



AUSTSINO RESOURCES GROUP LIMITED

ABN 12 009 076 242

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AUSTSINO RESOURCES GROUP LIMITED
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AUSTSINO RESOURCES GROUP LIMITED CORPORATE DIRECTORY

DIRECTORS

Chun Ming Ding (Executive Chairman)
Michael Keemink (Executive Director)
Dr Bielin Shi (Non-Executive Director)
Perry Mitchell (Non-Executive Director)
Ma Kaihui (Non-Executive Director)

COMPANY SECRETARY

Henko Vos

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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SHARE REGISTRY

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

Telephone: 1300 288 664

AUDITORS

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

SECURITIES EXCHANGE

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

WEBSITE

www.aust-sino.com

AUSTSINO RESOURCES GROUP LIMITED DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2019.

DIRECTORS

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

| | |
|-----------------|---|
| Chun Ming Ding | Executive Chairman |
| Michael Keemink | Executive Director |
| Dr Bielin Shi | Non-Executive Director |
| Perry Mitchell | Non-Executive Director (appointed 17 January 2020) |
| Ma Kaihui | Non-Executive Director (appointed 13 February 2020) |
| Philip McKeiver | Non-Executive Director (resigned 13 February 2020) |

PRINCIPAL ACTIVITIES

The principal continuing activities during the half-year of entities within the Group was exploration for iron ore.

OPERATING RESULTS

The net loss for the half-year ended 31 December 2019 was \$1,559,615 (31 December 2018: \$2,049,279).

REVIEW OF OPERATIONS

AustSino Resources Limited (ASX: ANS) ('the Company' or 'AustSino') is a Perth-based exploration company listed on the Australian Securities Exchange (ASX). Historically, AustSino has focused on the Mid West region of Western Australia but in recent months has been focussed on its planned expansion into Central Africa.

PROPOSED EXPANSION INTO CENTRAL AFRICA -WAPRC AND SUNDANCE TRANSACTIONS

Austsino's proposed expansion into Central Africa is discussed below under three headings:

1. Arrangements between AustSino and Sundance (How control will be obtained)
2. Arrangements between AustSino and Western Australian Port Rail Construction (Shanghai) Ltd (WAPRC) (How the transaction to acquire control will be funded)
3. Arrangements with 3rd Parties (How AustSino proposes to develop the Central African Project)

Arrangements between AustSino and Sundance

In August 2018, the Company entered into a complex, conditional arrangement for the acquisition of an approximate 50% interest in Sundance Resources Ltd ('Sundance') (ASX: SDL) with a world class iron ore project in Central Africa. The plan to develop this project involves the proposed development of a deep water port and a 540-580 km rail network in addition to the two iron ore mines, one in the Congo and one in Cameroon.

AUSTSINO RESOURCES GROUP LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (con't)

Arrangements between AustSino and Sundance (con't)

The conditions were not met by Sundance and AustSino entered into a revised arrangement with Sundance in early July 2019, (New SDL Agreement). The Board was able to agree terms with the Board of Sundance that effectively preserved the upside of the initial transaction but at around a half of the cost to AustSino. Key features of the New SDL Agreement included:

- Sundance issues 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 Sundance following the completion of the New SDL Agreement, resulting in a change of control of Sundance.
- The cash payable by AustSino on completion of the New SDL Agreement reduces to \$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 Sundance held by a number of noteholders (Convertible Notes) (Cancellation) and, in addition to the cash payment to the noteholders, Sundance 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 Sundance virtually debt free.
- AustSino will provide significant financial support as required by Sundance to part support its working capital requirements until completion of the New SDL Transaction.

Further details of the New SDL Agreement, including more details regarding the key terms and key conditions precedent along with the key differences to the previous Sundance Agreement, are noted in the Company's ASX announcement released on 8 July 2019.

On 22 October 2019, the Company announced that Sundance and AustSino had signed a letter agreement (SDL Letter Agreement) and had agreed to extend the end date for completion of the New SDL Agreement to 30 June 2020. Under the terms of the letter agreement:

- AustSino agreed to provide financial support to Sundance of \$300,000 per month until completion occurs or until 30 June 2020.
- Sundance and AustSino agreed to release each other (and their relevant personnel) from any claims or liabilities arising under or in connection with the Second Placement Agreement prior to 22 October 2019 (the date of the SDL Letter Agreement).
- AustSino issues approximately 107,692,308 fully paid ordinary AustSino shares to Sundance, at a deemed issue price of \$0.013 per share, by no later than 5 business days after receipt of written agreement from all Noteholders to the SDL Letter Agreement.

Further details of the SDL Letter Agreement was noted and explained in the Company's ASX announcement released on 22 October 2019. The Company continues to fund Sundance and to receive shares. On 11 February 2020, it was noted that the Company had become a substantial shareholder of Sundance.

