



30 September 2021

**Reliance on ASIC class relief and ASX class waiver to extend the lodgement date for Annual Financial Report**

**Astron Corporation Limited (ASX:ATR)** (“Astron” or “Company”) advises that pursuant to ASX listing rule 18.1 and *ASIC Corporations (Extended Reporting and Lodgment Deadlines—Listed Entities) Instrument 2020/451* dated 28 April 2021 (“ASIC Relief”), the Company advises that it is relying on the ASIC Relief and the ASX class waiver dated 3 May 2021 from ASX listing rule 4.5.1 to extend the lodgement date for its audited Annual Financial Report and other documents required to be lodged with ASIC under section 319 of the Corporations Act. The Annual Financial Report has not been audited at the date of lodgement.

The Company further confirms it will immediately make further announcement to ASX if it becomes aware that there will be a material difference between its unaudited and its audited annual financial report.

**Astron Corporation Limited**

This announcement is authorised for release to ASX by the Board of Directors of Astron

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

**Preliminary Unaudited Financial Report**

For the Year Ended 30 June 2021

# Astron Corporation Limited

ARBN 154 924 553

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Sales revenue	5	16,418,037	8,430,039
Cost of sales		(13,261,073)	(8,258,584)
<b>Gross profit</b>		<b>3,156,964</b>	<b>171,455</b>
Interest income	5	7,996	2,159
Other income	5	1,770,134	344,246
Distribution expenses		(344,631)	(583,907)
Marketing expenses		(202,342)	(218,110)
Occupancy expenses	6	(9,981)	(48,479)
Administrative expenses		(4,273,063)	(4,448,707)
Reversal of provision for impairment on receivables	6	27,359	469,657
Fair value loss on financial assets at fair value through profit or loss		(5,290)	(5,044)
Costs associated with Gambian litigation	6	34,668	(136,006)
Employee share option expenses	6	(299,943)	-
Finance costs	6	(190,660)	(1,651,551)
Other expenses		(78,005)	(100,416)
<b>Loss before income tax expense</b>	6	<b>(406,794)</b>	<b>(6,204,703)</b>
Income tax expense	7	(244,357)	(88,117)
<b>Net loss for the year</b>		<b>(651,151)</b>	<b>(6,292,820)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Decrease in foreign currency translation reserve (tax: Nil)		(32,616)	(255,877)
<b>Other comprehensive income for the year, net of tax</b>		<b>(32,616)</b>	<b>(255,877)</b>
<b>Total comprehensive income for the year</b>		<b>(683,767)</b>	<b>(6,548,697)</b>
<b>Loss for the year attributable to:</b>			
Owners of Astron Corporation Limited		(651,151)	(6,292,820)
<b>Total comprehensive income for the year attributable to:</b>			
Owners of Astron Corporation Limited		(683,767)	(6,548,697)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Astron Corporation Limited

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For The Year Ended 30 June 2021

	Note	2021 Cents	2020 Cents
<b>LOSS PER SHARE</b>	<b>8</b>		
Loss per share (cents per share)		<b>(0.53)</b>	(5.14)
Diluted loss per share (cents per share)		<b>(0.53)</b>	(5.14)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

# Astron Corporation Limited

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## Consolidated Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	2,570,438	555,504
Term deposits greater than 90-days	10.3	46,112	46,112
Trade and other receivables and prepayments	11	14,017,427	11,039,026
Inventories	12	2,786,296	9,930,340
Financial assets at fair value through profit or loss	14	15,032	20,322
<b>Total current assets</b>		<b>19,435,305</b>	<b>21,591,304</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	25,848,730	26,648,011
Exploration and evaluation assets	17	71,357,885	70,297,773
Development costs	18	8,321,690	8,205,625
Right-of-use assets	19	2,912,843	2,983,286
<b>Total non-current assets</b>		<b>108,441,148</b>	<b>108,134,695</b>
<b>TOTAL ASSETS</b>		<b>127,876,453</b>	<b>129,725,999</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	20	10,297,353	13,125,453
Contract liabilities	21	2,105,940	5,106,984
Borrowings	22	13,213,255	10,917,671
Provisions	23	108,826	116,901
<b>Total current liabilities</b>		<b>25,725,374</b>	<b>29,267,009</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	24	6,591,617	5,941,198
Long-term provisions	23	767,997	792,508
<b>Total non-current liabilities</b>		<b>7,359,614</b>	<b>6,733,706</b>
<b>TOTAL LIABILITIES</b>		<b>33,084,988</b>	<b>36,000,715</b>
<b>NET ASSETS</b>		<b>94,791,465</b>	<b>93,725,284</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Astron Corporation Limited

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## Consolidated Statement of Financial Position (continued)

As at 30 June 2021

	Note	2021 \$	2020 \$
<b>EQUITY</b>			
Issued capital	25	<b>76,549,865</b>	76,549,865
Reserves	26	<b>15,974,483</b>	14,257,151
Retained earnings		<b>2,267,117</b>	2,918,268
<b>TOTAL EQUITY</b>		<b>94,791,465</b>	93,725,284

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

Mdm Kang Rong

Mr. Gerard King

# Astron Corporation Limited

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## Consolidated Statement of Changes in Equity For The Year Ended 30 June 2021

Year Ended 30 June 2021	Issued capital \$	Retained earnings \$	Share based payment reserve \$	Foreign currency translation reserve \$	Capital reserve \$	Total equity \$
Equity as at 1 July 2020	76,549,865	2,918,268	913,104	13,344,047	-	93,725,284
Loss for the year	-	(651,151)	-	-	-	(651,151)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(32,616)	-	(32,616)
Total comprehensive income for the year	-	(651,151)	-	(32,616)	-	(683,767)
Capital contribution (note 29.6)	-	-	-	-	1,450,005	1,450,005
Options granted to Director (note 25.4)	-	-	299,943	-	-	299,943
Total transactions with owners recognised directly in equity	-	-	299,943	-	1,450,005	1,749,948
Equity as at 30 June 2021	76,549,865	2,267,117	1,213,047	13,311,431	1,450,005	94,791,465

Year Ended 30 June 2020	Issued capital \$	Retained earnings \$	Share based payment reserve \$	Foreign currency translation reserve \$	Capital reserve \$	Total equity \$
Equity as at 1 July 2019	76,549,865	9,211,088	913,104	13,599,924	-	100,273,981
Loss for the year	-	(6,292,820)	-	-	-	(6,292,820)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(255,877)	-	(255,877)
Total comprehensive income for the year	-	(6,292,820)	-	(255,877)	-	(6,548,697)
Equity as at 30 June 2020	76,549,865	2,918,268	913,104	13,344,047	-	93,725,284

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Astron Corporation Limited

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## Consolidated Statement of Cash Flows For The Year Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities:</b>			
Receipts from customers		16,821,687	10,136,280
Payments to suppliers and employees		(14,574,470)	(12,112,055)
<b>Net cash inflow/(outflow) from operations</b>		<b>2,247,217</b>	<b>(1,975,775)</b>
Refundable Australian R&D tax offsets received		406,062	623,470
<b>Net cash inflow/(outflow) from operating activities</b>	31.1	<b>2,653,279</b>	<b>(1,352,305)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of property, plant and equipment		409,520	-
Receipts from partial settlement of land receivable		404,901	1,483,981
Acquisition of property, plant and equipment		(1,105,187)	(2,123,232)
Capitalised exploration and evaluation expenditure		(887,601)	(1,831,166)
<b>Net cash outflow from investing activities</b>		<b>(1,178,367)</b>	<b>(2,470,417)</b>
<b>Cash flows from financing activities:</b>			
Interest received		7,995	2,160
Interest paid		(292,901)	(631,177)
Partial settlement of offtake agreement		(1,328,688)	(205,753)
Repayment of borrowings		(1,370,000)	(8,187,404)
Proceeds from borrowings		3,632,861	12,034,612
<b>Net cash inflow from financing activities</b>	31.4	<b>649,267</b>	<b>3,012,438</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,124,179</b>	<b>(810,284)</b>
Cash and cash equivalents at beginning of the year		555,504	1,687,549
Net foreign exchange differences		(109,245)	(321,761)
<b>Cash and cash equivalents at end of the year</b>	31.2	<b>2,570,438</b>	<b>555,504</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



