

ASX Announcement
31 July 2020

Quarterly Activities Report **Quarter Ended 30 June 2020**

AustSino Resources Group Limited (“**AustSino**” or the “**Company**”) is pleased to present its quarterly activities report for the period ended 30 June 2020.

Operational

Sundance Transaction and Enabling Capital Raising Transaction

Over the course of the quarter and subsequently, the Company continued to work towards completion of the Sundance Transaction and the large capital raising required to fund the completion of the Sundance Transaction.

Sundance Transaction

AustSino has continued to make payments to Sundance Resources Limited (**Sundance**) to service the New SDL Agreement. On 6 July 2020, AustSino announced the further extension of the New SDL Agreement beyond its expiry date of 30 June 2020 to 30 September 2020, through a new extension letter agreement with Sundance. This extension letter then became effective upon the noteholders in Sundance later accepting its terms.

Under the terms of the new extension letter, AustSino is required to:

- Provide a further \$450,000 in funding to Sundance in three loan tranches. The first loan tranche payment was made on 20 July 2020.
- Lodge a draft Notice of Meeting with the Australian Securities Exchange Limited (**ASX**) by 10 July 2020 (Lodged as required).
- Demonstrate to the reasonable satisfaction of Sundance that they have progressed the funding for completion of the Sundance Transaction. On 27 July 2020, Sundance announced that: *“the bank processes have commenced but are not advanced far enough for Sundance to provide AustSino with the agreed release. Sundance will keep monitoring progress and update shareholders as the situation evolves.”*

Sundance Shareholder Approval

On 29 July 2020, Sundance formally obtained the approval of its shareholders in general meeting for AustSino to acquire control of Sundance pursuant to the New SDL Agreement, through the:

- Issue to AustSino of 11,153,846,154 shares at an issue price of \$0.0026 per share, and
- Grant to AustSino 11,153,846,154 unlisted options at an exercise price of A\$0.02, with a term of five years.

Enabling Capital Raising

In order to complete the Sundance Transaction, AustSino first needs to complete an enabling major capital raising and secure the approval of its shareholders in general meeting to that capital raising transaction.

Capital Raising

As announced on 3 June 2020, Western Australian Port Rail Construction (Shanghai) Ltd (WAPRC), confirmed that it was not able, by 30 June 2020, to meet the conditions precedent to the binding but conditional placement agreement with AustSino, including WAPRC making available \$100 million to complete its planned acquisition of a controlling interest in AustSino. This was primarily due to delays caused by the travel restrictions associated with the COVID-19 pandemic.

On 9 July 2020, the Company announced that it had entered into a binding subscription agreement with Midwest Resource Finance Group Pty Ltd (**Midwest**) pursuant to which Midwest has agreed to subscribe for 7,692,307,693 ANS shares at an issue price of \$0.013 per share to raise \$100 million (**the Midwest Placement**). Midwest is a proprietary company incorporated in Australia whose sole director is Mr Chun Ming Ding, the Executive Chairman of the Company.

The Midwest Placement effectively replaces the lapsed WAPRC Transaction and is subject to a number of conditions precedent, in particular “*Midwest having secured sufficient funds to complete the purchase of the Midwest Placement Shares*”.

AustSino, as set out above, has provided evidence to Sundance that the required bank processes are being advanced and have commenced.

AustSino is continuing to work with Midwest to progress these processes forward and will update shareholders as the situation evolves.

AustSino Shareholder Approval

One of the conditions for completion of the Sundance Transaction is to receive shareholder approval for the Midwest Placement at an Extraordinary General Meeting. AustSino has engaged an Independent Expert who has completed an Independent Experts Report to assist shareholders in assessing the Midwest Placement and the Company has completed a Notice of Meeting that has been subject to review by the Australian Securities and Investment Commission and is currently subject to regulatory review by ASX.

Upon completion of the regulatory processes, AustSino will issue the notice to shareholders to convene an Extraordinary General Meeting to consider and approve the Midwest Placement.

Arrangements with the Government of Cameroon

Our efforts to develop the assets and plans underpinning the proposed deal with Sundance have been significantly impeded by the emergence of the global COVID-19 pandemic that has resulted in widespread and extensive travel and workplace restrictions, with lockdown procedures in place in both Cameroon and the Congo.

Nonetheless, the Company has continued to engage with the Cameroon Government to move forward with this exciting integrated mining, port and rail project in Central Africa.

Suspension of the Company's shares on ASX

The ongoing COVID-19 pandemic continues to create complications and uncertainties for the Company. In this context, the Company remains acutely cognisant that the second anniversary of the Company's suspension from trading occurs in early September 2020. The Company expects that trading in its shares on ASX will remain suspended until the proposed transactions are completed or otherwise.

Corporate

The Company has continued to raise further capital to support its ongoing commitment to Sundance and to provide general working capital.

The Company has issued fully paid ordinary AustSino shares as set out below.

- 16 June 2020 – Placement of \$325,000 and issued 25,000,000 fully paid shares at \$0.013
- 20 July 2020 – Placement of \$1,053,000 and issued 81,000,000 fully paid shares at \$0.013.

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.

In addition, on 16 June 2020, the Company issued 30,000,000 unlisted options to Miaglow Pty Ltd, a non-related party, as settlement of a legal claim. The options and, if converted, the then issued shares, are subject to the voluntary escrow requirements.

Corporate - Other

On 16 May 2020, 134,938,590 fully paid ordinary shares were released from escrow.

Quarterly cashflow report

The Company will also today lodge its cashflow report (Appendix 5B) for the quarter ended 30 June 2020. The Company did not make any payments to related parties during the quarter (refer section 6 of Appendix 5B).

The Company undertook very limited exploration work during the quarter, spending approximately \$19,000 on tenement assessment and government reporting. The Company ended the quarter with \$2.1 million of cash at bank.

Tenement Management

The Company continues to work with CSA Global to finalise its programme of works for 2020. This will again involve all of the Company's tenements with a focus on increasing the resource already identified and previously announced and rationalising the tenements that are currently held.

However, planning is currently hampered by the restrictions caused by the COVID-19 pandemic, particularly around the travel restrictions but also the workplace restrictions. We will continue to work towards our work programme although we are unsure at this point, due to the travel restrictions, as to when that can begin.

Following is a schedule of AustSino's tenements as at 30 June 2020*:

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%

* - these remain unchanged from 31 March 2020.

This release was authorised for release by the Board of AustSino.

Further inquiries:

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