AUSTSINO RESOURCES GROUP LIMITED DIRECTORS' REPORT

REVIEW OF OPERATIONS (con't)

Arrangements between AustSino and WAPRC

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 (based on the Company's share capital at that time) would have equated to approximately 61% of the total issued share capital of AustSino (Proposed WAPRC Transaction).

The Board of AustSino remains confident, notwithstanding the complications in travel resulting from the COVID-19 crisis, that the Proposed WAPRC Transaction will be completed in time to complete the New SDL Agreement.

AustSino is continuing to take steps to satisfy the conditions precedent for completion of the above transactions. In the meantime, AustSino remains in suspension while it responds to the ASX's request for further information.

Arrangements with other parties

When it became apparent that Sundance was not able to negotiate an extension of the Mbalam Convention, (which locked down the Cameroon mine and the logistic pathway to market), the Board of AustSino began to explore alternative solutions that would enable the company to succeed in developing a major, world-class integrated iron ore, port and rail project in Central Africa.

The Board of AustSino was confident that the fundamental drivers for a Chinese backed syndicate to develop such a project were overwhelming. This project was assessed by the Board as being simply too good not to be developed by China given its desire to secure a diversified, high quality source of iron ore. So, led by Executive Chairman, Mr Ding Chun Ming, the Company set about achieving what no one else had been able to deliver over the last decade – that is to build and lead a strong, world class consortium of tier one Chinese companies to finance, construct and operate a massive, integrated iron ore, rail and port project in Central Africa.

Significant progress has been achieved including:

The compilation of a truly world class consortium of unprecedented depth and quality, including the advancement of arrangements with:

- i. Shenzhen Yantian Port Holdings Co, the third largest port operator in the world
- ii. China Railway Construction Corporation (International) Ltd, the world's largest EPC contractor and China's largest railway construction company
- iii. Baowu – Hong Kong Baofeng International Co Ltd, the world's second largest steel producer
- iv. Shanghai Tsingshan Mineral Co Ltd, (Tsingshan) the world's number one stainless steel producer,

as well as initiating new MOU arrangements with MCC – Metallurgical Corporation of China – to build and operate the iron ore mines and provide project equity support and pursuing new MOUs to support project financing. Whilst these arrangements remain non-binding, they reflect a massive, co-ordinated, united collaboration of the top companies in China.

During the half year (and subsequently), AustSino representatives have again had a number of meetings with very senior Government Officials and Ministers in Cameroon regarding the alternative steps forward, including the potential reinstatement of the Mbalam Convention.

**AUSTSINO RESOURCES GROUP LIMITED
DIRECTORS' REPORT****REVIEW OF OPERATIONS (con't)****Arrangements with other parties (con't)**

AustSino and Sundance continue to be actively engaged with the Cameroon Government, which led to a successful visit to China of a very senior Ministerial Delegation from Cameroon. This included the Cameroonian Ambassador to China and the Minister of Mining, Industry and Technology and meetings were held with senior figures from all members of the proposed consortium in and around both Beijing and Shanghai.

Representatives of AustSino and Sundance have subsequently visited Cameroon on a number of occasions for a follow up series of Ministerial meetings and were encouraged by these meetings and remain confident that strong pathways have been established with deepening mutual understanding and trust and we continue to be pro-actively engaged with the Cameroonian Government moving forward so as to be able to develop a successful integrated project.

AustSino has also held discussions with other Central African Governments to explore the potential expansion of the project to include other iron ore projects and other potential alternative or supplementary logistics pathways to market.

CORPORATE

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

Over the course of November/December 2019 and January 2020, the Company raised capital and utilised these funds to support its ongoing commitment to Sundance and to provide general working capital. The Company has issued fully paid ordinary AustSino shares in 4 tranches at an issue price of \$0.013. The tranches were as follows:

- 4 December 2019 – Placement of \$715,000 and issued 55,000,000 fully paid shares
- 20 December 2019 – Placement of \$640,000 and issued 49,230,769 fully paid shares
- 17 January 2020 – Placement of \$545,000 and issued 41,923,077 fully paid shares
- 31 January 2020 – Placement of \$441,750 and issued 33,980,764 fully paid shares

On 31 January 2020, the Company also issued 9,745,192 fully paid ordinary shares and 9,000,000 unlisted options as settlement of supplier invoices in lieu of cash payment. The unlisted options have a 12 month term from the date of issue and a 2c per option strike price. These placements were all made to various non-related investors without a prospectus or other disclosure document as permitted under section 708 of the Corporations Act 2001. Accordingly, the shares are subject to a 12 month holding lock.

On 30 November 2019, 65,000,000 unlisted options exercisable at \$0.02 each expired unexercised.