# Astron Corporation Limited

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 1. Corporate Information

The consolidated financial statements of Astron Corporation Limited for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on [●] 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. Summary of Significant Accounting Policies

#### 2.1 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

As at 30 June 2021, the Group had a deficit of current assets over current liabilities of \$6,290,069 (2020: \$7,675,705) and incurred a net loss after tax of \$651,151 (2020: \$6,292,820), the loss was a significant improvement over 2020 due to improved trading conditions. The deficit of current assets over current liabilities and losses are conditions along with the other matters set out below indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on the 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 a cash flow forecast covering 15 months from the end of the reporting period with the consideration the plans and measures stated below, the business is a going concern as the short-term needs of the Group to meet its ongoing operating costs and committed project expenditure are forecast to be covered by the existing resources on hand for at least the next 12 months from the date of this report (the "forecast period").

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

- The Group expects its operating mineral separation plant, situated in Yingkou, the PRC is able to obtain new contracted supplies in the forecast period. Further the previous development of the agglomeration process should translate into additional higher value sales being derived. The Group is also confident that it can transition sales of this product to its existing rutile customer (trading) base and expand its market share in the PRC market.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.1 Basis of Preparation (continued)

- The Group expects to receive the gross balance of the sale of land receivable of approximately \$1.1 million (note 11.1) outstanding at 30 June 2021, in the next twelve months. Subsequent to year end, the Group has not received additional payments.
- The Senegal project has faced delays in proceeding to operational status. This has delayed the expected commencement of production. This delay could potentially have an impact on the Group's obligations to a major customer ("Wensheng") for the offtake of Senegal project. As explained in note 21(a), Wensheng placed a deposit of RMB20 million (approximately \$4.1 million) to secure its position as the primary customer of the offtake. The Group substantially finalised this contact by year end with both cash and materials repayments. The deposit has now been fully repaid.
- The Group is confident the PRC market for mineral sands and the trading of mineral sands will further develop with increasing demand over the forecast period.
- The undertakings by two of the directors not to demand repayments due to them and their related entities of approximately \$10.8 million until such time when the Group has available funds and is generating positive operating cash flows (refer note 29.6).
- The Group believes that there would be significant interest in the Group in the capital markets if the Directors chose to seek market support.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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

#### 2.2 Basis of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2021. The Parent 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.

# Astron Corporation Limited

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.3 Foreign Currency Translation

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

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 and loss.

#### 2.4 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.

# Astron Corporation Limited

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Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

## 2. Summary of Significant Accounting Policies (continued)

### 2.4 Revenue Recognition (continued)

#### *Sale of goods (continued)*

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.

Revenue from sale of products is recognised when the relevant goods are delivered and the contract was pass to customer and transferred point in time. There is only one performance obligation.

#### *Interest income*

Revenue is recognised as interest 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.

# Astron Corporation Limited

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.5 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 installments. 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 45% 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, resulting from the monetisation of available tax losses that otherwise would have been carried forward.

# Astron Corporation Limited

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.6 Financial Instruments

##### (i) 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 market place.

##### 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 are 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.

##### (ii) 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.

# Astron Corporation Limited

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.6 Financial Instruments (continued)

##### (ii) Impairment loss on financial assets (continued)

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.

##### (iii) 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.

##### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note 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.

##### (iv) 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.

##### (v) 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.

# Astron Corporation Limited

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.6 Financial Instruments (continued)

##### (vi) 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.

#### 2.7 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, term deposits with maturity over three months are shown as cash flows from investing activities.

#### 2.8 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.



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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.9 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:

<b>Class of Asset</b>	
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.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.10 Leases

All leases (irrespective of 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 right-of-use the underlying 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 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.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.11 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***

###### *(i) 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.

###### *(ii) 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.

###### *(iii) 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.

###### *(iv) 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.

# Astron Corporation Limited

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.12 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 and 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.

#### 2.13 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.

#### 2.14 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.

#### 2.15 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.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.16 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 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.

#### 2.17 Dividends/Return of Capital

No dividends were paid or proposed for the years ended 30 June 2021 and 30 June 2020. There is no Dividend Reinvestment Plan in operation.

#### 2.18 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.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.19 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.

#### 2.20 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.

#### 2.21 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.

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Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

## 2. Summary of Significant Accounting Policies (continued)

### 2.22 Adoption of HKFRS

#### (i) Adoption of new or revised HKFRSs - effective on 1 July 2020

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 HKFRS 3, Definition of a Business
- Amendments to HKAS 1 and HKAS 8, Definition of Material
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform
- Amendments to HKFRS 16, COVID-19-Related Rent Concessions

Other than the amendments to HKFRS 3, 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. Impact on the application of amendments to HKFRS 3 is summarised below.

#### Amendments to HKFRS 3 Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

The Group elected to apply the amendments prospectively to acquisitions for which the acquisition date is on or after 1 July 2020.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### 2.22 Adoption of HKFRS (continued)

##### (ii) 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 HK-Int 5 (2020)	Classification of Liabilities as Current or Non-current <sup>4</sup> Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>4</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Amendments to HKAS 39, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>1</sup>
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments and HKFRS 16 Leases <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023

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.



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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 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.

#### 3.1 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 Mineral Sands 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 Mineral Sands 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.

#### 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.

# Astron Corporation Limited

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 3. Critical Accounting Estimates and Judgments (continued)

#### 3.2 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 ageing 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 11.1. During the year, the Group made progress with \$1.1 million due at year end (2020: \$1.5 million). The Group is confident the balance will be settled within the next twelve months.

#### 3.3 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.

#### 3.4 Deferred Tax Assets

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

#### 3.5 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.

#### 3.6 Discontinued Operations

Subsequent to year end the Group obtained shareholder approval on 19 July 2021 by Extraordinary General Meeting to demerge its Chinese operations, however, on 10 September 2021 an interim Court injunction was granted in Hong Kong preventing the completion of the demerger in its current form at least until 21 December 2021 when the matter is set to be heard in the High Court of Hong Kong. The Group assessed the impact of HKFRS 5 Discontinued Operations and whether this standard should be applied at 30 June 2021. As at 30 June 2021 it was not considered highly probable that the disposal would proceed and as such it was determined to account for the demerger as a subsequent event under HKAS 10 *Events after the Reporting Period* refer note 33.

