

Astron Corporation Limited



**RARE EARTHS
A CRITICAL OPPORTUNITY**

Hf Hafnium 104 Rf Rutherfordium	Ta Tantalum 105 Db Dubnium	W Tungsten 106 Sg Seaborgium	Re Rhenium 107 Bh Bohrium
--	---	---	--

ABOUT ASTRON

Astron Corporation Limited
ARBN 154 924 553 Incorporated in Hong Kong,
Company Number: 1687414

Annual Report for the Year Ended 30 June 2023

Cautionary Statement

Certain sections of this report contain forward looking statements that are subject to risk factors associated with, among others, the economic and business circumstances occurring from time to time in the countries and sectors in which the Astron Corporation Limited and its controlled subsidiaries ('Astron Group' or 'Astron') operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables which could cause results to differ materially from those currently.

Forward Looking Statements

This document may include "forward looking statements" within the meaning of securities laws of applicable jurisdictions. Forward looking statements can generally be identified by the use of the words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "guidance" and other similar expressions. Indications of, and guidance on, future earning or dividends and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Astron Corporation Limited and its controlled subsidiaries, together with their respective directors, officers, employees, agents or advisers, that may cause actual results to differ materially from those expressed or implied in such statement. Actual results, performance or achievements may vary materially from any forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and Astron assumes no obligation to update such information. Specific regard should be given to the risk factors outlined in this document (amongst other things). This document is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this document nor anything contained in it forms the basis of any contract or commitment.

Corporate Governance Statement

Astron Corporation Limited's Corporate Governance Statement for 2023 can be found on Astron's website at: <https://www.astronlimited.com.au/wp-content/uploads/2023/09/20230929-Appendix-4G-Corporate-Governance-Statement.pdf>

For personal use only

CONTENTS

Critical Minerals for a Sustainable Future	4
Rare Earths	5
Mineral Sands	6
Donald Highlights	8
Definitive Feasibility Study Findings	10
From the Chairman	12
From the Managing Director	14
Experienced Team to Deliver the Donald Project	18
The Donald Project	20
Resource and Reserve updates	22
Phased Development Pathway	23
Mining Operations	24
Work Plan	26
Critical Minerals	27
Marketing & Products	28
Other Assets	30
ESG & Community engagement	32
Ore Reserves & Mineral Resources Statement	34
Annual Financial Statements	42

For personal use only

CRITICAL MINERALS FOR A SUSTAINABLE FUTURE

The global push towards electrification and reduction in fossil fuels consumption represents the most significant structural change in global energy markets since the Industrial Revolution.

A sustainable world will require a new suite of minerals – critical minerals for a sustainable future.

RARE EARTHS

To meet global emissions targets the International Energy Agency has estimated that, by 2030, electric vehicles will need to represent more than 60% of new vehicles sold globally and that wind electricity generation capacity is required to increase annually by 17%.

In these circumstances, the global demand for rare earths is expected to increase three and a half fold by 2030 and experience a further doubling in the period from 2030 to 2040.

Astron's Donald Rare Earth and Mineral Sands Project, with its significant size and advanced regulatory approvals, represents a significant source of rare earth minerals – one of a handful of deposits that is able to be developed within a short time frame.

For personal use only



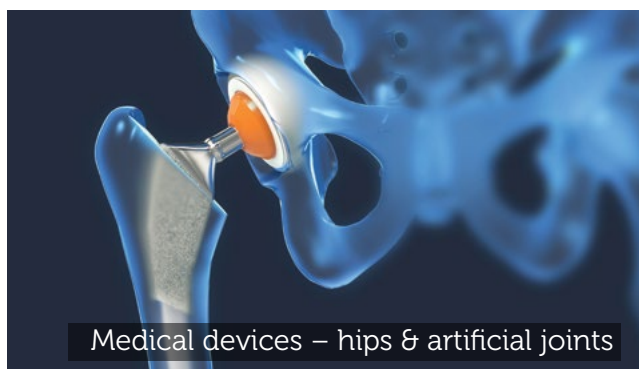
MINERAL SANDS

In addition to being a globally significant rare earths project, the Donald Project, with the largest zircon resources in the world, is also a major potential source of zircon and titanium minerals. This diverse mineral characterisation distinguishes Donald from all other development-ready mineral sands and rare earth projects.

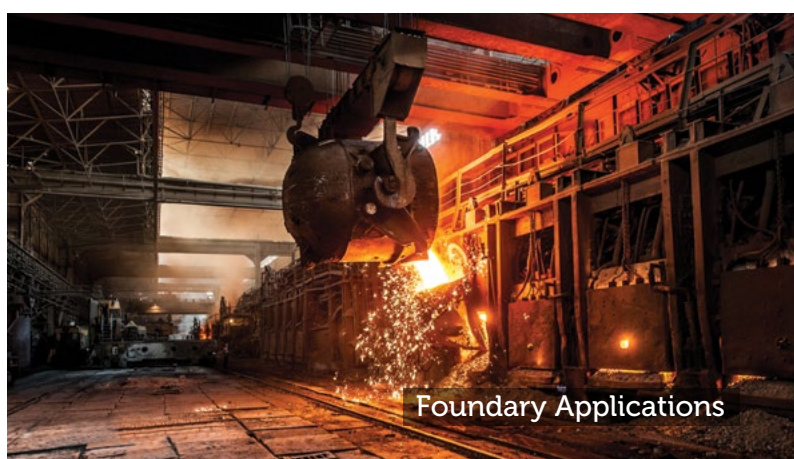
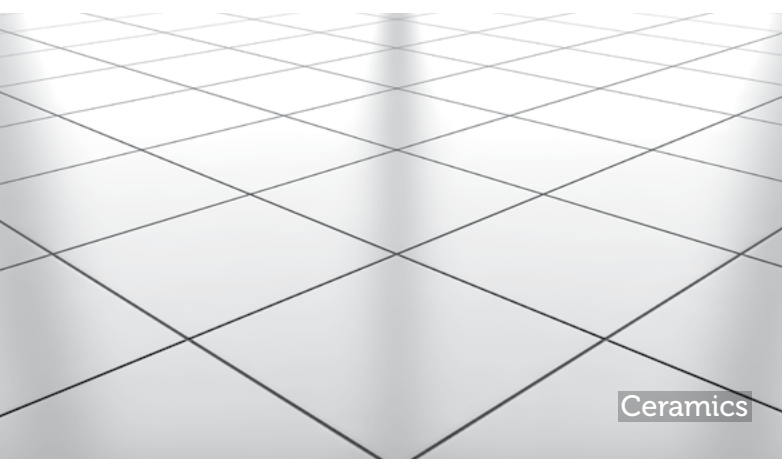
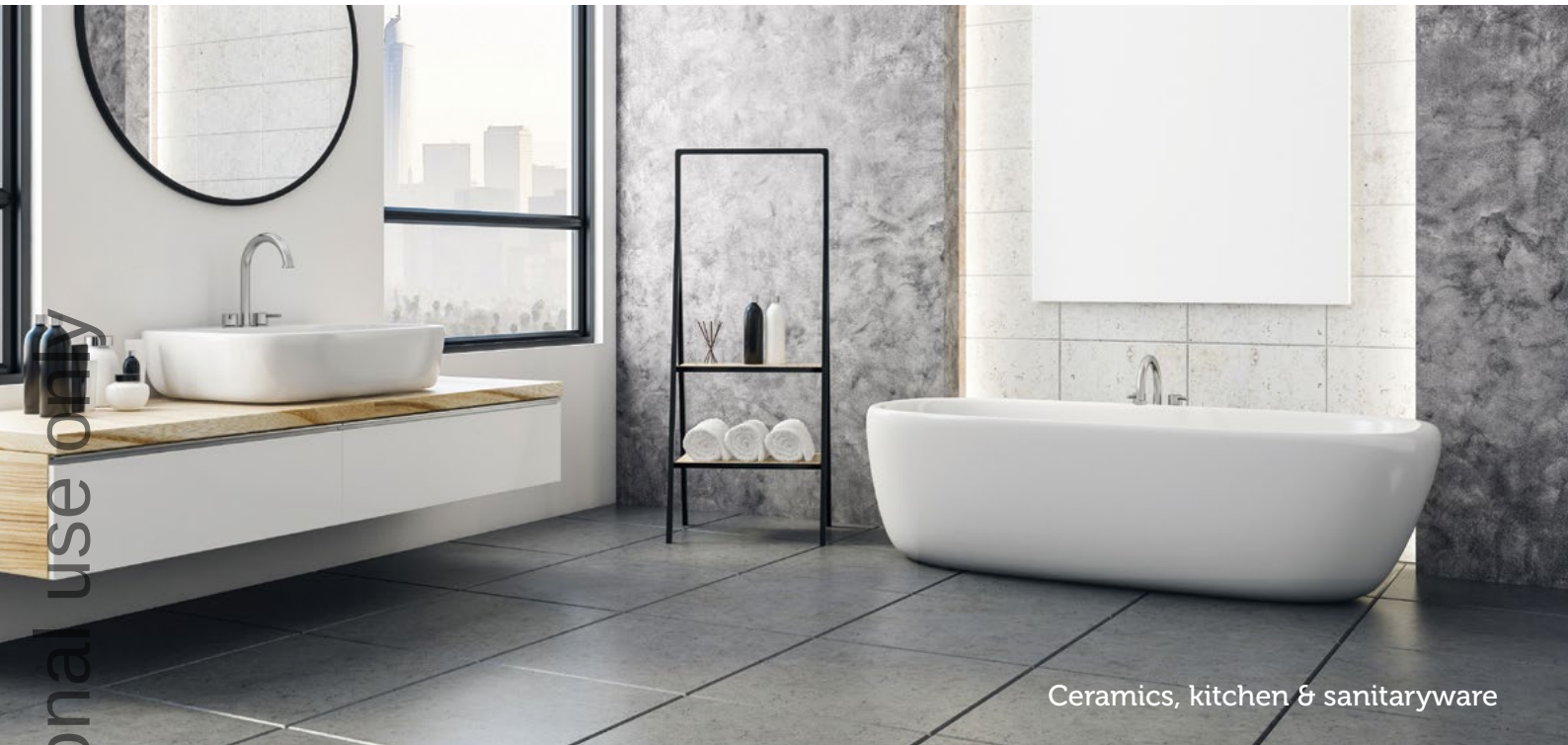
Based on the Phase 1 Donald Project Definitive Feasibility Study, which was released on 26 April 2023, the project has a revenue split of 57% rare earths and 43% mineral sands over its greater than 40-year mine life.

With over 35 years of market experience in mineral sands downstream processing, Astron is looking forward to leveraging its strong market connections and knowledge in the development of the Donald Project.

Titanium – applications:



Zircon - Applications:



Donald Highlights

Astron's prime focus is on the development of the Donald Rare Earth and Mineral Sands Project (Donald Project) in regional Victoria.

Over the last financial year, Astron made significant strides towards the development of this project, including reviewing the scope of the Project to maximise capital efficiency, the execution of an updated memorandum of understanding with the local shire, the release of the Phase 1 Donald Project Definitive Feasibility Study, and the updated Ore Reserves and pre-feasibility study, covering Phase 2 of the project. These are concrete milestones towards the construction of what will be a globally significant critical minerals operation.

Project Re-Scope

A review of the Donald Project's parameters was undertaken during the year. The purpose was to establish the least-risk path to commercialisation for Phase 1. This has resulted in capital efficiencies for Phase 1 while maintaining flexibility to deliver additional value from subsequent phases. Importantly, the Phase 1 Donald Project is financially viable as a standalone project and is not dependent on subsequent phases to deliver attractive returns. Updated operations for mining phases are detailed on pages 23-25.

Memorandum of Understanding

A memorandum of understanding was signed with Yarriambiack Shire Council to support the development of the project and deliver related benefits to the local community. A large portion of the Phase 1 project area is located within Yarriambiack Shire.

Mineral Resource and Reserve Updates

Two new Ore Reserve estimates were released during the year. These cover the mining licence MIN5532, which is the site of the Phase 1 project, and retention licence RL2002, which is the proposed site of the Phase 2 project. The outcome has been an increase in Reserves for both areas and an increase in the Mineral Resources contained within MIN5532. The Ore Reserves updates increased the total Donald Project Ore Reserve by 37% to 825Mt with an increase in heavy mineral Reserves of 29% to 36.9Mt.

Phase 1 Definitive Feasibility Study

Astron released a Definitive Feasibility Study (DFS) for the Phase 1 Project on 26 April 2023. It was based on a complete technical, environmental, logistical and economic evaluation of the project and detailed the extensive work carried out in de-risking operations on the MIN5532 mining licence. The DFS supports a substantial return on investment with high confidence based on AACE Class 2 capital expenditure estimates. All main regulatory approvals are completed or well advanced in preparation for a Final Investment Decision (FID) planned for 1H 2024 and first production in 1H 2026.

Phase 2 Pre-Feasibility Study

The Pre-feasibility study (PFS) for Phase 2 operations, to be established on retention licence RL2002, was released on 27 June 2023 and shows the significant potential upside for the next phase of project development. Phase 2 operations involve a duplication of Phase 1 mining operations with the addition of a mineral separation plant (MSP) which is sized to process the heavy mineral concentrate (HMC) from both the Phase 1 and the Phase 2 Projects and produce final zircon and titania products on-site. Together, the Phase 1 and Phase 2 projects utilise about 43% of the Donald Project Mineral Resources over a combined mine life of 58 years.

The combined Phase 1 and Phase 2 Donald Project is forecast to generate an after tax NPV of \$2.2 billion, at an IRR of 30.3%. Phase 2 construction is projected to start in 2029, with commissioning leading to commercial operations towards the end of 2030. It is expected that the equity requirements for Phase 2 will be largely funded through internally generated cashflows from Phase 1.



For personal use only

DEFINITIVE FEASIBILITY STUDY FINDINGS

Phase 1 – Demonstrating robust economic returns

Phase 1 of the Donald Project is forecast to generate an after tax NPV of \$852 million over a 41.5-year mine life, at an IRR of 25.8%. Phase 2 construction is projected to start in 2H 2024 with commissioning leading to commercial production 1H 2026. It is expected that Phase 1 of the Project will employ over 500 FTEs across the local region, including 180 FTEs directly employed by the Company. Phase 1 financial characteristics include:

UTILISING

17%

OF TOTAL
MINERAL RESOURCE

POST-TAX NPV

\$852m

@ 8% REAL
DISCOUNT RATE

MINE LIFE

41.5yrs

TOTAL CAPEX

\$392m

AACE CLASS 2 ESTIMATE
12% CONTINGENCY

EMPLOYMENT

>500

FTE OF DIRECT AND
INDIRECT OPPORTUNITIES

COMMISSIONING

1H 2026

DEFINED TIME TO
CASHFLOW GENERATION

For personal use only

Phase 2 – Significant Further Upside

The combined Phase 1 and Phase 2 Donald Project is forecast to generate an after tax NPV of \$2.2 billion over a 58-year mine life, at an IRR of 30.3%. Phase 2 construction is projected to start in 2029, with commissioning leading to commercial operations towards the end of 2030. It is expected that Phase 2 equity will be largely funded through internally generated cashflows from Phase 1. Combined Phase 1 and Phase 2 financial characteristics:

UTILISING

43%

OF TOTAL
MINERAL RESOURCE

POST-TAX NPV

\$2.2B

@ 8% REAL
DISCOUNT RATE

MINE LIFE

58yrs+

INCREMENTAL
CAPEX

\$566m

AACE CLASS 3 ESTIMATE
23% CONTINGENCY

EMPLOYMENT

>1,000

FTE OF DIRECT AND
INDIRECT OPPORTUNITIES

COMMISSIONING

2H 2030

PLANNED

FROM THE CHAIRMAN

Dear Shareholder

Astron made significant progress towards the commercial development of the Donald Rare Earth and Mineral Sands Project during the year ended 30 June 2023. This has been made possible through the dedication and hard work of our people, the support of the community in which we work, and the continuing interest and support of our shareholders..



Donald's development comes at a time of intense public interest in critical minerals. Rare earth elements, as well as being essential to the clean energy transition, are crucial components in a wide range of high-tech products including defence, aerospace and electric motor applications.

Zircon and titanium minerals are vital ingredients in global infrastructure, urbanisation and construction. These minerals are facing supply-chain challenges that can only be addressed through the development of new projects. The Donald Project, with a granted mining licence, a positively assessed Environmental Effects Statement and a world leading resource is in a unique position to meet these challenges.

The development philosophy for Phases 1 and 2 of the Donald Project is to minimise execution risk and ensure the timely and efficient delivery of the project through the application of well-proven, conventional technologies, best practice environmental management and honest community engagement.

The most important achievement for the year was the completion of the Definitive Feasibility Study (DFS) for Phase 1 of the Donald Project which confirmed that the project was both technically and economically robust. Importantly, Phase 1 operations can stand alone economically and are not dependent on subsequent stages of development to provide attractive shareholder returns. The DFS provides the foundation for developing the project financing plan, progressing detailed product off-take discussions, advancing construction and operational planning, and finalising regulatory approvals in anticipation of a construction start in the second half of 2024 and first production in the first half of 2026.

The Pre-Feasibility Study (PFS) for Phase 2 of the Donald Project, also completed during the year, confirmed the project's place as a Tier-1 rare earth and mineral sands project of long-term global significance. Construction for Phase 2 of the project is planned to commence in 2029 with first production towards the end of 2030. Furthermore, the utilisation of just over 43% of the Donald Project Mineral Resource over the combined Phase 1 and Phase 2 projects' 58-year life is a clear indication of the potential for further value creation by way of scale expansion as well as the production of a wide range of materials that are essential to life in the 21st century.

Based on the DFS, with a capital cost of \$364 million (real, 2023 AUD), Phase 1 operations generate an average annual revenue of \$314 million and return an average annual EBITDA of \$148 million over its 41.5-year life. The PFS for the combined Phase 1 and Phase 2 operations indicated that, for an additional investment of \$566 million, the project generates an average annual revenue of \$678 million and returns an average annual EBITDA of \$363 million over its 58-year life. The revenue to cash cost (RCC) ratio of 2.15 for the combined project is anticipated to be in the first quartile of the RCC curve for similar projects. It is a very strong indication of Donald's robust economics as well as its ability to withstand adverse commodity price movements.

Other important achievements through the year included the execution of a memorandum of understanding with the Yarriambiack Shire Council, the appointment of a debt funding advisor, the commencement of detailed discussions with potential product off-take partners and the preparation of a work plan for submission to Victorian Government regulators.

The memorandum of understanding with the Yarriambiack Shire Council provides for Astron and the shire to work cooperatively to maximise the mutually beneficial community and economic outcomes from the project.

For personal use only

The appointment of a debt advisor to assist with project financing arrangements was a significant milestone; with its attractive margins and long life, it is expected that the project will be able to secure debt funding on favourable terms.

While Astron commenced the process of engagement with potential product off-take partners in the early stages of project evaluation, the completion of the DFS has facilitated the start of detailed discussions with a number of parties with the goal of securing firm off-take agreements prior to the start of construction.

In order to commence construction, Astron must also agree the terms of a work plan with the Victorian Government. The work plan describes the nature and scale of the proposed mining activities, identifies and assesses all risks the works may pose to the environment and to the public, details the nature of community engagement, and includes a risk management plan for the purpose of eliminating or minimising identified risks and monitoring performance. The Company is very advanced towards finalisation of the work plan.

A major focus for the year, and subsequently, has been the building of the Astron team to progress the Donald Project through development, construction and into operations. We are fortunate that, in having a world class project in an exciting sector of the minerals industry, we are able to attract people of the highest calibre.

The Company's mineral processing operations in Yingkou, China, following a COVID-19 pandemic-related operational hiatus through a large portion of the past two years, has upgraded processing facilities and is negotiating feedstock arrangements with several large international customers with a view to resuming full scale operations before the end of 2023. The Mining Licence for the Niafarang Mineral Sands project in Senegal was renewed during the year and the Company is pursuing farm-out opportunities to enable the commencement of operations there without exposure to additional financial risk.

The year just completed has required considerable efforts from all members of the Astron team. We are extremely grateful for their commitment and hard work.

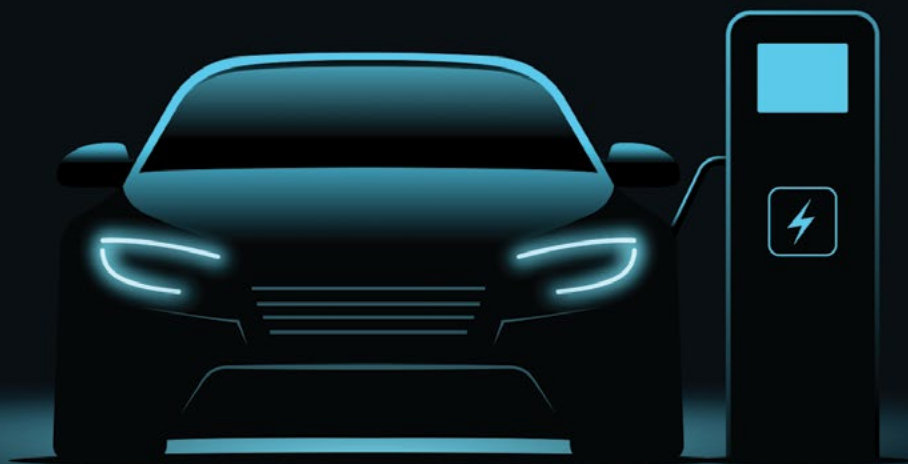
George Lloyd
Chairman



For personal use only



**“ EXCITEMENT CONTINUES TO BUILD
AROUND APPLICATIONS OF RARE
EARTHS AS THEY ARE RECOGNISED
AS THE BUILDING BLOCKS FOR THE
EVOLUTION IN ELECTRIC VEHICLES
AND RENEWABLE ENERGY. ”**



FROM THE MANAGING DIRECTOR

The Donald Project is a long-life mining asset, comprising a world class reserve of rare earths, zircon and titanium minerals with the potential to generate significant value through low-risk conventional mining and heavy mineral processing operations.



The Phase 1 Donald Project Definitive Feasibility Study (DFS), which was released in April 2023, confirmed Donald as a Tier 1, globally significant critical minerals project. The DFS is the culmination of many years of metallurgical testing, detailed design and engineering, community engagement and regulatory approvals.

Economically, the Phase 1 project is expected to deliver an NPV₈ of \$852 million on an initial capital investment of \$364 million. Average annual free cash flow is estimated at \$110 million per annum for the first five years, and \$103 million per annum over the remainder of the 41.5-year mine life. For a project that generates impressive long-term value it has a relatively short payback period of under four years to be followed by many decades of mining operations to drive sustainable, long-term investment returns. The Project's return profile is attractive and, based on conservative estimates, delivers a post-tax and inflation-adjusted real internal rate of return of 25.8%.

Importantly, the Phase 1 project demonstrates a small portion of the full potential of the Donald Project. Once operational, Phase 1 cash-flows are anticipated to be applied to the equity requirements of the Phase 2 project – for which the indicative project economics (at PFS level) show an incremental NPV of \$1.4B, and an extension of the Phase 1 plus Phase 2 mine life from 41.5 years to 58 years delivering approximately twice the Phase 1 rates of production. The Donald Project will allow Astron to be a part of the global critical minerals landscape for many decades.

Excitement continues to build around applications of rare earths as they are recognised as the building blocks for the global shift towards electric vehicles and renewable energy. A 3MW wind turbine uses close to 40 kilograms of rare earths and, if the world is to achieve its emissions targets, rare earth demand must increase significantly.

The zircon component of Donald's reserves, a high proportion of which has premium quality characteristics, will make a significant contribution to the ceramics markets where demand continues to grow due to the continuing global urbanisation trend.

Existing rare earths and zircon supplies are both expected to be constrained by 2026, when Donald Phase 1 is planned to be in production. Donald's proposed scale and development timing are crucial not only to supporting the energy transition, but also to meeting the supply requirements for the zircon industry, for which a large proportion of current supply is expected to deplete over the next 3 to 5 years.

Personnel Appointments

With the significant advances made to the Donald Project through the year, Astron has increased its internal capability with the addition of several highly skilled professionals. In October 2022, Greg Bell joined as Chief Financial Officer; Greg has experience in executive roles at international mineral sands companies and has been integral to our work in completing the recent feasibility studies and engaging in offtake and financing negotiations. In May 2023, Jessica Reid joined as the General Manager of Sustainability; Jessica, who has extensive experience in navigating regulatory pathways, is leading our efforts on preparing and submitting the mining work plan. The Company has also employed Karen Shelton as HR Manager and Samantha Flockhart as Commercial Manager to ensure that it is well-prepared for the upcoming Project construction period.

Social Licence

Astron is particularly proud of its strong standing in the local community which it has cultivated over many years. We look forward to continuing to work constructively with local shire councils to bring long-term economic benefits to the region.

FROM THE MANAGING DIRECTOR

For personal use only



Next Steps – Donald Project

Looking ahead to Financial Year 2024, there are four key work areas being addressed in taking the Donald Project to construction:

1. Obtaining final approvals for the Phase 1 project - All key regulatory approvals for Phase 1 have been obtained apart from the Mining Work Plan. It is anticipated that this will be submitted in 2H 2023, and approved in 1H 2024.
2. Obtaining project off-takes for the Phase 1 project products – given the positive market dynamics and strong anticipated product quality, Astron has received significant interest in both its REEC and the HMC product. Term sheet execution is planned for 2H 2023.
3. Finalising project engineering and project contracts – the Astron team has completed the DFS to an American Association of Cost Estimators (AACE) level 2 estimate for both capital and operating costs. This provides the basis for key contract tendering, which has commenced.
4. Obtaining project financing – including debt and equity. Astron is aiming to fund the Phase 1 execution investment with a split of 60% debt and 40% equity. ICA Partners have been appointed as our debt advisor to secure appropriate debt financing to support construction. ICA Partners are a globally recognised resource specialist firm, experienced in critical mineral projects' financing. Market soundings of potential financiers has been completed with strong interest from domestic and foreign institutions.