AUSTSINO RESOURCES GROUP LIMITED DIRECTORS' REPORT

REVIEW OF OPERATIONS (con't)

EXPLORATION IN THE MID WEST

At the same time as pursuing our plans in Central Africa, the Company has continued to maintain our Mid West holdings and interest in the Region. The Mid West 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.

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, 11.5MT of DSO has been identified with upside potential for further discovery of both magnetite and DSO.

We are now in the process of reviewing and finalising our project of works in 2020 in conjunction with CSA Global.

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. We believe that success in Africa with this consortium will position us well to promote economic infrastructure solutions in the Mid West in the future.

Following is a schedule of AustSino's tenements as at 31 December 2019:

| Area of Interest | Tenement Reference | Interest |
|--------------------------|--------------------|----------|
| Western Australia | | |
| 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 52/1976 * | 100% |

* Tenement E52/1976 was subsequently surrendered on 3 March 2020.

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

AUSTSINO RESOURCES GROUP LIMITED DIRECTORS' REPORT

CHANGES IN STATE OF AFFAIRS

There were no significant changes in the Group's state of affairs in the Company during the half-year ended 31 December 2019, other than that referred to in the half-year financial statements or notes thereto.

EVENTS SUBSEQUENT TO REPORTING DATE

WAPRC Agreement Extended to 30 June 2020

On 2 January 2020 the Company reached formal agreement with Western Australian Port Rail Construction (Shanghai) Co Ltd (WAPRC) to extend the deadline for satisfaction or waiver of all conditions precedent under the WAPRC Agreement from 31 December 2019 to 30 June 2020. This coincides with the timeline for completion of the New Sundance Agreement, as announced to the ASX on 22 October 2019.

Aust-China Resources Limited – Ceased to be a substantial shareholder

On 8 January 2020, it was noted that Aust-China Resources Limited had ceased to be a substantial shareholder as the issue of new shares has reduced their overall shareholding to below 5%.

Capital Raising

Over the course of January 2020, the Company successfully raised capital the following capital to support its ongoing commitment to Sundance and to provide general working capital. The Company issued fully paid ordinary AustSino shares in 2 tranches at an issue price of \$0.013. The tranches were as follows:

- 17 January 2020 – Placement of \$545,000 and issued 41,923,077 fully paid shares
- 31 January 2020 – Placement of \$441,750 and issued 33,980,764 fully paid shares

On 31 January 2020, the Company issued 9,745,192 fully paid ordinary shares and 9,000,000 unlisted options as settlement of supplier invoices in lieu of cash payment. The unlisted options have a 12 month term from the date of issue and a 2c per option strike price. These placements were all made to various non-related investors without a prospectus or other disclosure document as permitted under section 708 of the Corporations Act 2001. Accordingly, the shares are subject to a holding lock and may not be traded or transferred for 12 months or until the Company issues a prospectus or similar disclosure document. The shares rank equally with existing fully paid ordinary shares in the Company and were issued without shareholder approval as the issue of the shares is within the Company's existing placement capacity permitted under ASX Listing Rule 7.1.

**AUSTSINO RESOURCES GROUP LIMITED
DIRECTORS' REPORT****EVENTS SUBSEQUENT TO REPORTING DATE (con't)****Board Changes**

On 17 January 2020, the Company was pleased to announce the appointment of Mr Perry Mitchell as a Non-Executive Director of the Company. Mr Mitchell has had a distinguished financial and banking career spanning 40 years and brings a wealth of knowledge and experience to the board.

On 13 February 2020, Mr Ma Kaihui (Michael Ma) was appointed as a Non-Executive Director of the Company. As Mr Ma is the Managing Director of Tsingshan, this appointment is considered to be strategically significant for AustSino. On the same day, Mr Phil McKeiver resigned from the Board of the Company and all its subsidiaries due to work and family commitments. Mr McKeiver's contribution to the Company has been invaluable.

Shares released from escrow

30,769,230 fully paid ordinary shares were released from escrow on 15 February 2020.

Other than noted above, there has been no additional matter or circumstance that has arisen after balance date that has 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 future financial periods.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year ended 31 December 2019 is included within this financial report.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Michael Keemink
Executive Director

Perth, 15 March 2020

RSM Australia Partners

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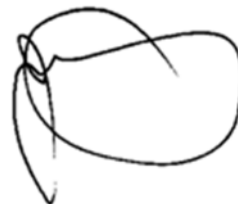
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of AustSino Resources Group Limited for the half year ended 31 December 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 review; and
- (ii) Any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be "J A Komninos".

