

ASX Announcement
30 April 2020

Quarterly Activities Report **Quarter Ended 31 March 2020**

AustSino Resources Group Limited (“**AustSino**” or the “**Company**”) is pleased to present its quarterly activities report for the period ended 31 March 2020.

Operational

Sundance and WAPRC Transactions

Over the course of the quarter, we continued to work towards completion of both the WAPRC and Sundance transactions. AustSino has continued to meet its commitments under the New SDL Agreement and during the quarter AustSino made three payments of \$300,000 each to Sundance, for a total of \$900,000, as per the SDL Letter Agreement.

One of the conditions for completion of the transactions is to receive shareholder approval for the WAPRC investment at an Extraordinary General Meeting prior to 30 June 2020. AustSino has engaged an Independent Expert to prepare an Independent Experts Report to assist shareholders in assessing the WAPRC transaction and that expert is continuing their work.

Our efforts have been significantly impeded by the emergence of the global COVID-19 pandemic that has resulted in widespread and extensive travel and workplace restrictions. These restrictions initially prevented travel and work within China but quickly spread to include travel and workplace restrictions in nearby Hong Kong and then worldwide. This impacts the ability for our proposed Chinese investors to travel to Hong Kong and Australia to complete transfers. Lockdown procedures are also in place in both Cameroon and the Congo.

Nonetheless, the Company has continued assiduously to advance plans to complete the transactions and move forward with this exciting integrated mining, port and rail project in Central Africa. For example, discussions with the Government of Cameroon have been ongoing, with a representative of the Company having been in Cameroon for nearly two months and remains there even now under lockdown. Plans for a follow up delegation from Cameroon to visit China after the earlier successful ministerial visit have not yet been able to be carried out.

The Company continues to work diligently towards finalising these transformational agreements notwithstanding these extraordinary hurdles. We will continue to liaise with all transaction stakeholders and regulatory authorities. The ongoing COVID-19 pandemic continues to create complications and uncertainties for the Company. In this context, the Company is 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.

Further details of the New SDL Agreement and the extension of the end date, 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 announcements released on 8 July 2019 and 22 October 2019.

Corporate

Over the course of the last quarter and the current quarter, the Company raised capital and will utilise these funds to support its ongoing commitment to Sundance and to provide general working capital. Over the course of the current quarter, the Company has 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 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 strike price of 2 cents per option. The Company continues to proactively manage and contain its cash expenditure.

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.

Corporate – Changes to the Board of Directors

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 the 13 February, the Company announced further changes to the board. The Company was very pleased to announce the appointment of Mr Ma Kaihui as a Non-Executive Director of the Company. Mr Ma is the Managing Director of TsingShan Holding Group Shanghai International Trading Corp Ltd (TsingShan). Tsingshan is part of a very large private group of Chinese companies and produced more than 10 million tons of crude stainless-steel in 2019, with revenues of over 260 billion RMB and 80,000 employees. It has ranked among the Top 500 of China's Private Enterprises in 2002, Top 500 of China's Enterprises in 2010 and Fortune 500 in 2019. Mr Ma has had a distinguished career, assuming his current role after a 20 year career with the world's largest steel producer, Baowu. He has worked both in China and internationally, including a stint as the CEO of Baosteel India. Mr Ma has studied at each of Hong Kong University, Fudan University and Xi'an Jiaotong University. Mr Ma is also a shareholder in AustSino, having invested \$1.75 million in the Company in May 2019.

At the time of Mr Ma's appointment, we announced that Mr Philip McKeiver had resigned from the board of the Company due to work and family commitments.

The Board is very much looking forward to the positive contributions that Mr Mitchell and Mr Ma will bring to the Company and is very grateful for the significant contribution given by Mr McKeiver during his time as a Director.

For more details on the board changes, please see announcements dated 17 January 2020 and 13 February 2020.

Corporate - Other

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

It was also announced in early January that AustSino had become a substantial Shareholder of Sundance. At that time, the Company held 506,666,668 shares in Sundance which represented 5.46% of their total issued shares.

On the 15 February 30,769,230 fully paid ordinary shares were released from escrow.

On 17 April 2020, 20,000,000 unlisted options exercisable at \$0.04 each expired unexercised.

Quarterly Cashflow Report

The Company will also today lodge its cashflow report (Appendix 5B) for the quarter ended 31 March 2020. Payments to related parties as shown in section 6 of this report include directors' fees and superannuation of approximately \$37,000 and consultancy fees of \$5,000 paid to Aust-China Resources Group Ltd (ACR), a company which Chun Ming Ding is the chairman of. The Company also paid a total of \$56,000 in legal fees to Gilbert+Tobin (a company which Mr Phil McKeiver is a Senior Consultant of) and to Pantheon Legal (a company related to Phil McKeiver).

The Company invested approximately \$17,000 in exploration during the quarter and ended the quarter with \$2.5 million of cash at bank.

Tenement Management

The Company is working closely 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 31 March 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% |

- Tenement E52/1976 was surrendered during the quarter.

This release was authorised by the Board of AustSino.

Further inquiries:

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