

Activities Report – For the quarter ended 31 March 2020

The March quarter was a difficult time for the Australian economy! As with other businesses, the Group's operations were adversely affected by the Covid-19 epidemic. In addition, the Australian government has on 30 March 2020 announced changes to the foreign investment review framework, which further hinders the investment activities of the Company.

Corporate

The Company has a total of \$20 million in convertible loan facilities ("CN") granted by Star Diamond Developments Limited with maturity date of 31 October 2020. As of 31 March 2020, the Company has \$5 million remaining CN available for draw down.

The Company has an on-market buyback program which will expire on 4 June 2020. During the quarter, the Company did not undertake any share buyback under the program.

At the request of Rey Resources Limited ("REY"), the Company has agreed to extend the maturity date for the \$2 million loan facility granted to REY from 31 March 2020 to 30 June 2020.

As required pursuant to section 6 of the Company's Appendix 4C, the Company paid approximately \$322,000 to the related parties during the quarter, of which \$250,000 were consulting and director fees and \$72,000 were office rentals.

As of 31 March 2020, the Group maintained a cash balance of \$5.5 million.

Principal Investments

ActivEX Limited ("AIV")

AIV is an ASX listed mineral exploration company holding a number of prospective tenements, principally targeting copper-gold and gold mineralisation in Queensland. AIV also holds a potash project in Western Australia, which has an established resource and a granted mining lease.

The Group holds 19.62% of the issued capital of AIV with a market value of \$4.5 million as of 31 March 2020.

Rey Resources Limited ("REY")

REY is an ASX listed oil & gas exploration and development company with a large tenement holding in the Canning Basin, Western Australia. The principal activity of REY is exploring for and developing energy resources in Western Australia's Canning Basin.

As at 31 March 2020, the Group holds 16.34% of the issued capital of REY with a market value of \$7.5 million.

Key Petroleum Limited ("KEY")

KEY is an ASX listed Australian oil and gas operating company focused on exploration in conventional and unconventional projects in the North Perth and Canning Basins in Western Australia. Acreage within the Canning Basin portfolio consists of a number of exciting development and exploration opportunities.

The Group holds 13.17% of the issued capital of KEY with a market value of \$0.7 million as at 31 March 2020.

Kaili Resources Limited ("KLR")

KLR is a resources exploration company which holds tenements in QLD and Western Australia. The Group holds 2.2 million shares in KLR with a market value of \$79,000 as at 31 March 2020.

**Civil & Mining Resources Pty Ltd ("CMR")**

Trading as CMR Coal, is a privately owned company with a substantial coal tenement portfolio in Queensland. CMR's tenements are located throughout all the major coal-bearing basins in Queensland and are situated in close proximity to operating mines, infrastructure and proven economic coal resources. The major assets of CMR comprise of 11 Exploration Permits for Coal (EPCs) 1 Mineral Development Licence (MDL) and 2 Mining Lease applications (MLAs) in Queensland.

As at 31 March 2020, the Company together with its subsidiary, ASF Resources Pty Limited, held 68.97% of the issued share capital of CMR.

ASF Technologies (Australia) Pty Ltd ("ASFTA")

ASFTA is an Australian company that has developed Australian patents for the SYTECH Scotch Yoke mechanism which results in power generation for engines with lower vibration, less noise, lower emissions, and lower cost than conventional engines.

Property Marketing and Services

ASF Properties Pty Ltd ('ASFP'), a wholly-owned subsidiary of the Company, continues to provide international property services to investors in Australia and China. It represents an important strategic platform for investors to access the Australian real estate market. The service scope includes development management, property management, property advisory, and development syndication. The projects which ASFP provides services for are located in New South Wales and Queensland.

Fund Management and Advisory Services

ASF Capital Pty Ltd ('ASF Capital') holds an Australian Financial Services Licence and is the fund management and advisory arm of the Group's core strategy to facilitate two-way capital flows between Australia and Asia.