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Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

## 4. Segment Information

### 4.1 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 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

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Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

## 4. Segment Information (continued)

### 4.2 Segment information provided to the Managing Director /President

30 June	DMS		China		Senegal		Other		Consolidated	
	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Sale of mineral products:</b>										
Revenue from contracts with external customers	-	-	16,418,037	8,430,039	-	-	-	-	16,418,037	8,430,039
<b>Revenue from other sources:</b>										
Interest income	15	245	7,873	1,429	-	-	108	485	7,996	2,159
Rent and other Income	250,658	198,482	1,476,054	124,053	-	-	43,422	21,711	1,770,134	344,246
<b>Total revenue</b>	<b>250,673</b>	<b>198,727</b>	<b>17,901,964</b>	<b>8,555,521</b>	<b>-</b>	<b>-</b>	<b>43,530</b>	<b>22,196</b>	<b>18,196,167</b>	<b>8,776,444</b>
<b>Segment result</b>										
Segment profit/(loss)	29,026	(19,082)	1,195,021	(4,757,811)	(363,194)	-	(1,267,647)	(1,427,810)	(406,794)	(6,204,703)
Acquisition of PPE, Intangible assets and other non-current segment assets	782,603	2,403,929	1,077,804	1,293,631	106,879	256,838	25,503	-	1,992,789	3,954,398
Depreciation and amortisation	1,408	1,788	1,578,022	1,639,837	-	-	2,914	-	1,582,344	1,641,625

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Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

## 4. Segment Information (continued)

### 4.2 Segment information provided to the Managing Director /President (continued)

30 June	DMS		China		Senegal		Other		Consolidated	
	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>										
Segment assets	76,652,146	75,261,388	41,132,170	40,950,003	9,262,196	9,166,052	829,941	4,348,556	127,876,453	129,725,999
<b>Consolidated total assets</b>									127,876,453	129,725,999
<b>Liabilities</b>										
Segment liabilities	589,556	323,647	9,347,657	14,336,156	1,128,915	968,865	2,213,988	3,513,178	13,280,116	19,141,846
Borrowings	-	-	12,035,526	10,489,942	-	-	1,177,729	427,729	13,213,255	10,917,671
Deferred tax liabilities									6,591,617	5,941,198
<b>Consolidated total liabilities</b>									33,084,988	36,000,715

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 4. Segment Information (continued)

#### 4.3 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 trading and downstream development 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	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Australia	-	-	15	245	76,527,391	75,466,807
China	16,418,037	8,430,039	7,873	1,429	22,755,043	23,011,947
Other countries	-	-	108	485	9,158,714	9,655,941
	16,418,037	8,430,039	7,996	2,159	108,441,148	108,134,695

During 2021, \$11,203,149 or 68% (2020: \$5,627,444 or 67%) of the revenue depended on five (2020: five) customers.

### 5. Revenue and Other Income

#### Revenue from contracts with customers within the scope of HKFRS 15

##### Timing of revenue recognition – at a point in time

- sale of goods

	2021	2020
	\$	\$
	16,418,037	8,430,039

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 5. Revenue and Other Income – Continued

	2021 \$	2020 \$
<b>Interest income</b>	<b>7,996</b>	2,159
<b>Other income:</b>		
- rental income	142,778	174,482
- reversal of interest expenses for offtake agreement	1,199,551	-
- government subsidies (note)	156,735	-
- Australian Government Cashflow Boost	45,180	-
- other income	225,890	169,764
<b>Total other income</b>	<b>1,770,134</b>	344,246

Note: Among the government subsidies, an amount of \$62,700 (2020: nil) for 4 employee is a government grant obtained from the JobKeeper program launched by the Australian Government supporting the payroll of the Group's Australian employees. There was no voluntary repayments of JobKeeper payments received made by the Group.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 6. Loss Before Income Tax Expense

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

#### 6.1 Employee benefits (including directors' remuneration):

	2021	2020
	\$	\$
Salaries and fees	632,964	677,573
Non-cash benefits	124,196	182,333
Employee share option expenses (note 25.4)	299,943	-
Superannuation	38,183	42,105
	<b>1,095,286</b>	<b>902,011</b>

#### 6.2 Other items

	2021	2020
	\$	\$
Finance costs:		
- on borrowings and early redemption of note receivables	190,660	629,216
- on Wensheng deposits (note 21(a))	-	1,022,335
	<b>190,660</b>	<b>1,651,551</b>
Short-term lease charges in respect of premises	9,981	48,479
Research and development costs	526,916	783,206
Depreciation and amortisation	2,175,604	2,234,886
Less: capitalisation of water rights amortisation (note 17(f))	(593,260)	(593,261)
	<b>1,582,344</b>	<b>1,641,625</b>
Costs associated with Gambia litigation (note 13)	(34,668)	136,006
Reversal of provision for impairment on receivables (note 11)	(27,359)	(469,657)



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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 7. Income Tax Expense

#### 7.1 The components of tax expense comprise:

	2021 \$	2020 \$
Current tax benefit in respect of current year	406,063	623,470
Deferred taxation:	(650,420)	(711,587)
- Unrealised inventory	(769,727)	(1,026,798)
- Loss recognised/(carried forwards) for the year	-	210,949
- Capitalisation of expenditure on DMS project (net)	656,059	42,547
- Derecognition of deferred tax assets	(532,899)	-
- Other movements	(3,853)	61,715
<b>Total</b>	<b>(244,357)</b>	<b>(88,117)</b>

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

	2021 \$	2020 \$
Loss before income tax expense	(406,794)	(6,204,703)
Prima facie tax payable on profit 26% (2020: 27.5%)		
- continuing operations	(105,766)	(1,706,293)
	(105,766)	(1,706,293)
Add/(Less) tax effect of:		
- non-deductible items - Gambia	(9,014)	37,402
- non-taxable items	155,594	(149,411)
- tax losses not recognised on overseas entities	575,400	2,534,088
- research & development tax incentive *	(163,626)	(623,470)
- change in tax rates	(755,350)	-
- losses derecognised	532,899	-
- impact of overseas tax differential	-	(4,199)
Income tax expense/(benefit)	244,357	88,117
The applicable weighted average effective tax rates are as follows:	60.1%	1.4%

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

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Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

## 7. Income Tax Expense (continued)

### 7.3 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.

#### *China (including Hong Kong)*

The Company is subject to Hong Kong tax law.

The Group's subsidiaries in China and 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.

### 7.4 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 Australian operations.

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## Notes to the Consolidated Financial Statements

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### 8. Loss Per Share

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

	2021	2020
	\$	\$
Loss attributable to owners	(651,151)	(6,292,820)
Loss used to calculate basic and diluted loss per share	(651,151)	(6,292,820)

#### 8.2 Weighted average number of ordinary shares:

	2021	2020
Weighted average number of ordinary shares outstanding during the year for the purpose of basic and diluted loss per share	122,479,784	122,479,784

#### 8.3 Dilutive shares

For the purpose of calculating diluted loss per share for the year ended 30 June 2021 and 2020, no adjustment has made as the exercise of the outstanding share options has dilutive effect on the basic loss per share.

### 9. Auditors' Remuneration

	2021	2020
	\$	\$
<b>Audit and review of financial statements</b>		
BDO Limited	195,181	197,877
	195,181	197,877

### 10. Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash on hand	4,571	41,798
Current & call account balances	2,565,867	513,706
<b>Total</b>	<b>2,570,438</b>	<b>555,504</b>

Cash on hand is non-interest bearing. Bank balances and short-term deposits at call bear floating interest rates between 0.0% and 1.30% (2020: 0.0% and 0.01%). Deposits have an average maturity of 90 days (2020: 90 days).

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 10. Cash and Cash Equivalents (continued)

#### 10.1 Concentration of risk by geography – cash and cash equivalents

	2021 \$	2020 \$
Australia	771,882	237,194
China	1,773,122	260,153
Hong Kong	-	2,250
USA	-	27,813
Senegal	25,434	28,094
<b>Total</b>	<b>2,570,438</b>	<b>555,504</b>

#### 10.2 Concentration of risk by bank

	2021 \$	2020 \$
<b>Australia</b>		
Commonwealth Bank - S&P rating of AA- (2020: AA-)	735,134	187,105
Westpac Bank - S&P rating of AA- (2020: AA-)	-	1,646
Bank of China - S&P rating of A (2020: A)	-	12,050
Other Australian banks	36,672	36,279
	<b>771,806</b>	<b>237,080</b>
<b>China</b>		
Bank of China - S&P rating of A (2020: A1)	2,465	10,861
Construction Bank - S&P rating of A (2020: A)	102	122
China Zheshang Bank – Baa3 (2020: BA1)	7,175	206,141
Shengjing Bank – unrated	1,032,669	1,330
Shanghai Pudong Development Bank - S&P rating of BBB	633,333	-
Other banks	92,883	14
	<b>1,768,627</b>	<b>218,468</b>
<b>Other countries</b>		
Other banks	25,434	58,158
	<b>25,434</b>	<b>58,158</b>

#### **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% (2020: 13%) to be paid.

As at 30 June 2021, Australian domiciled cash at banks included \$45,000 (2020: \$45,000) of cash backed by Bank Guarantee for the operations of the Donald Mineral Sands project.

