region of Western Australian. He will be greatly missed by all at AustSino.

COMPANY SECRETARY

Henko Vos *(appointed 21 December 2016)*

Mr Vos is a member of the Australian Institute of Company Directors (AICD), the Governance Institute of Australia (GIA), the Chartered Accountants in Australia and New Zealand (CAANZ) and Certified Practising Accountants of Australia (CPA) with more than 15 years' experience working within public practice, specifically within the area of corporate services and 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 a Director at 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 Limited	100% owned controlled entity
Padbury (Shanghai) Enterprise Development Company Ltd	100% owned controlled entity
Havelock Resources Pty Ltd[1]	100% owned controlled entity
China Cameroon Resources SARL[2]	100% owned controlled entity

[1] *On 6 August 2018, the Company established a wholly owned subsidiary, Havelock Resources Pty Ltd in Australia.*
[2] *On 15 February 2019, the Company established a wholly owned subsidiary, China Cameroon Resources SARL in Cameroon.*

REVIEW OF OPERATIONS

Operations Review
During the year the Company continued to manage its Australian tenement portfolio in the Mid West region of Western Australia whilst having a primary focus on acquiring a controlling position in Sundance Resources Limited (**SDL**) and its world class portfolio of iron ore projects in Central Africa.

Australian activities
The Company has continued to explore its tenement holding position in the Mid West Region of Western Australia. That region is a large and prospective mineral region which has the potential to become a major new iron ore province. Numerous Chinese and Australian companies already have significant iron ore deposits in the region.

AustSino signed a non-binding MoU with Shenzhen Yantian Port Holding Co Ltd, pursuant to which Yantian Port has confirmed its interest in playing a significant role in the future development and funding of the Oakajee Project.

Exploration
Over the course of the financial year, the Company completed a project of work that included approximately 3,300 metres of Reverse Circulation Drilling (RC) that was structured to target several high priority magnetite (± DSO) iron ore targets across several of its tenements. A new Heritage Survey was also completed and a series of rock chip samples were also taken.

Some of this work was focused on the Mining Lease extending South onto E52/1557 whilst the rest was spread across the Companies other tenements.

We are now in the process of reviewing and finalising our project of works for the latter half of 2019 and into 2020. This will again involve all of our tenements with a focus on increasing the resource already identified and previously announced.

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.

Following is the schedule of AustSino's tenements as at 30 June 2019:

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%

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)

Operations Review (con't)

Central African activities

AustSino has had a primary focus on acquiring a controlling position in Sundance Resources Limited (**SDL**) and its world class portfolio of iron ore projects in Central Africa. The plan to develop these projects involves the proposed development of a deepwater port and a 540-580 km rail network in addition to the two iron ore mines (the **Project**).

In August 2018, the Company subscribed for 187,500,000 fully paid ordinary shares in SDL for a subscription price of AUD $0.004 per share. The total placement cost of AUD 750,000 was paid on 7 August 2018.

Subsequent to the above, the Company 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 $0.013 per share for a total price of AUD 100 Million, which following completion will equate to approximately 61% of the total issued share capital of AustSino (**Proposed WAPRC Transaction**).

On the same date the Company also announced that it has entered into a binding but conditional agreement (**SDL Agreement**) with SDL pursuant to which the Company was to acquire a controlling shareholding in two tranches:

1. 62,500,000 shares in Sundance at an issue price of $0.004 per share within 15 business days of the date of the SDL Agreement for consideration of AUD 250,000 (**First Placement**). (The First Placement was satisfied in October 2018); and

2. 10,545,454,545 shares in SDL at an issue price of AUD 0.0055 (0.55 cents) per share together with 10,545,454,545 unlisted options at an exercise price of AUD 0.02 (2.0 cents) per option and an expiry date of five years after the date of issue (**Second Placement**) for a consideration of AUD 58 Million which on completion of the Second Placement would have given the Company effective control of SDL (approximately 50.8%) (**Original SDL Transaction**).

In January 2019, AustSino agreed to acquire a further 30,000,000 fully paid ordinary shares in SDL at an issue price of $0.004 per share for consideration of $120,000. AustSino also received 60,000,000 bonus options at an exercise price of $0.006 per option. These options have an expiry date of 5 years after issue.

Over the period to 30 June 2019, AustSino and SDL held several face-to-face meetings with senior representatives of the Cameroon Government both within and outside of Cameroon. These meetings were attended by Board members of both AustSino and SDL and also by invited members from our potential consortium partners. The potential consortium parties all attended meetings held between SDL and AustSino, and with the Cameroon Government, during visits to Cameroon and they have all signed non-binding MOUs or similar documents. The key terms of the MoUs were set out in the Company's announcement to ASX dated 8 July 2019.

The Company has compiled a world class consortium to develop the project and associated economic infrastructure including:

- **Hong Kong Baofeng International Co Ltd** – Baofeng/Baowu is a joint venture company of Baosteel Resources Co Ltd and Jizhong Energy Group Co Ltd. Jizhong Energy is a large Chinese State Owned Enterprise (SOE) which is one of China's largest coal and resources companies. Baosteel is a subsidiary of China Baowu Group, a "Tier 1" Chinese SOE which is China's largest steel producer and the world's second largest steel producer. Baofeng/Baowu has expressed keen interest in being a funding partner and long-term customer of the Project.
- **Shanghai Tsingshan Mineral Co Ltd** – Tsingshan is a very large private Chinese steel company and is the world's largest stainless-steel producer. Tsingshan has extensive steel operations, projects and commercial activities in China, Asia and Africa. Tsingshan has expressed keen interest in being a funding partner and long-term customer of the Project.

REVIEW OF OPERATIONS (con't)

Operations Review (con't)

- **China Railway Construction Corporation International Co Ltd** – CRCCI is a wholly owned subsidiary of China Railway Construction Corporation (CRCC), the world's largest construction company and China's largest railway construction company. CRCC is a "Tier 1" SOE of the Chinese Government. CRCC has expressed keen interest in being a funding partner, and the construction partner and operator of the railway infrastructure, for the Project.
- **Shenzhen Yantian Port Holdings Co Ltd** – Yantian Port is China's second largest port operator and the world's third largest port operator. Yantian Port is registered on the Shenzhen Securities Exchange, although its main shareholder is the Chinese Government. Yantian Port currently owns and operates 7 bulk commodity and container ports in China and has an involvement in port projects in Egypt and Malaysia. Yantian Port has expressed keen interest in being a funding partner, and the construction partner and operator of the deepwater port, for the Project.

During and following these meetings, the Cameroon Government repeatedly reiterated its desire to see the project developed as quickly as possible. All of the meetings were positive and constructive however they have not yet resulted in the Cameroon Government agreeing to reinstate the Mbalam Convention.

As it was not possible for AustSino and SDL to satisfy all of the conditions precedent for completion of the Original SDL Transaction by 31 December 2018, AustSino, SDL and all the Noteholders in SDL agreed to extend the end date to 31 March 2019 and subsequently agreed again to extend it to 30 June 2019.

The Company has continued to maintain regular contact with WAPRC and the Board was pleased to announce that the Company and WAPRC had reached agreement to extend the deadline for completion of the Proposed WAPRC Transaction from 31 March 2019 to 31 December 2019.

Corporate

Administration and Board
In early July 2018, the Company relocated to its new office at 5/35 Havelock Street, West Perth WA 6005.

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

On 28 August 2018, the Company welcomed Dr Bielin Shi as a Non-Executive Director to the AustSino board. 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.

AustSino was deeply saddened by the passing of Non-Executive Director, Mr Ian King, on 20 February 2019. Ian was a much respected member of the Board and made an invaluable contribution to the Company since his appointment in December 2017. As Chairman of Geraldton Port Authority for a decade and a half, Ian also made an enormous contribution to the Mid West Region of Western Australia and he will be greatly missed by all who knew him. The Company passes on its sincere condolences to Ian's family.

On 30 November 2018 the Company held its AGM for the 2018 year. Resolution 1, seeking adoption of the 30 June 2018 Remuneration report, did not receive the required 75% vote and the Company incurred a "first strike" against the Remuneration Report. Resolutions 2 to 11 were all carried and, where applicable, shares and options approved via these resolutions were issued during December 2018.