China

FY2023 was a challenging year for Astron's Chinese operations. Continuing Covid-19 restrictions, including serious lockdowns experienced across major cities in the first half of the financial year, and the on-going industry re-opening difficulties in the latter half of the financial year contributed partly to the lower revenue for the year, which dropped from \$19.0m in FY2022 to \$14.5m in 2023. In addition, supply chain difficulties, and difficulties in sourcing concentrate product meant that a larger proportion of the revenue this year was derived from relatively low margin trading activities, rather than from processing plant operations.

A business review of the Chinese operations, which considered among other things the difficulties in securing long-term feedstock, led to a change in operating strategy with the objective of opening up the plant to a wider range of concentrate feedstocks (including in preparation for Donald HMC). This resulted in the installation of new separation spirals in the mineral separation plant and has made a positive contribution towards securing a number of long-term feedstock supply arrangements. The new process flowsheet is being commissioned and the plant is expected to reach stable production in the first half of 2024.

Senegal

The Company continued to progress the Niafarang Project through the year, most notably with the renewal of the Company's mining licence to March 2027. The renewal of the mining licence has resulted in increasing local community support for the project, including by the local governor and local media representatives. Astron will continue to explore relevant opportunities to advance the project, including through possible farm-out arrangements, Public Private Partnerships or other mutually beneficial structures.

Gambia

As outlined in previous years, in 2015 Astron was awarded damages through an International Centre for Settlement of Investment Disputes (ISID) determination in relation to the Gambian Government's seizure of the Astron-Carnegie minerals sands project in Gambia. Recovery of the initial award of approximately A\$32 million continues to be slow, however the Company has entered into a litigation funding agreement to expedite the recovery of this award at no further cost to the Company. During the year, correspondence in relation to the claim was sent to government officials in Gambia as well as to the International Monetary Fund. The Company will continue to vigorously pursue recovery of the outstanding amount.

I wish to express my gratitude to members of our team and our contractors for their hard work over the previous year. I look forward, with great excitement, to the year ahead to bring to life a world-scale deposit. To my Chairman, George Lloyd, and my fellow directors, I extend my appreciation for your dedication to the interests of the Company and its shareholders.

Tiger Brown
Managing Director

EXPERIENCED TEAM TO DELIVER THE DONALD PROJECT

A highly experienced Board & Management team with extensive experience in corporate development.



George Lloyd

Chairman

George has over 30 years resource industry and corporate business development and finance experience, including with RGC Limited, as well as serving as a senior executive and director of a number of listed and unlisted companies with interests in engineering services industrial minerals, base and precious metals, as well as energy sector. George is also the Chairman of Ausenco Limited, a global engineering services provider.



Rong Kang

Executive Director

Rong joined Astron in 1995 and has been a key contributor to the establishment of Astron's downstream processing and global marketing and sales activities, with a deep knowledge of the mineral sands product market and its key participants. Board member since 2012.



Gerard King A.M.

Non Executive Director

Gerard is a former partner of Lavan & Walsh, which became Phillips Fox Perth. Experienced in commercial contracting, mining law and corporate and ASX compliance. A former member of the Australian Mining & Petroleum Lawyers Association Served as a non-executive director for several companies.



Dr Mark Elliott

Non Executive Director

Mark has 27 years experience in corporate roles, both as chairman and managing director on several ASX-listed and private companies. Involved in identifying and securing resource projects, capital raisings, marketing and completing commercial agreements, feasibility studies, mine development plans and their execution.



Tiger Brown

Managing Director

Tiger joined Astron in 2018, holding various business development planning and executive roles in China and Australia prior to joining the board in 2019. Appointed managing director in February 2019 and has overseen the detailed planning for the commercialisation of the Donald project.



Sean Chelius

Donald Project Director

Sean joined Astron in January 2022 as the Project Director for the Donald Mineral Sands and Rare Earth project. Sean has over 30 years international experience in mining project planning and implementation, including full responsibility for taking projects from concept through to commissioning and production. His experience involves project management and engineering roles in Australia, South Africa, Zimbabwe, Papua New Guinea and Fiji with BHP, Anglo American, Newcrest, Ausenco and Worley Parsons.



Greg Bell

Chief Financial Officer

Greg's advisory and corporate experience spans more than 21 years, working initially in corporate advisory and assurance services with Deloitte, followed by 8 years with Mineral Deposits Limited (MDL) as Accounting Manager and then Chief Financial Officer. Subsequent to MDL, Greg held both consulting and executive roles with international mineral sands and resource companies, including in the critical minerals sector.



Jessica Reid

General Manager Sustainability

Experienced environmental and social professional working across Australia and PNG on natural resource and major infrastructure projects for over 18 years as Principal at Teltra Tech (formerly Coffey). Previous experience includes the delivery of Donald Project ESS and Gippsland Renewable Energy Zone in VIC, environmental approvals for the Wafi-Golpu Project, OK Tedi Life Extension in PNG

The Donald Project

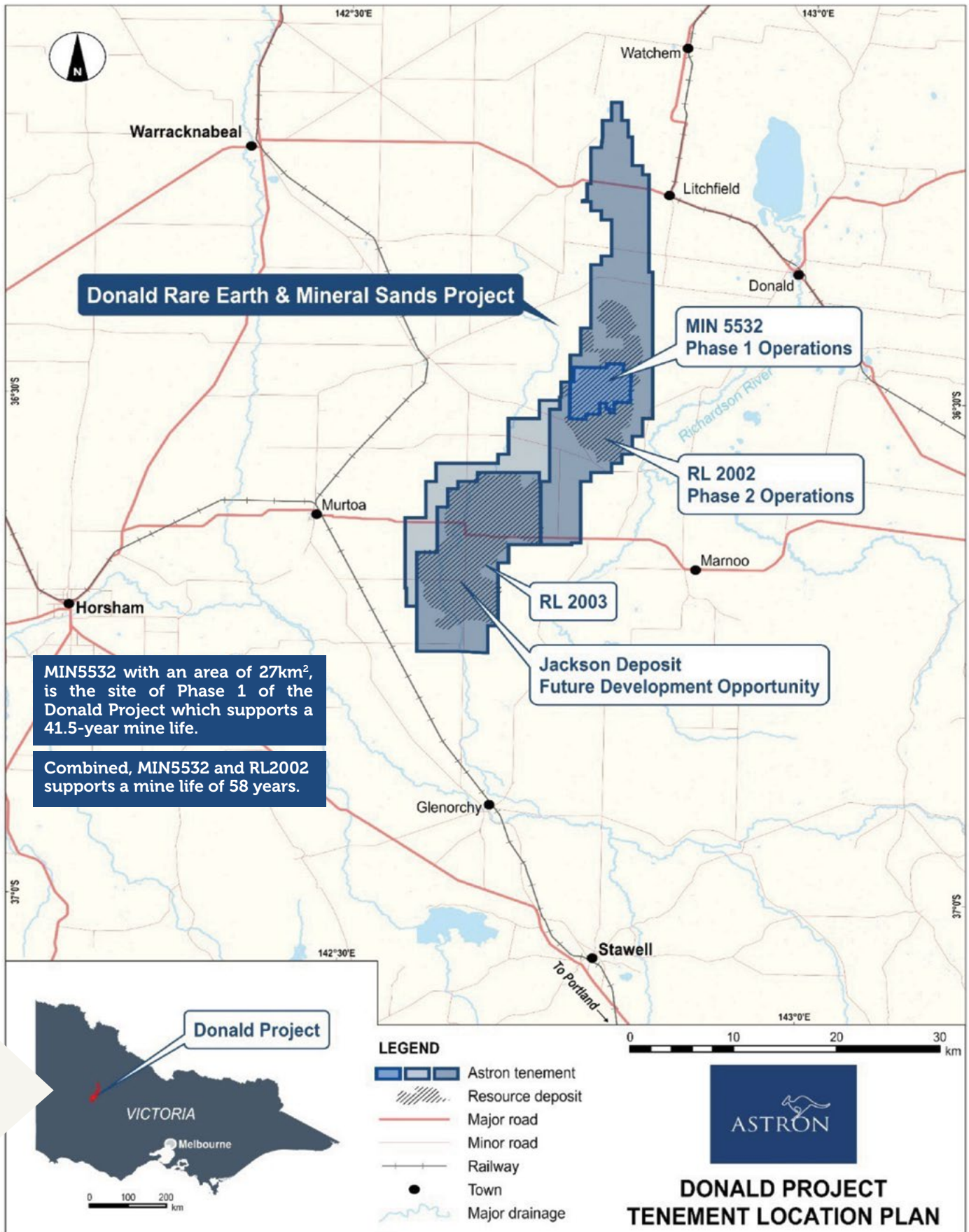
The Donald Rare Earth & Mineral Sands Project (Donald Project) is a globally significant rare earth and mineral sands project located in the Wimmera region of Victoria, approximately 300km north-west of Melbourne. The project comprises the granted mining licence MIN5532 (the site of the first phase development of the project), retention licence RL2002 (which is the site of the second phase of project development), and retention licence RL2003 covering a total project area of almost 43,000 hectares.

LOCATION

The area is mainly cleared land, used for cropping and grazing, and is located close to supporting infrastructure. The Project encompasses two deposits: Donald (RL2002, which contains MIN5532) and Jackson (RL2003).

Development will follow a two-phase process. Phase 1 activities are located on MIN5532, and Phase 2 will occur on RL2002. The Jackson deposit, which is contained within RL2003, is available for subsequent development.

The Donald Project comprises a total Mineral Resource of 2.6 billion tonnes of ore at 4.6% HM content and includes the world's largest zircon resource with over 22Mt of in-situ zircon content. The rare earth bearing monazite content alone, which equates to approximately 1.6Mt of total rare earth oxide (TREO) equivalents, ranks the Project as the third largest of its kind outside of China. Detailed delineation of the xenotime content of the total deposit is expected to increase the Project's total rare earth element content.



DONALD RARE EARTH & MINERAL SANDS PROJECT

Resource and Reserve updates

See pages 34-41 for detailed tables of current reserves and resources.

MIN5532 Drilling Program & Resource update

An updated Mineral Resource estimate for MIN5532 was released in December 2022. It was based on a 245 Reverse-Circulation Air Core (RCAC) drillhole program completed in March 2022. The updated Mineral Resource estimate for MIN5532 is 525 Mt at 4.0% total heavy minerals (HM) containing in-situ HM content of 21Mt including approximately 3.4Mt of zircon, and over 500kt of rare earth bearing monazite and xenotime.

The 2022 drill program covered 97% of MIN5532 to expand the estimated valuable heavy minerals (VHM) content within the known mineralisation of MIN5532, in areas not previously subject to VHM analysis. Analysis for xenotime and the 20 to 38 micron (μm) fine-grained mineralisation fraction, known to contain rare earth minerals and zircon, was also targeted. The updated MIN5532 resource defines HM grain size between 20 μm and 250 μm as a resource. For the remainder of the Donald deposit, the HM in-size range remains 38 μm to 90 μm .

The drilling program targeted areas outside of the previously defined ore body. In addition to the broader in-size particle range, this resulted in a 66% increase in the total Mineral Resource.

MIN5532 Reserve update

Following the updated Mineral Resource estimate for MIN5532, and in conjunction with work associated with the DFS, an updated Ore Reserve estimate for MIN5532 was released on 31 March 2023. The total Ore Reserves of MIN5532 increased by 59.3% to 309Mt. Total in-situ heavy mineral (HM) reserves increased by 32% to 13.6Mt, including increases in-situ valuable mineral reserves of zircon by 15% to 2.2Mt, monazite by 25% to 245kt and a maiden in-situ xenotime reserve of 90kt.

RL2002 Reserve update

A Pre-Feasibility Study (PFS) for the development of the Donald Phase 2 project was carried out during the year. The Phase 2 development is located on RL2002 with operations proposed to the south and the north of MIN5532. In conjunction with the release of Phase 2 PFS results, an updated Ore Reserve estimate for RL2002 was released in June 2023. The updated RL2002 Ore Reserve increased by 27% to 516Mt at 4.6% HM grade, including a 27% increase in zircon reserves to 4.4Mt and an increase of 29% in monazite reserves to 0.4Mt.

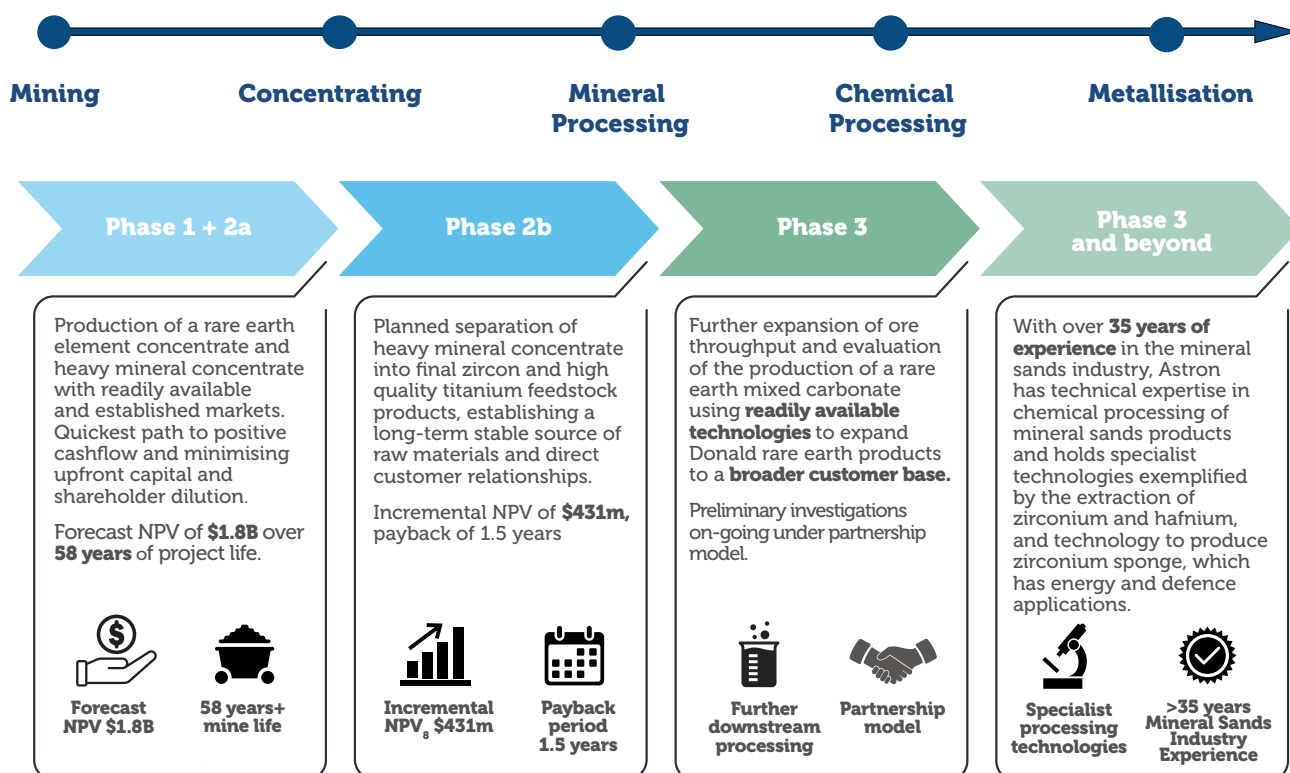
Following the updated Ore Reserve estimates for both MIN5532 and RL2002, the combined Ore Reserve estimate for the Donald Project now stands at 825Mt at 4.5% HM grade with 36.9Mt of heavy minerals, including 6.6Mt of zircon and 720kt of monazite and xenotime.



Rare Earths

Mineral Sands

Phased Development Pathway



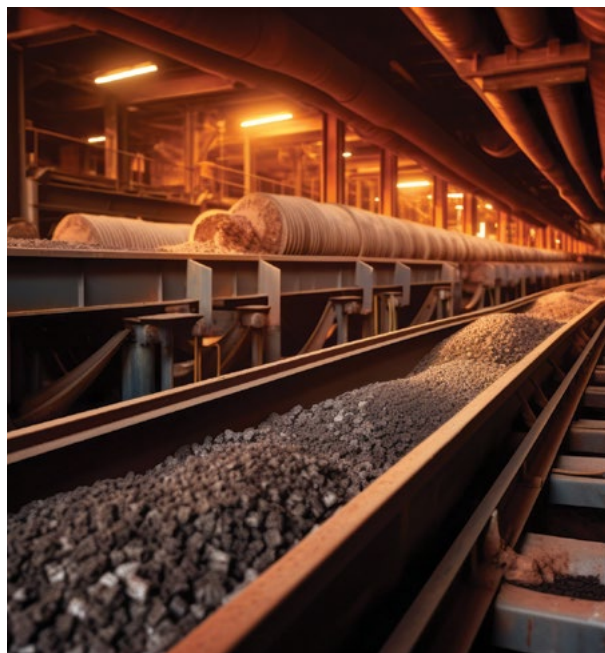
For personal use only

Mining Operations

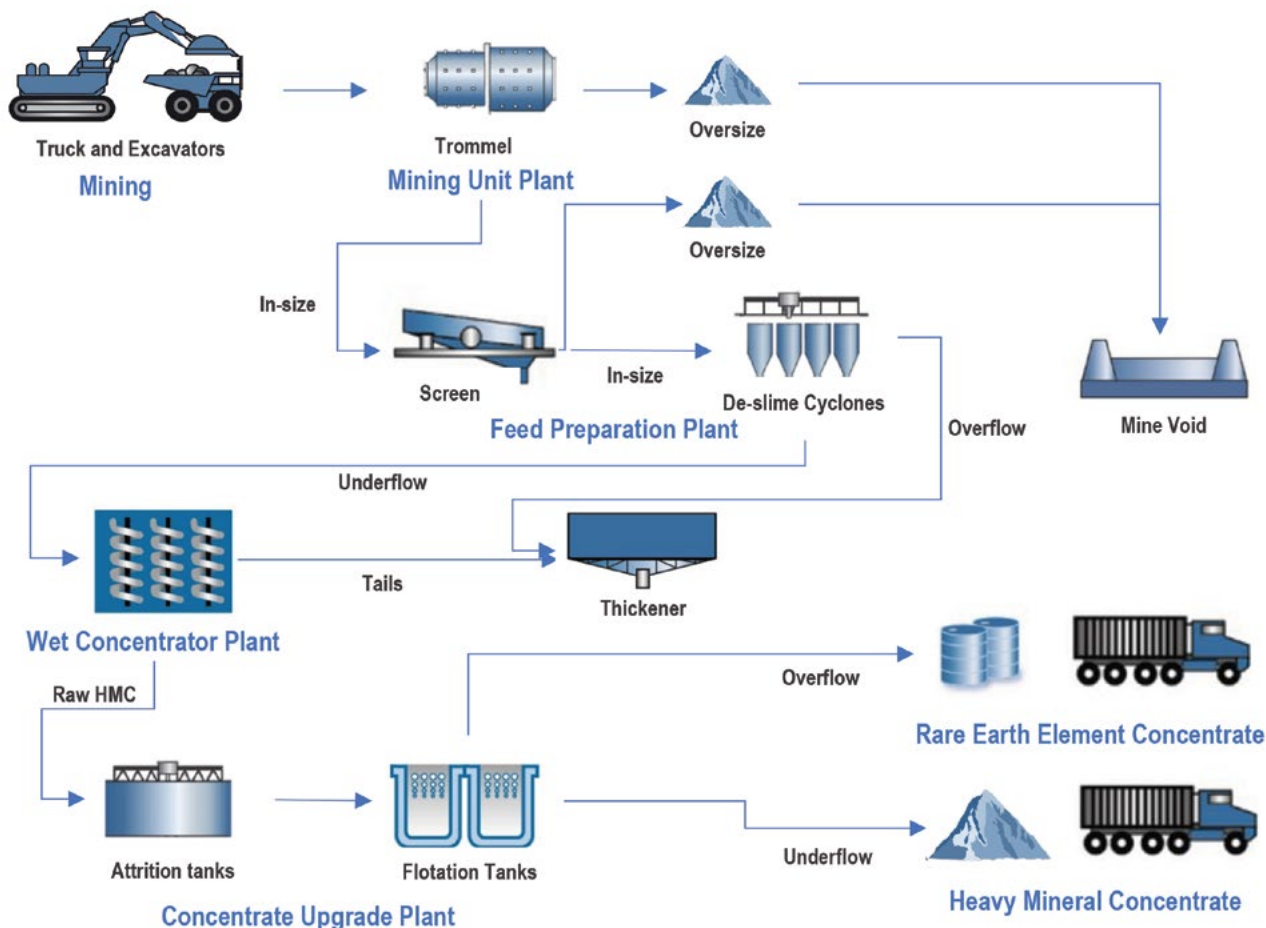
Over the 41.5 year Phase 1 project life, mining operations will produce, on average, 7.5Mtpa of ore for processing to produce, on average, 229ktpa of heavy mineral concentrate (HMC) and 7.2ktpa of rare earth concentrate (REEC).

The key features of Phase 1 operations, to be carried out on MIN5532, are:

- Conventional truck and shovel open-pit mining activities to be carried out by an independent contractor;
- Ore will be pumped to a Wet Concentrator Plant (WCP) to Produce a mixed Heavy Mineral Concentrate (HMC); and
- The mixed HMC will be fed to the concentrate upgrade plant (CUP) where it will be separated by flotation into final products of a rare earth element concentrate (REEC) and an HMC containing zircon and titanium dioxide minerals.



Phase 1 Operations Diagram



Phase 2 operations will be carried out on RL2002 to the north and south of MIN5532. Phase 2 has been separated into two sub-phases:

- Phase 2a operations involve a duplication of Phase 1 operations approximately doubling ore throughput and production of HMC and REEC.
- Phase 2b involves the construction of a mineral separation plant (MSP) to process HMC into final downstream zircon and titania products. The MSP, with a throughput of 15Mtpa, will be capable of processing the HMC streams from both the Phase 1 and Phase 2a operations.

Phase 1 has an average strip ratio of 1.6:1, which increases to 2.2:1 for the total Phase 1 and Phase 2 projects.

Technical processing risks have been mitigated through pilot plant scale testing of the HMC and REEC processing flow sheets including:

- WCP pilot plant (2019) - 1,000 tonnes of ore was processed using full-scale spirals, achieving high recoveries to a high grade HMC Product with >95% HM grade,
- CUP Pilot Plant (2021) - Eight tonnes of HMC derived from Donald ore was separated into a high quality REEC, with >60% total rare earth element oxides (TREO)

Regulatory approvals

The Donald Rare Earth and Minerals Sands Project has been subject to detailed evaluation over many years, with all main regulatory approvals completed or well advanced. It is the only critical minerals project in Victoria that has the benefit of the positively assessed EES, a federal EPBC licence and a granted mining licence. In addition, it owns water rights which are sufficient to meet the requirements of the Phase 1 and Phase 2 operations.

Advanced Regulatory Approval Status			
Key Approval Requirement	Completed	Date	Expiry
Environmental Effects Statement	✓	2008	N/A
EPBC (federal)	✓	Mar-09	2034
Cultural Heritage Management Plan	✓	Jan-14	Life of mine
Mining Licence - MIN5532 ¹	✓	Aug-10	Aug-30
Water Rights ²	✓	Jan-12	Jan-41
Radiation Licence ³	✓	Dec-20	Dec-23
Work Plan	✓ Pending	Target EOY 2023	Life of mine

Notes

1. Renewal of a Mining Licence in Victoria involves an application to the government outlining the term of the licence renewal, the reasons for renewal (such as an operating mine), details of the proposed operations for the renewal term and estimated expenditure for the following five years. The maximum term for a mining licence in Victoria is 20 years.
2. Water Rights include a 6.975 GL water entitlement purchased with option to renewal from GWM Water in 2012 for A\$17m, sufficient for Phase 1 & Phase 2.
3. Radiation Licence was first issued in 2014 and have since been renewed periodically.