As at 30 June 2021, the Chinese domiciled cash at banks included \$412,790 (2020: Nil) of cash restricted by bank as security for certain note payables and letters of credit.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 10. Cash and Cash Equivalents (continued)

#### 10.3 Term deposits greater than 90 days

	2021	2020
	\$	\$
Term deposits with maturity over 90 days	46,112	46,112

As at 30 June 2021, term deposits with maturity over 90 days of \$46,112 (2020: \$46,112) bear fixed interest rates of 0.9% (2020: 0.9%) and have a maturity of 3-6 months.

#### *Restrictions on cash*

The short-term deposits include \$45,000 (2020: \$45,000) of cash backed by Bank Guarantees for the operations of the Donald Mineral Sands project.

#### 10.4 Concentration of risk by geography – term deposits

	2021	2020
	\$	\$
Australia	46,112	46,112

#### 10.5 Concentration of risk by bank – term deposits

	2021	2020
	\$	\$
<b>Australia</b>		
Commonwealth Bank-S&P rating of AA- (2020: AA-)	35,000	35,000
Other	11,112	11,112
	46,112	46,112

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 11. Trade and Other Receivables and Prepayments

	Note	2021 \$	2020 \$
<b>Current assets:</b>			
Trade debtors	11.2	<b>2,644,692</b>	2,653,109
Impairments	11.3	<b>(38,758)</b>	(38,637)
Net trade debtors		<b>2,605,934</b>	2,614,472
Land sale receivable	11.1	<b>1,087,535</b>	1,495,660
Impairments		<b>(41,870)</b>	(65,062)
Net land sale receivables		<b>1,045,665</b>	1,430,598
Sundry receivable		<b>1,555,881</b>	545,760
Prepayments	11.4	<b>9,181,458</b>	6,818,551
Impairments	11.4	<b>(371,511)</b>	(370,355)
Net prepayments		<b>8,809,947</b>	6,448,196
<b>Total</b>		<b>14,017,427</b>	11,039,026

#### 11.1 Land sale receivable

During the year ended 30 June 2014, the Group entered into an agreement to transfer 1,065,384 sqm 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. During the year ended 30 June 2021, there were receipts of \$404,901 (2020: \$1,483,981) with a gross balance receivable of \$1,087,535 (2020: \$1,495,660). While the receivable is currently outside the terms initially agreed, the Group is confident all of the amounts outstanding will be received.

As at 30 June 2021 the total amount outstanding before ECL provision was \$1,087,535 (2020: \$1,495,660). 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 the 2022 year. The provision has accordingly been determined on that basis. During the year ended 30 June 2021, the Group received payment of \$404,901 and therefore reversal of expected credit loss of \$22,947 (2020: \$201,090) was recognised for the year ended 30 June 2021. As at 30 June 2021, the impairment provision for land sale receivable is \$41,870 (2020: \$65,062).

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 11. Trade and Other Receivables (continued)

#### 11.2 Ageing analysis

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

	2021 \$	2020 \$
0-30 days (not past due)	2,605,934	2,614,472
<b>Total</b>	<b>2,605,934</b>	<b>2,614,472</b>

At the end of the reporting period, the Group's trade debtors are 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 that sales are made in exchange for notes (guaranteed by a Chinese bank) minimising the Group's exposure to an impairment issue.

#### 11.3 Impairment on trade debtors and other receivables

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

During the year ended 30 June 2021, no reversals of expected credit loss (2020: \$268,567) on trade debtors was recognised for the year ended 30 June 2021. As at 30 June 2021, the impairment provision for trade debtors is \$38,758 (2020: \$38,637).

During the year ended 30 June 2021, reversal of expected credit loss of \$22,947 (2020: \$201,090) on land sale receivable was recognised for the year ended 30 June 2021. As at 30 June 2021, the impairment provision for land sale receivables is \$41,870 (2020: \$65,062).

#### 11.4 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 \$371,511 (2020: \$370,355) which is the prepayment for construction. This amount has been fully impaired due to low possibility of collection.

### 12. Inventories

	2021 \$	2020 \$
Raw materials	2,504,807	3,308,399
Work-in-progress	86,022	107,213
Finished goods	195,467	6,321,450
Goods in transit	-	193,278
<b>Total</b>	<b>2,786,296</b>	<b>9,930,340</b>

There is no provision against inventory to net realisable value as of 30 June 2021 and 2020.

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For The Year Ended 30 June 2021

### 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 \$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 3 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 2021, no assets arising from this matter were recognised.

When the Group receives a settlement, an additional contingent legal fee of £171,000 (equivalent to approximately \$307,000) is payable to Clyde & Co.

During the year the Group incurred however due to reversals of prior year legal and other related expenses to the Gambian proceedings there was a net refund of \$34,668 (2020: \$136,006 expense).

### 14. Financial Assets At Fair Value Through Profit Or Loss

	2021 \$	2020 \$
<b>Equity securities</b>		
- Listed in Australia	15,032	20,322
<b>Total financial assets at fair value through profit or loss</b>	<b>15,032</b>	<b>20,322</b>

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.

There will be no capital gains tax payable on the sale of these assets due to existing capital losses carried forward. For listed equity securities and preference shares, fair value is determined by reference to closing bid prices on the ASX.



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## Notes to the Consolidated Financial Statements

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### 15. Subsidiaries

Financial Year 2021	Country of incorporation	Percentage Owned Ordinary Shares 2021	Percentage Owned Ordinary Shares 2020
<b>Parent entity</b>			
Astron Corporation Limited	Hong Kong		
<b>Subsidiaries of parent entity</b>			
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 (note ii)	Hong Kong	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 Ltd	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

#### (i) Equity

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

#### (ii) Disposal/Acquisition of subsidiaries

During the current and prior years, no subsidiaries were disposed.

No subsidiaries were acquired during the current and prior years while Astron Titanium (Yingkou) Hong Kong Holdings Ltd was incorporated in Hong Kong on 3 June 2021.

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## Notes to the Consolidated Financial Statements

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### 16. Property, Plant and Equipment

	2021 \$	2020 \$
<b>Land</b>		
At cost	5,162,151	5,162,151
Total land	5,162,151	5,162,151
<b>Buildings</b>		
At cost	9,826,972	10,252,018
Less accumulated depreciation	(3,396,417)	(2,908,313)
Net carrying value	6,430,555	7,343,705
<b>Capital works in progress</b>		
At cost	5,259,881	4,270,613
Less accumulated impairment losses	(1,976,775)	(1,970,628)
Total capital works in progress	3,283,106	2,299,985
<b>Plant and equipment</b>		
At cost	17,421,391	17,347,239
Less accumulated depreciation	(4,699,498)	(3,761,533)
Less accumulated impairment losses	(1,748,975)	(1,743,536)
Net carrying value	10,972,918	11,842,170
<b>Total property, plant and equipment</b>	<b>25,848,730</b>	<b>26,648,011</b>

#### 16.1 Assets pledged as security

As at 30 June 2021, property, plant and equipment with carrying value of \$3,919,730 (2020: \$3,957,471) were pledged as security for short term loans.