Share issues
The Company completed the following capital raisings during the year to support working capital needs:

1. $400,000 raising
   In February 2019, the Company announced that it had reached agreement whereby Ms Peiyu Liang (a resident of China) would purchase a parcel of 30,769,231 shares at a subscription price of $0.013 (1.3 cents) per share for a purchase price of $400,000. These funds were received and the shares were issued on 15 February 2019. The shares are escrowed until the earlier of 15 February 2020 or until the Company issues a prospectus, cleansing statement or other disclosure document.

REVIEW OF OPERATIONS (con't)

Operations Review (con't)

2. $1,750,000 raising
   On 3 April 2019 it was announced that the Company had entered into a share placement agreement with Mr Ma Kai Hui, a sophisticated investor who is a citizen of China. Mr Ma agreed to purchase approximately 134,938,590 fully paid ordinary shares at a price per share of AUD 1.3 cents for a total purchase price of approximately $1.75 million. On 17 May 2019, the Company announced that the monies had been received in full into the Company's Australian bank account and that it had issued the 134,938,590 shares to Mr Ma. The shares are escrowed until the earlier of 12 months from the date of issue or until the Company issues a prospectus, cleansing statement or some other form of disclosure document.

Over the course of the year, the following share parcels were released from escrow:

1. 29 November 2018 265,000,000 fully paid ordinary shares
2. 2 May 2019 181,818,182 fully paid ordinary shares

Listing on ASX

The Company retains its listing on ASX. Its shares were suspended from trading in September 2018 when the Company entered into the Original SDL Agreement and the WAPRC Agreement.

The Company subsequently provided ASX with further information requested by ASX at the time of the voluntary suspension, in particular in relation to the particulars of the incoming major investor.

The Company continues to liaise with ASX and to work towards the completion of the necessary transactions to facilitate the lifting of the suspension of trading in the Company's shares (including the requirement that the funds raised be received into an Australian bank account).

General

For further details on the Company's activities over the financial year, please refer to the Quarterly Reports and the ASX announcements made during the year ended 30 June 2019.

Operating Results

Consolidated loss after income tax for the financial year attributable to members of AustSino Resources Group Limited was $5,627,398 (2018: $3,327,793).

Financial Position

At 30 June 2019, the consolidated entity had net assets of $4,808,065 (2018: $8,172,603).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

DIVIDENDS

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

EVENTS SUBSEQUENT TO REPORTING DATE

Lapse of Original SDL Transaction
A key condition of the Original SDL Transaction was the Cameroon Government agreeing to reinstate the Mbalam Convention. As at 30 June 2019 Sundance did not have confirmation as to whether the Cameroon Government would reinstate the Mbalam Convention and accordingly the Original SDL Transaction lapsed on 30 June 2019.

New SDL Transaction
Notwithstanding that the Mbalam Convention has not been reinstated to date, AustSino believes that there is significant value in the Congo Mining Convention and the Congo Mining Permit owned by SDL and that those rights provide a valuable cornerstone to develop an integrated mine, rail and port project.

The Company therefore renegotiated the proposed transaction and announced on 8 July 2019 that it had entered into a new proposed transaction with SDL. The terms and conditions of this agreement were outlined in the Company's ASX Announcement dated 8 July 2019. Key features of the agreement include:

- SDL will now issue to AustSino 11,153,846,154 ordinary shares at an issue price of A$0.0026 per Share, together with the grant of 11,153,846,154 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2019 or another date agreed by the parties.

  AustSino will still acquire approximately 50% of SDL following the completion of the New SDL Agreement, resulting in a change of control of SDL.
- The cash payable by AustSino on completion of the New SDL Agreement will now be $29 million. Of this, $25 million will be paid to Noteholders and $4 million will be retained by Sundance.
- In exchange for the cancellation of the existing convertible notes in SDL held by the Noteholders (**Convertible Notes**) (**Cancellation**) and, in addition to the cash payment to the Noteholders, SDL will now issue to the Noteholders:
  1. 2,000,000,000 Shares at a deemed issue price of A$0.004; and
  2. 5,000,000,000 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue.
- Cancellation of the Convertible Notes will leave SDL debt free.
- AustSino will provide some financial support as required by SDL to part support its working capital requirements until completion of the New SDL Transaction.
- The New SDL Transaction will require a number of regulatory and shareholder approvals before completion. The Company and SDL are targeting the satisfaction of such conditions by 31 December 2019.

Current status of the New SDL Transaction
Whilst the completion of the New SDL Transaction is NOT contingent upon the extension of the Mbalam Convention by the Cameroon Government, the Company has committed to seek to secure such an extension.

The preferred approach of Sundance, AustSino and the proposed Chinese consortium partners is to develop an integrated mine, port and rail project in Cameroon and Congo. The parties will or may need to review the economic and technical feasibility of, and the implementation strategy for, the Project and/or consider other development opportunities in Central Africa, if the Cameroon Government does not ultimately agree to reinstate the Mbalam Convention.

Further meetings with Senior Representatives of the Cameroon Government have taken place and a number of submissions have been made. Whilst the meetings have been positive, the Cameroon Government has, regrettably, still not provide any confirmation as to whether they will reinstate the Mbalam Convention or otherwise engage with the Company and SDL to advance the Mbalam and Nabeba projects. The Company continues an ongoing positive dialogue with the Cameroon Government and its world class syndicate. It remains uncertain whether (and if so when, and on what terms) any decision will be made regarding the reinstatement of the Mbalam Convention.

EVENTS SUBSEQUENT TO REPORTING DATE (con't)

Current status of the New SDL Transaction (con't)
The Company continues to prepare its case to secure the necessary approvals from Chinese regulatory authorities for the completion of the $100 million capital raising. The Company is also exploring other opportunities in Central Africa which might complement the Mbalam and Nabeba projects.

The AustSino Board are committed to the successful completion of the WAPRC Agreement and New SDL Transaction. However, as with any transactions of this size and complexity, there are risks to completion and so there is no guarantee either transaction will be completed. In particular:

- There may be a material delay in WAPRC obtaining the necessary Chinese and Australian regulatory approvals (including FIRB) to transfer $100M to Australia (and therefore, there could be a material delay in AustSino's ability to obtain re-quotation of its shares on the ASX and complete the New SDL Transaction), or those approvals may not be obtained at all.
- The deadlines of 31 December 2019 for completing the WAPRC Agreement and/or the New SDL Transaction may not be met (or extended);
- AustSino and WAPRC may not be able to complete the WAPRC Transaction; and
- As a result of a failure to complete the WAPRC Transaction, AustSino, SDL and the Noteholders may not be able to complete the New SDL Transaction.

Shares Released from Escrow
On 6 August 2019, 3,000,000 fully paid ordinary shares were released from escrow.

Tenement Management
Tenement E52/1862 was surrendered in August 2019.

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

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

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

	Board of Directors	
	Number eligible to attend	Number attended
Chun Ming Ding	6	6
Michael Keemink	6	6
Philip McKeiver	6	6
Dr Bielin Shi[1]	6	6
Ian King[2]	3	3

[1] *Appointed 28 August 2018.*
[2] *Ceased as Director 20 February 2019.*

In addition to the above, the directors met by circular resolution on 3 occasions during the financial year.

INTERESTS IN THE SHARES AND OPTIONS

The following table sets out each director's relevant interest in shares and options of the Company or a related body corporate as at the date of this report:

	Fully Paid Ordinary Shares Number	Options Number
Chun Ming Ding[1]	265,000,000	25,000,000
Michael Keemink[2]	11,924,750	25,000,000
Philip McKeiver[3]	-	20,000,000
Dr Bielin Shi [4]	-	-
Ian King[5]	-	-

[1] Shares and options held indirectly through Aust-China Resources Limited, an entity controlled by Mr Ding.
[2] Shares and options held directly and indirectly through the following:

a. 10,000,000 shares and 25,000,00 options held indirectly by Michael Keemink ATF Mikey Bear Family Trust, an entity controlled by Mr Keemink ;
b. 1,587,250 shares held indirectly by Ms Denise Craig (spouse);
c. 337,500 shares held indirectly by Moneycare Australia Pty Ltd, an entity controlled by Mr Keemink.