Perth, WA
Dated: 15 March 2020

J A KOMNINOS
Partner

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

AUSTSINO RESOURCES GROUP LIMITED
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2019

| | | Consolidated | Consolidated |
|---|------|---------------------|---------------------|
| | Note | 31 December 2019 | 31 December 2018 |
| | | \$ | \$ |
| Interest income | | 346 | 3,427 |
| Other income | | 2,000 | 19,001 |
| Amortisation expense | 5 | (144,782) | - |
| Depreciation expense | | (51,222) | (44,068) |
| Impairment of exploration and evaluation assets | 4 | (176,795) | - |
| Exploration and evaluation expenditure written off | 4 | (167,576) | (574,153) |
| Directors and employees benefits expense | | (455,200) | (377,374) |
| Consulting fees | | (36,600) | (74,117) |
| Share based payment | | - | (155,000) |
| Legal fees | | (52,133) | (220,661) |
| Interest expense | | (20,712) | - |
| Other expenses | | (456,941) | (626,334) |
| Loss before income tax expense | | (1,559,615) | (2,049,279) |
| Income tax expense | | - | - |
| Loss for the period after income tax | | (1,559,615) | (2,049,279) |
| Other comprehensive income, net of tax | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation differences | | (26,755) | 12,106 |
| <i>Items that will not be subsequently reclassified to profit or loss</i> | | | |
| (Loss)/gain on financial assets designated at fair value through other comprehensive income | | (50,000) | 250,000 |
| Other comprehensive income for the period | | (76,755) | 262,106 |
| Total comprehensive loss for the period | | (1,636,370) | (1,787,173) |
| Basic and diluted loss per share (cents per share) | | (0.03) | (0.04) |

The accompanying notes form part of these financial statements

AUSTSINO RESOURCES GROUP LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

| | | Consolidated | Consolidated |
|---|------|------------------|------------------|
| | | 31 December | 30 June |
| | Note | 2019 | 2019 |
| | | \$ | \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 3,450,813 | 2,982,689 |
| Trade and other receivables | | 168,841 | 276,992 |
| Other assets | 6 | 1,400,000 | - |
| Total Current Assets | | 5,019,654 | 3,259,681 |
| Non-Current Assets | | | |
| Other assets | | 70,803 | 65,787 |
| Financial assets at fair value through other comprehensive income | 11 | 1,900,000 | 1,050,000 |
| Plant and equipment | | 156,788 | 208,991 |
| Deferred exploration and evaluation | 4 | 723,575 | 900,370 |
| Right-of-use asset | 5 | 655,961 | - |
| Total Non-Current Assets | | 3,507,127 | 2,225,148 |
| Total Assets | | 8,526,781 | 5,484,829 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 7 | 1,875,510 | 646,496 |
| Provisions | | 40,246 | 30,268 |
| Lease liability | 5 | 163,252 | - |
| Total Current Liabilities | | 2,079,008 | 676,764 |
| Non-Current Liabilities | | | |
| Lease liability | 5 | 537,391 | - |
| Total Non-Current Liabilities | | 537,391 | - |
| Total Liabilities | | 2,616,399 | 676,764 |
| Net Assets | | 5,910,382 | 4,808,065 |
| EQUITY | | | |
| Issued capital | 8 | 75,148,356 | 72,409,670 |
| Reserves | 10 | 6,237,168 | 6,313,922 |
| Accumulated losses | | (75,475,142) | (73,915,527) |
| Total Equity | | 5,910,382 | 4,808,065 |

The accompanying notes form part of these financial statements

AUSTSINO RESOURCES GROUP LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2019

| Consolidated | Issued Capital \$ | Accumulated Losses \$ | Revaluation Reserve \$ | Foreign Currency Translation Reserve \$ | Option Reserve \$ | Total \$ |
|--|-------------------------|-----------------------------|------------------------------|---|-------------------------|--------------------|
| Balance at 1 July 2018 | 70,200,920 | (68,288,129) | - | (37,152) | 6,296,964 | 8,172,603 |
| (Loss) for the period | - | (2,049,279) | - | - | - | (2,049,279) |
| Foreign currency translation | - | - | - | 12,106 | - | 12,106 |
| Other comprehensive income | - | - | 250,000 | - | - | 250,000 |
| Total comprehensive (loss) for the period | - | (2,049,279) | 250,000 | 12,106 | 6,296,964 | (1,787,173) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Securities issued during the period | 155,000 | - | - | - | - | 155,000 |
| Balance at 31 December 2018 | 70,355,920 | (70,337,408) | 250,000 | (25,046) | 6,296,964 | 6,540,430 |
| Balance at 1 July 2019 | 72,409,670 | (73,915,527) | (70,000) | 86,958 | 6,296,964 | 4,808,065 |
| (Loss) for the period | - | (1,559,615) | - | - | - | (1,559,615) |
| Foreign currency translation | - | - | - | (26,754) | - | (26,754) |
| Revaluation of financial asset | - | - | (50,000) | - | - | (50,000) |
| Total comprehensive (loss) for the period | - | (1,559,615) | (50,000) | (26,754) | - | (1,636,369) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Securities issued during the period | 2,755,000 | - | - | - | - | 2,755,000 |
| Cost of capital raising | (16,314) | - | - | - | - | (16,314) |
| Balance at 31 Dec 2019 | 75,148,356 | (75,475,142) | (120,000) | 60,204 | 6,296,964 | 5,910,382 |