#### 16.2 Capital works in progress

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

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 16. Property, Plant and Equipment (continued)

#### 16.3 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.

	Capital works in progress \$	Land \$	Buildings \$	Plant and equipment \$	Total \$
<b>Year ended 30 June 2021</b>					
Balance at 1 July	2,299,985	5,162,151	7,343,705	11,842,170	26,648,011
Additions	975,946	-	-	51,888	1,027,834
Depreciation	-	-	(592,347)	(911,771)	(1,504,118)
Disposals	-	-	(332,166)	-	(332,166)
Foreign exchange movements	7,175	-	11,363	(9,369)	9,169
<b>Balance at 30 June</b>	<b>3,283,106</b>	<b>5,162,151</b>	<b>6,430,555</b>	<b>10,972,918</b>	<b>25,848,730</b>
<b>Year ended 30 June 2020</b>					
Balance at 1 July	1,931,553	4,338,027	8,351,503	11,599,344	26,220,427
Additions	1,235,095	824,124	-	64,014	2,123,233
Depreciation	-	-	(561,821)	(997,889)	(1,559,710)
Transfers #	(850,462)	-	-	850,462	-
Foreign exchange movements	(16,201)	-	(445,977)	326,239	(135,939)
<b>Balance at 30 June</b>	<b>2,299,985</b>	<b>5,162,151</b>	<b>7,343,705</b>	<b>11,842,170</b>	<b>26,648,011</b>

# The Group allocated the development costs in relation to the Mineral separation plant in China to capital works in progress. Once the Mineral Separation Plant had been commissioned the development expenditure was transferred from capital works in progress to plant and equipment.

### 17. Exploration and Evaluation Assets

	Note	2021 \$	2020 \$
<b>Evaluation costs</b>			
Cost	17(b)	7,792,696	7,791,746
Accumulated impairment loss	17(b)	(7,487,231)	(7,487,231)
Net carrying value	17(b)	305,465	304,515
<b>Exploration expenditure capitalised - DMS project</b>			
Exploration and evaluation phases	17(a)(c)	59,514,726	57,862,304
Net carrying value		59,514,726	57,862,304
<b>Water rights - DMS project</b>			
Net carrying value	17(a)(d)	11,537,694	12,130,954
<b>Total exploration and evaluation assets</b>	17(f)	<b>71,357,885</b>	<b>70,297,773</b>

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 17. Exploration and Evaluation Assets (continued)

#### (a) Exploration and evaluation assets

The Group has presented "Exploration and Evaluation assets" separately on the face of the consolidated statement of financial position since the last year. Previously these assets were included as a sub-category under "Intangible Assets".

The movements represent additions, movements in foreign exchange and amortisation. Capital expenditure commitments are detailed in note 30.2.

#### (b) Evaluation costs and impairment losses

	2021 \$	2020 \$
<b>TiO2 project</b>		
Cost	7,487,231	7,487,231
Less accumulated impairment losses	(7,487,231)	(7,487,231)
Net carrying value	-	-
<b>Capitalised testing and design</b>		
Cost	305,465	304,515
Net carrying value	305,465	304,515
<b>Total</b>		
Cost	7,792,696	7,791,746
Less accumulated impairment losses	(7,487,231)	(7,487,231)
<b>Total evaluation costs</b>	<b>305,465</b>	<b>304,515</b>

#### (c) Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the Donald Mineral Sands Project. As at 30 June 2021, the Group has complied with the conditions of the granting of MIN5532, RL 2002 (formerly EL4433), RL2003 (formerly EL4432, and incorporating the former RL 2006) and EL5186. As such, the Directors believe that the tenements are in good standing with the Department of Economic Development, Jobs, Transport and Resources (which has incorporated the responsibilities previously administered by the Department of Primary Industries) in Victoria, who administers the Mineral Resources Development Act 1990.

During the year, DMS continued to develop the technical aspects of the fine grain materials separation and associated value add, refined the valuation model, achieved bulk sample approvals and licenses, reviewed logistics and handling opportunities and marketing of the Donald feedstock.

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.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 17. Exploration and Evaluation Assets (continued)

#### (d) 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 4 years subject to terms and conditions. The amortisation period of the water rights have accordingly been extended by 4 years to a total period of 29 years to December 2040.

#### (e) Finite lives

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

#### (f) Movement in net carrying values

	Exploration and Evaluation Phase \$	Evaluation costs \$	Water rights \$	Total \$
<b>Year ended 30 June 2021</b>				
Balance at 1 July 2020	57,862,304	304,515	12,130,954	70,297,773
Additions *	1,652,422	-	-	1,652,422
Amortisation	-	-	(593,260)	(593,260)
Foreign exchange movements	-	950	-	950
<b>Balance at 30 June 2021</b>	<b>59,514,726</b>	<b>305,465</b>	<b>11,537,694</b>	<b>71,357,885</b>
<b>Year ended 30 June 2020</b>				
Balance at 1 July 2018	56,368,885	307,284	12,724,215	69,400,384
Additions *	1,493,419	-	-	1,493,419
Amortisation	-	-	(593,261)	(593,261)
Foreign exchange movements	-	(2,769)	-	(2,769)
<b>Balance at 30 June 2020</b>	<b>57,862,304</b>	<b>304,515</b>	<b>12,130,954</b>	<b>70,297,773</b>

\* Additions of exploration and evaluation phase during the year included the amortisation of water rights of \$593,260 (2020: \$593,261) which was capitalised during the year.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 18. Development Costs

	2021	2020
	\$	\$
Balance at 1 July	8,205,625	7,804,124
Additions	231,730	374,957
Foreign exchange movements	(115,665)	26,544
Balance at 30 June	8,321,690	8,205,625

The mining license of the Senegal project was granted in June 2017, 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.

### 19. Right-Of-Use Assets

	2021	2020
	\$	\$
Balance at 1 July	2,983,286	3,090,641
Amortisation	(78,226)	(81,915)
Foreign exchange movements	7,783	(25,440)
Balance at 30 June	2,912,843	2,983,286

During the year ended 30 June 2014, management entered into an agreement to transfer 1,065,384 sqm 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 to be received in instalments. The remaining 17% of the land, representing 214,802m<sup>2</sup> is shown as Right-of-Use Asset.

The land contract is unconditional, and payment is binding on the buyer, being the Yingkou Government. However, payments have been delayed. During the year ended 30 June 2021, there were receipts of \$404,901 with a balance of gross receivable at 30 June 2021 of \$1,087,535 (note 11.1). While the receivable is currently outside the terms initially agreed, the Group is confident that the receivable will be received as the amount in due by a China stated-owned entity and partial payments have been received every year since the land was sold to this entity.

In addition to the land referred to above, the Group also owns a nearby piece of land measuring approximately 18,302m<sup>2</sup> 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 2021, right-of-use assets with carrying value of \$1,572,748 are pledged as security over short-term loans. (2020: \$2,199,235).

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 20. Trade and Other Payables

		2021	2020
	Note	\$	\$
<b>Unsecured liabilities</b>			
Trade payables		2,579,057	3,493,930
Note payables		2,732,227	2,299,386
Deposits received in advance		24,330	13,375
Other payables	20(a)	4,961,739	7,318,762
		<b>10,297,353</b>	<b>13,125,453</b>

#### (a) Other payables

Included in other payables was a balance of \$2,589,363 (2020: \$2,893,737) in aggregate due to 2 (2020: 1) related companies as detailed in note 29.6.