[3] Options held indirectly through Mostly Mexican Pty Ltd ATF The McKeiver Family Trust, an entity controlled by Mr Ding.
[4] Appointed 28 August 2018.
[5] Ceased as Director 20 February 2019. No further holdings as a Director.

SHARES ISSUED DURING OR SINCE THE END OF THE YEAR AS A RESULT OF EXERCISE

There are no ordinary shares issued by the Company during or since the end of the financial year as a result of the exercise of an option.

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
30 November 2019	$0.02	65,000,000
17 April 2020	$0.04	20,000,000
30 November 2020	$0.03	40,000,000

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 2019 and is included on page 12.

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.

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.

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.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, AustSino Resources Group Limited and its controlled entities have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2015 and became effective for financial years beginning on or after 1 July 2015.

The Group's Corporate Governance Statement for the financial year ending 30 June 2019 is dated as at 30 September 2019 and was approved by the Board on 30 September 2019.

The Corporate Governance Statement is available on AustSino's website at www.aust-sino.com.

Signed in accordance with a resolution of directors.

Michael Keemink
Executive Director
Perth, 30 September 2019

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.

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)
Philip McKeiver	*Non-Executive Director (appointed 20 December 2017)*
Dr Bielin Shi	*Non-Executive Director (appointed 28 August 2018)*
Ian King	*Non-Executive Director (appointed 20 December 2017; ceased 20 February 2019)*

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 REPORT (AUDITED) (con't)

Remuneration Structure

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

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).

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.

REMUNERATION REPORT (AUDITED) (con't)

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.

2018 Annual General Meeting ('AGM')

At the 2018 AGM, 59% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

PERFORMANCE ON SHAREHOLDER WEALTH

In considering the Group's performance and benefits for shareholder wealth, the Board have regarded the following indices in respect of the current and previous four financial years:

	2019	2018	2017	2016	2015
Share price at financial year end ($)	0.017[1]	0.016	0.007	0.007	0.007
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.11)	(0.08)	(0.10)	(0.04)	(0.31)

[1]The Company has been suspended from official quotation since 5 September 2018.

REMUNERATION REPORT (AUDITED) (con't)

Service agreements

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

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 414,000) 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.

Philip 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).

Dr Bielin Shi

Non-Executive Director (appointed 28 August 2018)

- $50,000 per annum (inclusive superannuation)
- Initial term of agreement is 12 months from commencement date. This agreement may be extended beyond the initial term by written agreement. Either party may terminate this agreement at any time by giving the other 14 days written notice.
- Monthly fee is subject to review and renegotiation by the parties if there is a material change in nature of services or level of effort required to perform the services during term of service.

Ian King

Non-Executive Director (appointed 20 December 2017; ceased 20 February 2019)

- $50,000 per annum (plus superannuation)

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

REMUNERATION REPORT (AUDITED) (con't)

Remuneration of Key Management Personnel

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

		Short Term Benefits Post-Employment		Post-Employment	Share Based Payments	
Directors	Year	Salary and fees	Cash Bonus	Superannuation	Shares and Options	Total
		$	$	$	$	$
C M Ding	**2019**	**411,768**[1]	**-**	**-**	**-**	**411,768**
	2018	330,678	-	-	-	330,678
M Keemink	**2019**	**234,194**	-	**20,520**	**110,000**[2]	**364,714**
	2018	160,667	-	15,026	-	175,693
P McKeiver	**2019**	**50,000**	**-**	**4,750**	**-**	**54,750**
	2018	28,744	-	-	-	28,744
B Shi[3]	**2019**	**39,862**	**-**	**1,808**	**-**	**41,670**
	2018	-	-	-	-	-
I King[4]	**2019**	**26,006**	**-**	**-**	**-**	**26,006**
	2018	28,744	-	-	-	28,744
E Saunders[5]	**2019**	**-**	**-**	**-**	**-**	**-**
	2018	21,005	-	1,996	-	23,001
W Han[6]	**2019**	**-**	**-**	**-**	**-**	**-**
	2018	8,333	-	-	-	8,333
Total	**2019**	**761,830**	**-**	**27,078**	**110,000**	**898,908**
	2018	578,171	-	17,022	-	595,193

1. 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. This relates to issue of shares to Mr Keemink in lieu of consultancy fees owed following shareholder approval at the Company's 2018 AGM.
3. Appointed 28 August 2018.
4. Ceased to be a Director on 20 February 2019.
5. Resigned 20 December 2017.
6. Resigned 1 September 2017.

There were no performance related payments made during the year.

Terms and conditions of share-based payment arrangements – Shares

On 19 December 2018, the Company issued 10,000,000 ordinary shares to Executive Director, Mr Michael Keemink in lieu of amounts owed to him for consultancy services provided (above his standard service contract) following shareholder approval at the Company's AGM held on 30 November 2018. Mr Keemink agreed to accept 10,000,000 shares at 1.1 cent per share in settlement of the debt. Expenses of $110,000 were recognised in the statement of profit and loss and other comprehensive income.

Terms and conditions of share-based payment arrangements – Options

The terms and conditions for each grant of options affecting remuneration in the current or a future reporting period are as follows:

	Options A	Options B
Number of options issued	65,000,000	40,000,000
Grant date share price (cents)	$0.017	$0.017
Exercise price (cents)	$0.020	$0.030
Expected volatility	100%	100%
Option life	1 year	2 years
Dividend yield	-	-
Risk-free interest rate	2.04%	2.04%
Valuation per option	$0.0058	$0.0067
Total valuation	$377,000	$268,000
% vested	0%	0%

REMUNERATION REPORT (AUDITED) (con't)

Following shareholder approval at the Company's AGM held on 30 November 2018, the Company issued 65,000,000 unlisted options (**Options A**) to four current Directors and one former Director on 19 December 2018. Options A are exercisable at $0.02 per option and expires 30 November 2019.

On the same day, 40,000,000 unlisted options (**Options B**) were issued to the four current Directors following shareholder approval at the Company's AGM on 30 November 2018. Options B are exercisable at $0.03 per option and expires 30 November 2020.

The unlisted options were issued to the following current and former directors:

Name	Role	Number of Options Options A	Options B	Total
Chun Ming Ding	Executive Chairman	15,000,000	10,000,000	25,000,000
Michael Keemink	Executive Director	15,000,000	10,000,000	25,000,000
Philip McKeiver	Non-Executive Director	10,000,000	10,000,000	20,000,000
Ian King[1]	Non-Executive Director	10,000,000	10,000,000	20,000,000
Edward Saunders[2]	Former Non-Executive Director	15,000,000	-	15,000,000
Total		**65,000,000**	**40,000,000**	**105,000,000**

[1] *Ceased to be a director on 20 February 2019.*
[2] *Resigned on 20 December 2017.*

Both Options A and B are subject to, and vest on, the successful completion of the 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 Proposed WAPRC Transaction was announced on the ASX platform on 25 September 2018. The Proposed WAPRC Transaction is subject to a number of conditions, including shareholder approval, which will be sought at a separate general meeting of the Company.

The Proposed WAPRC Transaction is subject to a number of conditions precedent, including regulatory and shareholder approvals. At the balance date, the Directors have estimated that the likelihood of the vesting condition being achieved before the expiry date is extremely low due to the uncertainties regarding the success of the Proposed WAPRC Transaction. Accordingly, the directors have not recognised any share based payment expense associated with these options during the year.

The Company renegotiated the proposed transaction and announced on 8 July 2019 that it had entered into a new proposed transaction with SDL. The terms and conditions of this agreement were outlined in the Company's ASX Announcement dated 8 July 2019.

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.

Ordinary shares held by Key Management
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.