For personal use only

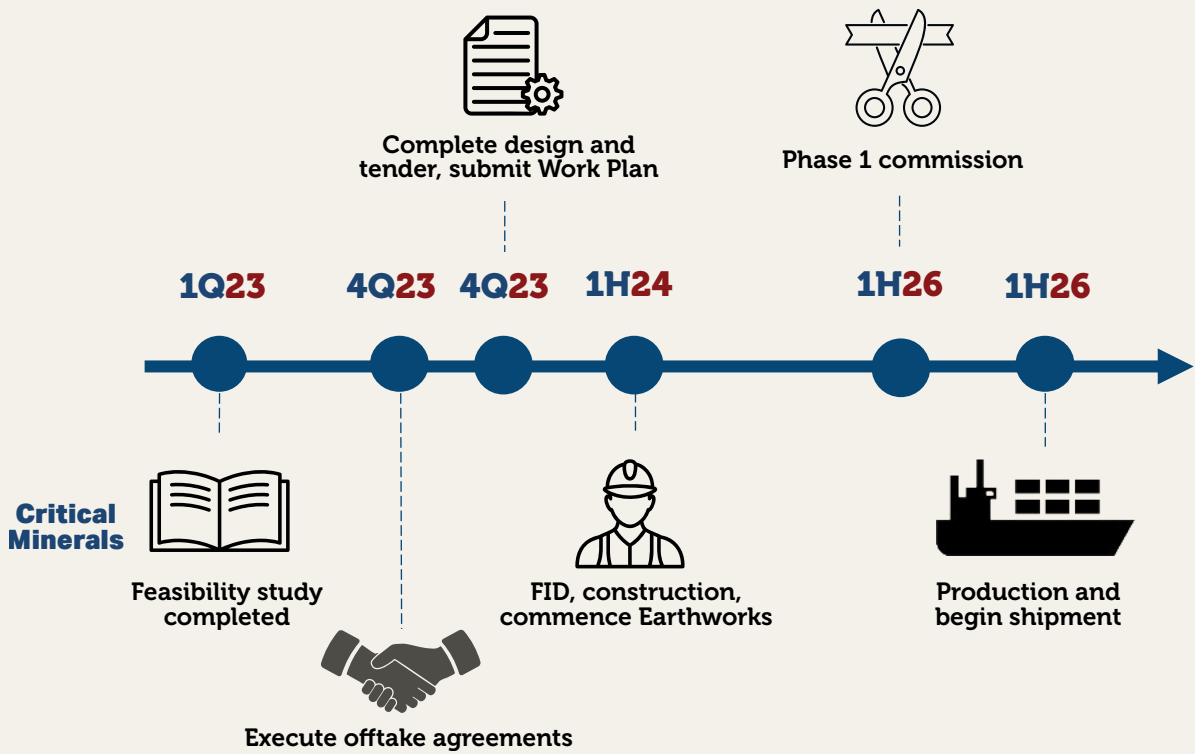
Work Plan

Astron is in the final stages of completing the Mining Work Plan which is scheduled to be submitted to the Victorian state regulators in early 4Q 2023. The Work Plan collates numerous studies relating to the efficient and low-impact delivery of the Donald Project. Examples of recent work includes:

- Phased approach to land access agreements
- Reducing environmental impact of offsite infrastructure through shared land use of power and water infrastructure
- The use of rail for the bulk of final products to minimise impact of vehicles
- The environmental risk workshop held in June this year



Development timetable – Phase 1



Critical Minerals

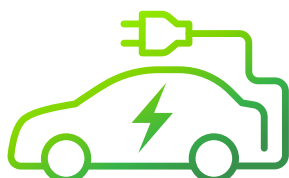
"Critical minerals are metallic or non-metallic materials that are essential to our modern technologies, economies and national security, and whose supply chains are vulnerable to disruption."

Why is it important?

58 Ce Cerium	66 Dy Dysprosium	68 Er Erbium	63 Eu Europium	64 Gd Gadolinium	67 Ho Holmium
57 La Lanthanum	71 Lu Lutetium	60 Nd Neodymium	59 Pr Praseodymium	61 Pm Promethium	62 Sm Samarium
21 Sc Scandium	65 Tb Terbium	69 Tm Thulium	70 Yb Ytterbium	39 Y Yttrium	

Critical minerals, including rare earth elements, are used to manufacture key technologies. This includes the technologies that will help us transition to net zero emissions, such as:

- electric vehicles (EVs)
- batteries
- permanent magnets
- wind turbines
- solar photovoltaics (PV)
- hydrogen electrolyzers
- energy-efficient technologies like LEDs.



Critical minerals, and the technologies they enable, have important applications across a range of sectors such as:

- defence
- space
- energy
- transport
- agri-tech
- medicine
- computing
- telecommunications.



Global supply chains operate most efficiently when they are diverse and transparent. Supply chains that are highly concentrated are fragile, volatile and unreliable. In these cases, markets cannot adequately price and manage risks, meaning businesses cannot compete on a level playing field. As a result, there is a role for governments to work with the private sector to build diverse, resilient and sustainable critical minerals supply chains.

Net zero 2050

Net zero is cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions to be re-absorbed from the atmosphere by oceans and forests. According to the United Nations, the transition to net-zero is one of the greatest challenges human-kind has ever faced. It requires a complete transformation of how we produce, consume and move around and will involve the replacement of hydrocarbon fuels with electrical energy from renewables, such as wind and solar. A new suite of materials is needed to propel this transition.

Astron recognises the Donald Project's potential to advance Australia's commitment to the development of sustainable and inclusive mining practices and sourcing of critical minerals, as part of its role as a signatory of the Sustainable Critical Minerals Alliance.



MARKETING & PRODUCTS

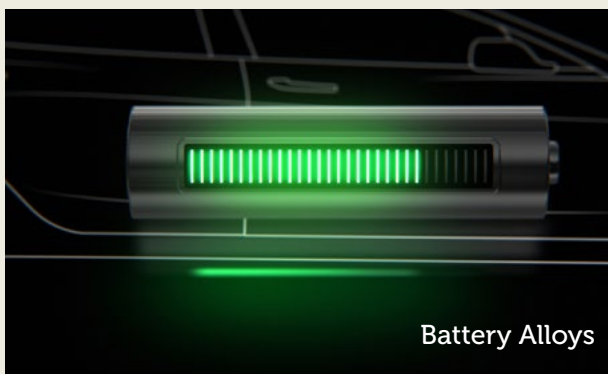
Rare earths market

Donald's REEC, which contains the rare earth bearing minerals monazite and xenotime, will be sold to customers for downstream processing. Total rare earth oxide (TREO) demand is forecast to increase from 2022 to 2035 at a CAGR of 6.0%, driven by the expansion of the permanent magnet sector, in line with increasing demand for electric vehicles, wind turbines and electric motor applications.

China has historically dominated rare earth supply, accounting for 70%¹ of world mine production in 2022.

Increasing demand for rare earths has improved the economics of prospective mining projects, with numerous projects outside of China aiming to reach production by 2033. Of these, 14 rare earth projects (including Donald) have completed feasibility studies and only three projects have commenced production. Supply from developing projects is not expected to come online in time to meet forecast demand, with shortages for certain rare earth elements expected from as early as next year. The Donald Project's advanced timetable allows it to come online at an opportune time to benefit from these favourable market dynamics.

Major rare earth element applications



Donald project REEC attributes

An important characteristic of the Donald REEC, which differentiates the project from many of the western world rare earth producers, is its high heavy rare earth element content which is contained in the mineral xenotime. Xenotime is a source of the valuable heavy rare earths Dysprosium and Terbium which are particularly important in the production of powerful,

heat tolerant magnets with special applications in electric vehicles. The global heavy rare earth market is dominated by Myanmar and south China producers. Conversely, monazite contains the lighter rare earths neodymium and praseodymium which have broader applications and are less valuable. The Donald Deposit has a high xenotime to monazite ratio of greater than 0.3:1.

¹ <https://www.reuters.com/markets/commodities/chinas-rare-earths-dominance-focus-after-mineral-export-curbs-2023-07-05/>

Mineral Sands Market

Today, there are 3.5Mt of mineral sands-based heavy mineral concentrates products being supplied to China, however, there is at least 7Mt of HMC separation capacity within China. This creates a favourable dynamic for Astron to supply Chinese MSPs with Donald HMC. The HMC market is highly correlated with its end products, which are mainly zircon and titanium dioxide minerals.

HMC product

Extensive metallurgical test work undertaken by Astron, with the support of Mineral Technologies, has determined the specifications for the Donald HMC product. Following removal of the rare earth content, the Project will target a 95% heavy mineral grade, resulting in a higher proportion of valuable minerals and lower waste than is typically found in heavy mineral concentrates. In addition, given its favourable zircon assemblage, the Donald HMC is expected to contain higher zirconium dioxide (ZrO_2) concentration than competitor HMCs, increasing its value to mineral sands processors.

The Company has conducted separation testing of Donald HMC into final products at laboratory and pilot plant scales. Zircon recovery was 85%, with 71% recovered as premium zircon and 14% as secondary zircon. Recovery of combined titania product was 86%. The test work demonstrates the ability to achieve commercial recoveries of final products from Donald's HMC product.

Zircon market

Declining zircon supplies globally have created economic tailwinds for producers. The current global zircon consumption is approximately 1.2Mtpa. This is forecast to grow to 1.6Mtpa by 2030, an annual compound growth rate of 2.8%. Ceramics is the major end-use for zircon, accounting for approximately half of zircon global demand. Demand is driven by urbanisation and consumption trends, notably in China, which accounts for approximately half of zircon global demand.

In the short term, economic conditions in China are reducing demand. However, in the medium term, supply forecasts indicate that production will be insufficient to meet current levels of demand. Historically, zircon supply has been concentrated between a small number of key players accounting for about 60% of global supply. However, due to maturation and/or grade decline, these suppliers only accounted for 45% of global zircon production in 2021. The increasing scarcity is projected to create supply shortages, and the Donald Project represents a timely source that will benefit from increasing prices.

Zircon Attributes

Metallurgical test work undertaken on Donald HMC indicates a high proportion of premium grade zircon can be commercially recovered. Furthermore, the test work shows Donald zircon has high whiteness levels and low levels of impurities in comparison with competing zircon products. This provides a distinct competitive advantage for supply to the ceramics market.

Titania Attributes

Titanium feedstocks are primarily used in the production of TiO_2 pigment, which has a wide range of applications including paint, plastics, and coatings. To meet the requirements of the pigment production process, relatively low grade TiO_2 minerals can be processed into intermediate products with higher TiO_2 content, such as titanium slag. Test work indicates that Donald Project titania is a desirable feedstock for producing titanium slag for the Chloride TiO_2 pigment process, known as chloride slag. As a 66% TiO_2 product, with low calcium content, Donald titania has a particular application as a "sweetener" (or higher titanium dioxide content) feed to existing chloride slag feeds.

Titania Market

Astron's titanium dioxide product can be regarded as a hybrid TiO_2 product (referred to as titania) which contains a spectrum of TiO_2 minerals ranging from ilmenite to rutile. With an average TiO_2 grade of 66%, it is particularly well-suited to producing chloride slag feedstock for the chloride pigment production process. The chloride slag based pigment production process is the fastest growing segment of the pigment market. Most of the growth is expected to come from China, where capacity is forecast to grow at 10%pa with an estimated 913,000 tonnes of capacity installed by 2030. China is rapidly adopting chloride pigment process technologies to provide an onshore source of chloride pigment for high-end applications.

As forecast by mineral sands and pigment specialists, TZ Minerals International (TZMI) Pty Ltd, global chloride slag demand will increase by an 8.6% CAGR to 2030, influencing demand for high-quality ilmenite feedstock to slag production.

OTHER ASSETS

Astron Titanium (Yingkou) Ltd

Astron titanium (Yingkou) Limited is a wholly-owned subsidiary of Astron Corporation Limited focused on specialist mineral sands product R&D, mineral processing and chemical processing, with over 30 years' experience in the China minerals Market.

The Company operates a 150,000 tonnes annual feed capacity mineral separation plant with a focus on the recovery of rutile minerals from rutile bearing concentrates. In 2023, China Government-based COVID-19 restrictions, along with the variability and scarcity of stable sources of raw materials, significantly hampered the utilisation of the Yingkou Mineral Separation Plant. The plant was placed on care and maintenance in Mid-March whilst negotiations for raw materials supply were finalised.

In 2023, efforts were made by the Chinese team to improve the processing capacity to accommodate a wider range of feedstock sources, including zircon-bearing materials, to assist in securing material purchase agreements as well as with a view to the requirements for the future processing of a proportion of the Donald HMC.

Following these upgrades to the plant, completed subsequent to year-end, it is anticipated that operation will resume in October 2023, following finalisation of raw material supply contracts.

The China operations represent a separate revenue and profit centre for Astron.



Niafarang Mineral Sands Project

Astron holds the mining licence to a high-grade 1.9km² mineral sands resource on the Casamance coast of Senegal. The mining licence area has been well-delineated and is capable of producing high grade ilmenite and high-quality zircon. Mining plans have been developed and, in prior years, significant work was undertaken to facilitate an early commencement of mining operations. The mining licence is contained within a currently expired, but subject to renewal, exploration licence covering a highly mineralised coastal zone of almost 400km² that stretches 75 kilometres north-south along the Casamance coast.

The planned mining approach involves conventional dry mining with nearby concentrating and the sale of concentrate to a toll processor or to Astron's Chinese facilities in Yingkou.

The Niafarang Mining Licence was renewed in February 2023. Continued engagement with regulators and community groups in Senegal provides the basis for the future progression of the Niafarang mineral sands project to a construction and production stage.



ESG & Community engagement



Stakeholder Engagement

Astron recognises the importance of its social licence to operate and is committed to working with the communities in which its activities are located to maximise benefits to all stakeholders.

Australia

During the year, Donald Mineral Sands staff have continued to engage with State and Federal members of parliament, local community groups and Shire Councils to provide project updates and discuss issues of concern including labour, housing and opportunities for local businesses.

Community Sponsorships

Astron completed another round of the DMS Community sponsorship program with funding provided to four community projects and events. The Company was able to sponsor the Donald Golf and Bowls Club senior and junior golf tournaments, contributed to a new printer for the monthly Minyip Lions Club community newsletter, supported the Murtoa show and are sponsoring the live music and film presentation at Murtoa's Big Weekend.

Economic impact study

In November 2022, Deloitte's Access Economics team undertook a detailed economic impact analysis (EIA) of Phase 1 operations on MIN5532. The study focused on the impact of employment, economic flow-on benefits and improved social infrastructure to the local project area and the wider Victoria region. Economic impacts are long-lasting over the 40 year life of Phase 1 operations.

Key economic findings for the local project area include:

- Increased economic activity by a present value of \$2.2 billion
- Average annual economic boost in output of \$205 million
- Creation of 150 full time equivalent (FTE) direct jobs (including contractors)



Memorandum of Understanding with Yarriambiack Shire Council

On 23 November 2022, Astron signed a Memorandum of Understanding (MOU) with Yarriambiack Shire Council (YSC). The MOU provides for Astron and YSC to cooperate to support the timely delivery of the Donald Project, and to maximise the commensurate benefits of the Projects development to the local region. The Astron team look forward to having a meaningful, long-term relationship with residents and stakeholders.

Astron Corporation Limited Chairman Mr George Lloyd and CEO Mr Tiger Brown pictured signing the MOU with Yarriambiack Shire Council Mayor Cr Kylie Zanker (centre) and Chief Executive Officer Ms Tammy Smith (right).



Test Pit rehab update

Over 1,000 tonnes of ore was extracted from a test pit during metallurgical work for the DFS. The disturbed land was rehabilitated in 2018 and has since been used for agriculture operations. Multiple successful harvests, including this year's harvest of barley crop, continue to demonstrate the effectiveness of Astron's rehab process in action.

Excavated test pit and land after rehabilitation.



Ore Reserves & Mineral Resources Statement

The following provides an overview of the JORC 2012 compliant Ore Reserves and Mineral Resources for the Donald Rare Earth and Mineral Sands Project.

The Ore Reserves and Mineral Resources Statement is based on, and fairly presents, information and supporting documentation prepared by a competent person and the Ore Reserves and Mineral Resources as a whole have been approved by a named competent person, as seen in the Competent Persons Statement on page 40.

Ore Reserves

Astron announced updated Ore Reserves totalling 309Mt at 4.4% HM for MIN5532 on 31 March 2023 (Table 1). The Ore Reserve estimate is based on the MIN5532 Mineral Resource estimate, announced to the ASX on 1 December 2022 that used heavy liquid separation analysis to estimate tonnes, HM, slimes and oversize plus valuable heavy mineral data.. Measured and Indicated Mineral Resources were converted to Proved and Probable Ore Reserves respectively, subject to mine design, modifying factors and underlying economic evaluation.

Astron announced updated RL2002 Ore Reserves totalling 516Mt at 4.6% HM on 27 June 2023 (Table 1). The Ore Reserve estimate is based on the RL2002 Mineral Resource estimate, announced to the ASX on 7 April 2016. Measured and Indicated Mineral Resources were converted to Proved and Probable Ore Reserves respectively, subject to mine design, modifying factors and underlying economic evaluation.

Based on the announced updates to the Ore Reserves for MIN5532 and RL2002, total Ore Reserves of the Donald Deposit increased by 223Mt (37%). Total in-situ zircon reserves increased by 22.6% to 6.7Mt and in-situ monazite reserves increased by 32.0% to 648.2kt.

The Ore Reserve Statement is reported in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition and ASX Listing Rules (JORC Code (2012)). The Statement includes a revised Ore Reserves estimate of the Donald project that complies with the requirements of the JORC Code (2012).

Table 1: Ore Reserve for the Donald Deposit (MIN5532 and RL2002) as at 30 June 2023

					% of total HM					
Classification	Tonnes (mt)	Total HM (%)	Slimes (%)	Oversize (%)	Zircon	Rutile	Ilmenite	Leucoxene	Monazite	Xenotime
MIN5532										
Proved	263	4.4	15.4	9.8	16.7	5.5	21.6	25.9	1.8	0.67
Probable	46	4.1	19.7	11.1	15.3	5.5	21.3	20.1	1.8	0.64
Total	309	4.4	16.1	10.0	16.5	5.5	21.6	25.1	1.8	0.66
Within RL2002 outside of MIN5532										
Proved	152	5.6	7.1	18.8	21.1	9.4	31.3	18.2	1.8	-
Probable	364	4.1	13.7	15.7	17.1	7.5	32.8	19.3	1.6	-
Total	516	4.6	11.7	16.6	18.6	8.2	32.3	18.9	1.7	-
Total Donald Deposit										
Proved	415	4.8	12.4	13.1	18.6	7.2	25.7	22.6	1.8	See Notes
Probable	410	4.1	14.4	15.2	16.9	7.3	31.5	19.4	1.6	See Notes
Total	825	4.5	13.4	14.1	17.8	7.2	28.4	21.2	1.7	See Notes

**Table 2: Ore Reserve for the Donald Deposit (MIN5532 and RL2002)
as at 30 June 2022**

					% of total HM					
Classification	Tonnes (mt)	Total HM (%)	Slimes (%)	Oversize (%)	Zircon	Rutile	Ilmenite	Leucoxene	Monazite	Xenotime
MIN5532										
Proved	170	5.3	14.2	11.9	18.8	7.1	31.4	22.1	1.9	-
Probable	24	4.9	13.4	12.5	20.2	6.7	33.2	21.3	2.0	-
Total	194	5.3	14.1	12.0	19.0	7.0	31.6	22.0	1.9	-
Within RL2002 outside of MIN5532										
Proved	140	19.1	7.1	5.6	31.0	18.4	9.6	21.2	1.8	-
Probable	268	15.8	14.4	4.0	32.3	19.5	7.5	17.0	1.6	-
Total	408	16.9	11.9	4.5	31.8	19.0	8.4	18.8	1.8	-
Total Donald Deposit										
Proved	310	5.4	16.4	9.8	19.9	8.2	31.2	20.4	1.8	See Notes
Probable	292	4.1	15.6	14.2	17.3	7.4	32.4	19.7	1.6	See Notes
Total	602	4.8	16.0	11.9	18.8	7.9	31.7	20.1	1.7	See Notes

Notes to Tables 1 & 2:

1. The ore tonnes have been rounded to the nearest 1Mt and grades have been rounded to one decimal place except for xenotime which is rounded to two decimal places.
2. The Ore Reserve is based on Indicated and Measured Mineral Resource contained within mine designs above an economic cut-off.
3. A break-even cut-off has been applied defining any material with product values greater than processing cost as Ore.
4. Mining recovery and dilution have been applied to the figures above.
5. The updated RL2002 Ore Reserve does not include an announced figure on xenotime due to historical samples used in the Ore Reserve calculation not being analysed for xenotime. Further drilling work consisting of a maximum of 958 drillholes may be undertaken to further define the Ore Reserve and delineate the xenotime content. Metallurgical test work confirms the existence of xenotime to be relatively consistent across the mineral deposit, which represents upside to the announced combined rare earth mineral figures. Thus, the xenotime content of the entire Donald Deposit has not been stated.
6. The rutile grades are a combination of rutile and anatase minerals.
7. The Ore Reserve estimates have been compiled in accordance with the guidelines defined in the 2012 JORC Code

The Ore Reserve estimate was prepared by AMC Consultants Pty Ltd, an experienced and prominent mining engineering with appropriate mineral sands experience in accordance with the JORC Code (2012 Edition). The Ore Reserve is estimated using all available geological and relevant drill hole and assay data, including mineralogical sampling and test work on mineral recoveries and final product qualities.

The Company is not aware of any new information or data that materially affects the information included in the Ore Reserve estimate and confirms that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

Mineral Resources

Mineral Resources only used heavy liquid separation analysis to estimate tonnes, HM, slimes and oversize for the Donald Project using a 1% HM cut-off grade. Resources were last estimated for MIN5532 on 1 December 2022 with RL2002 and RL2003 on 7 April 2016. These Mineral Resources represent resource estimates with and without valuable heavy mineral (VHM) data to provide a guide to the total potential tonnes and HM% for the Donald and Jackson deposits. Resources without VHM data were not used in the Ore Reserve Estimation by AMC. The Mineral Resources for the Donald and Jackson deposits based on 1% HM cut-off grade is shown in Table 2.

Based on the updated Mineral Resource for MIN5532 as outlined above, total Mineral Resources reported above a 1% total HM cut-off increased by 69Mt (1.2%), highlighted by a 3.1% increase in inferred resources to 737Mt.

Table 3: Mineral Resource above a 1% total HM cut-off as at 30 June 2023

Classification	Tonnes (mt)	Total HM (%)	Slimes (%)	Oversize (%)
Within MIN5532				
Measured	394	4.2	16	10
Indicated	110	3.5	24	11
Inferred	20	2.3	22	14
Subtotal	525	4.0	18	10
Within RL2002 outside of MIN5532				
Measured	343	3.9	20	8
Indicated	833	3.3	16	14
Inferred	1,595	3.3	16	6
Subtotal	2,771	3.4	16	9
Total within Donald Deposit (RL2002)				
Measured	737	4.1	18	9
Indicated	943	3.3	17	13
Inferred	1,615	3.3	16	6
Subtotal	3,296	3.5	17	9
Total within Jackson Deposit (RL2003)				
Measured	-	-	-	-
Indicated	1,903	2.8	19	6
Inferred	584	2.9	17	3
Subtotal	2,487	2.9	19	5
Total Donald Project				
Measured	737	4.1	18	9
Indicated	2,846	3.0	18	8
Inferred	2,199	3.2	16	5
Total	5,783	3.2	17	7

Table 4: Mineral Resource above a 1% total HM cut-off as at 30 June 2022

Classification	Tonnes (mt)	Total HM (%)	Slimes (%)	Oversize (%)
Within MIN5532				
Measured	372	4.5	14.4	12.8
Indicated	75	4.0	13.8	13.1
Inferred	7	3.5	13.5	10.6
Subtotal	454	4.4	14.2	12.8
With RL2002 Outside of MIN5532				
Measured	343	3.9	20	8
Indicated	833	3.3	16	14
Inferred	1,595	3.3	16	6
Subtotal	2,771	3.4	16	9
Total within Donald Deposit (RL2002)				
Measured	715	4.2	17.0	10.6
Indicated	907	3.4	16.0	1.4
Inferred	1,603	3.4	15.7	6.0
Subtotal	3,225	2.9	18.5	5.2
Total within Jackson Deposit (RL2003)				
Measured	-	-	-	-
Indicated	1,903	2.8	19	6
Inferred	584	2.9	17	3
Subtotal	2,487	2.9	19	5
Total Donald Project				
Measured	715	4.3	18.1	11.1
Indicated	2,811	3.0	17.9	8.2
Inferred	2,187	3.3	16.4	5.5
Total	5,712	3.2	16.9	7.3

Notes to Tables 3 & 4:

1. MRE is based on heavy liquid separation (HLS) analysis only.
2. The total tonnes may not equal the sum of the individual resources due to rounding.
3. The cut-off grade is 1% HM.
4. The figures are rounded to the nearest: 1M for tonnes, one decimal for HM and whole numbers for slimes and oversize.

The Mineral Resources for the Donald deposit based on 1% HM cut-off grade and valuable heavy mineral data are shown in Table 5. The generation of the Ore Reserve estimates outlined Table 1 for the proposed Phase 1 and 2 of the Donald Project is based on the Measured and Indicated resources outlines in Table 5 below.

Based on the updated Mineral Resource estimate for MIN5532 announced on 1 December 2022, total Mineral Resources where VHM data is available reported above 1% total HM cut-off increased by 207Mt (8.5%) highlighted by increases in Measured resources of 131Mt and Indicated resources of 61Mt. Contained rare earth minerals increased by approximately 200kt as a result of an increase in monazite and the addition of a 135kt maiden resource.