### 21. Contract Liabilities

		2021	2020
	Note	\$	\$
Contract liabilities arising from:			
Advance deposit for future provision of goods	21(a)	2,105,940	5,106,984
		<b>2,105,940</b>	<b>5,106,984</b>

#### (a) Sale of goods

Included in the balance above is a deposit of RMB20 million was received in connection with the Senegal offtake agreement (the "Agreement") with Hainan Wensheng High-tech Minerals Co., Ltd. ("Wensheng"). Under the Agreement, the Group is required to ship 50,000 tons/year of Titanium Mineral Sands ("the mineral sands") to Wensheng in the PRC for a three year period commencing May 2018. The Agreement makes provision for penalties payable by each side for not meeting their obligations by applying a penalty interest of 24% p.a. against the RMB20 million advance deposit. Payment to the Group under the Agreement is based on the actual amount of zircon, ilmenite and rutile, etc. contained in the mineral sands, which is only determined once the mineral sands is shipped and processed by Wensheng in the PRC. Delivery of the mineral sands fell behind the schedule as a result of the deferral of commencement of operations of the Senegal project. The Group has continued to engage in dialogue with Wensheng as it could not confirm the revised commencement of deliveries of product. During the year the Group agreed to repayments and interest under amended terms, this included repayments in cash and materials produced. As at 30 June 2021, the balance outstanding under agreement was equivalent to \$732,290 (2020: \$3,908,307).

The funds from Wenshang have allowed the Group to progress the Senegal project by enabling the Group to have the necessary funds to purchase various essential plant & equipment as well as have funds to prepare the site for essential infrastructure to commence mining operations.

The remaining contract liabilities as at 30 June 2021 of \$1,373,650 (2020: \$1,198,677) represent amount received by the Group in advance in relation to the sale of mineral products, and is expected to be recognised as revenue in the next 12 months.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 22. Borrowings

	Note	2021 \$	2020 \$
<b>Current</b>			
Other short-term borrowings	22(a)	1,301,871	1,709,329
Bank borrowings	22(b)	3,715,112	3,106,874
Advances from directors	22(c)	8,196,272	6,101,468
		<b>13,213,255</b>	<b>10,917,671</b>

#### (a) Other short-term borrowings

Other loans are Chinese subsidiary loans amounting to \$1,093,894 (2020: \$1,090,492) is denominated in RMB and is interest bearing at 10% p.a and secured by certain right-of-use assets in China amounting to \$1,572,748 (2020: \$1,609,727) (note 19). The remaining amount is unsecured and interest free. The loans are repayable on or before 31 December 2021.

#### (b) Bank borrowings

The bank loans are Chinese subsidiary loans denominated in RMB, interest bearing between 4.50% to 5.50% p.a. and repayable on or before 30 June 2022 (2020: 5.00% to 7.50%).

Those loans are pledged with property, plant and equipment amounting to \$3,919,730 (2020: \$3,957,471) (note 16) and certain right-of-use assets amounted of \$589,508 in 2020 (note 19) of the Group, and the personal guarantee from its director of \$1,651,161 (2020: \$1,440,273).

The loan agreements have been entered into by Astron's operating subsidiary and the parent company does not provide any parent company guarantees over the borrowings.

#### (c) Advances from directors

At 30 June 2021, executive directors, Mdm Kang Rong and Mr. Tiger Brown had advanced the Group \$7,196,272 (2020: \$5,851,468) and \$1,000,000 (2020: \$250,000) respectively for working capital. The loans are provided interest free and repayable on demand.

### 23. Provisions

	Note	2021 \$	2020 \$
<b>Current</b>			
Employee entitlements		108,826	116,901
<b>Non-current</b>			
Relocation provision	(a)	767,997	792,508

#### (a) Provision for Relocation

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



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## Notes to the Consolidated Financial Statements

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### 24. Deferred Tax

#### 24.1 Liabilities

	2021	2020
	\$	\$
Current tax liability	-	-
Deferred tax liability arises from the following:		
- Capitalised expenditure	7,389,366	8,341,000
- Tax loss	-	(532,899)
- Unrealised inventory	(736,387)	(1,834,755)
- Provisions and other timing differences	(61,362)	(32,148)
	<b>6,591,617</b>	<b>5,941,198</b>

#### 24.2 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 2.5 occur.

	2021	2020
	\$	\$
Tax losses:		
- Revenue losses (China)	1,998,411	1,167,983
- Revenue losses (Australia)	1,143,435	-
- Capital losses	<b>13,538,262</b>	<b>13,538,262</b>

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 25. Issued Capital

	2021 \$	2020 \$
122,479,784 (2020: 122,479,784) Fully Paid Ordinary Shares	76,549,865	76,549,865

#### 25.1 Reconciliation of ordinary shares (number)

	2021	2020
At 1 July	122,479,784	122,479,784
At 30 June	122,479,784	122,479,784

#### 25.2 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.

#### 25.3 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.

	2021 \$	2020 \$
Net debt	13,213,255	10,917,671
Total equity	94,791,465	93,725,284
Net debt to equity ratio	13.94%	11.65%

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.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 25. Issued Capital (continued)

#### 25.4 Share based payments

The Company operates the Employee Share Option Plan ("the ESOP") for the purpose of providing incentives or rewards to the Eligible Participant there under for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The ESOP is to extend 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 share of the ESOP and the Performance Rights Plan shall not at any time exceed 5% of the Company's total issued shares (being up to 6,123,988 securities). 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:

- (a) 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;
- (b) an associated body corporate ceases because of an Uncontrollable Event, the earlier of:
  - (1) the expiry of the Option Period; or
  - (2) 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;
- (c) an associated body corporate ceases because of a Controllable Event:
  - (1) the expiry of the Option Period; or
  - (2) 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;
- (d) 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.

During the year non-executive Director Dr. Mark Elliott was granted 800,000 options, which were subject to shareholder approval received subsequent to year end. The movements of the share options granted under the ESOP during the current and prior years are as follows:

	2021 Number of options	Weighted average exercise price \$
Outstanding at 1 July	-	-
Granted	800,000	0.3375
Outstanding at 30 June	800,000	0.3375
Exercisable at 30 June	800,000	0.3375

No share options were exercised during the year ended 30 June 2021.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 25. Issued Capital (continued)

#### 25.4 Share based payments (continued)

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

Number of options	800,000
Share Price at year end	\$0.58
Exercise Price	\$0.3375
Valuation Date	30 June 2021
Expiration date	30 June 2024
Life of the Options	3 years
Expected volatility <sup>1</sup>	79.30%
Risk Free Rate	1.52%

<sup>1</sup> Expected volatility, determined based on a statistical analysis of daily share prices over one year, and early exercise behavior and expected life of share options, determined based on the market research data and historical data respectively, may not necessarily be the actual outcome.

As at 30 June 2021, there were no further key executives that had any rights to acquire shares in terms of a share-based payment scheme for employee remuneration.

The fair value of the share options granted in 2021 was \$299,943 (note 6.1) which had been recognised as employee share option expense with the corresponding balance credited to the share based payment reserve in 2021. No liabilities were recognised as these were all equity-settled share-based payment transactions.

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.

### 26. Reserves

#### 26.1 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 2021 is \$13,311,431 (2020: \$13,344,047).

#### 26.2 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 2021 is \$1,213,047, which \$299,943 is recognised during year ended 30 June 2021 and \$913,104 was recognised during the year ended 30 June 2017. The options granted to a director of the Company during the current year are detailed in note 25.4.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 27. Holding Company Statement of Financial Position

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		-	2,250
Amounts due from a subsidiary		9,039,544	-
<b>Total current assets</b>		<b>9,039,544</b>	<b>2,250</b>
<b>Non-current assets</b>			
Investment in subsidiary		76,549,866	76,549,866
<b>Total non-current assets</b>		<b>76,549,866</b>	<b>76,549,866</b>
<b>TOTAL ASSETS</b>		<b>85,589,410</b>	<b>76,552,116</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accruals and other payables		143,606	139,423
Amount due to a subsidiary		-	714,443
<b>Total current liabilities</b>		<b>143,606</b>	<b>853,866</b>
<b>TOTAL LIABILITIES</b>		<b>143,606</b>	<b>853,866</b>
<b>NET ASSETS</b>		<b>85,445,804</b>	<b>75,698,250</b>
<b>EQUITY</b>			
Issued capital	25	76,549,865	76,549,865
Share based payment reserve		299,943	-
Foreign currency translation reserve		(52,315)	(64,505)
Retained earnings		8,648,311	(787,110)
<b>TOTAL EQUITY</b>		<b>85,445,804</b>	<b>75,698,250</b>

Mdm Kang Rong

Mr. Gerard King

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 28. Dividends

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

#### Franking account balance:

Franking credits available for the subsequent financial years based on a tax rate of 26.0% (2020: 27.5%)

2021	2020
\$	\$
<b>286,770</b>	286,770

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

### 29. Related Party Transactions

#### 29.1 Parent entity

Astron Corporation Limited is the parent entity of the Group.