	Balance 01/07/18	Received as Remuneration	Options Exercised	Net Change/ Other	Balance 30/06/19
C M Ding[1]	265,000,000	-	-	-	265,000,000
M Keemink[2]	1,924,750	-	-	10,000,000	11,924,750
P McKeiver	-	-	-	-	-
B Shi[3]	-	-	-	-	-
I King[4]	-	-	-	-	-
	266,924,750	**-**	**-**	**10,000,000**	**276,924,750**

1. *The 265,000,000 shares are held by Aust-China Resources Group Limited (ACR), a company which Mr Ding is a Chairman and controlling shareholder of.*
2. *Net Change/Other represents 10,000,000 shares received in lieu of amounts owed to Mr Keemink for consultancy services provided to the Company (as approved by Shareholders at the 2018 AGM).*
3. *Appointed 28 August 2018.*
4. *Ceased to be a Director on 20 February 2019.*

REMUNERATION REPORT (AUDITED) (con't)

Options held by Key Management Personnel

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 01/07/18	Received as Remuneration	Options Exercised	Net Change/ Other [1]	Balance 30/06/19
C M Ding	-	-	-	25,000,000	25,000,000
M Keemink	-	-	-	25,000,000	25,000,000
P McKeiver	-	-	-	20,000,000	20,000,000
B Shi[2]	-	-	-	-	-
I King[3]	-	-	-	-	-
	-	**-**	**-**	**70,000,000**	**70,000,000**

1. *The unlisted options were issued on 19 December 2018 following shareholder approval at the 2018 AGM. Refer Note 21 for details.*
2. *Appointed 28 August 2018.*
3. *Ceased to be a Director on 20 February 2019. Net Change/Other adjusted to reflect no further holdings as a KMP.*

Loans with key management personnel

There were no loans to or from key management personnel and their related parties.

Other transactions with key management personnel and their related parties

During the year ended 30 June 2019, Mr Chun Ming Ding acted as Managing Director of Mid West Infrastructure Group Pty Ltd, a wholly owned subsidiary of the Company. The amount incurred for the provision of his directorship services is $411,768 (2018: $330,678) (included as part of Mr Ding's remuneration in the table above). This amount was paid to Aust-China Resources Ltd (ACR), a company Mr Ding is a Chairman and controlling shareholder of. As at 30 June 2019, $110,859 was accrued and outstanding.

As at 30 June 2019, the Company recorded an amount of CNY441,180 ($91,567) reimbursable to Mr Ding for the business expenses which he had paid out of pocket for the Shanghai subsidiary.

During the year, Pantheon Legal Pty Ltd, a company associated with Mr Phil McKeiver provided legal services to AustSino. The amounts billed related to the legal services amounted to $287,380 (2018: $Nil), and $40,833 remained outstanding as of the reporting date.

The Company also paid a total of $98,353 in legal fees to Gilbert + Tobin, a law firm which Mr Phil McKeiver is senior consultant of, for legal services provided during the year.

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

The current trade payable balance as at 30 June 2019 owing to key management personnel and their related parties were:

	2019 $	2018 $
Directors fees (C Ding)	76,859	-
Directors fees (M Keemink)	23,400	-
Legal fees (Pantheon Legal)	40,833	-
Accrued directors fees (C Ding)	34,000	-
Accrued directors fees (W Han)	145,819	145,819
Accrued directors fees (P McKeiver)	5,000	28,747
Accrued directors fees (I King)	-	15,056
Accrued bonus as per service agreement (M Keemink)	-	15,000
Accrued annual leave (M Keemink)	30,118	-
Business expenses to be reimbursed (C Ding)	91,567	36,986
	447,596	241,608

REMUNERATION REPORT (AUDITED) (con't)

Additional information

The loss of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Revenue	5,839	9,514	18,282	2,070	9,324
EBITDA	(5,532,059)	(3,249,986)	(3,644,535)	(1,372,735)	(10,465,762)
EBIT	(5,627,398)	(3,327,793)	(3,711,406)	(1,437,185)	(10,504,611)
Loss after income tax	(5,627,398)	(3,327,793)	(3,711,406)	(1,437,185)	(10,504,611)

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

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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 2019, 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

Perth, WA
Dated: 30 September 2019

J A KOMNINOS
Partner

AustSino

AUSTSINO RESOURCES GROUP LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Income	2(a)	5,839	9,514
Other income	2(b)	19,000	-
Depreciation		(95,339)	(77,807)
Impairment of assets	10	(2,127,161)	(28,950)
Exploration and evaluation expenditure	10	(714,198)	(702,086)
Employee benefits expense		(884,509)	(665,526)
Share based payment	21	(155,000)	-
Consulting fees		(108,384)	(528,456)
Other expenses	2(c)	(1,567,646)	(1,334,482)
(Loss) before income tax expense		**(5,627,398)**	**(3,327,793)**
Income tax expense	3(a)	-	-
Net (loss) for the year		**(5,627,398)**	**(3,327,793)**
Other comprehensive income			
Items that may be reclassified subsequently to operating result			
Foreign currency translation	14(b)	124,110	(42,575)
Items that will not be subsequently reclassified to profit or loss			
Revaluation loss on financial assets at fair value through other comprehensive income	22	(70,000)	-
Other comprehensive income for the year, net of tax		54,110	(42,575)
Total comprehensive (loss) for the year		**(5,573,288)**	**(3,370,368)**
		Cents	Cents
Basic and diluted earnings per share	5	(0.11)	(0.08)

The accompanying notes form part of these financial statements.

	Note	Consolidated 2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,982,689	5,388,309
Trade and other receivables	7	276,992	309,743
Total Current Assets		**3,259,681**	**5,698,052**
Non-Current Assets			
Trade and other receivables	7	65,787	65,083
Plant and equipment	8	208,991	229,425
Intangible assets	9	-	-
Deferred exploration expenditure	10	900,370	3,027,531
Financial assets at fair value through other comprehensive income	22	1,050,000	-
Total Non-Current Assets		**2,225,148**	**3,322,039**
Total Assets		**5,484,829**	**9,020,091**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	646,496	847,488
Provisions	12	30,268	-
Total Current Liabilities		**676,764**	**847,488**
Total Liabilities		**676,764**	**847,488**
Net Assets		**4,808,065**	**8,172,603**
EQUITY			
Issued capital	13	72,409,670	70,200,920
Reserves	14	6,313,922	6,259,812
Accumulated losses		(73,915,527)	(68,288,129)
Total Equity		**4,808,065**	**8,172,603**

The accompanying notes form part of these financial statements.

AustSino

AUSTSINO RESOURCES GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

Consolidated	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Option Reserve $	Revaluation Reserve $	Total $
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**
Balance at 1 July 2018	**70,200,920**	**(68,288,129)**	**(37,152)**	**6,296,964**	**-**	**8,172,603**
(Loss) for the year	-	(5,627,398)	-	-	-	(5,627,398)
Foreign currency translation	-	-	124,110	-	-	124,110
Revaluation of financial asset through other comprehensive income	-	-	-	-	(70,000)	(70,000)
Total comprehensive (loss) for the year	**-**	**(5,627,398)**	**124,110**	**-**	**(70,000)**	**(5,573,288)**
Transactions with owners in their capacity as owners:						
Securities issued during the year	2,305,000	-	-	-	-	2,305,000
Cost of capital raising	(96,250)	-	-	-	-	(96,250)
Balance at 30 June 2019	**72,409,670**	**(73,915,527)**	**86,958**	**6,296,964**	**(70,000)**	**4,808,065**

The accompanying notes form part of these financial statements.

		Consolidated	
	Note	2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,648,625)	(2,202,375)
Interest received		5,839	9,514
Other income		19,000	-
Lease incentive received		45,806	
Exploration expenditure		(866,059)	(797,103)
Net cash (used in) operating activities	6(i)	**(3,444,039)**	**(2,989,964)**
Cash flows from investing activities			
Purchase of financial assets		(1,120,000)	-
Payments for plant and equipment		(17,711)	(62,747)
Net cash (used in) investing activities		**(1,137,711)**	**(62,747)**
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		2,053,750	6,208,177
Net cash provided by financing activities		**2,053,750**	**6,208,177**
Net (decrease)/increase in cash held		(2,528,000)	3,155,466
Cash at beginning of the financial year		5,388,309	2,266,406
Foreign exchange		122,380	(33,563)
Cash at end of the financial year	6	**2,982,689**	**5,388,309**

The accompanying notes form part of these financial statements.

1. *Summary of Significant Accounting Policies*

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

The separate financial statements of the parent entity, AustSino Resources Group Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. 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 30 September 2019.