The accompanying notes form part of these financial statements

AUSTSINO RESOURCES GROUP LIMITED
CONDENSED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2019

| | | Consolidated | Consolidated |
|--|------|---------------------------|---------------------------|
| | Note | 31 December 2019 \$ | 31 December 2018 \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (521,704) | (1,142,529) |
| Payments for exploration expenditure | | (158,984) | (759,902) |
| Interest received | | 346 | 3,427 |
| Interest paid | | (410) | - |
| Other income | | - | 19,001 |
| Net cash used in operating activities | | (680,752) | (1,880,003) |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | | - | (73,176) |
| Purchase of financial assets | 11 | (900,000) | (1,000,000) |
| Net cash used in investing activities | | (900,000) | (1,073,176) |
| Cash flows from financing activities | | | |
| Issue of share capital (net of costs) | | 1,338,686 | - |
| Application funds received pending allotment of shares | | 856,800 | 400,000 |
| Payment of lease liability | | (100,100) | - |
| Interest paid on lease liability | | (20,302) | - |
| Net cash provided by financing activities | | 2,075,084 | 400,000 |
| Net increase/(decrease) in cash held | | 494,332 | (2,553,179) |
| Cash at beginning of the half-year | | 2,982,689 | 5,388,309 |
| Effect of foreign exchange | | (26,208) | 11,681 |
| Cash and cash equivalents at end of the half-year | 3 | 3,450,813 | 2,846,811 |

The accompanying notes form part of these financial statements

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This general purpose financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a for-profit Group for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by AustSino Resources Group Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year, except for the impact of the new Standards and Interpretations effective 1 July 2019 disclosed in section 1(c). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets.

(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 \$1,559,615 and had net cash outflows from operating and investing activities of \$680,752 and \$900,000 respectively for the half-year ended 31 December 2019.

The Group's ability to continue as a going concern is dependent upon the ability of the Group to raise additional capital from equity markets and managing cash flows in line with available funds, 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 Group has the ability to issue additional equity securities under the *Corporations Act 2001* to raise further working capital; and

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

(b) Going concern (con't)

- 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 Group does not continue as a going concern.

(c) Adoption of new and revised standards

AASB 16 Leases - Impact of adoption and accounting policies applied from 1 July 2019

AASB 16 replaces the provisions of AASB 117 Leases that relate to the recognition, classification and measurement of leases. This note explains the impact of the adoption of AASB 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

On 1 July 2019, the Group held one lease with a period over 12 months, for the office based in West Perth. On 1 April 2019 lease for Shanghai office was extended for the next 18 months. The Group assessed which business model applied to the lease and classified its lease into the appropriate AASB 16 category.

The Group has elected to apply AASB 16 utilising the modified retrospective approach from 1 July 2019, and therefore has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

Reclassification from administration expense to a lease liability and right-of-use ("ROU") asset

The office lease was reclassified from an operating lease which was recorded as an administrative expense in the consolidated statement of profit or loss, as payments were made each month under the previous AASB 117, to recognising a lease liability and a ROU asset in its balance sheet under the new AASB 16. The lease payments are discounted using the Company's incremental borrowing rate of 5.45%. See Note 5 for further details.

(d) Statement of compliance

The interim financial statements were authorised for issue on 15 March 2020.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and note thereto, complies with International Financial Reporting Standards (IFRS).

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

(e) Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2019, except for the impact of the new Standards and Interpretations effective 1 July 2019 as disclosed in section 1(c).

2. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reported to the Board (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board regularly reviews 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 Group operates in are Australia and China. The parent Group is registered in Australia. The Group's exploration assets are located in Australia.