#### 29.2 Subsidiaries

Interests in subsidiaries are disclosed in note 15.

#### 29.3 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:

	2021	2020
	\$	\$
Short term employee benefits:		
- Salaries and fees	713,483	768,520
- Share based payment expenses	299,943	-
- Non-cash benefits	9,923	9,672
Total short-term employee benefits	1,023,349	778,192
Post-employment benefits		
- Superannuation	23,315	20,531
Total post-employment benefits	23,315	20,531
Total Key Management Personnel remuneration	1,046,664	798,723

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 29. Related Party Transactions (continued)

#### 29.3 Transactions with key management personnel (continued)

##### 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:

	2021 \$	2020 \$
Short term employee benefits		
Salaries and fees (note)	397,258	474,167
Share-based payment expenses	299,943	
Post-employment benefits	2,590	-
Total directors' emoluments	699,791	474,167

Note:

The amount includes management fees of \$250,000 payable to Juhua International Limited of which the beneficial owner is Mdm Kang Rong in both 2021 and 2020.

In 2020, the amount included management fees of \$104,167 that the Company understood was payable to Firback Finance Ltd, of which Mr Alex Brown (Deceased) had a relevant interest and was a former director of the Company.

#### 29.4 Interest free loans

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

#### 29.5 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 Group as a whole, these costs are not reallocated/recharged to individual entities within the Group.

#### 29.6 Related party loans

As at 30 June 2021, executive Directors, Mdm Kang Rong and Mr Tiger Brown had advanced the Group \$7,196,272 (2020: \$5,851,468) and \$1,000,000 (2020: \$250,000) respectively for working capital. The loans are provided interest free and repayable on demand. At 30 June 2021, no repayments have been made against these loans.

As at 30 June 2021 there are unpaid Directors and management fees payable to Directors' related entities as follows:

- Mdm Kang Rong, Juhua International Limited of \$1,693,732 (2020: \$1,443,732) (note 20(a));
- # Mr Alex Brown (Deceased), Firback Finance Limited of \$Nil (2020: \$1,450,005).

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 29. Related Party Transactions (continued)

#### 29.6 Related party loans (continued)

- # 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 considers the Firback contract is at an end. This amount has accordingly been transferred to capital reserve, as set out in the Consolidated Statement of Changes in Equity on page 21.

As at 30 June 2021 there are other payable to Directors' related entities as follows:

- Mdm Kang Rong, Shenyang Wanshan Hangtankeji Limited Company of \$895,631 (2020: Nil).

The above liabilities have been subordinated and will not be called upon unless and until such time that the Company has available funds or is generating positive operating cash flows from operations.

### 30. Commitments

#### 30.1 Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements as at 2020 was \$8,290. There is no non-cancellable operating leases contracted for but not capitalised in 2021.

#### 30.2 Capital expenditure commitments

	2021	2020
	\$	\$
Capital expenditure commitments contracted for:		
- Chinese capital projects	134,532	237,665
- Senegal	747,272	747,272
- DMS	55,000	55,000
	<b>936,804</b>	<b>1,039,937</b>

#### 30.3 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 4 years subject to terms and conditions in accordance with the "Deed of Variation" as set out in note 17(d). No usage fee was charged in 2021.

#### 30.4 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.



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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 30. Commitments (continued)

#### 30.5 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 2021, the net book value of this land is \$2,912,843 (2020: \$2,983,286).

##### *Minimum expenditure on exploration and mining licenses*

To maintain the Exploration and Mining License's at Donald, the Group is required to spend \$1,401,800 (2020: \$1,201,800) 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.

### 31. Cash Flow Information

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

	2021 \$	2020 \$
Loss before income tax expense	(406,794)	(6,204,703)
<i>Non-cash flows in loss from ordinary activities</i>		
Depreciation and amortisation	1,582,344	1,641,625
Reversal of provision for impairment on receivables	(27,359)	(469,657)
Fair value loss on financial assets at fair value through profit or loss	5,290	5,044
Share based payment expenses	299,943	-
Reversal of overprovision of interest expenses	(1,199,551)	-
(Increase)/Decrease in trade and other receivables	(2,978,401)	848,020
Decrease/(Increase) in inventories	7,144,044	(2,581,503)
(Decrease)/Increase in trade and other payables and provisions	(2,106,052)	4,612,142
Effects on foreign exchange rate movement	339,815	796,727
	<b>2,653,279</b>	<b>(1,352,305)</b>

#### 31.2 Reconciliation of cash

	Note	2021 \$	2020 \$
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	4,571	41,798
Current & call account balances	10	2,565,867	513,706
		<b>2,570,438</b>	<b>555,504</b>

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 31. Cash Flow Information (continued)

#### 31.3 Loan facilities

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

	<b>2021</b>	2020
	<b>\$</b>	<b>\$</b>
Available loan facilities	<b>3,715,112</b>	4,526,572
Utilised loan facilities (note 22(b))	<b>(3,715,112)</b>	(3,106,874)
Unused loan facilities	-	1,419,698

As at 30 June 2021 and 2020, its loan facilities were secured by assets held by its China subsidiary.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 31. Cash Flow Information (continued)

#### 31.4 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.

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.

	<b>Borrowings (note 22) \$</b>	<b>Contract liabilities - Wensheng (note 21(a)) \$</b>
At 1 July 2019	7,133,146	4,151,473
Changes from cash flows:		
Partial settlement of offtake agreement	-	(205,753)
Repayment of borrowings	(8,187,404)	-
Proceeds from bank borrowings	12,034,612	-
Loan expense paid	(259,193)	-
Total changes from financing cash flows:	<u>3,588,015</u>	<u>(205,753)</u>
Interest expense	259,193	-
Exchange adjustments	(62,683)	(37,413)
At 30 June 2020 and 1 July 2020	<u>10,917,671</u>	<u>3,908,307</u>
Changes from cash flows:		
Partial settlement of offtake agreement	-	(1,328,688)
Repayment of borrowings	(1,370,000)	-
Proceeds from bank borrowings	3,632,861	-
Loan expense paid	(170,177)	-
Total changes from financing cash flows:	<u>2,092,684</u>	<u>(1,328,688)</u>
Interest expense	170,177	-
Settlement by deliver of products	-	(1,941,765)
Exchange adjustments	32,723	94,436
<b>At 30 June 2021</b>	<b><u>13,213,255</u></b>	<b><u>732,290</u></b>

#### 31.5 Acquisition of entities

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

#### 31.6 Disposal of entities

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

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 31. Cash Flow Information (continued)

#### 31.7 Restrictions on cash

Bank balances include \$412,790 (2020: Nil) of cash restricted by bank as security for certain note payables and letter of credit.

### 32. Employee Benefit Obligations

As at 30 June 2021 and 2020, the majority of employees are employed in China. In accordance with normal business practice in China, employee benefits must be fully utilised annually. Chinese provisions for employee entitlements at year end would be insignificant.

### 33. Events After The Reporting Period

Subsequent to year end the Group obtained shareholder approval on 19 July 2021 by Extraordinary General Meeting to demerge its Chinese operations whereby shareholders would proportionately receive shares in an unlisted Hong Kong entity. On 10 September 2021 an interim Court injunction was granted in Hong Kong preventing the completion of the demerger in its current form at least until 21 December 2021 when the matter is set to be heard in the High Court of Hong Kong.