(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 Group incurred a loss of $5,627,398 (2018: $3,327,793) and had net cash outflows from operating activities of $3,444,039(2018: $2,989,964) and net cash outflows from investing activities of $1,137,711 (2018: $62,747) for the year ended 30 June 2019.

The Group's cash flow forecast predicts that the Group will be in a negative cash position within twelve months of the date of this report. Accordingly, the Group will need to access additional working capital to advance its exploration projects and to ensure that it is able to pay its debts as and when they fall due.

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

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

- The directors are confident that the Group will be successful in raising additional funds through the issue of new equity, should the need arise; and
- The Group has the option, if necessary, to defer expenditure or relinquish certain projects and reduce administration costs in order to minimise its capital raising requirements.

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

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

1. Summary of Significant Accounting Policies

(c) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2019

The Group 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 following standards and amendments became applicable during the year. Impact of the adoption of these standards are disclosed below:

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model. Financial instruments are classified as either held at amortised cost or fair value. Financial instruments are carried at amortised cost if the business model concept can be satisfied. All equity instruments are carried at fair value and the cost exemption under AASB 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income. The Group has elected to do this as at 1 July 2018. This change has had no effect on reported balances as the Group had no equity investments as at 1 July 2018.

The AASB 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing.

The Group has applied AASB 9 with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information. Accordingly, the information presented for 30 June 2018 has not been restated. The Group has no expected credit losses on financial instruments.

AASB 15 Revenue from Contracts with Customers

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.

The implementation of AASB 15 has not had a material impact on the Group's financial statements as it is currently a pre-revenue business.

Other than the above, the Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

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

AASB 16 Leases

AASB 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.

The Group has reviewed all of the Group's outstanding leasing arrangements in light of the new lease accounting rules in AASB 16. The standard will affect primarily the accounting for the Group's operating leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of $585,556 (see Note 15). Of these commitments, $105,245 relate to short-term leases 12 months or less which will be recognised on a straight-line basis as expenses in profit or loss.

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately $322,231 on 1 July 2019 and lease liabilities of $322,231. No change is expected on the overall net assets and net current assets of the Group. The Group expects that net losses after tax will increase by approximately $1,092 for the year ended 30 June 2020 as a result of adopting the new rules. Operating cash outflows will decrease and financing cash outflows will increase by approximately $93,398 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to Group accounting policies.

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 2019.

(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.

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

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.

(f) Revenue recognition

Revenue from contracts with customers is recognised based on the transfer of promised goods or services to customers with an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor,

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

probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

(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.

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.

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

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.

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.

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

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

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

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

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

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

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

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

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

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

(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.

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

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

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Trade and other payables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest rate method.

(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.

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).

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

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.

(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.

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

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) Financial instruments
Recognition and Initial Measurement
Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and are solely principal and interest. All other financial instrument assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income.

Financial assets may be impaired based on an expected credit loss model to recognise an allowance. Such impairment is measured with a 12-month expected credit loss model unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime expected credit loss model is adopted

For financial liabilities, the portion of the change in fair value that relates to the Group's credit risk is presented in other comprehensive income.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

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

(w) Significant Accounting Estimates and Judgments

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

Exploration and evaluation assets

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

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.

	Consolidated	
	2019	2018
	$	$
2. *Revenue and Expenses*		
(a) Revenue		
Interest received	**5,839**	**9,514**
(b) Other income		
Insurance claim recovery	**19,000**	**-**
(c) Expenses		
Loss for the year includes the following expenses:		
Impairment	2,127,161	28,950
Exploration costs	714,198	702,086
Rental expense	332,338	305,205
Legal fees	508,690	435,946
Travel and accommodation	508,457	29,332
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	**(5,627,398)**	**(3,327,793)**
Prima facie income tax benefit @ 27.5% (2018: 30%)	(1,547,534)	(998,338)
Tax effect of non-deductible items	91,073	154,504
Adjustments recognised in the current year in relation to the current tax of previous years	1,087,475	(1,027,174)
Effect of previously unrecognised tax losses	388,202	204,205
Effect of temporary differences not brought to account in equity	(11,589)	(83,984)
Deferred tax assets not brought to account	(7,627)	1,750,787
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:	**12,164,448**	**12,888,122**
4. *Auditors' Remuneration*		
Amounts received or due and receivable by RSM Australia Partners:		
- audit and review services	40,720	45,857
- investigating accountant's report	-	8,700
	40,720	**54,557**

	Consolidated 2019	Consolidated 2018
5. Earnings per Share (EPS)		
	Cents	Cents
Basic and diluted earnings per share	(0.11)	(0.08)
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	(5,627,398)	(3,327,793)
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of basic EPS	5,108,141,669	4,417,418,205
6. Cash and Cash Equivalents		
Petty cash	5,578	1,500
Cash at bank	2,977,111	5,386,809
	2,982,689	**5,388,309**

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

	2019	2018
Loss for the year	(5,627,398)	(3,327,793)
Non-cash items		
Depreciation	95,339	77,807
Impairment of tenement costs	2,127,161	28,950
Liabilities settled by issue of shares	155,000	1,540,548
Liabilities settled by issue of unlisted options	-	30,130
Changes in assets and liabilities		
Receivables	(23,419)	(180,194)
Payables	(200,990)	(559,412)
Provisions	30,268	(600,000)
Net cash flows used in operating activities	**(3,444,039)**	**(2,989,964)**

	Consolidated 2019 $	Consolidated 2018 $
7. Trade and other receivables		
Current		
Other receivables	245,301	190,488
GST receivable, net	31,691	119,255
	276,992	**309,743**
Non- Current		
Security bonds	**65,787**	**65,083**

Terms and conditions relating to the above financial instruments:

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

	Consolidated	
	2019 $	2018 $

8. *Plant and Equipment*

	2019 $	2018 $
Plant and equipment – at cost	248,191	230,220
Additions – at cost	4,540	17,971
Accumulated depreciation	(184,098)	(156,737)
	68,633	**91,455**
Office furniture and fittings – at cost	279,941	255,699
Additions – at cost	70,817	24,242
Accumulated depreciation	(233,703)	(167,567)
	117,055	**112,374**
Computer equipment – at cost	33,886	21,517
Additions – at cost	3,456	12,369
Accumulated depreciation	(24,290)	(20,011)
	13,052	**13,875**
Motor vehicle – at cost	11,818	-
Additions – at cost	-	11,818
Accumulated depreciation	(1,567)	(97)
	10,251	**11,721**
Total plant and equipment	652,649	573,837
Accumulated depreciation	(443,658)	(344,412)
Total written down amount	**208,991**	**229,425**
Reconciliation		
Balance at 1 July, net of accumulated depreciation	229,425	254,045
Foreign currency translation	(3,908)	(9,560)
Additions	78,813	62,747
Depreciation charge for year	(95,339)	(77,807)
Balance at 30 June, net of accumulated depreciation	**208,991**	**229,425**

9. *Intangible Assets*

	2019 $	2018 $
Intellectual property rights – at cost	2,560,000	2,560,000
Accumulated Impairment loss	(2,560,000)	(2,560,000)
	-	**-**

	Consolidated	
	2019	**2018**
	$	**$**
10. *Deferred exploration expenditure*		
Expenditure brought forward	3,027,531	3,056,481
Expenditure incurred during year	714,198	702,086
Expenditure written off during year	(714,198)	(702,086)
Impairment during the year	(2,127,161)	(28,950)
Expenditure carried forward	**900,370**	**3,027,531**

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*	**2019**	**2018**
	$	**$**
Current		
Trade payables and accruals	646,496	847,488
	646,496	**847,488**

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*	**2019**	**2018**
	$	**$**
Current		
Provision for annual leave	30,268	-
	30,268	**-**

13. *Issued Capital*

(a) Issued and paid up capital	**Number**	**$**
Ordinary shares fully paid	5,250,359,652	72,409,670

(b) Movement in ordinary shares on issue	**2018 Number**	**2018 $**
Balance at 1 July 2017	3,983,548,697	61,246,876
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
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)
Balance at 30 June 2018	**5,071,651,832**	**70,200,920**

	2019 Number	**2019 $**
Balance at 1 July 2018	5,071,651,832	70,200,920
Issue of shares in settlement of debts on 6 Aug 2018	3,000,000	45,000
Issue of shares in settlement in lieu of fees on 19 Dec 2018	10,000,000	110,000
Issue of shares to Peiyu Liang on 15 Feb 2019	30,769,230	400,000
Issue of shares to Ma Kai Hui on 16 May 2019	134,938,590	1,750,000
Less: Capital raising costs	-	(96,250)
Balance at 30 June 2019	**5,250,359,652**	**72,409,670**

On 6 August 2018, the Company issued 3,000,000 ordinary shares to unrelated parties in settlement of outstanding debts owed. The shares were issued at the share price of 1.5 cent per share. Expenses of $45,000 were recognised in the statement of profit and loss and other comprehensive income.