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

| | Australia \$ | China \$ | Cameroon \$ | Total \$ |
|---|-------------------------------|---------------------------|------------------------------|---------------------------|
| Period ended 31 December 2019 | | | | |
| Interest income | 346 | - | - | 346 |
| Other | 2,000 | - | - | 2,000 |
| Segment revenue | 2,346 | - | - | 2,346 |
| Result | | | | |
| Loss before income tax | (1,291,221) | (268,394) | - | (1,559,615) |
| Income tax expense | - | - | - | - |
| Loss for the period after income tax | (1,291,221) | (268,394) | - | (1,559,615) |
| As at 31 December 2019 | | | | |
| Segment assets | 6,186,322 | 2,340,459 | - | 8,526,781 |
| Segment liabilities | (2,161,617) | (454,782) | - | (2,616,399) |

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

2. SEGMENT INFORMATION (con't)

| | Australia | China | Total |
|---|--------------------|------------------|--------------------|
| | \$ | \$ | \$ |
| Period ended 31 December 2018 | | | |
| Interest income | 3,427 | - | 3,427 |
| Other | 19,000 | 1 | 19,001 |
| Segment revenue | 22,427 | 1 | 22,428 |
| Result | | | |
| Loss before income tax | (1,846,349) | (202,930) | (2,049,279) |
| Income tax expense | - | - | - |
| Loss for the period after income tax | (1,846,349) | (202,930) | (2,049,279) |
| As at 30 June 2019 | | | |
| Segment assets | 3,312,437 | 2,172,392 | 5,484,829 |
| Segment liabilities | (585,197) | (91,567) | (676,764) |

3. CASH AND CASH EQUIVALENTS

| | 31 December | 30 June |
|------------------------------|--------------------|------------------|
| | 2019 | 2019 |
| | \$ | \$ |
| Petty cash | 5,582 | 5,578 |
| Cash at bank | 2,588,431 | 2,977,111 |
| Restricted cash ¹ | 856,800 | - |
| Closing balance | 3,450,813 | 2,982,689 |

¹ Initial application funds received under the Share Placements with sophisticated investors being held on trust by the Company.

4. DEFERRED EXPLORATION EXPENDITURE

| | 31 December | 30 June |
|--|--------------------|----------------|
| | 2019 | 2019 |
| | \$ | \$ |
| Deferred exploration and evaluation | 723,575 | 900,370 |
| Movement | | |
| Opening balance | 900,370 | 3,027,531 |
| Exploration and evaluation expenditure incurred | 167,576 | 714,198 |
| Exploration and evaluation expenditure written off | (167,576) | (714,198) |
| Impairment of exploration and evaluation assets | (176,795) | (2,127,161) |
| Closing balance | 723,575 | 900,370 |

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

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

5. LEASES

| | 31 December 2019 \$ | 30 June 2019 \$ |
|--|---------------------------|-----------------------|
| (a) Amounts recognised in the balance sheet | | |
| Rights-of-use asset | | |
| Balance as at 1 July | - | - |
| Right-of-use assets recognised as at 1 July | 799,176 | - |
| Less: Amortisation | (144,782) | - |
| Effect of foreign exchange | 1,567 | - |
| Closing balance | 655,961 | - |
| Lease liabilities | | |
| Balance as at 1 July | - | - |
| Lease liabilities recognised as at 1 July | 799,176 | - |
| Add: Interest | 20,302 | - |
| Less: Payments | (118,835) | - |
| Closing balance | 700,643 | - |

(b) Amounts recognised in the consolidated statement of profit or loss

| | | |
|---------------------------------------|-----------|---|
| Amortisation of right-of-use asset | (144,782) | - |
| Interest expense on lease liabilities | (20,302) | - |

(c) Leasing Activities

The Group leases the office property at Level 5, 35 Havelock Street, West Perth. The lease of the property commenced on 12 February 2018 and remains in force until 12 February 2023.

The Company's subsidiary in China, Padbury (Shanghai) Enterprise Development Co. Limited, leases an office property in Shanghai. The lease of the property remains in force until 30 November 2021.

The lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

Initial measurement

Assets and liabilities from a lease are initially measured on a present value basis. The lease liability includes the present value of the fixed payments and variable lease payments that depend on an index, initially measured using the index as at the commencement date (reconciled and adjusted for actual index each year). The lease payments are discounted using the Group's incremental borrowing rate of 5.45%.

The right-of-use asset is measured at cost comprising of the initial measurement of the lease liability.

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

5. LEASES (con't)

Subsequent measurement

The right-of-use asset is subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

The lease liability is subsequently measured to reflect the interest on the lease liability, the lease payments made and any reassessment of the variable payments.

6. OTHER ASSETS (CURRENT)

| | 31 December 2019 \$ | 30 June 2019 \$ |
|-----------------------|---------------------------|-----------------------|
| Prepaid consideration | 1,400,000 | - |
| | 1,400,000 | - |

On 22 October 2019, the Group announced that it had reached an agreement with Sundance Resources Ltd ("Sundance") and the Noteholders of Sundance ("Noteholders") extending the end date of the Sundance Agreement from 31 December 2019 to 30 June 2020. The Sundance Agreement regulates the terms on which the Group would invest in Sundance and under how the existing notes held by the Noteholders will be cancelled in exchange for a cash, share and option package.