Mr George Lloyd was appointed to the Board of Directors as a non-executive Director on 20 July 2021 and in September Astron China obtained a new loan facility of 2.1million AUD to facilitate operations.

No other matters or circumstances 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.

### 34. Financial Risk Management

#### 34.1 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.

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:

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## Notes to the Consolidated Financial Statements

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### 34. Financial Risk Management (continued)

#### 34.2 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, around half of cash, cash equivalents and term deposits greater than 90 days are held with institutions with a AA- to Baa3 credit rating. As set out in note 10.2, the other half 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 12% (2020: 14%) of the Group's trade debtors is from 7 (2020: 5) customers. Group policy is that sales are only made to customers that are credit worthy. Trade receivables are predominantly situated in China.

Other receivables include \$1,087,535 (2020: \$1,495,660) 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 19.

Credit risk is managed on a Group basis and reviewed regularly by management and 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:

	2021	2020
	\$	\$
Cash & cash equivalents	2,570,438	555,504
Term deposits with maturity over 90 days	46,112	46,112
Trade and other receivables	5,207,480	4,590,830
<b>Total</b>	<b>7,824,030</b>	<b>5,192,446</b>

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## Notes to the Consolidated Financial Statements

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### 34. Financial Risk Management (continued)

#### 34.2 Credit risk (continued)

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 2021 and 2020:

	2021 \$	2020 \$
Gross carrying amount	38,758	38,637
Lifetime expected credit loss	(38,758)	(38,637)
<b>Net carrying amount</b>	-	-

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 2021:

	Expected loss rate %	Gross carrying amount \$	Loss allowance \$
Current (not past due)	0.00%	2,605,934	-
		<b>2,605,934</b>	-

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 2020:

	Expected loss rate %	Gross carrying amount \$	Loss allowance \$
Current (not past due)	0.00%	2,614,472	-
		<b>2,614,472</b>	-

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.

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## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2021

### 34. Financial Risk Management (continued)

#### 34.3 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 2021, the Group had cash of \$2,570,438 (2020: \$555,504).

Maturity analysis

		Carrying Amount \$	Contractual Cash flows \$	< 6 months \$	> 6 months \$
<b>Year ended 30 June 2021</b>					
<b>Non-derivatives</b>					
Trade and note payables	20	5,311,284	5,311,284	5,311,284	-
Other payables	20	4,961,739	4,961,739	4,961,739	-
Borrowings	22	8,404,249	8,404,249	8,404,249	-
<b>Total non-interest bearing liabilities</b>		<b>18,677,272</b>	<b>18,677,272</b>	<b>18,677,272</b>	<b>-</b>
Borrowings	22	4,809,006	4,809,006	1,093,894	3,715,112
<b>Total interest bearing liabilities</b>		<b>4,809,006</b>	<b>4,809,006</b>	<b>1,093,894</b>	<b>3,715,112</b>
<b>Total liabilities</b>		<b>23,486,278</b>	<b>23,486,278</b>	<b>19,771,166</b>	<b>3,715,112</b>
<b>Year ended 30 June 2020</b>					
<b>Non-derivatives</b>					
Trade and note payables	20	5,793,316	5,793,316	5,566,987	226,329
Other payables	20	7,318,762	7,318,762	7,318,762	-
Borrowings	22	6,720,305	6,720,305	6,720,305	-
<b>Total non-interest bearing liabilities</b>		<b>19,832,383</b>	<b>19,832,383</b>	<b>19,606,054</b>	<b>226,329</b>
Borrowings	22	4,197,366	4,197,366	2,758,671	1,438,695
<b>Total interest bearing liabilities</b>		<b>4,197,366</b>	<b>4,197,366</b>	<b>2,758,671</b>	<b>1,438,695</b>
<b>Total liabilities</b>		<b>24,029,749</b>	<b>24,029,749</b>	<b>22,364,725</b>	<b>1,665,024</b>

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## Notes to the Consolidated Financial Statements

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### 34. Financial Risk Management (continued)

#### 34.4 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 2021 and 2020, the aggregate fair values and carrying amounts of financial assets and financial liabilities approximate their carrying amounts.

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.

	2021 \$	2020 \$
<b>Financial assets at fair value through profit or loss</b>		
ASX Listed equity shares - Level 1	15,032	20,322
	<b>15,032</b>	<b>20,322</b>

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

#### 34.5 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 2021, the maximum exposure of price risk to the Group was the financial assets at fair value through profit or loss for \$15,032 (2020: \$20,322). 100% of the Group's holding is in the mining or energy sector.

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

	2021 \$	2020 \$
Carrying amount of listed equity shares on ASX	15,032	20,322
	<b>15,032</b>	<b>20,322</b>



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## 34. Financial Risk Management (continued)

### 34.5 Price risk (continued)

#### Sensitivity Analysis

	2021		2020	
	\$		\$	
	Increase/(Decrease) in share price		Increase/(Decrease) in share price	
	+10%	-10%	+10%	-10%
<b>Listed equity shares on ASX</b>				
Profit before tax – increase/(decrease)	<b>1,503</b>	<b>(1,503)</b>	2,032	(2,032)

The above analysis assumes all other variables remain constant.

### 34.6 Interest rate risk

The Group manages its interest rate risk by monitoring available interest rates and maintaining an overriding position of security whereby around half the Group's cash and cash equivalents and term deposits are held with institutions with a AA- to Baa3 credit rating while the other half is held with an unrated bank in PRC.

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For The Year Ended 30 June 2021

## 34. Financial Risk Management (continued)

### 34.6 Interest rate risk (continued)

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing within 1 Year		Non-interest Bearing		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>										
Cash and cash equivalents	0.90%	0.90%	2,565,867	513,706	-	-	4,571	41,798	2,570,438	555,504
Term deposits greater than 90 days	0.90%	0.90%	-	-	46,112	46,112	-	-	46,112	46,112
Trade and other receivables	-	-	-	-	-	-	5,207,480	4,590,830	5,207,480	4,590,830
Financial assets at fair value through profit or loss	-	-	-	-	-	-	15,032	20,322	15,032	20,322
<b>Total Financial Assets</b>			<b>2,565,867</b>	<b>513,706</b>	<b>46,112</b>	<b>46,112</b>	<b>5,227,083</b>	<b>4,652,950</b>	<b>7,839,062</b>	<b>5,212,768</b>
<b>Financial Liabilities:</b>										
Trade and other payables	-	-	-	-	-	-	10,273,023	13,112,078	10,273,023	13,112,078
Borrowings	-	-	-	-	4,809,006	4,197,366	8,404,249	6,720,305	13,213,255	10,917,671
<b>Total Financial Liabilities</b>	-	-	-	-	<b>4,809,006</b>	<b>4,197,366</b>	<b>18,677,272</b>	<b>19,832,383</b>	<b>23,486,278</b>	<b>24,029,749</b>

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## 34. Financial Risk Management (continued)

### 34.6 Interest rate risk (continued)

#### 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.

	<b>+ 1% (100 basis points)</b>		<b>-1% (100 basis points)</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash at bank	<b>25,659</b>	5,137	<b>(25,659)</b>	(5,137)
Term deposits greater than 90-days	<b>461</b>	461	<b>(461)</b>	(461)
Borrowings	<b>(48,090)</b>	(41,974)	<b>48,090</b>	41,974
	<b>(21,970)</b>	(36,376)	<b>21,970</b>	36,376
Tax charge of 26% (2020: 27.5%)	<b>5,712</b>	10,003	<b>(5,712)</b>	(10,003)
<b>Total</b>	<b>(16,258)</b>	(26,373)	<b>16,258</b>	26,373

### 34.7 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.