On 19 December 2018, the Company issued 10,000,000 ordinary shares to Executive Director, Mr Michael Keemink in lieu of amounts owed to him for consultancy services provided (above his standard service contract) following shareholder approval at the Company's AGM held on 30 November 2018. Mr Keemink agreed to accept 10,000,000 shares at 1.1 cent per share in settlement of the debt. Expenses of $110,000 were recognised in the statement of profit and loss and other comprehensive income.

On 15 February 2019, the Company issued 30,769,230 ordinary shares to Ms Peiyu Liang at a subscription price of $0.013 per share following receipt of the $400,000 subscription funds.

On 16 May 2019, the Company issued 134,938,590 ordinary shares to Mr Ma Kai Hui at a price per share of $0.013 for a total purchase price of $1,750,000.

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

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

	Consolidated	
	2019	**2018**
	$	**$**
14. *Reserves*		
Option issue reserve	6,296,964	6,296,964
Foreign currency translation reserve	86,958	(37,152)
Revaluation reserve for financial asset at fair value through other comprehensive income	(70,000)	-
	6,313,922	**6,259,812**

(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	6,296,964	6,266,834
Options issued	-	30,130
Closing balance 30 June	**6,296,964**	**6,296,964**

(b) Foreign currency translation reserve

(i) Nature and purpose of reserve

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

(ii) Movements in reserve	**$**	**$**
Opening balance 1 July	(37,152)	5,423
Foreign currency translation	124,110	42,575
Closing balance 30 June	**86,958**	**(37,152)**

(c) Revaluation reserve for financial assets at fair value through other comprehensive income

(i) Nature and purpose of reserve

The reserve is used to recognise movement in the fair value of shares in in Sundance Resources Limited (ASX: SDL). The shares in SDL were classified as financial assets at fair value through other comprehensive income in accordance with AASB 9 Financial Instruments, which superceded AASB 139 and applied from 1 July 2018. See Note 1(c) for further explanation on the impact of the adoption of AASB 9.

(ii) Movements in reserve	**$**	**$**
Opening balance 1 July	-	-
Revaluation loss	(70,000)	-
Closing balance 30 June	**(70,000)**	**-**

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	
	2019 $	2018 $
Not later than one year	478,377	796,623

Lease Commitments

Within one year	230,133	345,305
1-5 years	353,423	554,881
Total lease commitments	585,556	900,186

16. *Contingent Liabilities*

Legal claim

During the financial year the Company received a claim from an unrelated party in relation to an alleged breach of agreement.

The directors are of the opinion that given no proceedings have commenced and that it is unlikely that the unrelated party would be able to demonstrate any, or any material loss, even if it were able to establish the claim. Accordingly, no provision has been provided with in the financial statements.

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 2019.

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, China and Cameroon. The parent entity is registered in Australia. The Group's exploration assets are located in Australia.

17. *Financial Reporting by Segments (con't)*

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

	Australia	China	Cameroon	Total
Year ended 30 June 2019				
Other income	19,000	-	-	19,000
Interest income	5,839	-	-	5,839
Segment revenue	**24,839**	**-**	**-**	**24,839**
Result				
Loss before tax	(5,142,901)	(468,598)	(15,899)	(5,627,398)
Income tax expense	-	-	-	-
Loss for the year	(5,142,901)	(468,598)	(15,899)	(5,627,398)
Asset and liabilities				
Segment assets	3,312,437	2,172,392	-	5,484,829
Segment liabilities	(585,197)	(91,567)	-	(676,764)
Year ended 30 June 2018				
Other income				
Interest income	9,391	123	-	9,514
Segment revenue	**9,391**	**123**	**-**	**9,514**

	Australia	China	Cameroon	Total
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)

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 2019 %	2018 %
Desert Resources Pty Ltd	Australia	100	100
Apogei Pty Ltd	Australia	80	80
Mid West Infrastructure Group Pty Ltd	Australia	100	100
Aurium Resources Limited	Australia	100	100
Padbury (Shanghai) Enterprise Development Company Ltd	China	100	100
Havelock Resources Pty Ltd[1]	Australia	100	-
China Cameroon Resources SARL[2]	Cameroon	100	-

[1] *On 6 August 2018, the Company established a wholly owned subsidiary, Havelock Resources Pty Ltd in Australia.*
[2] *On 15 February 2019, the Company established a wholly owned subsidiary, China Cameroon Resources SARL in Cameroon.*

18. *Related Party Transactions (con't)*

(c) Key management personnel
Disclosures relating to key management personnel are set out in Note 20.

(d) Related party transactions
During the year ended 30 June 2019, Mr Chun Ming Ding acted as Managing Director of Mid West Infrastructure Group Pty Ltd, a wholly owned subsidiary of the Company. The amount incurred for the provision of his directorship services is $411,768 (2018: $330,678) (included as part of Mr Ding's remuneration in the table above). This amount was paid to Aust-China Resources Ltd (ACR), a company Mr Ding is a Chairman and controlling shareholder of. As at 30 June 2019, $110,859 was accrued and outstanding.

As at 30 June 2019, the Company recorded an amount of CNY441,180 ($91,567) reimbursable to Mr Ding for the business expenses which he had paid out of pocket for the Shanghai subsidiary.

During the year, Pantheon Legal Pty Ltd, a company associated with Mr Phil McKeiver provided legal services to AustSino. The amounts billed related to the legal services amounted to $287,380 (2018: $Nil), and $40,833 remained outstanding as of the reporting date.

The Company also paid a total of $98,353 in legal fees to Gilbert + Tobin, a law firm which Mr Phil McKeiver is senior consultant of, for legal services provided during the year.

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

19. *Parent Entity Disclosures*

a) Summary financial information

Financial Position

	Parent 2019 $	Parent 2018 $
Assets		
Current assets	1,243,725	3,433,039
Non-current assets	580,446	2,057,284
Total assets	1,824,171	5,490,323
Liabilities		
Current liabilities	(549,586)	(807,891)
Total liabilities	(549,586)	(807,891)
Equity		
Issued capital	72,409,670	70,200,920
Reserves	6,296,964	6,296,964
Accumulated losses	(77,432,050)	(71,815,452)
Total equity	**1,274,584**	**4,682,432**

Financial Performance

	Parent	
(Loss) for the year	(5,616,597)	(7,880,423)
Other comprehensive (loss) / income	-	-
Total comprehensive (loss) for the year	**(5,616,597)**	**(7,880,423)**

(b) Guarantees

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

(c) 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*

Details of key management personnel compensation are disclosed in the Remuneration Report which forms part of the Directors' Report and has been audited. The aggregate compensation of the key management personnel is summarised below:

	Consolidated 2019 $	2018 $
Short-term personnel benefits	761,830	578,171
Post-employment benefits	27,078	17,022
Directors remuneration	788,908	595,193
Share-based payment – shares	110,000	-
Total remuneration	**898,908**	**595,193**

21. *Share Based Payments*

(a) Ordinary Shares

Share based payments to key management personnel:

On 19 December 2018, the Company issued 10,000,000 ordinary shares to Executive Director, Mr Michael Keemink in lieu of amounts owed to him for consultancy services provided (above his standard service contract) following shareholder approval at the Company's AGM held on 30 November 2018. Mr Keemink agreed to accept 10,000,000 shares at 1.1 cent per share in settlement of the debt. Expenses of $110,000 were recognised in the statement of profit and loss and other comprehensive income.