On 22 October 2019, the Group also agreed to provide \$1,400,000, as a bonus to Sundance for securing written consent of all Noteholders through the issue of 107,692,308 fully paid ordinary shares, at a deemed issue price of \$0.013 per share no later than 5 days after receipt of written consent from Noteholders.

On 24 December 2019, the Group announced that it had received written consent from all Noteholders in support of extending the end date of the Sundance Agreement.

Should the completion of the Sundance Agreement not occur on or before 30 June 2020 the asset will be fully impaired.

7. TRADE AND OTHER PAYABLES

| | 31 December 2019 \$ | 30 June 2019 \$ |
|---|---------------------------|-----------------------|
| Trade payables and accruals | 1,018,710 | 646,496 |
| Application funds received ¹ | 856,800 | - |
| | 1,875,510 | 646,496 |

¹ Initial application funds received under the Share Placements with sophisticated investors being held on trust by the Group.

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

8. ISSUED CAPITAL

Ordinary Shares

| | 31 December 2019 Number | 30 June 2019 Number | 31 December 2019 \$ | 30 June 2019 \$ |
|----------------------------|-------------------------------|---------------------------|---------------------------|-----------------------|
| Ordinary shares fully paid | 5,462,282,729 | 5,250,359,652 | 75,148,356 | 72,409,670 |

Movement in ordinary shares on issue

| | Number | \$ |
|--|----------------------|-------------------|
| Balance at 1 July 2019 | 5,250,359,652 | 72,409,670 |
| Issue of shares under Share Placement on 4 December 2019 ¹ | 55,000,000 | 715,000 |
| Issue of shares under Share Placement on 19 December 2019 ¹ | 49,230,769 | 640,000 |
| Issue of shares to SDL on 24 December 2019 ² | 107,692,308 | 1,400,000 |
| Less: Share issue costs | - | (16,314) |
| Balance at 31 December 2019 | 5,462,282,729 | 75,148,356 |
| 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 |

¹ The Group issued 55,000,000 and 49,230,769 shares on 4 December 2019 and 19 December 2019 respectively at \$0.013 per share under share placements to sophisticated and professional investors. Funds raised will be used to fund the existing financial support arrangements with Sundance Resources Limited (ASX:SDL) ('Sundance'), as announced on ASX on 22 October 2019, and for general working capital purposes.

² The Group issued 107,692,308 shares to Sundance at a deemed issue price of \$0.013 per share. For more information, refer to the ASX announcement dated 22 October 2019.

9. SHARE-BASED PAYMENTS

Unlisted Options

At the date of this report the Group had 60,000,000 unlisted options on issue (30 June 2019: 125,000,000). Full terms and conditions are as detailed in the annual report for the financial year ended 30 June 2019.

| Expiry date | Exercise price | Balance at 1 July 2019 | Granted during the period | Exercised during the period | Cancelled /lapsed during the period | Balance at 31 December 2019 |
|---------------------------|----------------|------------------------|---------------------------|-----------------------------|-------------------------------------|-----------------------------|
| 2019 Share option details | | | | | | |
| Unlisted 17 April 2020 | \$0.04 | 20,000,000 | - | - | - | 20,000,000 |
| Unlisted 30 Nov 2019 | \$0.02 | 65,000,000 | - | - | (65,000,000) | - |
| Unlisted 30 Nov 2020 | \$0.03 | 40,000,000 | - | - | - | 40,000,000 |
| | | 125,000,000 | - | - | (65,000,000) | 60,000,000 |

There was no share based payments for the period (31 December 2018: \$155,000).

During the period, 65,000,000 unlisted options exercisable at \$0.02 each expired unexercised.

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

10. RESERVES

| | 31 December 2019 \$ | 30 June 2019 \$ |
|---|---------------------------|-----------------------|
| Option issue reserve | 6,296,964 | 6,296,964 |
| Foreign currency translation reserve | 60,204 | 86,958 |
| Revaluation reserve for financial asset at fair value through other comprehensive income | (120,000) | (70,000) |
| | 6,237,168 | 6,313,922 |

(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 | 6,296,964 |
| 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 | 86,958 | (37,152) |
| Foreign currency translation | (26,754) | 124,110 |
| Closing balance 30 June | 60,204 | 86,958 |

(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 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.