ASF Capital assists select businesses both on shore and off on matters such as public listing, financial advisory, entry and/or expansion in Australia, and visa migration related areas. Also, ASF Capital is able to form any number of tailor-made wholesale funds to capture a diverse array of investment opportunities.

Castle Green, London

The Group and the London Borough of Barking & Dagenham ('LBBD') continue to work jointly together in assessing the possible development of a major infrastructure project in the Castle Green area, which could include the building of 15,000 new residential dwellings; rerouting of the A13 trunk road and creating commercial buildings of 3,700,000 square feet which will create an estimated 8,000 employment opportunities.

The Castle Green project will be transformational for LBBD, bringing considerable social, economic and infrastructure benefits, and will be conducted together with Be First LBBD's local authority regeneration company.

3D Bio-Tissues, UK

On 13 August 2019, the Company announced that it has invested into an exciting new biotech opportunity being commercialised from intellectual property developed by Prof. Che Connors from Newcastle University, UK. The Company invested into a new company called 3D Bio-Tissues Ltd to conduct the in Vivo Phases & animal trials for 3D printed constructs for corneas for human cornea transplants. The Company plans this year to take its investment up to 49% equity interest in 3D Bio-Tissues Ltd.

UKIIC, UK

In November 2019, the Company through its wholly owned UK subsidiary BSF International Ltd launched the UK International Innovation Centre (**UKIIC**) to join the Cocoon Global in the City of London to develop an incubation Centre for development of early stage technology and life science businesses. It has successfully attracted a number of early stage UK and Chinese companies to take space in UKIIC.

Information about ASF

ASF Group Limited (ASX: AFA) is unique among ASX-listed public companies as it powers business between the East and West. ASF is an investment and trading house which focuses principally on the identification, incubation and realization of opportunities in areas of synergy between China, Australia, UK and Europe including technology, oil & gas, resources, property, infrastructure, travel and financial services sectors.

Authorised by:
Board of ASF Group Limited

For further information, please contact:
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Company Secretary
ASF Group Limited
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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ASF Group Limited

ABN

50 008 924 570

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,017	4,328
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(2)	(44)
(d) leased assets	-	-
(e) staff costs	(469)	(1,500)
(f) administration and corporate costs	(670)	(4,618)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - GST refunds and misc expense	63	356
1.9 Net cash from / (used in) operating activities	(61)	(1,475)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	(181)
(e) intellectual property	-	-
(f) other non-current assets	(33)	(241)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	2,357
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	504	2,189
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	471	4,124

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	600
3.6	Repayment of borrowings	-	(2,980)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other - security deposit released	-	20
	- shares buy-back	-	(2)
3.10	Net cash from / (used in) financing activities	-	(2,362)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,834	4,921
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(61)	(1,475)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	471	4,124

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(2,362)
4.5	Effect of movement in exchange rates on cash held	234	270
4.6	Cash and cash equivalents at end of period	5,478	5,478

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,478	4,834
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,478	4,834

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
(322)
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Consulting fees, director fees and salary (\$250), office lease (\$72)

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (Convertible Loan)	15,000	10,000
7.4 Total financing facilities	15,000	10,000

7.5 **Unused financing facilities available at quarter end** 5,000

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

\$15 million (as amended by a Deed of Amendment dated 29 December 2017) unsecured convertible loan facility granted by Star Diamond Developments Limited at the following terms:

- (a) Interest rate – 10% per annum, payable in cash on quarterly basis;
- (b) Maturity date – 31 October 2020;
- (c) Repayment – ASF may, at its sole discretion, repay the outstanding loan and interest by either one or combination of (i) the issue of shares in ASF's subsidiaries; or (ii) the transfer of securities held by ASF or its subsidiaries; or (iii) cash.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(61)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,478
8.3 Unused finance facilities available at quarter end (Item 7.5)	5,000
8.4 Total available funding (Item 8.2 + Item 8.3)	10,478
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	172

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

29 April 2020

Date:

William Kuan, Company Secretary

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.