Share based payment to suppliers:

On 6 August 2018, the Company issued 3,000,000 ordinary shares to unrelated parties in settlement of outstanding debts owed. The shares were issued at the share price of 1.5 cent per share. Expenses of $45,000 were recognised in the statement of profit and loss and other comprehensive income.

(b) Unlisted Options

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.

On 19 December 2018, the Company issued 65,000,000 unlisted options (**Options A**) to four current Directors and one former Director following shareholder approval at the Company's AGM held on 30 November 2018. Options A are exercisable at $0.02 per option and expires 30 November 2019.

On the same day, 40,000,000 unlisted options (**Options B**) were issued to the four current Directors following shareholder approval at the Company's AGM on 30 November 2018. Options B are exercisable at $0.03 per option and expires 30 November 2020.

The unlisted options were issued to the following current and former directors:

Name	Role	Number of Options Options A	Options B	Total
Chun Ming Ding	Executive Chairman	15,000,000	10,000,000	25,000,000
Michael Keemink	Executive Director	15,000,000	10,000,000	25,000,000
Philip McKeiver	Non-Executive Director	10,000,000	10,000,000	20,000,000
Ian King[1]	Non-Executive Director	10,000,000	10,000,000	20,000,000
Edward Saunders[2]	Former Non-Executive Director	15,000,000	-	15,000,000
Total		**65,000,000**	**40,000,000**	**105,000,000**

[1] *Ceased to be a director on 20 February 2019.*

[2] *Resigned on 20 December 2017.*

21. Share Based Payments (con't)

The Options were issued to Messrs Philip McKeiver , Ian King, Chun Ming Ding, Michael Keemink to give them an incentive to provide dedicated and ongoing commitment to the Company and to provide a performance linked incentive component in the remuneration package. The Options issued to Mr Saunders is part of his resignation terms and to reward him for his effort and work during his tenure as Director, which included acting as the Company's Chairman during its re-compliance phase.

Both Options A and B are subject to, and vest on, the successful completion of the 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 Proposed WAPRC Transaction was announced on the ASX platform on 25 September 2018. The Proposed WAPRC Transaction is subject to a number of conditions, including shareholder approval, which will be sought at a separate general meeting of the Company.

The Company renegotiated the proposed transaction and announced on 8 July 2019 that it had entered into a new proposed transaction with SDL. The terms and conditions of this agreement were outlined in the Company's ASX Announcement dated 8 July 2019.

The fair value of the options issued is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

The Proposed WAPRC Transaction is subject to a number of conditions precedent, including regulatory and shareholder approvals. At the balance date, the Directors have estimated that the likelihood of the vesting condition being achieved before the expiry date is extremely low due to the uncertainties regarding the success of the Proposed WAPRC Transaction. Accordingly, the directors have not recognised any share based payment expense associated with these options during the year.

The table below summarises the values and inputs for the options granted during the year and valued using the Black-Scholes option pricing models:

	Options A	Options B
Number of options issued	65,000,000	40,000,000
Grant date share price (cents)	$0.017	$0.017
Exercise price (cents)	$0.020	$0.030
Expected volatility	100%	100%
Option life	1 year	2 years
Dividend yield	-	-
Risk-free interest rate	2.04%	2.04%
Valuation per option	$0.0058	$0.0067
Total valuation	$377,000	$268,000
% vested	0%	0%

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

Grant date	Expiry date	2019 Number	2018 Number
17 April 2018	17 April 2020	20,000,000	20,000,000
30 November 2018	30 November 2019	65,000,000	-
30 November 2018	30 November 2020	40,000,000	-

The weighted average exercise price during the year was 2.6 cents per share (2018: 0.9 cents per share).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.8 years (2018: 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.

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 2019					
Trade and other payables	646,496	-	-	646,496	646,496
	646,496	-	-	646,496	646,496
As at 30 June 2018					
Trade and other payables	847,488	-	-	847,488	847,488
	847,488	-	-	847,488	847,488

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.

Foreign Currency Risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

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

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets 2019	Assets 2018	Liabilities 2019	Liabilities 2018
Chinese Yuan	2,012,557	2,229,898	91,567	36,986
US Dollar	4,109	29	-	-
	2,016,666	2,229,927	91,567	36,986

Foreign currency sensitivity analysis
The sensitivity analyses of the Group's exposure to foreign currency risk at the reporting date has been determined based on a change of 10% in the value of the Australian dollar against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates.

At reporting date, if the Australian dollar was 10% stronger and all other variables were constant, the Group's net loss after tax would have decreased by $192,510 (2018: $219,294) with a corresponding decrease in equity. Where the Australian dollar weakened, there would be an equal and opposite impact on the loss after tax and equity.

Fair Value Measurement
The fair value of financial assets and financial liabilities for investment not measured at fair value on a recurring basis, approximates their carrying value at balance date. Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 30 June 2019 and 30 June 2018.

	30 June 2019 Fair value $	30 June 2018 Fair value $	Fair value hierarchy	Valuation technique
Financial assets designated at fair value through other comprehensive income	1,050,000	-	Level 1	Quoted market prices in an active market[1]

[1] Financial assets designated at fair value through other comprehensive income relate to shares held in Sundance Resources Ltd (ASX: SDL) who have been suspended from official quotation since 7 September 2018. The shares have been valued based on the last share issue on 24 September 2019 at $0.00375 cents.

The directors consider that the carrying amounts of current receivables and current payables are a reasonable approximation of their fair values.

Fair Value Measurement (con't)

Movement in financial assets designated at fair value through other comprehensive income:

	30 June 2019 $	30 June 2018 $
Opening balance	-	-
Additions	1,120,000	-
Fair value movement through other comprehensive income	(70,000)	-
	1,050,000	-

23. *Events Subsequent to Year End*

Lapse of Original SDL Transaction
A key condition of the Original SDL Transaction was the Cameroon Government agreeing to reinstate the Mbalam Convention. As at 30 June 2019 Sundance did not have confirmation as to whether the Cameroon Government would reinstate the Mbalam Convention and accordingly the Original SDL Transaction lapsed on 30 June 2019.

New SDL Transaction
Notwithstanding that the Mbalam Convention has not been reinstated to date, AustSino believes that there is significant value in the Congo Mining Convention and the Congo Mining Permit owned by SDL and that those rights provide a valuable cornerstone to develop an integrated mine, rail and port project.

The Company therefore renegotiated the proposed transaction and announced on 8 July 2019 that it had entered into a new proposed transaction with SDL. The terms and conditions of this agreement were outlined in the Company's ASX Announcement dated 8 July 2019. Key features of the agreement include:

- SDL will now issue to AustSino 11,153,846,154 ordinary shares at an issue price of A$0.0026 per Share, together with the grant of 11,153,846,154 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue, which are subject to a number of conditions precedent to be satisfied or waived by 31 December 2019 or another date agreed by the parties.

  AustSino will still acquire approximately 50% of SDL following the completion of the New SDL Agreement, resulting in a change of control of SDL.
- The cash payable by AustSino on completion of the New SDL Agreement will now be $29 million. Of this, $25 million will be paid to Noteholders and $4 million will be retained by Sundance.
- In exchange for the cancellation of the existing convertible notes in SDL held by the Noteholders (**Convertible Notes**) (**Cancellation**) and, in addition to the cash payment to the Noteholders, SDL will now issue to the Noteholders:
  1. 2,000,000,000 Shares at a deemed issue price of A$0.004; and
  2. 5,000,000,000 unlisted options at an exercise price of A$0.02 and an expiry date of five years after the date of issue.
- Cancellation of the Convertible Notes will leave SDL debt free.
- AustSino will provide some financial support as required by SDL to part support its working capital requirements until completion of the New SDL Transaction.
- The New SDL Transaction will require a number of regulatory and shareholder approvals before completion. The Company and SDL are targeting the satisfaction of such conditions by 31 December 2019.

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

Current status of the New SDL Transaction
Whilst the completion of the New SDL Transaction is NOT contingent upon the extension of the Mbalam Convention by the Cameroon Government, the Company has committed to seek to secure such an extension.

The preferred approach of Sundance, AustSino and the proposed Chinese consortium partners is to develop an integrated mine, port and rail project in Cameroon and Congo. The parties will or may need to review the economic and technical feasibility of, and the implementation strategy for, the Project and/or consider other development opportunities in Central Africa, if the Cameroon Government does not ultimately agree to reinstate the Mbalam Convention.