(ii) Movements in reserve

| | \$ | \$ |
|-------------------------|------------------|-----------------|
| Opening balance 1 July | (70,000) | - |
| Revaluation loss | (50,000) | (70,000) |
| Closing balance 30 June | (120,000) | (70,000) |

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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 31 December 2019 and 30 June 2019.

| | 31 December 2019 | 30 June 2019 | | |
|--|---------------------|-----------------|------------|-----------|
| | Fair value | Fair value | Fair value | Valuation |
| | \$ | \$ | hierarchy | technique |

| | | | | |
|--|-----------|-----------|---------|-------------------------------|
| Financial assets designated at fair value through other comprehensive income | 1,900,000 | 1,050,000 | Level 2 | Last issue price ¹ |
|--|-----------|-----------|---------|-------------------------------|

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

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

| | 31 December 2019 | 30 June 2019 |
|--|---------------------|------------------|
| | \$ | \$ |
| Opening balance | 1,050,000 | - |
| Additions ² | 900,000 | 1,120,000 |
| Fair value movement through other comprehensive income | (50,000) | (70,000) |
| Closing balance | 1,900,000 | 1,050,000 |

² This amount comprises of the following:

- Pursuant to the Sundance agreement, a total of \$900,000 was paid to Sundance during the period in return for the issue of Sundance shares as part of the financial support arrangement. For more information, refer to the ASX announcement dated 22 October 2019.

12. CONTINGENT LIABILITIES AND COMMITMENTS

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

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

13. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2019 or in the prior period, and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2019.

14. RELATED PARTY TRANSACTIONS

Related party transactions are in the form of short-term employee benefits, post-employment benefits, share based payments and loans to subsidiaries. Arrangements with related parties continue to be in place. For further details of these arrangements please refer to the 30 June 2019 annual report.

15. EVENTS SUBSEQUENT TO REPORTING DATE

WAPRC Agreement Extended to 30 June 2020

On 2 January 2020 the Company reached formal agreement with Western Australian Port Rail Construction (Shanghai) Co Ltd (WAPRC) to extend the deadline for satisfaction or waiver of all conditions precedent under the WAPRC Agreement from 31 December 2019 to 30 June 2020. This coincides with the timeline for completion of the New Sundance Agreement, as announced to the ASX on 22 October 2019.

Aust-China Resources Limited – Ceased to be a substantial shareholder

On 8 January 2020, it was noted that Aust-China Resources Limited had ceased to be a substantial shareholder as the issue of new shares has reduced their overall shareholding to below 5%.

Capital Raising

Over the course of January 2020, the Company successfully raised capital the following capital to support its ongoing commitment to Sundance and to provide general working capital. The Company issued fully paid ordinary AustSino shares in 2 tranches at an issue price of \$0.013. The tranches were as follows:

- 17 January 2020 – Placement of \$545,000 and issued 41,923,077 fully paid shares
- 31 January 2020 – Placement of \$441,750 and issued 33,980,764 fully paid shares

On 31 January 2020, the Company issued 9,745,192 fully paid ordinary shares and 9,000,000 unlisted options as settlement of supplier invoices in lieu of cash payment. The unlisted options have a 12 month term from the date of issue and a 2c per option strike price. These placements were all made to various non-related investors without a prospectus or other disclosure document as permitted under section 708 of the Corporations Act 2001. Accordingly, the shares are subject to a holding lock and may not be traded or transferred for 12 months or until the Company issues a prospectus or similar disclosure document. The shares rank equally with existing fully paid ordinary shares in the Company and were issued without shareholder approval as the issue of the shares is within the Company's existing placement capacity permitted under ASX Listing Rule 7.1.

AUSTSINO RESOURCES GROUP LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 31 December 2019

15. EVENTS SUBSEQUENT TO REPORTING DATE (con't)

Board Changes

On 17 January 2020, the Company was pleased to announce the appointment of Mr Perry Mitchell as a Non-Executive Director of the Company. Mr Mitchell has had a distinguished financial and banking career spanning 40 years and brings a wealth of knowledge and experience to the board.

On 13 February 2020, Mr Ma Kaihui (Michael Ma) was appointed as a Non-Executive Director of the Company. As Mr Ma is the Managing Director of Tsingshan, this appointment is considered to be strategically significant for AustSino. On the same day, Mr Phil McKeiver resigned from the Board of the Company and all its subsidiaries due to work and family commitments. Mr McKeiver's contribution to the Company has been invaluable.

Shares released from escrow

30,769,230 fully paid ordinary shares were released from escrow on 15 February 2020.

Other than noted above, there has been no additional matter or circumstance that has arisen after balance date that has 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 future financial periods.

**AUSTSINO RESOURCES GROUP LIMITED
DIRECTORS' DECLARATION**

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

1. The financial statements and notes thereto of the Group, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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, 15 March 2020

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AustSino Resources Group Limited (the Group) which comprises of the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for The Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AustSino Resources Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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Independence

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

Conclusion

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

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the Group incurred a loss of \$1,559,615 and had net cash outflows from operating and investing activities of \$680,752 and \$900,000 respectively for the half-year ended 31 December 2019. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cause significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



RSM AUSTRALIA PARTNERS



Perth, WA
Dated: 15 March 2020

J A KOMNINOS
Partner