Table 5: Mineral Resource where VHM data is available reported above a 1% total HM cut-off as at 30 June 2023

							% of total HM			
Classification	Tonnes (mt)	HM (%)	Slimes (%)	Oversize (%)	Zircon	Rutile/ Anatase	Ilmenite	Leucoxene	Monazite	Xenotime
Within MIN5532										
Measured	394	4.2	16	10	16	7	21	24	1.8	0.66
Indicated	110	3.5	24	11	15	6	19	18	1.7	0.61
Inferred	20	2.3	22	14	13	7	19	20	1.4	0.55
Subtotal	525	4.0	18	10	16	7	21	23	1.8	0.65
Within RL2002 outside of MIN5532										
Measured	185	5.5	19	7	21	9	31	19	2.0	-
Indicated	454	4.2	16	13	17	7	33	19	2.0	-
Inferred	647	4.9	15	6	18	9	33	17	2.0	-
Subtotal	1,286	4.8	16	9	18	8	33	18	2.0	
Total within Donald Deposit (RL2002)										
Measured	579	4.6	17	9	18	8	25	22	1.9	-
Indicated	564	4.1	17	13	17	7	31	19	2.0	-
Inferred	667	4.8	15	6	18	9	33	17	2.0	-
Subtotal	1,811	4.6	16	9	18	8	30	19	1.9	-
Total within Jackson Deposit (RL2003)										
Measured	-	-	-	-	-	-	-	-	-	-
Indicated	668	4.9	18	5	18	9	32	17	2.0	-
Inferred	155	4.0	15	3	21	9	32	15	2.0	-
Subtotal	823	4.8	18	5	19	9	32	17	1.0	-
Total Donald Project										
Measured	579	4.6	17	9	18	8	25	22	1.9	-
Indicated	1232	4.5	18	9	17	8	31	18	2.0	-
Inferred	822	4.7	15	5	18	9	33	17	2.0	-
Total	2,634	4.6	17	8	18	8	31	18	2.0	-

Table 6: Mineral Resource where VHM data is available reported above a 1% total HM cut-off as at 30 June 2022

							% of total HM			
Classification	Tonnes (mt)	HM (%)	Slimes (%)	Oversize (%)	Zircon	Rutile/ Anatase	Ilmenite	Leucoxene	Monazite	Xenotime
Within MIN5532										
Measured	264	5.4	14.2	12.2	19	7	31	22	2	-
Indicated	49	4.9	13.6	12.1	20	7	33	22	2	-
Inferred	5	4.2	13.5	10.2	22	7	36	20	3	-
Subtotal	317	5.3	14.1	12.1	19	7	32	22	2	-
Within RL2002 outside of MIN5532										
Measured	185	5.5	19	7	21	9	31	19	2.0	-
Indicated	454	4.2	16	13	17	7	33	19	2.0	-
Inferred	647	4.9	15	6	18	9	33	17	2.0	-
Subtotal	1,286	4.8	16	9	18	8	33	18	2.0	-
Total within Donald Deposit (RL2002)										
Measured	448	5.4	16.2	10.2	20	8	31	21	2	-
Indicated	503	4.3	15.7	13.1	18	7	33	20	2	-
Inferred	652	4.9	15.2	5.8	18	8	33	17	2	-
Subtotal	1,604	4.9	15.6	9.3	18	8	32	19	2	-
Total within Jackson Deposit (RL2003)										
Measured	-	-	-	-	-	-	-	-	-	-
Indicated	668	4.9	18	5	18	9	32	17	2.0	-
Inferred	155	4.0	15	3	21	9	32	15	2.0	-
Subtotal	823	4.8	18	5	19	9	32	17	1.0	-
Total Donald Project										
Measured	448	5.4	16.2	10.2	20	8	31	21	2	-
Indicated	1,171	4.6	17.1	8.7	18	8	32	18	2	-
Inferred	807	4.7	15.2	5.3	19	9	33	17	2	-
Total	2,427	4.8	7.9	7.9	19	8	32	18	2	-

Notes to Tables 5 & 6

1. MRE is based on heavy liquid separation analysis and where valuable heavy minerals (VHM) have been determined.
2. The total tonnes may not equal the sum of the individual resources due to rounding.
3. The cut-off grade is 1% HM.
4. The figures are rounded to the nearest: 1Mt for tonnes, one decimal for HM, monazite, whole numbers for slimes, oversize, zircon, rutile + anatase, ilmenite and leucoxene and two decimals for xenotime.
5. Zircon, ilmenite, rutile+anatase, leucoxene, monazite and xenotime percentages are reported as a percentage of HM.
6. Rutile + anatase, leucoxene and monazite resource has been estimated using fewer samples than the other valuable heavy minerals outside MIN5532. The accuracy and confidence in their estimate is therefore lower.

The Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition, sets out minimum standards, recommendations and guidelines for public reporting in Australia of Exploration Results, Mineral Resources and Ore Reserves authored by the Joint Ore Reserves Committee of The Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Governance and internal controls

Mineral Resources and Ore Reserves are compiled by qualified Astron personnel and / or independent consultants following industry standard methodology and techniques. The underlying data, methodology, techniques and assumptions on which estimates are prepared are subject to internal peer review by senior Company personnel, as is JORC compliance. Where deemed necessary or appropriate, estimates are reviewed by independent consultants. Competent Persons named by the Company are members of the Australasian Institute of Mining and Metallurgy and / or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code 2012.

Competent persons statement

The information in this document that relates to the estimation of the RL2002 Mineral Resources is based on information compiled by Mr Rod Webster, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Webster is a full-time employee of AMC Consultants Pty Ltd and is independent of Astron Corporation Limited, the owner of the Donald Project Mineral Resources. Mr Webster has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially modified from the relevant original market announcement.

The information in this document that relates to the MIN5532 Mineral Resource estimate is based on, and fairly reflects, information and supporting documentation compiled by Mrs Christine Standing, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mrs Standing is a full-time employee of Optiro Pty Ltd (Snowden Optiro) and is independent of Astron Corporation Limited, the owner of the Mineral Resources. Mrs Standing has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially modified from the relevant original market announcement.

The information in this document that relates to the estimation of the Ore Reserves for MIN5532 is based on information compiled by Mr Pier Federici, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Federici is a full-time employee of AMC Consultants Pty Ltd and is independent of Astron Corporation Limited. Mr Federici has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially modified from the relevant original market announcement.

The information in this report that relates to the RL2002 Ore Reserve estimate is based on, and fairly reflects, information and supporting documentation compiled by Mr Pier Federici FAusIMM(CP), a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Federici is a full-time employee of AMC Consultants Pty Ltd (AMC) and is independent of Astron Corporation Limited, the owner of the Ore Reserve. Mr Federici has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Federici consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Supporting information required under ASX listing rules, chapter 5

The supporting information below is required, under Chapter 5 of the ASX Listing Rules, to be included in market announcements reporting estimates of Mineral Resources and Ore Reserves.

Previously reported information

This report includes information that relates to Exploration Results, Mineral Resources and Ore Reserves prepared and first disclosed under the JORC Code 2012 and a Bankable Feasibility Study. The information was extracted from the Company's previous ASX announcements as follows:

- RL2002 Ore Reserve Update – "RL2002 Ore Reserve Update and Project Financial Update" – 27 June 2023
- MIN5532 Ore Reserve Update – "Donald Project MIN5532 Ore Reserves Update" – 31 March 2023
- MIN5532 Mineral Resource Update – "Donald Project Mining Licence Mineral Resource Update" – 1 December 2022
- RL2002 Mineral Resources – "Donald Mineral Sands Project Mineral Resource Update" – 7 April 2016

These announcements are available to view on Astron's website at www.astronlimited.com.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, Ore Reserves and the Donald Rare Earth and Mineral Sands Project Definitive Feasibility Study and Phase 2 Pre-Feasibility Study, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the relevant original market announcements.

For personal use only



Astron Corporation Limited

ARBN 154 924 553, Incorporated in Hong Kong, Company Number: 1687414

Annual Financial Statements

For the year ended 30 June 2023

Astron Corporation Limited

Hong Kong Company Number: 1687414, ARBN 154 924 553

Annual Financial Statements

For the year ended 30 June 2023

Contents

DIRECTORS' REPORT	44
REMUNERATION REPORT	52
AUDITOR'S INDEPENDENCE DECLARATION	58
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	59
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	60
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	61
CONSOLIDATED STATEMENT OF CASH FLOWS	62
NOTES TO THE FINANCIAL STATEMENTS	63
1. General Information	63
2. Basis of preparation and significant accounting policies	63
3. Critical accounting estimates and judgments	72
4. Segment information	73
5. Revenue and other income	75
6. Loss before income tax expense	76
7. Income tax expense	77
8. Loss per share	78
9. Auditor's remuneration	78
10. Cash and cash equivalents	78
11. Trade and other receivables and prepayments	80
12. Inventories	81
13. Investments in Gambia	81
14. Financial assets at fair value through profit or loss	82
15. Subsidiaries	82
16. Property, plant and equipment	83
17. Exploration and evaluation assets	85
18. Development costs	86
19. Right-of-use assets	87
20. Trade and other payables	87
21. Contract liabilities	87
22. Borrowings	88
23. Convertible notes	88
24. Provisions	89
25. Deferred tax	89
26. Issued capital	90
27. Share based payments	91
28. Reserves	94
29. Holding company statement of financial position	95
30. Dividends	96
31. Related party transactions	96
32. Commitments	97
33. Cash flow information	98
34. Employee benefit obligations	99
35. Financial Risk Management	99
DIRECTORS' DECLARATION	105
INDEPENDENT AUDITOR'S REPORT	106
ADDITIONAL INFORMATION REQUIRED BY LISTED COMPANIES	110
1. SHAREHOLDING INFORMATION	110
2. TENEMENT SCHEDULE	111
3. INFORMATION POLICY	112
GLOSSARY OF ABBREVIATIONS AND DEFINED TERMS	113
CORPORATE DIRECTORY	114

For personal use only

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

The Directors of Astron Corporation Limited (**Astron** or the **Company**) present their report, together with the consolidated financial statements of the Company and its controlled entities (the **Group**), for the year ended 30 June 2023 and the audit report thereon.

FINANCIAL SNAPSHOT

Net tangible asset value per share	Down	294.9%	To	(0.68) cps
Revenue, Interest Income and Other Income	Down	14.8%	To	16,395,690
Net cash flow from operating activities	Down	\$2,041,913	To	(1,647,745)
Loss before tax	Down	\$979,221	To	\$6,039,121
Loss after tax attributable to members	Down	\$1,307,459	To	\$7,730,992
Total comprehensive loss	Up	\$22,456	To	\$8,115,006

PRINCIPAL ACTIVITIES / BUSINESS ENTITIES

Astron is a Hong Kong incorporated company listed on the Australian Securities Exchange (**ASX**). The principal activities undertaken by wholly-owned subsidiary companies include:

- exploration, evaluation and project work through Astron Pty Limited and Donald Mineral Sands Pty Limited to advance the Group's holding of the Donald Rare Earth and Mineral Sands Project in regional Victoria to a Final Investment Decision (**FID**). The project will consist of an initial phase involving the mining and concentrating of heavy mineral ore to produce a rare earth element concentrate (**REEC**) and mineral sands heavy mineral concentrate (**HMC**) for sale to domestic and international processors;
- the operation of titanium-based materials processing activities, including a mineral separation plant at Yingkou, China, the evaluation and advancement of downstream applications for zircon and titanium, as well as procurement and trading activities through the Company's wholly-owned subsidiary Astron Titanium (Yingkou) Ltd; and
- the evaluation and the progression of regulatory approvals for the potential development of the Niafarang mineral sands deposit in Senegal.

Revenue is currently generated from the Group's China-based processing operations. Both the Donald rare earth and mineral sands project and the Niafarang mineral sands project are at a pre-execution and pre-production stage respectively.

There were no significant changes to the Group structure in the financial year ended 30 June 2023.

DIRECTORS

The names of directors in office during the year and up to the date of this report are:

Mr George Lloyd
Mr Tiger Brown
Mdm Kang Rong
Mr Gerard King
Dr Mark Elliott

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

During the year and up to the date of this report, all of the directors of Astron were also directors of certain subsidiaries of the Company. Other directors of the Company's subsidiaries during the year and up to the date of this report are:

Mdm Jian Ping

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

INFORMATION ON DIRECTORS

Mr George Lloyd		Chairman (non-executive director)
Qualifications		Bachelor of Engineering Science in Industrial Engineering Master of Business Administration, University of New South Wales Stanford University Executive Management Programme
Experience		- Board member since 20 July 2021 - Professional career has encompassed roles with RGC Limited; Elders Resources Limited; Southern Pacific Petroleum NL, Central Pacific Minerals NL and Australian Gas Light Company. - Mr Lloyd is Chairman of engineering services group Ausenco Pty Ltd and Chairman of bauxite development company VBX Limited. He has held numerous directorships of public listed and private companies, including Metro Mining Limited, Pryme Energy Limited, Cape Alumina Limited, Equatorial Mining Limited, Goldfields Limited and Aurion Gold Limited
Interest in Shares ¹		675,926 CDIs 1,200,000 unlisted share options
Special Responsibilities		Audit, Nomination & Remuneration Committees
Directorships held in other listed entities		Not currently a director of any other listed company
Mr Tiger Brown		Managing director
Qualifications		B.S. (Economics), Wharton School of Business, University of Pennsylvania
Experience		- Board member since 4 December 2019 - Mr Brown has worked with Astron business entities in China and Australia before being appointed a director in the role of Executive Director, Business Development. He was appointed Managing Director effective 17 February 2021
Interest in Shares ¹		96,017,824 CDIs
Special Responsibilities		Managing Director and Nomination & Remuneration Committee
Directorships held in other listed entities		Not currently a director of any other listed company

1. Interest in Shares includes directly, indirectly, beneficially or potentially beneficially held shares.

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

For personal use only

Mdm Kang Rong		Executive director and chief executive of Astron Titanium (Yingkou) Ltd
Qualifications		B.E. (Chem), Shanghai University; Executive MBA, Chungking Graduate School
Experience		- Board member since 31 January 2012 (prior to that of Astron Pty Limited from 21 August 2006) - Mdm Kang Rong joined Astron in 1995, originally as marketing manager of Astron in Shenyang. - In the subsequent years, Mdm Kang Rong as held a number of leadership roles, including acting as the group's Chief Operating Officer for a number of years before Mr Tiger Brown became Managing Director. - In addition to her board position, Mdm Kang Rong is actively involved in managing the company's Chinese operations. - Prior to her time at Astron, Mdm Kang Rong worked as a Chemical Production Engineer at Shenyang Chemical Company (a major Chinese company based in Shenyang, Liaoning Province, China) before moving to Hainan Island to work in sales and administration roles for Japanese trading company, Nissei, Ltd
Interest in Shares ¹		4,000,100 CDIs
Special Responsibilities		Chief Executive of Astron's China-based processing and trading operations, Astron Titanium (Yingkou) Ltd
Directorships held in other listed entities		Not currently a director of any other listed company
Mr Gerard King		Non-executive director
Qualifications		LLB, University of Western Australia AICD
Experience		- Board Member since 6 December 2011 (Astron Pty Limited, 5 November 1985) - Former partner of law firm Phillips Fox with over 30 years of experience in corporate and business advisory roles including as a director of a number of Australian public companies
Interest in Shares ¹		1,900,890 CDIs and 100 Ordinary shares 400,000 unlisted share options
Special Responsibilities		Audit Committee
Directorships held in other listed entities		Not currently a director of any other listed company

1. Interest in Shares includes directly, indirectly, beneficially or potentially beneficially held shares.

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

Dr Mark Elliott

Non-executive director

Qualifications

Diploma in Applied Geology, Ballarat School of Mines; Ph.D, University of New South Wales, FAICD, FAusIMM (CP Geo), FAIG

Experience

- Board member since 25 January 2021
- Chartered professional accreditation as a geologist
- Commenced his career as a senior geologist with Anaconda Australia Inc
- Subsequently held roles as Chairman and Managing Director of ASX-listed and private companies including Mako Gold Ltd, Hot Rock Ltd, Chinalco Yunnan Copper Resources Limited and Zirtanium Limited

Interest in Shares¹

438,993 CDIs
800,000 unlisted share options

Special Responsibilities

Chair of the Audit, Nomination & Remuneration Committees

Directorships held in other listed entities

Chairman of AuKing Mining Limited (retired October 2022), Non-executive director of Nexus Minerals Limited (retired November 2022) and Aruma Resources Limited (retired August 2022)

1. Interest in Shares includes directly, indirectly, beneficially or potentially beneficially held shares.

DIRECTORS' MEETINGS

Throughout the year ended 30 June 2023, there were 6 directors' meetings. Eligibility and attendances were as follows:

Director	Eligible	Attended
Mr George Lloyd	6	6
Mr Tiger Brown	6	6
Mdm Kang Rong	6	5
Mr Gerard King	6	6
Dr Mark Elliott	6	6

During the year ended 30 June 2023, there were two Audit and remuneration committee meetings and one Nomination and Remuneration Committee meeting. Eligibility and attendances were as follows:

Director	Audit & Risk		Nomination & Remuneration	
	Eligible	Attended	Eligible	Attended
Mr George Lloyd	2	2	1	1
Mr Tiger Brown	NA	NA	1	1
Mr Gerard King	2	2	NA	NA
Dr Mark Elliott	2	2	1	1

SHARE OPTIONS

During the year, 2,000,000 options over issued shares or interests in the Group were granted and remain outstanding at 30 June 2023.

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

OPERATIONAL AND FINANCIAL REVIEW

Business Highlights

- Significant progress was made at the Donald Rare Earth and Mineral Sands Project with the completion of the Definitive Feasibility Study (DFS) for MIN5532 (the site of Phase 1 operations) in April 2023 and the Pre-Feasibility Study (PFS) for RL2022 (the site of Phase 2 operations) in June 2023. In conjunction with the completion of the DFS and PFS, updated Mineral Resource and Ore Reserve estimates were completed for MIN5532 along with an updated Ore Reserve estimate for RL2022. The Project also made substantial progress towards finalisation of the Victorian Work Plan (which is expected to be submitted to the regulatory authorities in October 2023) and critical off-site infrastructure including overhead powerline, road and water upgrades and accommodation village.
- China Government-based COVID-19 restrictions, along with the variability and scarcity of stable sources of raw materials, significantly hampered the utilisation of the Yingkou Mineral Separation Plant. The plant was shutdown in Mid-March whilst negotiations for raw materials supply continued. Following some upgrades to the plant completed during the shutdown, it is anticipated that the plant will be restarted in October 2023 following finalisation of raw material supply contracts.
- The Company's Mining Licence for the Niafarang project was renewed in February 2023. Continued engagement with regulators and community groups in Senegal as a basis for the future progression of the Niafarang mineral sands project to a construction and production stage.

Financial results – key features

The main features of the 2023 financial results are provided below. Segmental results are provided in Note 4 to these financial statements, which provide information on the financial performance for the main business entities and activities of the Group.

Revenue

Sales revenue decreased by 23.9% to \$14,458,725 (2022: \$18,999,516) primarily as a result of shut down of the plant in Mid-March 2023 due to the variability and scarcity of stable sources of raw materials. Further, Chinese Government COVID-19 related lockdowns adversely impacted the operations during the third and fourth quarters of 2022.

Expenses

The Company's general and administrative expenses decreased from 2022 to 2023 from \$7,642,970 to \$6,076,128 reflecting decreased product research and development expenses in China, decreases in legal fees relating to the proposed demerger of the China operations and an increase in capitalisation of employee wages relating to the Donald Project.

Net loss

The Company recorded a consolidated net loss before tax of \$6,039,121 (2022: \$7,018,342), a reduction of the net loss of \$979,221 or 14.0%. The decrease in gross margin experienced at the Yingkou operations during the year (as outlined above) was offset by an increase in research and development tax incentive income of \$1,543,575, a decrease in general and administrative costs of \$1,566,842 and reduction in non-cash share-based payments of \$334,166.

Operating cash flow

Cash outflows from operations were \$1,647,745 (2022: Operating cash inflows of \$394,168) reflecting an increase in the loss before tax and lower non-cash impairment of capital works in progress offset by changes to working capital balances during the year, with trade and other receivables decreasing by \$7,249,373 offset by a decrease in trade and other payables of \$5,213,606.

Net assets

The Group's net assets as at 30 June 2023 increased to \$90,496,303 (2022: \$85,503,285) as a result of capital raising activities during the year of \$12,683,340 (net of costs) offset by the Company's total comprehensive loss for the year of \$8,115,006.

OPERATIONS REVIEW

Donald

The Donald Project is a long-life mining asset, comprising a world class reserve of rare earths, zircon and titanium minerals with the potential to generate significant value through low-risk conventional mining and heavy mineral processing operations.

The Phase 1 Donald Project Definitive Feasibility Study (DFS), which was released in April 2023, confirmed Donald as a Tier 1, globally significant critical minerals project. The DFS is the culmination of many years of metallurgical testing, detailed design and engineering, community engagement and regulatory approvals.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

Economically, the Phase 1 project is expected to deliver an NPV8 of \$852 million on an initial capital investment of \$364 million. Average annual free cash flow is estimated at \$110 million per annum for the first five years, and \$103 million per annum over the remainder of the 41.5-year mine life. For a project that generates impressive long-term value it has a relatively short payback period of under four years to be followed by many decades of mining operations to drive sustainable, long-term investment returns.

The Project's return profile is attractive and, based on conservative estimates, delivers a post-tax and inflation-adjusted real internal rate of return of 25.8%.

Importantly, the Phase 1 project demonstrates a small portion of the full potential of the Donald Project. Once operational, Phase 1 cash-flows are anticipated to be applied to the equity requirements of the Phase 2 project – for which the indicative project economics (at PFS level) show an incremental NPV of \$1.4B, and an extension of the Phase 1 plus Phase 2 mine life from 41.5 years to 58 years at twice the Phase 1 rate of production. The Donald Project will allow Astron to be a part of the global critical minerals landscape for many decades.

Excitement continues to build around applications of rare earths as they are recognised as the building blocks for the evolution in electric vehicles and renewable energy. A 3MW wind turbine uses close to 40 kilograms of rare earths and, if the world is to achieve its emissions targets, rare earth demand must increase significantly.

The zircon component of Donald's reserves, a high proportion of which has premium quality characteristics, will make a significant contribution to the ceramics markets where demand continues to grow due to the continuing global urbanisation trend.

Rare earths and zircon supplies are both expected to be constrained by 2026, when Donald Phase 1 is expected to be in production. Donald's planned scale and development timing are both crucial not only for supporting energy transition, but also for meeting the supply requirements for the zircon industry, for which a large proportion of current supply is expected to deplete within the next 3 to 5 years.

While Astron commenced the process of engagement with potential product off-take partners in the early stages of project evaluation, the completion of the DFS has facilitated the start of detailed discussions with several parties to secure firm off-take agreements prior to the start of construction.

Prior to the start of construction, Astron must also agree the terms of a work plan with the Victorian Government. The work plan describes the nature and scale of the proposed mining activities, identifies and assesses all risks the works may pose to the environment, details the nature of community engagement, and includes a risk management plan to eliminate or minimise identified risks and monitor performance. The Company is very advanced towards finalisation of the work plan.

Astron raised close to \$13 million in equity during the year. \$5.9 million was raised from share offers with significant support from Astron directors and executives. The high related party ownership of those closest to the project indicates our conviction in the underlying value of the Project. We are also pleased to announce support from Mr Tan Ruiqing, Former Vice Chairman and one of the founders of Lomon Billions Group, who invested \$7 million in a placement for Astron shares. We welcome the support from a sophisticated investor with deep experience in the titanium dioxide and zirconium chemical markets.

Astron aims to fund the Phase 1 execution investment with a split of 60% debt and 40% equity. ICA Partners have been appointed as our debt advisor to secure appropriate debt financing to support construction. ICA Partners are a globally recognised resource specialist firm, experienced in critical mineral projects' financing, notably Iluka's \$1.25 billion Eneabba Rare Earths refinery. Market soundings of potential financiers has been completed with strong interest from domestic and foreign institutions. It is expected that financiers will confirm their interest in the debt financing process during Q4 2023 and further assessment and negotiation to be completed during Q1 2024.

The Pre-Feasibility Study (PFS) for Phase 2 of the Donald Project, also completed during the year, confirmed the project's place as a Tier-1 rare earth and mineral sands project of long-term global significance. Construction for Phase 2 of the project is planned to commence in 2029 with first production towards the end of 2030. Furthermore, the utilisation of just over 40% of the Donald Project Mineral Resource over the combined Phase 1 and Phase 2 projects' 58-year life is a clear indication of the potential for further value creation by way of scale expansion as well as the production of a wide range of materials that are essential to life in the 21st century.

During the year, the Company announced updates to the Mineral Resource and Ore Reserve for MIN5532 (the site of Phase 1 operations) and the Ore Reserve for RL2002. Completed detailed analysis of the 2022 drilling program has increased both Reserves and Resources on MIN5532. Much of this increase is explained by widening the in-size range and drilling samples extending the previously defined ore body. A significant increase in rare earth content was recorded as the xenotime content was added to Valuable Heavy Mineral (VHM) analysis. Expanding our reserves is a significant development, as it strengthens the underlying value of the overall project. Following the updated Ore Reserve estimates announced for both MIN5532 and RL2002, total Donald Project Ore Reserves have increased by 37% to 825Mt since 30 June 2022.

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

China operations

FY2023 was a challenging year for Astron's Chinese operations. Continuing COVID-19 restrictions, including serious lockdowns experienced across major cities in the first half of the financial year, and the on-going industry re-opening difficulties in the latter half of the financial year contributed partly to the lower year on year revenue, which dropped from \$19.0m in FY2022 to \$14.5m in 2023. In addition, supply chain difficulties, and difficulties in sourcing concentrate product meant that a larger proportion of the revenue this year was derived from relatively low margin trading activities, rather than from processing plant operations.

A business review of the Chinese operations, which considered among other things the difficulties in securing long-term feedstock, led to a change in operating strategy to open up the plant to a wider range of concentrate feedstocks (including in preparation for Donald HMC). This resulted in the installation of new separation spirals in the mineral separation plant and has made a positive contribution towards securing a number of long-term feedstock supply arrangements. The new process flowsheet is being commissioned and the plant is expected to reach stable production in the first half of 2024.

Senegal

The Company continued to progress the Niafarang Project through the year, most notably with the renewal of the Company's mining licence to March 2027. The renewal of the mining licence has resulted in increased local community support for the project, including from the local governor and local media representatives. Astron will continue to explore relevant opportunities to advance the project, including through possible farm-out arrangements, Public Private Partnerships or other mutually beneficial structures.

BUSINESS RISKS

Supply risk

The Company is dependent on renewing its existing supply contracts for rutile and zircon middlings to be processed through its plants in China. The Company is currently in advanced discussions with additional feedstock suppliers.