Further meetings with Senior Representatives of the Cameroon Government have taken place and a number of submissions have been made. Whilst the meetings have been positive, the Cameroon Government has, regrettably, still not provide any confirmation as to whether they will reinstate the Mbalam Convention or otherwise engage with the Company and SDL to advance the Mbalam and Nabeba projects. The Company continues an ongoing positive dialogue with the Cameroon Government and its world class syndicate. It remains uncertain whether (and if so when, and on what terms) any decision will be made regarding the reinstatement of the Mbalam Convention.

The Company continues to prepare its case to secure the necessary approvals from Chinese regulatory authorities for the completion of the $100 million capital raising. The Company is also exploring other opportunities in Central Africa which might complement the Mbalam and Nabeba projects.

The AustSino Board are committed to the successful completion of the WAPRC Agreement and New SDL Transaction. However, as with any transactions of this size and complexity, there are risks to completion and so there is no guarantee either transaction will be completed. In particular:

- There may be a material delay in WAPRC obtaining the necessary Chinese and Australian regulatory approvals (including FIRB) to transfer $100M to Australia (and therefore, there could be a material delay in AustSino's ability to obtain re-quotation of its shares on the ASX and complete the New SDL Transaction), or those approvals may not be obtained at all.
- The deadlines of 31 December 2019 for completing the WAPRC Agreement and/or the New SDL Transaction may not be met (or extended);
- AustSino and WAPRC may not be able to complete the WAPRC Transaction; and
- As a result of a failure to complete the WAPRC Transaction, AustSino, SDL and the Noteholders may not be able to complete the New SDL Transaction.

Shares Released from Escrow
On 6 August 2019, 3,000,000 fully paid ordinary shares were released from escrow.

Tenement Management
Tenement E52/1862 was surrendered in August 2019.

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 2019 and of its performance for the financial year ended on that date; and

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

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

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

On behalf of the Board

Michael Keemink
Executive Director
Perth, 30 September 2019

RSM Australia Partners

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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 2019, 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 2019 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $5,627,398 and had net cash outflows from operations of $3,444,039 and net cash outflows from investing activities of $1,137,711 during the year ended 30 June 2019. Additionally, the Group's cashflow forecast predicts the Group will be in a negative cash position within twelve months of the date of this report. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

Key Audit Matter	How our audit addressed this matter
Capitalised exploration and evaluation expenditure Refer to Note 10 in the financial statements	
The Group has capitalised exploration and evaluation expenditure with a carrying value of $900,370 at the reporting date. 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: • 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.	Our audit procedures in relation to the carrying value of exploration and evaluation asset included: • Ensuring that the right to tenure of the area of interest was current; • Obtaining evidence where right to tenure has lapsed or was relinquished during the year for an area of interest, that the cost of the area of interest was deducted from capitalised exploration and evaluation expenditure and the resulting impairment was recorded correctly in profit or loss; • 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 for areas of interest where tenure was current; 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 2019 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 2019.

In our opinion, the Remuneration Report of AustSino Resources Group Limited, for the year ended 30 June 2019, 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.

J A KOMNINOS
Partner
RSM AUSTRALIA PARTNERS

Perth, Western Australia
30 September 2019

HOLDINGS AS AT 6 SEPTEMBER 2019

Number of shareholders
Ordinary share capital
5,250,359,652 fully paid ordinary shares are held by 4,737 individual shareholders.

Number of securities held	No. of Holders	Units
1 to 1,000	71	17,694
1,001 to 5,000	79	275,862
5,001 to 10,000	166	1,411,599
10,001 to 100,000	2,081	102,259,425
100,001 and over	2,340	5,146,935,072
Total number of holders	**4,737**	**5,250,359,652**

Less than marketable parcels of shares
The number of shareholdings held in less than marketable parcels is 888 given a share value of 1.7 cents per share.

Voting Rights
The voting rights attached to each class of equity security are as follows:

Ordinary shares
Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has vote on a show of hands.

Options
Options over ordinary shares do not carry voting rights.

20 Largest Holders of Fully Paid Ordinary Shares

Position	Holder Name	Holding	% IC
1	AUST-CHINA RESOURCES LIMITED	265,000,000	5.05%
2	MR YONGYI DU	211,818,182	4.03%
3	ZHONGYING PROPERTY DEVELOPMENT COMPANY LIMITED	200,000,000	3.81%
4	JAMORA NOMINEES PTY LTD <KABOONK DISCRETIONARY A/C>	183,760,000	3.50%
5	MA KAI HUI	134,938,590	2.57%
6	MR TONY PETER CALDARONI & MRS JULIE ANNETTE CALDARONI <CALDARONI FAMILY S/F A/C>	133,998,679	2.55%
7	BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>	115,647,147	2.20%
8	MILLCREST PTY LTD	109,623,503	2.09%
9	MR STANLY MILLER	86,148,834	1.64%
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	82,300,499	1.57%
11	VALLONE FAMILY PTY LTD <VALLONE FAMILY SUPER A/C>	72,000,000	1.37%
12	MR LI YI	60,000,000	1.14%
13	MR ZHONG CAN YAO	59,000,000	1.12%
14	STEERE SUPERFUND PTY LTD <JOHN STEERE SUPER FUND A/C>	55,000,000	1.05%
15	TEMERAIRE TECHNOLOGIES PTY LTD <AVIS FAMILY NO 1 A/C>	50,557,427	0.96%
16	MS ZHANG SI WEI	50,000,000	0.95%
16	SONG ZHI YUAN	50,000,000	0.95%
16	MR ZHICHENG CHEN	50,000,000	0.95%
17	KNIGHT SUPER FUND PTY LTD <KNIGHT FAMILY S/F A/C>	49,120,000	0.94%
18	JAMORA NOMINEES PTY LTD <KABOONK DISCRETIONARY A/C>	48,232,857	0.92%
19	MR PETER JOHN DAVID HAGUE BENSON	47,673,303	0.91%

20	MR MARCEL MAROUN & MRS LINA MAROUN <THE STAR SUPERANNUATION A/C>	40,000,000	0.76%
20	SMARTEQUITY EIS PTY LTD	40,000,000	0.76%
20	MR TERENCE MARTIN QUINN & MRS MYRIAM QUINN <GGMU SUPER FUND A/C>	40,000,000	0.76%
	Totals	**2,234,819,021**	**42.57%**
	Total Issued Capital	**5,250,359,652**	**100.00%**

Substantial Shareholders
Substantial shareholders listed in the Company's holding register as at 6 September 2019:

Holder Name	Holding	%
AUST-CHINA RESOURCES LIMITED	265,000,000	5.05%

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

- 30,769,230 fully paid ordinary shares escrowed until the earlier of 15 February 2020 or until the company issues a prospectus, cleansing statement or other disclosure document
- 134,938,590 fully paid ordinary shares escrowed until the earlier of 16 May 2020 or until the company issues a prospectus, cleansing statement or other disclosure document

Unquoted Securities

	Unlisted Options	
Terms	**Number**	**Number of holders**
Unlisted options exercisable at 2 cents each on or before 30 November 2019	65,000,000	5
Unlisted options exercisable at 4 cents each on or before 17 April 2020	20,000,000	2
Unlisted options exercisable at 3 cents each on or before 30 November 2020	40,000,000	4

Christopher Avis and Frank and Lynette Vallone each holds 10,000,000 options (representing a 50% holding each).

Company Secretary
The name of the company secretary is Mr Henko Vos.

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

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

Registered office and principal place of business
Level 5, 35 Havelock Street,
West Perth WA 6005
Telephone: +61 8 6460 0250

Registers of securities are held at the following address
Automic Registry Services
Level 2, 267 St George's Terrace
Perth WA 6000

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

INTERESTS IN MINING TENEMENTS

Mt Padbury, Western Australia	**Peak Hill , Western Australia**
Held by Desert Resources Pty Ltd (100%):	*Held by Desert Resources Pty Ltd (100%):*
EL 52/1976	EL 52/1557
	EL 52/1860
	EL 52/2368
	EL 52/2993
	EL 52/3598
	M 52/1068