Funding risk

The Donald Project is expected to require a significant capital investment. The Company may seek to raise funds through equity or debt financing or other means. The terms of such financing cannot be determined at this point and may result in delays in execution timelines for the project.

Project execution risk

Project timeframes, capital expenditure, equipment availability, ability to access key personnel or a combination of these and other factors have been captured as potential risks in the risk matrix. Where foreseeable delays which may cause either a delay in the completion of the Donald Project or an overrun in terms of capital expenditure or operational costs, it will be allocated for in the functional revisions and mitigated at that point.

Geopolitical risk

The Company intends to export its products from the Donald Project to various markets. There is a risk that geopolitical risks could adversely impact the proposed sales including intended sales to the Company's subsidiary operations in China.

Commercial and contract risk

Potential future earnings, profitability and growth are likely to the Company's ability to successfully implement its business plans. The Company's ability to do so depends on a number of different factors, including matters which may be beyond the control of the Company.

Commodity price risk

The Company's future revenues are expected to be derived mainly from mineral sands products, rare earth concentrate sales and royalties gained from potential joint ventures or other arrangements. Consequently, the Company's potential future earnings will likely be closely related to the price of such minerals which may fluctuate and exchange rate risks for products sold when denominated in currencies other than the Australian dollar.

Exchange rate risk

The revenue, earnings, assets and liabilities of the Group may be exposed adversely to exchange rate fluctuations. The Company's revenue may be denominated in a foreign currency, and as a result, fluctuations in exchange rates could result in unanticipated and material fluctuations in the financial results of the Group.

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

Environmental regulation

The Group's operations and projects in China, Australia and Senegal are subject to the laws and regulations of all jurisdictions in which it has interests and carries on business, regarding environmental compliance and relevant hazards.

The Environmental Effects Statement for the Donald Project has been approved in Australia. The Group complies with all environmental regulations in relation to its operations and there were no reportable environmental incidents from its Australian operations.

In China, the Group continues working closely with the local authorities to maintain high standards. In relation to the manufacturing processes in China, there are no outstanding exceptions as noted by regular local government environmental testing and supervision.

To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation within the jurisdictions in which it operates and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

Occupational health and safety

During the year there were 3 minor lost time injuries at the company's operations in Yingkou, China. The Company has undertaken steps including a health and safety audit of the plant and plant operations to improve employee's safety.

Significant changes in state of affairs

There have been no significant changes in the Group's state of affairs during the financial year.

LOOKING AHEAD

Matters subsequent to the end of the financial year

The Group has funding options available to provide support for ongoing operations. These funding options could be a mix of third parties or director/shareholder support and will be pursued as required.

No other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely Developments

During the next financial year, the Group expects to:

- secure continuous new feedstock supply and restart operations at the China mineral separation plant;
- finalise the submission and approval of the Victorian Mining Work Plan for the Donald Project;
- negotiate and confirm offtake agreements for REEC and HMC produced by the Donald Project;
- secure appropriate financing for the Donald Project through the most efficient mix of debt and equity funding;
- undertake a Final Investment Decision (FID) for the Donald Project; and
- continue engagement with the local community and regulators in relation to both the Donald Project and the Senegal Project.

For the Donald Project, the following represent the key work streams:

- finalisation of risk management and operating plans for inclusion in the Victorian Mining Work Plan submission;
- tender and award Engineering, Procurement and Construction (EPC) contract;
- engage EPC in early contractor involvement to confirm engineering and design ready for construction commencement;
- complete final design and tender packages for key off-site infrastructure including overhead powerline, water and road upgrades and accommodation village;
- collaborate with advisors and potential financiers to secure appropriate construction funding and undertake FID; and
- complete tender packages for key operating contracts including mining services and transport and logistics.

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

REMUNERATION REPORT

Policy for determining the nature and amount of Key Management Personnel (KMP) remuneration

The remuneration policy of the Group has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering potential long-term incentives based on key performance areas affecting the Group's financial results. The board of Astron Corporation Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for the board members and senior executives of the Group is as follows:

- The remuneration policy for executive directors and other KMP was developed by the Nomination & Remuneration committee and approved by the Board after seeking professional advice from an independent external consultant.
- All executives receive a market-related base salary (which is based on factors such as length of service and experience), other statutory benefits and potential performance incentives.
- The Nomination & Remuneration committee reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives are linked to the performance of the individual and are discretionary. The objective is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

At the discretion of the Committee from time to time shares are issued to executives to reflect their achievements. The Board has approved the Employee Share Option Plan (**ESOP**) and, subsequent to shareholder approval, options were issued to directors and other employees and consultants.

Where applicable executive directors and executives receive a superannuation guarantee contribution required by the government, which was 10.5% during the year ended 30 June 2023 increasing to 11.0% in the year ending 30 June 2024, and do not receive any other retirement benefits.

Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

If shares are given to directors and/or executives, these shares are issued at the market price of those shares.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Group. However, to align director's interests with shareholder interests, the directors are encouraged to hold shares in the Group.

Performance based remuneration

As part of each executive director and executive's remuneration package there is a discretionary short term incentive element. This program intends to align the interests of directors and executives with those of the business and shareholders.

In determining whether or not each executive director and executive's bonus is due, the Nomination & Remuneration committee bases the assessment on audited figures and independent reports where appropriate.

The Nomination & Remuneration committee reserves the right to award bonuses where performance expectation has prima facie not been met but it is considered in the interests of the Group to continue to reward that individual.

Discretionary bonuses of Nil (2022: Nil) were paid during the year.

The Company is formalising a short-term incentive program that will be based on key performance indicators (KPIs) set at the beginning of the performance period and assessed at the end of the performance period. KPIs for each employee will be set with overall Group business, operating and financial objectives in mind and will be a combination of Group and individual performance measures. The terms of the short-term incentive program are currently being defined for review and approval by the Nomination & Remuneration committee.

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. This has been achieved by awarding discretionary bonuses to encourage the alignment of personal and shareholder interests. The Group believes this policy to have been effective in increasing shareholder wealth and the Group's consolidated statement of financial position over the past five years.

The following table shows the sales revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

A\$'000	2019	2020	2021	2022	2023
Sales revenue	7,977	8,430	16,418	19,000	14,459
Net Loss	(1,913)	(6,293)	(2,968)	(9,038)	(7,731)
Share Price at Year-end	0.20	0.17	0.58	0.50	0.49
Dividends Paid	-	-	-	-	-

KMP

The following persons were KMP of the Group during the financial year:

Name	Position Held
Directors	
Mr George Lloyd	Chairman – non-executive
Mr Tiger Brown	Managing director
Mdm Kang Rong	Executive director, chief marketing officer and head of China operations
Mr Gerard King	Non-executive director
Dr Mark Elliott	Non-executive director
Key executives	
Mr Tim Chase	General Manager of global operations (resigned 17 July 2023)
Mr Sean Chelius	Donald project director
Mr Greg Bell	Chief Financial Officer (appointed 3 October 2022)
Mr Joshua Theunissen	General counsel and Australian company secretary

Shareholdings

Details of equity instruments (other than options and rights) held directly, indirectly, beneficially or potentially beneficially by KMP and their related parties are as follows:

30 June 2022	Balance 1 Jul 2022	Shares purchased	Options exercised	Balance 30 Jun 2023
Directors				
Mr George Lloyd	-	675,926	-	675,926
Mr Tiger Brown	94,165,972	1,851,852	-	96,017,824
Mdm Kang Rong	4,000,100	-	-	4,000,100
Mr Gerard King	49,138	1,851,852	-	1,900,990
Dr Mark Elliott	346,400	92,593	-	438,993
Key executives				
Mr Tim Chase	-	-	-	-
Mr Sean Chelius	-	-	-	-
Mr Greg Bell	-	93,188	-	93,188
Mr Joshua Theunissen	100	37,038	-	37,138
	98,561,710	4,602,249	-	103,164,159

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

Options held

Details of options held directly, indirectly, beneficially or potentially beneficially by KMP and their related parties are as follows:

30 June 2022	Balance 1 Jul 2022	Options issued	Options exercised	Balance 30 Jun 2023
Directors				
Mr George Lloyd	800,000	400,000	-	1,200,000
Mr Tiger Brown	-	-	-	-
Mdm Kang Rong	-	-	-	-
Mr Gerard King	-	400,000	-	400,000
Dr Mark Elliott	800,000	-	-	800,000
Key executives				
Mr Tim Chase	500,000	-	-	500,000
Mr Sean Chelius	600,000	-	-	600,000
Mr Greg Bell	-	600,000	-	600,000
Mr Joshua Theunissen	200,000	-	-	200,000
	2,900,000	1,400,000	-	4,300,000

Details of Remuneration

Details of compensation by key management personnel of Astron Corporation Limited Group are set out below:

	Short term benefits			Termination payments A\$	Post-employment benefits		% of remuneration that is performance based
	Cash, fees salary & commissions A\$	Non-cash benefits/ other A\$	Share- based payment expenses ¹		Superannuation A\$	Total A\$	
Year ended 30 June 2023							
Directors							
Mr George Lloyd	140,600	-	102,453	-	-	243,053	42.2
Mr Tiger Brown	100,000	-	-	-	10,500	110,500	-
Mdm Kang Rong ²	250,000	-	-	-	-	250,000	-
Mr Gerard King	60,000	-	102,453	-	-	162,453	63.1
Dr Mark Elliott	60,000	-	-	-	6,300	66,300	-
Other KMP							
Mr Tim Chase ³	326,154	10,876	-	-	33,921	370,951	-
Mr Sean Chelius	319,000	14,151	-	-	27,500	360,651	-
Mr Greg Bell ⁴	240,912	-	125,845	-	18,969	385,726	32.6
Mr Joshua Theunissen ¹	94,575	-	-	-	-	94,575	-
	1,591,241	25,027	330,751	-	97,190	2,044,209	16.2

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

Details of Remuneration (cont'd)

	Short term benefits			Termination payments A\$	Post-employment benefits		% of remuneration that is performance based
	Cash, fees salary & commissions A\$	Non-cash benefits/ other A\$	Share- based payment expenses ¹		Superannuation A\$	Total A\$	
Year ended 30 June 2022							
Directors							
Mr George Lloyd	93,129	-	170,189	-	-	263,318	64.6
Mr Tiger Brown	99,999	-	-	-	9,999	109,998	-
Mdm Kang Rong ¹	250,000	-	-	-	-	250,000	-
Mr Gerard King	85,000	-	-	-	-	85,000	-
Dr Mark Elliott ⁵	60,000	-	(70,635)	-	6,000	(4,635)	-
Other KMP							
Mr Tim Chase	248,333	10,658	113,073	-	24,391	396,455	28.5
Mr Sean Chelius	151,782	3,157	135,687	-	13,011	303,637	44.7
Mr Joshua Theunissen ¹	94,371	-	45,229	-	-	139,600	32.4
	1,082,614	13,815	393,543	-	53,401	1,543,373	25.5%

Notes:

- The figures provided in 'Share-based payment expenses' were not provided in cash to the KMP during the financial period. These amounts are calculated in accordance with accounting standards and represent the amortisation of accounting fair values of performance rights that have been granted to KMP in this or prior financial years. The fair value of share options has been valued as at their date of grant and in accordance with the requirements of HKFRS 2 Share-Based Payments. The fair value of options is measured using a generally accepted valuation model. The fair values are then amortised over the entire vesting period of the equity instruments. Total remuneration shown in 'Total' therefore includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should these equity instruments vest and be exercised.
- Paid or payable to management company.
- During the year ended 30 June 2023, Mr Tim Chase entered into an agreement with the Company to pay out a portion of the annual leave liability owing to him from past service. A total amount of \$61,154 (before taxes and superannuation) was paid under the agreement which was included in the Group's provision for annual leave at 30 June 2022.
- Mr Greg Bell was appointed as the Chief Financial Officer of the Group on 3 October 2022 and, as such, become a member of KMP from this date. Mr Bell received 600,000 share options as part of his agreement to hold the position, with various vesting conditions as outlined in Note 27 of the financial statements. These share options have been valued in accordance with HKFRS 2 and will be amortised in accordance with the vesting conditions.
- During year ended 30 June 2021, non-executive director Dr. Mark Elliott was granted 800,000 options subject to shareholder approval. As at 30 June 2021, the Company estimated the grant date fair value with reference to the fair value as at the reporting date (i.e. 30 June 2021) to be \$299,943 for the purpose of recognising the services received from Dr. Mark Elliott. Upon receiving shareholder approval on 30 November 2021, the options were approved by the Board and the fair value of options granted to Dr. Mark Elliott was revalued to \$229,308. As such, an adjustment to share-based payment expense of \$70,635 was recognised in the profit or loss for the year ended 30 June 2022.

Use of remuneration consultants

The Board has previously employed external consultants to review and provide recommendations regarding the amount and elements of executive remuneration, including short-term and long-term incentive plan design. No remuneration consultants were employed during the year.

Termination payment

No termination payments were paid during the year to KMP.

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

Share-based payments

During the 2023 year, the Group granted 1,400,000 (2022: 2,900,000) options to directors and KMP with shareholder approval which were valued at \$346,349 (2022: \$645,094). The value of share options issued to KMP will be amortised in accordance with their vesting conditions to comply with HKFRS 2 Share based payments.

Voting and comments at the Company's 2022 Annual General Meeting

The Company received 96.9% of "yes" votes on its remuneration report for the 2022 financial year.

The Company did not receive any specific feedback at the AGM on its remuneration report.

Service contracts

Service contracts (or letters of engagement) have been entered into, or are in the process of being entered into, by the Group with all KMP and executives, describing the components and amounts of remuneration applicable on their initial appointment including terms, other than non-executives who have long established understanding of arrangements with the Group. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Nomination & Remuneration Committee to align with changes in job responsibilities and market salary expectations.

Other key management personnel have ongoing contracts with a notice period of three months for key management personnel. There are no non-standard termination clauses in any of these contracts.

The Nomination & Remuneration Committee considers the appropriate remuneration requirements. In August 2012, the Group engaged external consultants to review the Group's salary and incentive benchmarks. No consultants were engaged to review Group remunerations during the year ended 30 June 2023.

END OF REMUNERATION REPORT

INDEMNIFYING OFFICERS OR AUDITOR

Insurance premiums paid for directors

During the year, the Group paid a premium in respect of a contract indemnifying directors, secretaries and executive officers of the Company and its controlled entities against a liability incurred as director, secretary or executive officer. The contract of insurance prohibits disclosure of the nature of the cover.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of its controlled entities against a liability incurred as such an officer or auditor.

NON-AUDIT SERVICES

During the financial year, the following fees for non-audit services were paid or payable to the auditor BDO Limited or its related practices:

	2023 \$	2022 \$
Other Services		
Taxation services	-	-
Other assurance services	-	-

The directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on behalf of the auditor) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the Hong Kong Institute of Certified Public Accountants (**HKICPA**) for the following reasons:

- all non-audit services have been reviewed by the Board to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out by the HKICPA.

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2023

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 58 of the financial report.

DIRECTORS' DECLARATION REGARDING HKFRS COMPLIANCE STATEMENT

The directors declare that these annual financial statements have been prepared in compliance with Hong Kong Financial Reporting Standards.

DIVIDENDS PAID AND PROPOSED

No final dividend was proposed for the year ended 30 June 2023 (2022: Nil).

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:

Chairman:



Mr George Lloyd

Date: 29 September 2023

For personal use only



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

Astron Corporation Limited

Company Number: 1687414

Declaration of Independence to the Directors of Astron Corporation Limited

As lead auditor of Astron Corporation Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements in the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

BDO Limited
Certified Public Accountants

Chiu Wing Cheung Ringo
Practising Certificate Number P04434

Hong Kong, 29 September 2023

Astron Corporation Limited

Company Number: 1687414

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

		Consolidated Year ended	
	Note	30 Jun 2023 A\$	30 Jun 2022 A\$
Sales revenue	5	14,458,725	18,999,516
Cost of sales		(14,244,971)	(15,326,183)
Gross profit		213,754	3,673,333
Interest income	5	474	3,346
Other income	5	1,970,774	241,398
Distribution expenses		(152,140)	(276,174)
Marketing expenses		(179,332)	(24,425)
Occupancy expenses		(21,195)	(7,146)
Administrative expenses		(6,076,128)	(7,642,970)
Provision for impairment on receivables	6	(118,716)	(6,755)
Fair value gain/(loss) on financial assets at fair value through profit or loss		744	(7,457)
Impairment of capital works in progress	6	-	(1,755,249)
Costs associated with Gambian litigation	6	(47,655)	-
Share based payments expenses	6	(285,522)	(619,688)
Finance costs	6	(1,185,794)	(506,759)
Other expenses		(158,385)	(89,796)
Loss before income tax expense	6	(6,039,121)	(7,018,342)
Income tax expense	7	(1,691,871)	(2,020,109)
Net loss for the year		(7,730,992)	(9,038,451)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences (tax: Nil)		(384,014)	900,989
Other comprehensive income for the year, net of tax		(384,014)	900,989
Total comprehensive income for the year		(8,115,006)	(8,137,462)
Loss for the year attributable to:			
Owners of Astron Corporation Limited		(7,730,992)	(9,038,451)
Total comprehensive income for the year attributable to:			
Owners of Astron Corporation Limited		(8,115,006)	(8,137,462)
Loss per share			
Basic and diluted loss per share (cents)	8	(5.98)	(7.38)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes included on pages 63 to 104.

Astron Corporation Limited

Company Number: 1687414

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
ASSETS			
Current assets			
Cash and cash equivalents	10	7,204,674	2,447,986
Term deposits greater than 90 days	10	46,112	46,112
Trade and other receivables and prepayments	11	6,261,343	13,510,716
Inventories	12	2,217,845	2,746,131
Financial assets at fair value through profit or loss	14	8,319	7,575
Total current assets		15,738,293	18,758,520
Non-current assets			
Property, plant and equipment	16	22,831,507	23,605,398
Exploration and evaluation assets	17	82,590,196	76,701,459
Development costs	18	8,901,965	8,374,798
Right-of-use assets	19	2,773,422	2,974,558
Total non-current assets		117,097,090	111,656,213
TOTAL ASSETS		132,835,383	130,414,733
LIABILITIES			
Current liabilities			
Trade and other payables	20	6,578,001	11,791,607
Contract liabilities	21	656,001	2,962,559
Borrowings – current	22	14,627,740	13,668,492
Convertible notes	23	5,365,323	4,622,272
Provisions	24	126,666	201,624
Total current liabilities		27,353,731	33,246,554
Non-current liabilities			
Deferred tax liabilities	25	12,620,821	10,928,950
Borrowings – non-current	22	1,569,078	-
Long-term provisions	24	795,450	735,944
Total non-current liabilities		14,985,349	11,664,894
TOTAL LIABILITIES		42,339,080	44,911,448
NET ASSETS		90,496,303	85,503,285
EQUITY			
Issued capital	26	89,233,205	76,549,865
Reserves	28	18,082,648	18,041,978
Accumulated losses		(16,819,550)	(9,088,558)
TOTAL EQUITY		90,496,303	85,503,285

Mr Tiger Brown

Mr George Lloyd

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes included on pages 63 to 104.

Astron Corporation Limited

Company Number: 1687414

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Issued capital A\$	Accumulated losses A\$	Share based payment reserve A\$	Foreign currency translation reserve A\$	Convertible notes equity reserve A\$	Capital reserve A\$	Total equity A\$
Balance at 1 July 2021		76,549,865	(50,107)	1,213,047	13,311,431	-	1,450,005	92,474,241
Loss for the year		-	(9,038,451)	-	-	-	-	(9,038,451)
Other comprehensive income								
- Exchange differences on translation of foreign operations		-	-	-	900,989	-	-	900,989
Total comprehensive income for the year		-	(9,038,451)	-	900,989	-	-	(8,137,462)
Issuance of convertible notes		-	-	-	-	546,818	-	546,818
Recognition of equity settled share-based payments expense	26	-	-	619,688	-	-	-	619,688
Total transactions with owners recognised directly in equity		-	-	619,688	-	546,818	-	1,166,506
Equity as at 30 June 2022		76,549,865	(9,088,558)	1,832,735	14,212,420	546,818	1,450,005	85,503,285
Balance at 1 July 2022		76,549,865	(9,088,558)	1,832,735	14,212,420	546,818	1,450,005	85,503,285
Loss for the year		-	(7,730,992)	-	-	-	-	(7,730,992)
Other comprehensive income								
- Exchange differences on translation of foreign operations		-	-	-	(384,014)	-	-	(384,014)
Total comprehensive income for the year		-	(7,730,992)	-	(384,014)	-	-	(8,115,006)
Issue of ordinary shares		12,995,003	-	-	-	-	-	12,995,003
Share issue costs		(172,501)	-	-	-	-	-	(172,501)
Recognition of equity settled share-based payments expense	26	(139,162)	-	424,684	-	-	-	285,522
Total transactions with owners recognised directly in equity		12,683,340	-	424,684	-	-	-	13,108,024
Equity as at 30 June 2023		89,233,205	(16,819,550)	2,257,419	13,828,406	546,818	1,450,005	90,496,303

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes included on pages 63 to 104.

Astron Corporation Limited

Company Number: 1687414

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	Consolidated Year ended 30 Jun 2023 A\$	30 Jun 2022 A\$
Cash flows from operating activities:			
Receipts from customers		22,376,537	18,536,069
Payments to suppliers and employees		(25,567,857)	(18,141,901)
Net cash (outflows)/inflows from operations		(3,191,320)	394,168
Refundable Australian R&D tax offsets received		1,543,575	-
Net cash (outflows)/inflows from operating activities	33	(1,647,745)	394,168
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(1,484,650)	(569,235)
Capitalised exploration and evaluation expenditure		(5,855,362)	(4,043,452)
Net cash outflows from investing activities		(7,340,012)	(4,612,687)
Cash flows from financing activities:			
Interest received		474	3,346
Interest paid		(362,641)	(336,201)
Partial settlement of offtake agreement		-	(647,936)
Convertible notes issued		-	5,000,000
Proceeds from the issue of ordinary shares net of transaction costs		11,822,502	-
Net proceeds from/(repayment of) borrowings		2,611,311	(145,734)
Net cash inflows from financing activities		14,071,646	3,873,475
Net increase/(decrease) in cash and cash equivalents		5,083,889	(345,044)
Cash and cash equivalents at beginning of the year		2,447,986	2,570,438
Net foreign exchange differences		(327,201)	222,592
Cash and cash equivalents at end of the year		7,204,674	2,447,986

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes included on pages 63 to 104.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

1. General Information

The consolidated financial statements of Astron Corporation Limited for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 29 September 2023 and relate to the consolidated entity consisting of Astron Corporation Limited ("the Company") and its subsidiaries (collectively "the Group").

The financial statements are presented in Australian dollars (\$).

Astron Corporation Limited is a for-profit company limited by shares incorporated in Hong Kong whose shares are publicly traded through CHESS Depository Interests on the Australian Securities Exchange (ASX).

2. Basis of preparation and significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

The financial statements have also been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value as explained in the accounting policies set out below.

Going concern basis

As at 30 June 2023, the Group had a deficit of current assets over current liabilities of \$11,615,438 (2022: \$14,488,034), incurred a net loss after tax for the year of \$7,730,992 (2022: net loss of \$9,038,451) and recorded net cash outflows from operating activities of \$1,647,745 (2022: net cash inflows of \$394,168). The deficit of current assets over current liabilities, continued operating losses and net cash outflows from operating activities, are conditions, along with the matters set out below, that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The directors are of the view that based on cash flow forecasts covering 18 months from the end of the reporting period and consideration of the plans and measures stated below, the business remains a going concern.

The directors are confident it will have sufficient funds to meet its ongoing needs for at least the next 12 months from the date of this report based on the following:

- The Group has agreed contracts for stable supply of appropriate raw materials for the Group's mineral separation plant in China. Agreement for a stable supply of raw materials is imperative to the sustainability and profitability of the mineral separation plant as not only will it ensure consistent production volumes (and, by extension, sales volumes), it will also allow the Group to increase production efficiencies through reducing the volatility of plant settings and consequently increase profit margins. The Group has finalised negotiations with shipments to commence in the final quarter of 2023.
- The directors anticipate that the Group will be able to renew certain borrowings and raise significant new funding, whether through capital raisings, private placement or otherwise, in the coming 12 months to progress development activities relating to the Donald Project and continue to meet its primary milestones in relation to the Project.
- An undertaking by the majority shareholder to provide financial support where necessary to enable the Group to meet its obligations and commitments until the Company is adequately financed.
- The undertaking by a director not to demand repayments due to her and her related entities of approximately \$8.0 million until such time when any repayment will not affect the Group's ability to repay other creditors in the normal course of business (refer note 31).

Assuming the plans and measures in the forecast can be successfully implemented as scheduled, the directors are of the opinion that the Group will have sufficient working capital over the forecast period to finance its operations and fulfil its financial obligations as and when they fall due. Accordingly, the directors of the Group consider that it is appropriate to prepare the consolidated financial statements on a going concern basis notwithstanding that there is a material uncertainty relating to the above events or conditions that may cast significant doubt as to the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group fail to achieve the plans and measures as scheduled, it might not be able to continue as a going concern, and adjustments would have to be made to reduce the value of assets to their net realisable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in these consolidated financial statements.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries as at 30 June 2023. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Foreign currency translation

The functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars (\$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The functional currency of the overseas subsidiaries is primarily Chinese Renminbi (**RMB**). The assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the closing rate at the end of the reporting period and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation are recognised in the profit or loss.

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Customers obtain control of the goods when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the goods. There is generally only one performance obligation.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Interest income

Interest income is recognised as it accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Rental income

Rental income is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

Income tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The Group has implemented the tax consolidation legislation for the whole of the financial year. The stand-alone taxpayer within a group approach has been used to allocate current income tax expense and deferred tax balances to wholly owned subsidiaries that form part of the tax consolidated group where the head entity has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

To the extent that research and development costs are eligible activities under the "Research and development tax incentive" programme, a 43.5% refundable tax offset is available for companies with annual turnover of less than \$20 million. The Group recognises refundable tax offsets received in the financial year as an income tax benefit, in profit or loss.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Financial instruments

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (**FVTPL**), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss (**ECL**) on trade receivables, other receivables, and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables, the Group applies the simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit impaired financial assets interest income is calculated based on the gross carrying amount.

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings and the debt element of convertible notes issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Convertible notes

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to issued capital. Where the option remains unexercised at the expiry dates, the balance stated in convertible notes equity reserve will be released to the retained earnings. No gain or loss is recognised upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Hong Kong Companies Ordinance, Cap. 622 (the Ordinance), came into operation on 3 March 2014. Under the Ordinance, shares of the Company do not have a nominal value. Consideration received or receivable for the issue of shares on or after 3 March 2014 is credited to share capital. Commissions and expenses are allowed to be deducted from share capital under s. 148 and s. 149 of the Ordinance.

Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at banks, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

For the purpose of the Consolidated Statement of Cash Flows, movements in term deposits with maturity over three months are shown as cash flows from investing activities.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventories using the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and selling expenses.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

All other plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Freehold land is not depreciated. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation on other assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Class of Asset	
Leasehold buildings	50 years
Freehold land	Indefinite
Plant and equipment	3-20 Years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is de-recognised.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs (if any) and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Additional costs incurred on impaired capital works in progress are expensed in profit or loss.

Leases

All leases (irrespective of whether they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for which at the commencement date have a lease term of 12 months or less. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and moving the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying the cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Lease assets are depreciated on a straight-line basis over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The following payments for the underlying right-of-use asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Intangibles

Research and development costs

Research costs are expensed as incurred. Development costs incurred on an individual project is capitalised if the product or service is technically feasible, adequate resources are available to complete the project, it is probable that future economic benefits will be generated and expenditure attributable to the project can be measured reliably. Expenditure capitalised comprises costs of services and direct labour. Other development costs are expensed when they are incurred. The carrying value of development costs is reviewed annually when the asset is not yet available for use, or when events or circumstances indicate that the carrying value may be impaired.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss.

Exploration and Evaluation Expenditure

Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided that the rights to tenure of the area of interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Expenditure incurred is accumulated in respect of each identifiable area of interest.

Water rights

The Group has capitalised water rights. The water rights are amortised over the term of the right. The carrying value of water rights is reviewed annually or when events or circumstances indicate that the carrying value may be impaired.

Costs abandoned area

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Regular review

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration

Costs of site restoration are to be provided once an obligation presents. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee benefit provisions

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in respect of employees' services rendered up to the end of the reporting period and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries and annual leave are included as part of Other Payables.

Bonus plan

The Group recognises an expense and a liability for bonuses when the entity is contractually obliged to make such payments or where there is past practice that has created a constructive obligation.

Retirement benefit obligations

The Group contributes to employee superannuation funds in accordance with its statutory obligations. Contributions are recognised as expenses as they become payable.

Share-based payments

The Group may provide benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares (equity settled transactions). Such equity settled transactions are at the discretion of the Nomination & Remuneration Committee.

The fair value of options or rights granted is recognised as an employee benefit expense with a corresponding increase in equity (share-based payment reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Astron Corporation Limited (market conditions). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options or rights that will ultimately vest because of internal conditions of the options or rights, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal KPI. No expense is recognised for options or rights that do not ultimately vest because internal conditions were not met. An expense is still recognised for options or rights that do not ultimately vest because a market condition was not met.

Where the terms of options or rights are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options or rights and designated as a replacement on grant date, the combined impact of the cancellation and replacement are treated as if they were a modification.

When shareholders' approval is required for the issuance of options or rights, the expenses are recognised based on the grant-date fair value according to the management estimation. This estimate is re-assessed upon obtaining formal approval from shareholders.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Dividends/Return of capital

No dividends were paid or proposed for the years ended 30 June 2023 and 30 June 2022. There is no Dividend Reinvestment Plan in operation.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Segment reporting

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Goods and Services Tax (GST)/Value Added Tax (VAT)

Revenues, expenses are recognised net of GST/VAT except where GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST/VAT included. The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants that compensate the Group for expenses incurred are recognised as income or deducted in the related expenses, as appropriate, in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other income, rather than reducing the related expense.

Adoption of HKFRS

Adoption of new or revised HKFRSs - effective on 1 July 2022

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to Conceptual Framework
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments and HKFRS 16 Leases

None of these new or amended HKFRSs has material impact on the Group's results and financial position for the current or prior period and/or accounting policies.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³

1. Effective for annual periods beginning on or after 1 January 2024
2. Effective for annual periods beginning on or after 1 January 2023
3. Effective date yet to be determined

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. Those new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

3. Critical accounting estimates and judgments

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment assessment of intangible assets and property, plant and equipment (PPE)

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may lead to impairment of intangible assets and PPE. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to dispose calculations are performed in assessing recoverable amounts incorporate a number of key estimates and judgements.

The Group has used a combination of independent and director valuations to support the carrying value of intangible assets while the Group also uses bankable feasibility status reports where these are available. The Group's main intangible assets are its exploration and evaluation assets related to the Donald project located in Victoria, Australia and its development costs incurred on the Niafarang project in Senegal. The valuations use various assumptions to determine future cash flows based around risks including capital, geographical, markets, foreign exchange and mineral price fluctuations.

All other assets have been assessed for impairment based on either their value in use or fair value less costs to sell. The impairment assessments inherently involve significant judgements and estimates to be made.

Capitalisation of exploration and evaluation assets

The Group has continued to capitalise expenditure, incurred on the exploration and evaluation of the Donald project in Victoria, Australia in accordance with HKFRS 6. This has occurred because the technical feasibility and economic viability of extracting the mineral resources have not been completed and hence are not demonstrable at this time. The Group has assessed that the balances capitalised will be recoverable through the project's successful development.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Capitalisation of Development Assets

The Group has continued to capitalise expenditure, in accordance with HKAS 38, incurred on the development of the Niafarang Mineral Sands project in Senegal. The Group has assessed that the balances capitalised will be recoverable through the project's successful development.

Provision for expected credit losses of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the aging of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. The Group has an outstanding receivable for the disposal of surplus land in China from 2015, further details of which are set out in note 11. The Group is confident the balance of \$0.9 million due at year end (2022: \$1.1 million) will be settled within the next twelve months.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required in determining the provision for income tax. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises tax receivables and liabilities based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets

Deferred tax assets have not been recognised for capital losses and revenue losses as the utilisation of these losses is not considered probable at this stage.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financing plan assessed as detailed in note 2 to these consolidated financial statements. However, because not all future events or conditions can be predicted, this assumption is not a guarantee as to the Group's and Company's ability to continue as a going concern.

4. Segment information

Description of segments

The Group has adopted HKAS 8 *Operating Segments* from whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the Managing Director/President (chief operating decision maker) who monitors the segment performance based on the net profit before tax for the period. Operating segments have been determined on the basis of reports reviewed by the Managing Director/President who is considered to be the chief operating decision maker of the Group. The reportable segments are as follows:

- Donald Rare Earths & Mineral Sands (DMS): Development of the DMS mine
- China: Development and construction of mineral processing plant and mineral trading
- Senegal: Development of the Niafarang mine
- Other: Group treasury and head office activities

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Segment information provided to the managing director

30 June	2023 A\$	DMS 2022 A\$	2023 A\$	China 2022 A\$	2023 A\$	Senegal 2022 A\$	2023 A\$	Other 2022 A\$	2023 A\$	Consolidated 2022 A\$
Sale of mineral products:										
Revenue from contracts with external customers	-	-	14,458,725	18,999,516	-	-	-	-	14,458,725	18,999,516
Other income:										
Interest income	33	67	-	3,256	-	-	441	23	474	3,346
Rent and other income	162,787	174,346	264,412	67,052	-	-	1,543,575	-	1,970,774	241,398
Total revenue and other income	162,820	174,413	14,723,137	19,069,824	-	-	1,544,016	23	16,429,973	19,244,260
Segment result										
Segment (loss)/profit	(171,280)	(30,876)	(2,422,631)	(3,049,295)	42,077	(813,846)	(3,487,287)	(3,124,325)	(6,039,121)	(7,018,342)
Acquisition of PPE, Intangible assets and other non-current segment assets	6,494,887	5,980,629	1,898,851	507,645	201,201	213,444	10,053	2,544	8,604,992	6,704,262
Depreciation and amortisation	19,169	5,059	1,994,928	1,660,983	-	-	11,098	9,306	2,025,195	1,675,348
Impairment of capital works in progress	-	-	-	1,755,249	-	-	-	-	-	1,755,249
Provision for impairment of trade receivables	-	-	118,716	6,755	-	-	-	-	118,716	6,755
Assets										
Segment assets	87,727,731	82,208,577	34,267,691	36,538,885	9,963,806	9,376,033	876,155	2,291,238	132,835,383	130,414,733
Consolidated total assets									132,835,383	130,414,733
Liabilities										
Segment liabilities	2,073,802	1,915,433	1,946,494	9,885,225	1,476,677	1,259,171	2,659,145	2,631,905	8,156,118	15,691,734
Total borrowings	-	-	16,269,089	12,740,763	-	-	(72,271)	927,729	16,196,818	13,668,492
Convertible notes	5,365,323	4,622,272	-	-	-	-	-	-	5,365,323	4,622,272
Deferred tax liabilities	-	-	-	-	-	-	12,620,821	10,928,950	12,620,821	10,928,950
Consolidated total liabilities									42,339,080	44,911,448

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Geographical information

Although the Group is managed globally, it operates in the following main geographical areas:

Hong Kong

The Company was incorporated in Hong Kong.

Australia

The home country of Astron Pty Limited and one of the operating subsidiaries which performs evaluation and exploration activities. Interest and rental income is derived from Australian sources.

China

The home country of subsidiaries which operate in the mineral processing and product trading segment.

Other

The Group is focused on developing mineral sands opportunities, principally in Senegal with a view to integrating into the Chinese operations.

	Sales revenue		Interest income		Non-current assets	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	A\$	A\$	A\$	A\$	A\$	A\$
Australia	-	-	33	67	87,501,478	81,924,954
China	14,458,725	18,999,516	-	3,256	19,857,806	20,560,191
Other countries	-	-	441	23	9,737,806	9,171,068
	14,458,725	18,999,516	474	3,346	117,097,090	111,656,213

During 2023, \$12,308,924 or 85% (2022: \$12,370,852 or 65%) of the revenue depended on six (2022: five) customers.

5. Revenue and other income

	Note	Consolidated	
		30 Jun 2023	30 Jun 2022
		A\$	A\$
Revenue from contracts with customers within the scope of HKFRS 15			
Timing of revenue recognition – at a point in time			
- sale of goods		14,458,725	18,999,516
Interest income		474	3,346
Other income:			
- research and development tax incentive refund		1,543,575	-
- rental income		162,787	174,346
- other income		264,412	67,052
Total other income		1,970,774	241,398

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

6. Loss before income tax expense

Loss before income tax expense is arrived at after charging/crediting:

Employee benefits¹ (including directors' remuneration):

	Note	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Salaries and fees		1,360,704	1,334,318
Non-cash benefits		247,706	223,928
Employee share option expenses	27	285,522	619,688
Superannuation		152,365	93,179
		2,046,297	2,271,113

Notes

- Employee benefits expense excludes an amount of \$858,867 (2022: \$87,077) which has been capitalised to the exploration and evaluation assets as part of the continuing development of the Donald Rare Earth and Mineral Sands Project.

Other items

	Note	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Finance costs:			
- on borrowings and early redemption of note receivables		347,825	326,463
- on convertible notes		743,051	169,090
- debt advisory costs		53,478	-
- other finance costs		41,440	11,206
		1,185,794	506,759
Depreciation and amortisation		2,618,455	2,268,608
Less: capitalisation of water rights amortisation	17	(593,260)	(593,260)
		2,025,195	1,675,348
Research and development costs		-	1,847,675
Costs associated with Gambia litigation	13	47,655	-
Impairment of capital works in progress	16	-	1,755,249
Discontinuation of capital works in progress	16	-	374,413
Provision for impairment on receivables	11	118,716	6,755

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

7. Income tax expense

The components of tax expense comprise:

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Deferred taxation:		
- Unrealised inventory	(188,749)	(876,280)
- Capitalisation of expenditure on DMS project (net)	(1,475,407)	(1,212,172)
- Other movements	(27,715)	68,343
Total	(1,691,871)	(2,020,109)

The Company is subject to Australian Income Tax which is calculated at 25% (2022: 25%) of its estimated assessable profit. No Australian Income Tax has been provided in the financial statements as the Company did not derive any estimated assessable profit in Australia for the current and prior years.

The prima facie tax on loss before income tax is reconciled to the income tax as follows:

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Loss before income tax expense	(6,039,121)	(7,018,342)
Prima facie tax benefit on loss at 25% (2022: 25%)		
- continuing operations	1,509,780	1,754,586
Add/(Less) tax effect of:		
- change in tax rates	-	342,648
- revenue that is exempt from taxation	24,019	45,275
- research and development tax incentive refund ¹	385,894	-
- expenses that are not deductible in determining taxable profit	(449,751)	(1,736,659)
- expenses that are not deductible in determining taxable profit – Gambia	(12,943)	-
- unused tax losses not recognised as deferred tax assets in the current year	(2,837,452)	(2,121,030)
- different tax rate of subsidiaries operating in other jurisdictions	(311,418)	(304,929)
Income tax expense	(1,691,871)	(2,020,109)

Note

1. Tax benefit relates to Australian Government Grant in relation to research & development tax incentives on eligible expenditure related to the DMS project.

Income tax rates

Australia

In accordance with the Australian Income Tax Act, Astron Pty Limited and its 100%-owned Australian subsidiaries have formed a tax consolidated group, tax funding or sharing agreements have been entered into. Australia has a double tax agreement with China and there are currently no impediments to repatriating profits from China to Australia. Dividends paid to Astron Pty Limited from Chinese subsidiaries are non-assessable under current Australian Income Tax Legislation.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

China (including Hong Kong)

The Company is subject to Hong Kong tax law.

The Group's subsidiaries in China are subject to Chinese income tax laws. Chinese taxation obligations have been fully complied based on the regular tax audits performed by the Chinese tax authorities.

Items not chargeable or not deductible for tax purposes

Items not chargeable or deductible for tax purposes for the Group principally represent costs associated with the Gambian litigation and other costs incurred but not related to operations.

8. Loss per share

Reconciliation of loss used in the calculation of loss per share:

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Loss attributable to owners	(7,730,992)	(9,038,451)
Loss used to calculate basic and diluted loss per share	<u>(7,730,992)</u>	<u>(9,038,451)</u>

Weighted average number of ordinary shares:

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Weighted average number of ordinary shares outstanding during the year for the purpose of basic and diluted loss per share	<u>129,279,930</u>	<u>122,479,784</u>

Dilutive shares

For the purpose of calculating diluted loss per share for the years ended 30 June 2022 and 2023, no adjustment was made as the exercise of the outstanding share options and convertible notes has an anti-dilutive effect on the basic loss per share.

9. Auditor's remuneration

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Audit and review of financial statements		
BDO Limited	<u>297,429</u>	<u>299,503</u>

10. Cash and cash equivalents

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Cash on hand	825	858
Cash at bank	<u>7,203,849</u>	<u>2,447,128</u>
	<u>7,204,674</u>	<u>2,447,986</u>

Cash on hand is non-interest bearing. Cash at bank comprise bank current account balances and short-term deposits at call bearing floating interest rates between 0.0% and 1.2% (2022: 0.0% and 1.3%). Deposits have an average maturity of 90 days (2022: 90 days).

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Concentration of risk by geography – cash at bank

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Australia	863,104	2,292,638
China	6,300,500	70,767
Senegal	40,245	83,723
	7,203,849	2,447,128

Concentration of risk by bank

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Australia		
Commonwealth Bank - S&P rating of AA- (2022: AA-)	800,159	2,225,332
Other Australian banks	62,945	67,306
	863,104	2,292,638
China		
Shengjing Bank – unrated	644,418	3,821
Shanghai Pudong Development Bank - S&P rating of BBB	3,515,010	64,471
Bank of Communications Company Limited – S&P rating of A-	2,079,910	-
Other banks	61,162	2,475
	6,300,500	70,767
Other countries		
Other banks	40,245	83,723

Restrictions on cash

The Chinese domiciled cash on hand may have some restriction on repatriation to Australia depending on basis on which the funds are transferred to Australia. Depending on the basis, there may be taxes (including withholding tax) of 13% (2022: 13%) to be paid.

Term deposits greater than 90 days

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Term deposits with maturity over 90 days	46,112	46,112

As at 30 June 2023, term deposits with maturity over 90 days of \$46,112 (2022: \$46,112) bear fixed interest rates of between 1.2% and 3.35% (2022: 0.9%) and have a maturity of 3 to 6 months.

Restrictions on cash

As at 30 June 2023, the above term deposits with maturity over 90 days are provided as security over the Company's Australian mining tenements and are required to be maintained as long as the tenement remains held by the Company.

The short-term deposits include \$45,000 (2022: \$45,000) of cash backed by Bank Guarantees for the operations of the Donald project.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Concentration of risk by geography – term deposits

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Australia	46,112	46,112

Concentration of risk by bank – term deposits

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Australia		
Commonwealth Bank-S&P rating of AA- (2022: AA-)	35,000	35,000
Other	11,112	11,112
	46,112	46,112

11. Trade and other receivables and prepayments

	Note	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Current assets:			
Trade receivables		106,266	4,008,099
Provision for impairment of trade receivables		(39,058)	(40,693)
Net trade receivables		67,208	3,967,406
Land sale receivable		1,095,945	1,141,839
Impairments		(164,392)	(50,812)
Net land sale receivable		931,553	1,091,027
Sundry receivables		2,577,001	2,545,312
Prepayments		3,059,965	6,297,033
Impairments		(374,384)	(390,062)
Net prepayments		2,685,581	5,906,971
Total trade and other receivables and prepayments		6,261,343	13,510,716

Land sale receivable

During the year ended 30 June 2014, the Group entered into an agreement to transfer 1,065,384m² of land held in Yingkou Province in China to a state-owned entity. As the under-development of this land resulted from a change of government development plans and restructure, this land transfer has been subsidised by the Chinese Government. Final contracts over the land sale have been exchanged and the disposal was brought to account in the year ended 30 June 2015. The net proceeds receivable amounted to \$20,356,248. The land contract is unconditional, and payment is binding on the buyer being the Yingkou Government and its related entities, but the payments expected have been delayed.

The receivable is currently outside the terms initially agreed.

As at 30 June 2023, the total amount outstanding before ECL provision was \$1,095,945 (2022: \$1,141,839). There were no amounts received during the years ended 30 June 2022 and 2023. The directors continue to believe this remaining balance will be recovered in full as it is owed by a Chinese government entity but estimate it will now be settled in 2024 or 2025. The provision has accordingly been determined on that basis and as such a further provision for expected credit loss of \$118,716 (2022: \$6,755) was recognised for the year ended 30 June 2023. As at 30 June 2023, the impairment provision for land sale receivable was \$164,392 (2022: \$50,812).

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Ageing analysis

The ageing analysis of trade debtors, based on due dates, is as follows:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	A\$	A\$
0-30 days (not past due)	67,208	3,967,406

At the end of the reporting period, the Group's trade debtors were predominantly receivable from Chinese trading partners. The Chinese debtors are regularly reviewed and, as is common practice in China, the terms may be extended to preserve client relationships. Where applicable, the Group has impaired significantly overdue receivables.

It is the Group's policy that, where possible, sales are made in exchange for notes (guaranteed by a Chinese bank), minimising the Group's exposure to an impairment issue.

Impairment on trade debtors

At year end, the Group reviewed its trade debtors and brought to account impairment where required.

As at 30 June 2023, the impairment provision for trade debtors was \$39,058 (2022: \$40,693).

Prepayments

At year end, the Group had made advances for property, plant and equipment purchases.

Included in prepayments is an amount of RMB1,800,000 carried forward from 2008, equivalent to \$374,384 (2022: \$390,062) which is the prepayment for construction. This amount has been fully impaired due to low possibility of collection.

12. Inventories

	Consolidated	
	30 Jun 2023	30 Jun 2022
	A\$	A\$
Raw materials	317,132	284,225
Work-in-progress	1,518,937	2,119,235
Finished goods	381,776	342,671
	2,217,845	2,746,131

The Company has raised a provision for net realisable value against certain work in progress inventory of \$86,756 (2022: \$90,389).

13. Investments in Gambia

Carnegie Minerals (Gambia) Limited is a 100% subsidiary of the Company. It was incorporated to commence mining activities in Gambia. The investments and receivables associated with the Company have been impaired in full. The original agreement prior to the seizure of the assets was that Astron Pty Limited had an obligation to fund the development and operating costs of the mine by way of loans.

As announced to the ASX on 23 July 2015, the Group has received a successful finding in its favour. The Group and the Gambian government made submissions on damages to the International Centre for Settlement of Investment Disputes (ICSID). ICSID has determined the award including damages in favour of Astron.

The determination was for US\$18,658,358 in damages for breach of the mining licence, interest of US\$993,683, arbitration costs of US\$445,860 (minus any sums refunded to Astron by ICSID on its final accounting) and £2,250,000 for legal costs. In total this is approximately A\$31 million.

On 2 December 2015, the Group notified the ASX that Gambia had submitted an application for annulment to ICSID, on the grounds of the constitution of the arbitral tribunal, and arguments about admissibility and jurisdiction. An application for annulment is the only form of action open to Gambia under the ICSID rules, as there is no form of appeal process.

The ICSID panel of three arbitrators has confirmed that the Award should not be annulled in whole or in part in July 2020. The Group has been ordered to meet one half of the cost of the Committee being US\$221,992 payable to Gambia and shall be offset against sums due under the Award. As of 30 June 2023, no assets arising from this matter were recognised.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

When the Group receives a settlement, an additional contingent legal fee of £171,000 (equivalent to approximately A\$307,000) is payable to the lawyers who assisted in this matter.

For the year ended 30 June 2023, the Group incurred \$47,655 of costs in relation to entering into a litigation funding agreement with an international law firm to attempt to expedite the recovery of this award. The litigation funder has agreed to incur up to US\$2 million in recovery against the award with the parties to agree a budget for enforcement costs in for the year ending 30 June 2024.

14. Financial assets at fair value through profit or loss

	Consolidated	
	30 Jun 2023 A\$	30 Jun 2022 A\$
Equity securities		
- Listed in Australia	8,319	7,575

Financial assets at fair value through profit or loss represent listed equity investments in Australia. These financial assets comprise investments in the ordinary issued capital of three public companies listed on the ASX. The cost of these investments was \$1,877,716. There are no fixed returns or fixed maturity date attached to these investments.

For listed equity securities and preference shares, fair value is determined by reference to closing bid prices on the ASX.

15. Subsidiaries

	Country of incorporation	Percentage Owned	
		30 Jun 2023	30 Jun 2022
Parent entity			
Astron Corporation Limited	Hong Kong		
Subsidiaries of parent entity			
Astron Pty Limited	Australia	100	100
Astron Mineral Sands Pty Limited	Australia	100	100
Astron Titanium (Yingkou) Co Ltd	China	100	100
Astron Titanium (Yingkou) Hong Kong Holdings Limited	Hong Kong	100	100
Carnegie Minerals (Gambia) Inc	USA	100	100
Carnegie Minerals (Gambia) Limited	The Gambia	100	100
Camden Sands Inc	USA	100	100
Coast Resources Limited	Isle of Man	100	100
Dickson & Johnson Pty Limited	Australia	100	100
Donald Mineral Sands Pty Ltd	Australia	100	100
Sovereign Gold Pty Limited	Australia	100	100
WIM 150 Pty Limited	Australia	100	100
Astron Senegal Holding Pty Ltd	Hong Kong	100	100
Senegal Mineral Resources SA	Senegal	100	100
Senegal Mineral Sands Ltd	Hong Kong	100	100
Zirtanium Pty Limited	Australia	100	100

The proportion of ownership interest is equal to the proportion of voting power held.

During the years ended 30 June 2022 and 2023, no subsidiaries were acquired or disposed of.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

16. Property, plant and equipment

	Consolidated	
	30 Jun 2023	30 Jun 2022
	A\$	A\$
Land		
At cost	5,162,151	5,162,151
Buildings		
At cost	11,355,515	11,365,402
Less accumulated depreciation	(4,752,412)	(4,215,996)
Net carrying value	6,603,103	7,149,406
Capital works in progress		
At cost	5,137,423	4,567,663
Less accumulated impairment losses	(3,700,834)	(3,855,813)
Total capital works in progress	1,436,589	711,850
Plant and equipment		
At cost	18,482,113	18,609,063
Less accumulated depreciation	(7,089,951)	(6,190,765)
Less accumulated impairment losses	(1,762,498)	(1,836,307)
Net carrying value	9,629,664	10,581,991
Total property, plant and equipment	22,831,507	23,605,398

Assets pledged as security

As at 30 June 2023, property, plant and equipment with carrying value of \$6,864,250 (2022: \$6,306,982) were pledged as security for short term loans (note 22).

Capital works in progress

Capital works in progress represent plant and equipment being assembled and/or constructed. They are not ready for use and not yet being depreciated.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Movements in net carrying values

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land A\$	Buildings A\$	Capital works in progress A\$	Plant and equipment A\$	Total A\$
Balance at 1 July 2021	5,162,151	6,430,555	3,283,106	10,972,918	25,848,730
Additions	-	-	469,287	99,948	569,235
Depreciation	-	(642,701)	-	(950,095)	(1,592,796)
Asset retirement	-	-	(374,413)	-	(374,413)
Transfers ¹	-	1,049,734	(1,049,734)	-	-
Impairment ²	-	-	(1,755,249)	-	(1,755,249)
Foreign exchange movements	-	311,818	138,853	459,220	909,891
Balance at 30 June 2022	5,162,151	7,149,406	711,850	10,581,991	23,605,398
Additions	-	587,773	780,128	541,005	1,908,906
Disposals	-	(88,104)	(6,614)	(2,585)	(97,303)
Depreciation	-	(518,351)	-	(1,423,083)	(1,941,434)
Transfers ³	-	(247,219)	-	247,219	-
Foreign exchange movements	-	(280,402)	(48,775)	(314,883)	(644,060)
Balance at 30 June 2023	5,162,151	6,603,103	1,436,589	9,629,664	22,831,507

1. The Group allocated the development costs in relation to the mineral separation plant (MSP) in China to capital works in progress. The MSP was commissioned in the year ended 30 June 2022, and the development expenditure was transferred from capital works in progress to buildings accordingly.
2. During the year ended 30 June 2022, the Group brought to account an impairment provision against the carrying value of construction in progress assets of \$1,755,249. This was substantially an impairment of Chinese assets associated with a discontinued production line, being the Zircon Opacifier project, which can generate cash inflows independently of other assets. The Board determined that it will no longer continue the production line due to the complexity and costs of bringing to market and its recoverable amount is considered to be zero. In December 2021, the Board agreed that it would not proceed with the investment in the Zircon Opacifier project and focus on the current operating separation and aggregation plant together with the trading and as such brought to account the impairment.
3. During the year ended 30 June 2023, following reconciliation of the fixed asset register to underlying source documents, depreciation previously classified as relating to buildings was discovered to be related to plant and equipment. As such, an amount of \$247,219 has been transferred between the two asset classifications at 30 June 2023.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

17. Exploration and evaluation assets

	Note	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Evaluation costs			
Cost	17(a)	7,795,057	7,807,947
Accumulated impairment loss	17(a)	(7,487,231)	(7,487,231)
		<u>307,826</u>	<u>320,716</u>
Exploration expenditure capitalised - DMS project			
Exploration and evaluation phases	17(b)	71,931,196	65,436,309
Water rights - DMS project	17(c)		
At Cost		17,958,613	17,958,613
Less accumulated amortisation		(7,607,439)	(7,014,179)
		<u>10,351,174</u>	<u>10,944,434</u>
Total exploration and evaluation assets	17(e)	82,590,196	76,701,459

(a) Evaluation costs

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
TiO₂ project		
Cost	7,487,231	7,487,231
Less accumulated impairment losses	(7,487,231)	(7,487,231)
	<u>-</u>	<u>-</u>
Capitalised testing and design		
Cost	307,826	320,716
Total evaluation costs	307,826	320,716

(b) Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the Donald Rare Earth and Mineral Sands Project. As at 30 June 2023, the Group has complied with the conditions of the granting of MIN5532, RL 2002, RL2003 and EL5186. As such, the directors believe that the tenements are in good standing with the Department of Energy, Environment and Climate Action (Earth Resources Regulator) in Victoria, who administers the Mineral Resources Development Act 1990.

During the year, DMS completed the Definitive Feasibility Study for MIN5532, the Pre-Feasibility Study for RL2002 and associated Mineral Resource and Ore Reserve updates for the project. In conjunction with the completion of the above, further work has been completed on mine design and planning, engineering, process flow testing, transport and logistics planning and market engagement.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation or alternatively sale of the area of interest.

(c) Water rights

In 2012, the Group acquired rights to the supply of water for the Donald project. The water rights are amortised over 25 years (subject to the extension of this term) in line with entitlements.

In July 2018, a "Deed of Variation" was signed between Grampians Wimmera Mallee Water Corporation (**GWM Water**) and Donald Mineral Sands Pty Ltd., a wholly owned subsidiary of the Company. The variation provides for an extension of the term of the original agreement of up to four years subject to terms and conditions. The amortisation period of the water rights have accordingly been extended by four years to a total period of 29 years to December 2040.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

(d) Finite lives

Intangible assets, other than goodwill have finite useful lives. To date, other than water rights, no amortisation has been charged in respect of intangible assets due to the stage of development for each project.

(e) Movement in net carrying values

	Evaluation costs A\$	Exploration and evaluation phase A\$	Water rights A\$	Total A\$
Balance at 1 July 2021	305,465	59,514,726	11,537,694	71,357,885
Additions ¹	-	5,921,583	-	5,921,583
Amortisation	-	-	(593,260)	(593,260)
Foreign exchange movements	15,251	-	-	15,251
Balance at 30 June 2022	320,716	65,436,309	10,944,434	76,701,459
Additions ¹	-	6,494,887	-	6,494,887
Amortisation	-	-	(593,260)	(593,260)
Foreign exchange movements	(12,890)	-	-	(12,890)
Balance at 30 June 2023	307,826	71,931,196	10,351,174	82,590,196

1. Additions of exploration and evaluation phase during the year included the amortisation of water rights of \$593,260 (2022: \$593,260) which was capitalised during the year.

18. Development costs

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Balance at 1 July	8,374,798	8,321,690
Additions	201,201	213,444
Foreign exchange movements	325,966	(160,336)
Balance at 30 June	8,901,965	8,374,798

The mining license of the Senegal project was granted in June 2017 (and subsequently renewed in 2023), the registered mining license was received in October 2017 and the environmental approval was obtained in August 2017. As a result of these developments, the directors considered the Senegal project had demonstrated it was technically feasible and commercially viable. Accordingly, under HKFRS 6 and the Group's accounting policies, this project and the costs capitalised to date should no longer be accounted for as an exploration and evaluation asset, but rather as an asset in its own right. The costs associated with the Senegal project have therefore been classified as "Development costs" since the year ended 30 June 2018.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

19. Right-of-use assets

	Consolidated	
	30 Jun 2023	30 Jun 2022
	A\$	A\$
Balance at 1 July	2,974,558	2,912,843
Amortisation	(83,761)	(82,552)
Foreign exchange movements	(117,375)	144,267
Balance at 30 June	2,773,422	2,974,558

During the year ended 30 June 2014, management entered into an agreement to transfer 1,065,384m² of land held in Yingkou province China to a state-owned entity, representing approximately 83% of the total land held by the Group in Yingkou province. As the under-development of this land resulted from a change of government development plan and restructure, this land transfer has been subsidised by the Chinese Government. Final contracts over the land sale were exchanged and the disposal was brought to account in the year ended 30 June 2015. The net proceeds amounting to \$20,356,248 were to be received in instalments. Further details of this land sale receivable are set out in note 11. The remaining 17% of the land, representing 214,802m² is shown as Right-of-Use Asset.

In addition to the land referred to above, the Group also owns a nearby piece of land measuring approximately 18,302m² located at Bayuquan District, Yingkou Province, China. Both pieces of land are held on long term leases with lease terms ranging from 48 to 54 years.

As at 30 June 2023, right-of-use assets with carrying value of \$1,499,620 (2022: \$1,607,182) are pledged as security over short-term loans (note 22).

20. Trade and other payables

	Consolidated	
	30 Jun 2023	30 Jun 2022
	A\$	A\$
Unsecured liabilities		
Trade payables	3,617,909	5,046,228
Note payables	-	3,088,652
Deposits received in advance	14,923	25,544
Other payables ¹	2,945,169	3,631,183
	6,578,001	11,791,607

1. Included in other payables was a balance of \$1,964,565 (2022: \$1,860,399) in aggregate due to a related company as detailed in note 31.

21. Contract liabilities

	Consolidated	
	30 Jun 2023	30 Jun 2022
	A\$	A\$
Contract liabilities arising from:		
Advance deposit for future provision of goods¹	656,001	2,962,559

1. Sale of goods

Contract liabilities are amounts received by the Group as advances in relation to the sale of mineral products which are expected to be recognised as revenue in the next 12 months.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

22. Borrowings

	Consolidated	
	30 Jun 2023	30 Jun 2022
	A\$	A\$
Current		
Other short-term borrowings ¹⁻	2,782,564	1,121,463
Bank borrowings ²	5,823,748	6,067,630
Advances from directors ³	6,021,428	6,479,399
	14,627,740	13,668,492
Non-current		
Other long-term borrowings ¹	633,118	-
Bank borrowings ²	935,960	-
	1,569,078	-

Notes

- Other short and long-term borrowings are Chinese subsidiary loans including:
 - amounts of \$673,580 and \$641,392 (2022: Nil), denominated in RMB, which are interest bearing at 4.7% - 5.6%, repayable in October 2025 and March 2026 respectively and secured against right of use assets which are in use by Astron Titanium (Yingkou) Limited but remain the property of the lessor;
 - an amount of \$1,102,353 (2022: \$1,121,463) which is interest bearing at 10% p.a. (2022: 10%), repayable in March 2024 and secured by certain right-of-us assets in China amounting to \$1,499,620 (2022: \$1,607,182 (Note 19)); and
 - amounts of \$998,357 (2022: Nil), denominated in RMB which are interest bearing at 1.0% to 7.5%, unsecured and repayable on or before 31 December 2023.
- Bank borrowings

The bank loans are Chinese subsidiary loans denominated in RMB, interest bearing between 4.5% to 5.5% p.a. (2022: 3.85% to 5.50%) and have the following maturity profile:

 - September 2023 - \$2,079,910 (successfully refinanced – now payable in September 2024);
 - November 2023 - \$2,079,910;
 - January 2024 - \$1,663,928; and
 - March 2026 - \$935,960.

These loans are pledged with property, plant and equipment amounting to \$6,864,250 (2022: \$6,306,982) (note 16) of the Group, and personal guarantees from directors of \$6,759,708 (2022: \$6,067,630).

The loan agreements have been entered into by Astron's operating subsidiary and the Company does not provide any guarantees over the borrowings.
- Advances from directors

At 30 June 2023, executive directors Mdm Kang Rong and Mr. Tiger Brown had advanced the Group \$6,021,428 (2022: \$5,479,399) and Nil (2022: \$1,000,000) respectively for working capital. The loans are provided interest free and repayable on demand.

23. Convertible notes

In March 2022, Astron issued Convertible Notes (the **Notes**) to raise the principal amount of \$5,000,000 and incurred \$1,000,000 to pay interest on the Notes.

The Notes have a term of two years and are convertible into ordinary shares of the Company at A\$0.54 per share (representing a 24% premium over the trailing 60-day VWAP). The Notes carry a 10% p.a. coupon payable up front in the form of 10,000 additional notes (equivalent to \$1 million) with the full amount capitalised to the loan balance.

The Notes are secured by the 100% owned subsidiary, Donald Mineral Sands Pty Ltd, providing a first ranking general security agreement, guarantee and registered mortgage over real property held.

The movements of the liability component and conversion option component of the Notes during the year ended 30 June 2023 are as follows:

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

	Liability component of the Notes A\$	Conversion option component of the Notes A\$	Total A\$
At 1 July 2021	-	-	-
Convertible notes issued	4,453,182	546,818	5,000,000
Effective interest expenses recognised to profit or loss	169,090	-	169,090
At 30 June 2022	4,622,272	546,818	5,169,090
Effective interest expenses recognised to profit or loss	743,051	-	743,051
At 30 June 2023	5,365,323	546,818	5,912,141
Categorised as – current portion:			
At 30 June 2022	4,622,272	-	4,622,272
At 30 June 2023	5,365,323	-	5,365,323

24. Provisions

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Current		
Employee entitlements	126,666	201,624
Non-current		
Relocation provision ¹	795,450	735,944

1. The provision for relocation represents the estimated costs to relocate and compensate landowners for the Senegal mineral sands project.

25. Deferred tax

Liabilities

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Current tax liability		
Deferred tax liability arises from the following:		
- Capitalised expenditure	12,689,744	11,214,337
- Unrealised inventory	-	(188,749)
- Provisions and other timing differences	(68,923)	(96,638)
	12,620,821	10,928,950

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Deferred tax assets not brought to account

Deferred tax assets are not brought to account as benefits will only be realised if the conditions for deductibility set out in note 2 occur.

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Tax losses:		
- Revenue losses (China)	9,328,686	2,590,373
- Revenue losses (Australia)	5,315,057	3,657,924
- Capital losses	12,694,612	12,694,612

26. Issued capital

	30 Jun 2023 A\$	Consolidated 30 Jun 2022 A\$	30 Jun 2023 No.	30 Jun 2022 No.
Fully paid ordinary shares				
At beginning of the year	76,549,865	76,549,865	122,479,784	122,479,784
Shares issued on:				
- 21 October 2022	2,585,003	-	4,787,042	-
- 18 November 2022	776,300	-	1,437,632	-
- 19 December 2022	2,415,000	-	4,472,223	-
- 17 February 2023	218,700	-	405,000	-
- 13 June 2023	3,500,000	-	6,481,481	-
- 30 June 2023	3,500,000	-	6,481,481	-
Share issue costs – cash	(172,501)	-	-	-
Non-cash share issue costs (note 27)	(139,162)	-	-	-
At the end of the year	89,233,205	76,549,865	146,544,643	122,479,784

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Capital risk management

The Group considers its capital to comprise its ordinary share capital, reserves, accumulated retained earnings and net debt.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and dividends. In order to achieve this objective, the Group has made decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or share buy backs, the Group considers not only its short-term position but also its long term operational and strategic objectives.

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Borrowings (including convertible notes)	21,562,141	18,290,764
Total equity	90,496,303	85,503,285
Net debt to equity ratio	23.83%	21.39%

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

27. Share based payments

Employee Share Option Plan

The Company operates the Employee Share Option Plan (the **ESOP**) for the purpose of providing incentives and rewards to Eligible Participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract valuable human resources to the Group. The ESOP is extended to directors, employees, contractors or prospective participants who meet that criteria on appointment (**Eligible Participant**) (or the **Eligible Associate of such person**) of the Company or an associated body corporate of the Company as the Board may in its discretion determine.

The maximum aggregate number of the options issued under the ESOP shall not at any time exceed 5% of the Company's total issued shares (being up to 7,327,232 (2022: 6,123,988) options based on the number of issued shares outstanding at 30 June 2023). The exercise price of an Option is to be determined by the Board at its sole discretion.

The exercise period commences on the Option Commencement Date and ends on the earlier of:

- the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than two years;
- an associated body corporate ceases because of an Uncontrollable Event, the earlier of:
 - a. the expiry of the Option Period; or
 - b. six months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Participant ceased that employment or engagement;
- an associated body corporate ceases because of a Controllable Event, the earlier of:
 - a. the expiry of the Option Period; or
 - b. six months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Participant ceased that employment or engagement;
- the Eligible Participant ceasing to be employed or engaged by the Company or an associated body corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an associated body corporate.

The Company had the following share-based payment arrangements issued under the ESOP in existence during the current and prior periods:

	Grant date Date	Expiry date Date	Exercise price A\$	Number of options on issue	
				30 Jun 23	30 Jun 22
ATRAA ¹	30 Nov 2021	30 Nov 2024	0.3375	800,000	800,000
ATRA B ¹	30 Nov 2021	30 Nov 2024	0.7200	800,000	800,000
ATRA C ²	13 Dec 2021	13 Dec 2024	0.6300	2,100,000	2,100,000
ATRA D	22 Nov 2022	22 Nov 2025	0.7725	800,000	-
ATRA E	1 Oct 2022	1 Oct 2025	0.9000	600,000	-
				5,100,000	3,700,000

- Issues ATRAA and ATRAB were agreed via separate director resolutions on 23 February 2021 (based on the share price at this date of \$0.225) and 20 July 2021 (based on the share price at this date of \$0.48) respectively. However, these issues were subject to shareholder approval and thus the grant date is taken to be the date of shareholder approval being on 30 November 2021.
- An offer for the issue of 200,000 options under the ESOP to a consultant was declined during the year ended 30 June 2022. As such, the number of options on issue at 30 June 2022 has been adjusted to reflect the fact that these options were never issued and therefore were not outstanding at 30 June 2022.

Vesting Conditions

There are no vesting conditions for issues ATRAA, ATRAB and ATRAD. All options issued under these tranches are free to be exercised from the date of issue.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

The following vesting conditions are in place for tranche ATRAC:

- 300,000 options – no vesting conditions
- 1,800,000 options – 50% of options vest on issue, with a further 25% on the first and second anniversary of the issue date respectively, contingent on remaining employed. Unvested options lapse on cessation of employment.

The following vesting conditions are in place for tranche ATRAE:

- 300,000 options – no vesting conditions
- 300,000 options – 50% of options vest on issue, with a further 25% on the first and second anniversary of the issue date respectively, contingent on remaining employed. Unvested options lapse on cessation of employment.

Movement in the number of options issued under the ESOP

	Total number of ESOP options outstanding No.	Weighted average exercise price A\$
Balance at 1 July 2021	800,000	0.3375
Options granted under the employee share option plan	2,900,000	0.6548
Balance at 30 June 2022	3,700,000	0.5862
Options granted under the employee share option plan	1,400,000	0.8271
Balance at 30 June 2023	5,100,000	0.6524

No share options were exercised during the years ended 30 June 2022 and 2023.

As at 30 June 2023, there were no further key executives that had any rights to acquire shares in terms of a share-based payment scheme for employee remuneration.

Fair value of options issued under the ESOP

The fair value of the options granted was using Black Scholes Option Pricing Model that takes into account the following inputs on the grant date:

	ATRAA ¹	ATRA B ¹	ATRAC	ATRAD	ATRAE
Grant date	30 Nov 2021	30 Nov 2021	13 Dec 2021	22 Nov 2022	1 Oct 2022
Share price at grant date	0.3000	0.3000	0.4200	0.5950	0.6000
Fair value	0.2866	0.2127	0.2261	0.2561	0.2357
Valuation date	30 Nov 2021	30 Nov 2021	13 Dec 2021	22 Nov 2022	1 Oct 2022
Expiry date	30 Nov 2024	30 Nov 2024	13 Dec 2024	22 Nov 2025	1 Oct 2025
Exercise price	0.3375	0.7200	0.6300	0.7725	0.9000
Volatility ²	90.23%	90.23%	90.23%	77.23%	77.23%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Risk free interest rate	1.67%	1.67%	1.67%	3.04%	3.04%
Total life of options	3 years	3 years	3 years	3 years	3 years

1. Issues ATRAA and ATRAB were agreed via separate director resolutions on 23 February 2021 (based on the share price at this date of \$0.225) and 20 July 2021 (based on the share price at this date of \$0.48) respectively. However, these issues were subject to shareholder approval and thus the grant date is taken to be the date of shareholder approval being on 30 November 2021.
2. Expected volatility (determined based on a statistical analysis of historical daily share prices over the same period as the life of the options), early exercise behaviour and expected life of share options are determined based on market research data and historical data respectively and may not necessarily be the actual outcome.

The fair value of options issued under the ESOP at grant date is as follows:

	ATRAA	ATRA B	ATRAC	ATRAD	ATRAE
Number of options	800,000	800,000	2,100,000	800,000	600,000
Fair value of options issued at grant date	0.2866	0.2127	0.2261	0.2561	0.2357
Total fair value of options at grant date	229,308	170,188	474,906	204,906	141,443

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Share-based payment expense

The following table outlines the share-based payment expense recognised in the profit or loss for each tranche of options issued under the ESOP:

	Consolidated 30 June 2023 A\$	30 June 2022 A\$
Unlisted options		
ATRAA ¹	-	(70,635)
ATRA B	-	170,188
ATRA C ²	(45,229)	520,135
ATRA D	204,906	-
ATRA E	125,845	-
	285,522	619,688

- During year ended 30 June 2021, non-executive director Dr. Mark Elliott was granted 800,000 options subject to shareholder approval. As at 30 June 2021, the Company estimated the grant date fair value with reference to the fair value as at the reporting date (i.e. 30 June 2021) to be \$299,943 for the purpose of recognising the services received from Dr. Mark Elliott. Upon receiving shareholder approval on 30 November 2021, the options were approved by the Board and the fair value of options granted to Dr. Mark Elliott was revalued to \$229,308. As such, an adjustment to share-based payment expense of \$70,635 was recognised in the profit or loss for the year ended 30 June 2022.
- An offer for the issue of 200,000 options under the ESOP to a consultant was declined during the year ended 30 June 2022. However, the share-based payment expense relating to these options was recognised during the year ended 30 June 2022. As such, an adjustment to share-based payments expense has been recognised during the year ended 30 June 2023 in order to reflect the fact that these options were never issued and therefore the Company has not incurred any expense in relation to these options.

The fair value of the share options granted during the year ended 30 June 2023 was \$285,522 (30 June 2022: \$619,688) (note 6) which had been recognised as employee share option expense with the corresponding balance credited to the share-based payment reserve.

A share-based payment of \$913,104 was recognised in 2017 after certain milestones with respect to the Senegal project were achieved by a project consultant. This represents a 3% equity interest in the project, calculated by reference to the Senegal project's fair value and to be satisfied by the issue of shares in a Senegalese subsidiary.

Broker options

Pursuant to the completion of the private placement announced by the Company on 17 October 2022, 600,000 options exercisable at \$0.81 expiring on 18 October 2025 were issued to Blue Ocean Equities nominee company L39 Pty Ltd in accordance with the lead manager agreement executed by the Company on 15 September 2022. These options vest immediately.

The details of these options are outlined below:

	Grant date Date	Vesting date Date	Expiry date Date	Exercise price A\$	Number of options on issue 30 Jun 2023
ATRAO	18 Oct 2022	18 Oct 2022	18 Oct 2025	0.81	600,000

Movement in the number of broker options

	Total number of ESOP options outstanding No.	Weighted average exercise price A\$
Options granted to broker under lead manager agreement	600,000	0.81
Balance at 30 June 2023	600,000	0.81

No broker options were exercised during the year ended 30 June 2023.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Fair value of options issued to brokers

The fair value of the options granted was estimated using Black Scholes Option Pricing Model, which approximates the fair value of the services received, takes into account the following inputs on the grant date:

	ATRAO
Grant date	18 Oct 2022
Share price at grant date	0.5700
Fair value	0.2319
Valuation date	18 Oct 2022
Expiry date	18 Oct 2025
Exercise price	0.8100
Volatility ¹	77.23%
Dividend yield	0.0%
Risk free interest rate	3.04%
Total life of options	3 years

1. Expected volatility, determined based on a statistical analysis of historical daily share prices over the same period as the life of the options, and early exercise behaviour and expected life of share options, determined based on the market research data and historical data respectively, may not necessarily be the actual outcome.

The fair value of options issued to brokers at grant date is as follows:

	ATRAO
Number of options	600,000
Fair value of options issued at grant date	0.2319
Total fair value of options at grant date	139,162

Share-based payment expense – share issue costs

The following table outlines the share-based payment expense recognised as a reduction in share capital for each tranche of options issued to brokers:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	A\$	A\$
Unlisted options		
ATRAO	139,162	-

The fair value of the share options granted during the year ended 30 June 2023 was \$139,162 (30 June 2022: Nil). Share-based payments expenses relating to broker options are recognised directly in equity as a reduction in the value of issued capital at the date relevant shares are issued (or over the vesting period in the event vesting conditions are applicable) (note 26).

28. Reserves

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries. The reserve balance at 30 June 2023 was \$13,828,406 (2022: \$14,212,420).

Share based payment reserve

The share-based payment reserve records the amount of expense raised in terms of equity-settled share-based payment transactions. The reserve balance at 30 June 2023 was \$2,257,419 (2022: \$1,832,735).

Convertible notes equity reserve

The convertible notes equity reserve records the carrying value of equity component of unconverted convertible notes issued by the Company. The reserve balance at 30 June 2023 was \$546,818 (2022: \$546,818).

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Capital reserves

Since at least 1 July 2014, the Company had entered into an unwritten informal agreement with Firback Finance Ltd (**Firback**) under which the services of Mr. Alex Brown, the former President, Managing Director and major shareholder of the Company until his death on 30 November 2019, was supplied to the Company (the **Firback Contract**). Under the terms of the Firback Contract, an accumulated amount of \$1,450,005 was outstanding and due to Firback. Firback has since been wound up and no longer exists. It was further noted that prior to being wound up, Firback had not made any demand for payment of the balance outstanding, nor given notice of assignment of the outstanding amount to the Company so the Company considered the Firback contract expired during the year ended 30 June 2021. The amount owing to Firback was accordingly transferred to capital reserve during the year ended 30 June 2021. The reserve balance at 30 June 2023 was \$1,450,005 (2022: \$1,450,005).

29. Holding company statement of financial position

	Note	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
ASSETS			
Current assets			
Amount due from a subsidiary		26,879,295	14,068,796
Total current assets		26,879,295	14,068,796
Non-current assets			
Investments in subsidiaries		76,549,866	76,549,866
Total non-current assets		76,549,866	76,549,866
TOTAL ASSETS		103,429,161	90,618,662
LIABILITIES			
Current liabilities			
Accruals and other payables		175,743	149,343
Convertible notes	23	5,365,323	4,622,272
Total current liabilities		5,541,066	4,771,615
TOTAL LIABILITIES		5,541,066	4,771,615
NET ASSETS		97,888,095	85,847,047
EQUITY			
Issued capital	26	89,233,205	76,549,865
Reserves		2,854,567	2,077,123
Retained earnings		5,800,323	7,220,059
TOTAL EQUITY		97,888,095	85,847,047

Mr Tiger Brown

Mr George Lloyd

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

30. Dividends

During the current and prior years, no dividend was proposed or paid.

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Franking account balance" Franking credits available for the subsequent financial years based on a tax rate of 25.0% (2022: 25.0%)	-	-

The above amount represents the balance on the franking account at the end of the financial year arising from income tax payable.

31. Related party transactions

Parent entity

Astron Corporation Limited is the parent entity of the Group.

Subsidiaries

Interests in subsidiaries are disclosed in note 15.

Transactions with key management personnel

Key management of the Group are the executive members of the board of directors. Key Management Personnel remuneration includes the following expenses:

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Short term employee benefits:		
- Salaries and fees	1,570,641	1,082,614
- Share-based payment expenses	330,751	393,543
- Non-cash benefits	25,027	13,815
Total short-term employee benefits	1,926,419	1,489,972
Post-employment benefits		
- Superannuation	117,790	53,401
Total post-employment benefits	117,790	53,401
Total Key Management Personnel remuneration	2,044,209	1,543,373

Directors' Emoluments

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G) are as follows:

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Short term employee benefits:		
- Salaries and fees ¹	590,000	588,128
- Share-based payment expenses	204,906	99,554
- Post-employment benefits	37,400	15,999
Total directors' emoluments	832,306	703,681

Note:

- The amount includes management fees of \$250,000 payable per annum for the years ended 30 June 2022 and 2023 to Juhua International Limited of which the beneficial owner is Mdm Kang Rong.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Interest free loans

All subsidiary companies are wholly owned with any interest free loans being eliminated on consolidation.

Management services provided

Management and administrative services are provided at no cost to subsidiaries. Astron Pty Limited predominantly incurs directors' fees, management and administration services for the Group. Although these costs are applicable to the Group as a whole, they are not reallocated/recharged to individual entities within the Group.

Related party loans

As at 30 June 2023, executive directors Mdm Kang Rong and Mr Tiger Brown had advanced the Group \$6,021,428 (2022: \$5,479,399) and Nil (2022: \$1,000,000) respectively for working capital. The loans are provided interest free and repayable on demand.

As at 30 June 2023, there were unpaid director and management fees payable to a director-related entity as follows:

- Mdm Kang Rong, Juhua International Limited of \$1,964,565 (2022: \$1,860,399) (note 20).

The above liabilities have been subordinated and will not be called upon unless and until such time that the Company has available funds and repayments will not affect the Group's ability to repay other creditors in the normal course of business.

32. Commitments

Operating lease commitments

There were no non-cancellable operating leases contracted for but not capitalised at 30 June 2022 and 2023.

Water rights

In accordance with the terms of the contract with GWM Water, the usage fee in 2018 was \$218,178 per quarter for the remaining life of the water rights. GWM Water has agreed an extension of up to four years subject to terms and conditions in accordance with the Deed of Variation as set out in note 17. Usage fee of \$739,490 was charged for the year ended 30 June 2023 (2022: \$692,638).

Guarantees between subsidiaries

Astron Pty Limited has provided a letter of support to the Victorian Department of Economic Development, Jobs, Transport and Resources to fund any expenditure incurred by Donald Mineral Sands Pty Limited.

Other commitments and contingencies

Land

In 2008, Astron Titanium (Yingkou) Co Ltd holds two land sites acquired from the Chinese Government. The Group is discussing possible changes to the usage rights with the Government. The directors believe that no significant loss will be incurred by the Group in relation to the right-of-use assets. As at 30 June 2023, the net book value of this land was \$2,773,422 (2022: \$2,974,558) (note 19).

Minimum expenditure on exploration and mining licences

To maintain the Exploration and Mining Licences at Donald, the Group is required to spend \$1,561,800 (2022: \$1,911,800) on exploration and development expenditure over the next year. The minimum expenditure amount per annum will normally increase over the life of an exploration license. The amount of this expenditure could be reduced should the Group decide to relinquish land.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

33. Cash flow information

Reconciliation of cash provided by operating activities with loss before income tax

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Loss before income tax expense	(6,039,121)	(7,018,342)
<i>Non-cash flows in loss from ordinary activities</i>		
Depreciation of property, plant and equipment	1,941,434	1,592,796
Amortisation of right-of-use assets	83,761	82,552
Provision for impairment on receivables	118,716	6,755
Fair value (gain)/loss on financial assets at fair value through profit or loss	(744)	7,457
Impairment of construction in progress	-	1,755,249
Share based payment expenses	285,522	619,688
Finance costs	1,105,217	506,759
Decrease in trade and other receivables	7,766,647	506,711
Decrease in inventories	350,965	40,165
(Decrease)/Increase in trade and other payables and provisions	(7,069,029)	1,494,254
Writte off of capital works in progress	-	374,413
Effects on foreign exchange rate movement	(191,113)	425,711
	(1,647,745)	394,168

Reconciliation of cash

	Note	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the consolidated statement of financial position as follows:			
Cash on hand	10	825	858
Cash at bank	10	7,203,849	2,447,128
		7,204,674	2,447,986

Loan facilities

Details of the loan facilities of the Group at reporting dates are as follows:

	Note	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Available loan facilities		6,759,708	6,067,630
Utilised loan facilities	22	(6,759,708)	(6,067,630)
Unused loan facilities		-	-

As at 30 June 2022 and 2023, the Group's loan facilities were secured by assets held by its China subsidiary.

Non-cash financing activities

No dividends were paid in cash or by the issue of shares under a dividend reinvestment plan during the current year and prior year.

During the year ended 30 June 2023, interest charged on the convertible note related to the unwinding of the discounted value of the liability component of the compound financial instrument. This non-cash interest charge of \$743,051 (30 June 2022: \$169,090) was recognised in the statement of financial performance.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Borrowings (note 22) \$	Contract liabilities - Wensheng \$	Convertible Notes (note 23) \$
At 1 July 2021	13,213,255	732,290	-
Changes from cash flows:			
Convertible notes issued	-	-	5,000,000
Partial settlement of offtake agreement	-	(647,936)	-
Repayment of borrowings	(2,312,745)	-	-
Proceeds from bank borrowings	2,167,011	-	-
Loan interest paid	(336,201)	-	-
Total changes from financing cash flows	(481,935)	(647,936)	5,000,000
Interest expense	336,201	-	169,090
Settlement by delivery of products	-	(121,353)	-
Conversion option component of convertible notes	-	-	(546,818)
Exchange adjustments	600,971	36,999	-
At 30 June 2022 and 1 July 2022	13,668,492	-	4,622,272
Changes from cash flows:			
Repayment of borrowings	(394,097)	-	-
Proceeds from borrowings	3,005,408	-	-
Loan interest paid	(362,641)	-	-
Total changes from financing cash flows	2,248,670	-	-
Interest expense	362,641	-	743,051
Transfer of balances	537,248	-	-
Exchange adjustments	(620,233)	-	-
At 30 June 2023	16,196,818	-	5,365,323

Acquisition of entities

During the current or previous year, the Company did not invest any funds in its Chinese subsidiaries. During the current year, the Group did not acquire any new entities.

Disposal of entities

There were no disposals of entities in the current or prior financial years.

Restrictions on cash

There were no restricted cash amounts included in the Group's consolidated cash and cash equivalents balance at 30 June 2023 (30 June 2022: Nil).

34. Employee benefit obligations

As at 30 June 2023 and 30 June 2022, the majority of employees are employed in China. In accordance with normal business practice in China, employee benefits such as annual leave must be fully utilised annually. Chinese provisions for employee entitlements at year end would be insignificant.

35. Financial Risk Management

General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The principal financial instruments from which financial instrument risk arises are cash at banks, term deposits greater than 90 days, trade and other receivables and payables and financial assets at fair value through profit or loss.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Group has significant experience in its principal markets which provides the directors with assurance as to the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group engages a number of external professionals to ensure compliance with best practice principles.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

In respect of cash investments, most of cash, cash equivalents and term deposits greater than 90 days are held with institutions with an AA- to BBB credit rating. As set out in note 10, a small proportion of the Group's cash was held with a local PRC bank which did not have any credit rating.

In respect of trade receivables, there is concentration of credit risk as 75% (2022: 22%) of the Group's trade debtors is from two (2022: seven) customers. The increase in concentration risk relates predominantly to the significant decrease in trade receivables during the year ended 30 June 2023. Group policy is that sales are only made to customers that are credit worthy. Trade receivables are predominantly situated in China.

Other receivables include \$1,095,945 (2022: \$1,141,839) being the gross land sale receivable from the Yingkou Provincial government. The directors are of the opinion that the credit risk on this receivable to be low for the reasons set out in note 11.

Credit risk is managed on a Group basis and reviewed regularly by management and the Audit & Risk Committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

Refer to note 10 for concentration of credit risk for cash and cash equivalents.

The maximum exposure of the Group to credit risk at the end of the reporting period is as follows:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	A\$	A\$
Cash & cash equivalents	7,204,674	2,447,986
Term deposits with maturity over 90 days	46,112	46,112
Trade and other receivables	3,575,762	7,603,745
	10,826,548	10,097,843

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table presents the gross carrying amount and the lifetime expected credit loss in respect of individually assessed trade receivables as at 30 June 2023 and 2022:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	A\$	A\$
Gross carrying amount	39,058	40,693
Lifetime expected credit loss	(39,058)	(40,693)
Net carrying amount	-	-

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

The following table presents the gross carrying amount under collective measurement (after individual assessed loss allowance) and the provision for impairment loss in respect of collectively assessed trade receivables as at 30 June 2023:

	Expected loss rate %		Gross carrying amount A\$		Loss allowance A\$	
	30 June	2023	2022	2023	2022	2022
Current (not past due)	-	-	67,208	3,967,406	-	-

Expected credit loss is close to zero as the trade receivables have no recent history of default, the impact of the expected loss from collectively assessed trade receivables to be immaterial.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Group manages liquidity risk by monitoring forecast cash flows. As at 30 June 2023, the Group had cash of \$7,204,674 (2022: \$2,447,986).

Maturity analysis

	Note	Carrying Amount A\$	Contractual Cash flows A\$	< 6 months A\$	> 6 months A\$
Year ended 30 June 2023					
Non-derivatives					
Trade and note payables	20	3,617,909	3,617,909	3,617,909	-
Other payables	20	2,945,169	2,945,169	2,945,169	-
Borrowings	22	6,021,428	6,021,428	6,021,428	-
Total non-interest bearing liabilities		12,584,506	12,584,506	12,584,506	-
Borrowings	22	10,175,390	10,175,390	5,517,200	4,658,190
Convertible notes	23	5,365,323	6,000,000	-	6,000,000
Total interest bearing liabilities		15,540,713	16,175,390	5,517,200	10,658,190
Total liabilities		28,125,219	28,759,896	18,101,706	10,658,190
Year ended 30 June 2022					
Non-derivatives					
Trade and note payables	20	8,134,880	8,134,880	8,134,880	-
Other payables	20	3,631,183	3,631,183	3,631,183	-
Borrowings	22	6,479,399	6,479,399	6,479,399	-
Total non-interest bearing liabilities		18,245,462	18,245,462	18,245,462	-
Borrowings	22	7,189,093	7,189,093	5,455,484	1,733,609
Convertible notes	23	4,622,272	5,000,000	-	5,000,000
Total interest bearing liabilities		11,811,365	12,189,093	5,455,484	6,733,609
Total liabilities		30,056,827	30,434,555	23,700,946	6,733,609

Fair value

The fair values of listed investments have been valued at the quoted market price at the end of the reporting period. Other assets and other liabilities approximate their carrying value.

At 30 June 2022 and 2023, the aggregate fair values and carrying amounts of financial assets and financial liabilities approximate their carrying amounts.

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Financial assets at fair value through profit or loss are recognised in the statement of financial position of the Group according to the hierarchy stipulated in HKFRS 7.

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Financial assets at fair value through profit or loss		
ASX Listed equity shares - Level 1	8,319	7,575

The Group does not have any Level 2 or 3 financial assets.

Price risk

Given that price movements are not considered material to the Group, the Group does not have a risk management policy for price risk. However, the Group's management regularly review the risks associated with fluctuating input and output prices.

As at 30 June 2023, the maximum exposure of price risk to the Group was the financial assets at fair value through profit or loss for \$8,319 (2022: \$7,575). 100% of the Group's holding is in the mining or energy sector.

The Group's exposure to equity price risk is as follows:

	Consolidated 30 Jun 2023 A\$	30 Jun 2022 A\$
Carrying amount of listed equity shares on ASX	8,319	7,575

Sensitivity Analysis

	Increase/(decrease) in share price			
	30 Jun 2023 A\$		30 Jun 2022 A\$	
	+10%	-10%	+10%	-10%
Listed equity shares on ASX				
Profit before tax – increase/(decrease)	832	(832)	758	(758)

The above analysis assumes all other variables remain constant.

Interest rate risk

The Group manages its interest rate risk by monitoring available interest rates and maintaining an overriding position of security whereby most of the Group's cash and cash equivalents and term deposits are held with institutions with an AA- to BBB credit rating while a proportion is held with an unrated bank in PRC.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

30 June	Weighted average effective interest rate		Floating interest rate		Fixed interest rate		Non-interest bearing		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets:										
Cash and cash equivalents	0.01	0.90	7,203,849	2,447,128	-	-	825	858	7,204,674	2,447,986
Term deposits greater than 90 days	1.72	0.90	-	-	46,112	46,112	-	-	46,112	46,112
Trade and other receivables	-	-	-	-	-	-	3,575,762	7,603,745	3,575,762	7,603,745
Financial assets at fair value through profit or loss	-	-	-	-	-	-	8,319	7,575	8,319	7,575
Total financial assets			7,203,849	2,447,128	46,112	46,112	3,584,906	7,612,178	10,834,867	10,105,418
Financial liabilities:										
Trade and other payables	-	-	-	-	-	-	6,563,078	11,766,063	6,563,078	11,766,063
Borrowings	4.95	5.62	6,759,708	6,067,630	3,415,682	1,121,463	6,021,428	6,479,399	16,196,818	13,668,492
Convertible notes	15.00	15.00	-	-	5,365,323	4,622,272	-	-	5,365,323	4,622,272
Total financial liabilities			6,759,708	6,067,630	8,781,005	5,743,735	12,584,506	18,245,462	28,125,219	30,056,827

Astron Corporation Limited

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Sensitivity analysis

The following table shows the movements in profit due to higher/lower interest costs from variable interest rate financial instruments in Australia and China.

	+ 1% (100 basis points)		-1% (100 basis points)	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	A\$	A\$	A\$	A\$
Cash at bank	72,038	24,471	(72,038)	(24,471)
Borrowings	(67,597)	(60,676)	67,597	60,676
	4,441	(36,205)	(4,441)	36,205
Tax charge of 25% (2022: 25%)	(1,110)	9,051	1,110	(9,051)
	3,331	(27,154)	(3,331)	27,154

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The Group manages this risk through the offset of trade receivables and payables where the majority of trading is undertaken in either the USD or RMB. Current trading terms ensure that foreign currency risk is reduced by sales terms being cash on delivery where possible.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Directors' Declaration

For the year ended 30 June 2023

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with Hong Kong Financial Reporting Standards and give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:

Chairman



Mr George Lloyd

Dated 29 September 2023

For personal use only

Independent Auditor's Report

To the members of Astron Corporation Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Astron Corporation Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 59 to 104, which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the consolidated financial statements, which indicates that as at 30 June 2023, the Group had a deficit of current assets over current liabilities of \$11,615,438 and the Group incurred a loss of \$7,730,992 and recorded net cash outflows from operating activities of \$1,647,745 during the year ended 30 June 2023. These conditions along with other matters set out in note 2 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matters (continued)

Impairment of property, plant and equipment, exploration and evaluation assets and development costs

Refer to note 16, 17 and 18 to the consolidated financial statements

The Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. At 30 June 2023, the market capitalisation of the Group was significantly less than the consolidated net assets, which is a trigger for impairment. Once impairment indicators trigger an impairment review, management is required to perform impairment testing in accordance with HKAS 36 Impairment of Assets.

We have identified impairment of property, plant and equipment, exploration and evaluation assets and development costs as a key audit matter because of their significance to the consolidated financial statements and because the management's value-in-use calculations involve significant management judgement with respect to the underlying cash flow forecast, in particular the growth rate, and discount rate.

Our Response:

Our procedures in relation to management's impairment review of property, plant and equipment, exploration and evaluation assets and development costs included:

- obtaining management's calculation of the recoverable amount of the assets and comparing them to the methodology as required under HKAS 36;
- tracing the ownership of licences to statutory registers maintained by third parties to determine whether a right of tenure existed;
- challenging and corroborating key assumptions made by management, including those made by the management experts, relating to the recoverability of the assets for their reasonableness;
- involving an auditor expert to assist in reviewing the impairment model of the exploration and evaluation assets;
- understanding the sources of data used to prepare the value-in-use calculation and evaluating the reliability of the data;
- understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
- understanding and assessing the reasonableness of probabilities adopted by management under the expected cash flow approach for valuation of development costs;
- understanding and evaluating the appropriateness of the valuation method used, the reasonableness of assumptions used for the determination of discount rate; and
- reviewing the appropriateness of the related disclosures within the financial statements.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the directors' report, declaration of directors and investor information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



BDO Limited
Certified Public Accountants

Chiu Wing Cheung Ringo
Practising Certificate Number P04434

Hong Kong, 29 September 2023

Astron Corporation Limited

Company Number: 1687414

Additional Information for Listed Public Companies

2023/24 FINANCIAL CALENDAR (ON OR BEFORE)

Release of quarterly report	31 October 2023
2023 annual general meeting	30 November 2023
Release of quarterly report	30 January 2023
Release of half-year report	28 February 2023
Release of quarterly report	30 April 2023

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 28 September 2023.

1. SHAREHOLDERS' INTERESTS

(a) Distribution of shareholders

Size of holding	Number of shareholders	Number of shares held	%
1 - 1,000	151	74,443	0.05
1,001 - 5,000	178	491,554	0.34
5,001 - 10,000	77	614,994	0.42
10,001 - 100,000	179	6,428,401	4.39
100,001 and over	52	138,932,244	94.81
	637	146,541,636	100.00
Non CDI holders			
1 - 1,000	5	307	
1,001 - 5,000	1	2,700	
	6	3,007	

(b) Less than marketable parcels

There were 157 holders of less than a marketable parcel of 1,064 shares (\$500 worth) based on the closing market price of ATR shares on 28 September 2023.

Astron Corporation Limited

Company Number: 1687414

Additional Information for Listed Public Companies

(c) Twenty largest CDI holders

Rank	Name	Number of shares held	%
1.	Kobe Investments Ltd	94,165,972	64.26
2.	Ruiqing Tan	12,962,962	8.85
3.	Citicorp Nominees Pty Limited	7,459,966	5.09
4.	Juhua International Limited	4,000,000	2.73
5.	Pandora Nominees Pty Ltd	1,900,890	1.30
6.	Bealey Pty Limited	1,851,852	1.26
7.	Mr Milton Yannis	1,179,509	0.80
8.	Mr Donald Alexander Black	1,168,175	0.80
9.	Mr Guodong Gong	1,073,894	0.73
10.	Mr Darrel Vaughan Manton & Mrs Veronica Josephine Manton <The Manton Family No 2 A/C>	933,364	0.64
11.	BT Portfolio Services Ltd <Tognola Super Fund A/C>	860,000	0.59
12.	Yanjuan Zhao	810,000	0.55
13.	Mr Adrian Robert Nijman & Mrs Jenny Ann Nijman	756,556	0.52
14.	Joieto Pty Ltd <Lloyd Super Fund A/C>	675,926	0.46
15.	G W Eales Pty Ltd <Knobel Executive Super A/C>	638,689	0.44
16.	HSBC Custody Nominees (Australia) Limited	448,337	0.31
17.	Elliott Nominees Pty Ltd <Elliott Exploration S/F A/C>	438,993	0.30
18.	Cognition Australia Pty Ltd <A&M Gall Superannuation A/C>	437,024	0.30
19.	Dosmiv Pty Ltd	400,000	0.27
20.	Tri Global Resources Limited	370,371	0.25
Totals: Top 20 holders of CDI		132,532,480	90.44
Total Remaining Holders Balance		14,009,156	9.56
Total CDIs		146,541,636	100.00
Total non-CDI holders		3,007	
Total shares on issue		146,544,643	

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

2. TENEMENT SCHEDULE

Location	Tenement	Expiry Date	Interest at year end %
Victoria Australia	RL2002	9 October 2029	100
Victoria Australia	RL2003	Pending Renewal	100
Victoria Australia	MIN5532	19 August 2030	100
Victoria Australia	EL5186	7 April 2024	100
Senegal	09042/MIM/TMG	29 May 2027	100

Astron Corporation Limited

Company Number: 1687414

Additional Information for Listed Public Companies

3. INFORMATION POLICY

It is the policy of the Company to conform with the highest reporting and information standards to its shareholders. Company spokespeople are available and pleased to respond to queries from financial community, investors and shareholders.

During the year, the Group held one shareholder information session meeting and at the meeting active discussions took place and questions were answered.

All these initiatives will continue to be improved and expanded in the coming year with the objective of providing the fullest and most detailed information to shareholders consistent with the Company's objectives.

Information on the Group and presentations to analysts can be obtained from the Company's website astronlimited.com.au.

To assist and improve service to shareholders related to the administration of the fully registered shares shareholders can contact our share registry service.

Shareholders can also contact the Company directly by telephone in Australia +61 3 5385 7088.

For personal use only

Astron Corporation Limited

Company Number: 1687414

Glossary of Abbreviations and Defined Terms

TERM	
µm	Micron
\$ or A\$ or AUD	Australian dollars
ARBN	Australian Registered Business Number
Astron or the Group	The Company and its controlled entities
Astron Titanium	Astron Titanium Yingkou Company Limited
ASX	Australian Securities Exchange
Board	The board of directors of the Company
CDI	CHESS Depositary Interest
CeO ₂	Cerium dioxide
Company	Astron Corporation Limited ARBN 154 924 553, Hong Kong Company Number 1687414
CUP	Concentrate upgrade plant
director	A member of the Board
DMS	Donald Mineral Sands Pty Ltd
Donald Project	The Donald Rare Earth & Mineral Sands Project
EES	Environmental Effects Statement
EIA	Economic Impact Assessment
EPBC	Environmental Protection Biodiversity Conservation
EPS	Earnings per share
ESOP	Employee Share Option Plan
FTE	Full-time equivalent
FVTPL	Fair value through profit or loss
GRP	Gross Regional Product
GSP	Gross State Product
GST	Goods and services tax
GWM Water	Greater Wimmera Mallee Water Corporation
HKAS	Hong Kong Accounting Standards
HKFRS	Hong Kong Financial Reporting Standards, HKAS and Interpretations
HKICPA	Hong Kong Institute of Certified Public Accountants
HLS	Heavy liquid separation
HM	Heavy mineral
HMC	Heavy mineral concentrate
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
kt	One thousand tonnes
Laser Ablation ICPMS	Laser ablation inductively coupled plasma mass spectrometry
LP1	Loxton-Parilla 1 sand formation
LP2	Loxton-Parilla 2 sand formation
mm	Millimetre
MIN5532	Victorian mining licence 5532
MOU	Memorandum of Understanding
MRE	Mineral resource estimate
MSP	Mineral separation plant
Mt	Million tonnes
PPE	Property, plant and equipment
PRC	People's Republic of China
QX 202X	X quarter of calendar year 202X
QEMSCAN	Quantitative evaluation of minerals by scanning electron microscopy
RCAC	Reverse-Circulation Air Core
REEC	Rare earth element concentrate
RL2002	Victorian retention licence 2002
RL2003	Victorian retention licence 2003
RMB	Chinese yuan
SMR	Senegal Mineral Resources SA
SPP	Share Purchase Plan
SPP Shortfall	Amount of SPP not applied for by eligible shareholders
TiO ₂	Titanium dioxide
VHM	Valuable heavy minerals
VHMC	Valuable heavy mineral concentrate
VWAP	Volume weighted average price
WCP	Wet concentrator plant
XRF	X-ray fluorescence
YSC	Yarriambiack Shire Council
ZrO ₂	Zirconium dioxide

For personal use only

Astron Corporation Limited

Company Number: 1687414

Corporate Directory

DIRECTORS

Mr George Lloyd (Chairman, Non-executive Director)
Mr Tiger Brown (Managing Director)
Mdm Kang Rong (Executive Director)
Mr Gerard King (Non-executive Director)
Dr Mark Elliott (Non-executive Director)

COMPANY SECRETARY AND REGISTERED OFFICE

Boardroom Corporate Services (HK) Limited
31/F., 148 Electric Road
North Point
Hong Kong

AUSTRALIAN CORPORATE OFFICE

73 Main Street
Minyip VIC 3392
Australia

Tel: +61 3 5385 7088
E: investors@astronlimited.com
W: astronlimited.com.au.au

CHINA BUSINESS OFFICE

C/ Yingkou Astron Mineral Resources Co Ltd
Room 5612, Building No. 5, Hua Fu Tian Di
No. 128, Ha'erbin Road, Shenhe District
Shenyang 110013
China

Tel/Fax: +86 24 2259 5960

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

SHARE REGISTRY

Computershare Investor Services Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Australia

Computershare Hong Kong Investor Services Limited
Hopewell Centre, 46th Floor
183 Queen's Road East
Wan Chai
Hong Kong

BANKERS

Commonwealth Bank of Australia
48 Martin Place
Sydney NSW 2000
Australia

ASX CODE

ATR

For personal use only

For personal use only



www.astronlimited.com.au