Astron Corporation Limited - Annual Report 2022

HORIZONS FOR VALUE DELIVERY

Donald Rare Earth & Mineral Sands Project

ABOUT ASTRON

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

Annual Report for the Year Ended 30 June 2022

Cautionary Statement

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

Forward Looking Statements

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

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Corporate Governance Statement

Astron Corporation Limited's Corporate Governance Statement for 2022 can be found on Astron's website at: https://www.astronlimited.com.au/wp-content/uploads/2022/10/2022-Appendix-4G-and-Corporate-Governance-Statement.pdf

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DONALD PROJECT – HORIZONS FOR VALUE DELIVERY

Tier 1 global resource – 50 years of critical minerals supply.

Astron plans the phased development of the Donald Project which comprises the Donald deposit (MIN5532 & RL2002) and the Jackson deposit (RL2003). Given the scale of the resource, the phased development of the Donald Project has the potential to represent a globally significant, long-life supply of the critical mineral elements of zirconium, titanium, as well as rare earth elements including neodymium and praseodymium.

Phase 1 is at an advanced stage of evaluation with the Feasibility Study due for completion at the end of the first quarter of 2023. Donald Phase 1 has the benefits of a positively assessed Victorian Environmental Effects Statement, a granted mining lease, company-owned water rights and a defined timetable to development. It is envisioned that production will be scaled up through subsequent phases. Following the conclusion of Phase 1 development, the Company plans to incorporate on-site production of the final mineral sands products of zircon and titania, and evaluate rare earth processing and other downstream options. The Company is focused on capturing more value as the project progresses.

Mining activities to commence on granted mining licence MIN5532

Represents 13% of total resources

7.5 Mtpa ore throughput

8-9 ktpa rare earth element concentrate (REEC)

250-285 ktpa heavy mineral concentrate (HMC)

35 year mine life potential

Progressive rehabilitation, return of land to arable cropping use

Mine path extends into RL2002

Ore throughput increase to 15 Mtpa

17 ktpa of REEC

500 ktpa of HMC

Plan for on-site mineral separation plant to produce final products of zircon and titania

Evaluation of secondary rare earth concentrate processing options

Progressive resource-to-reserve conversion to maintain multi-decade mine life

Progressive rehabilitation, return of land to arable cropping use

Potential to further increase throughput

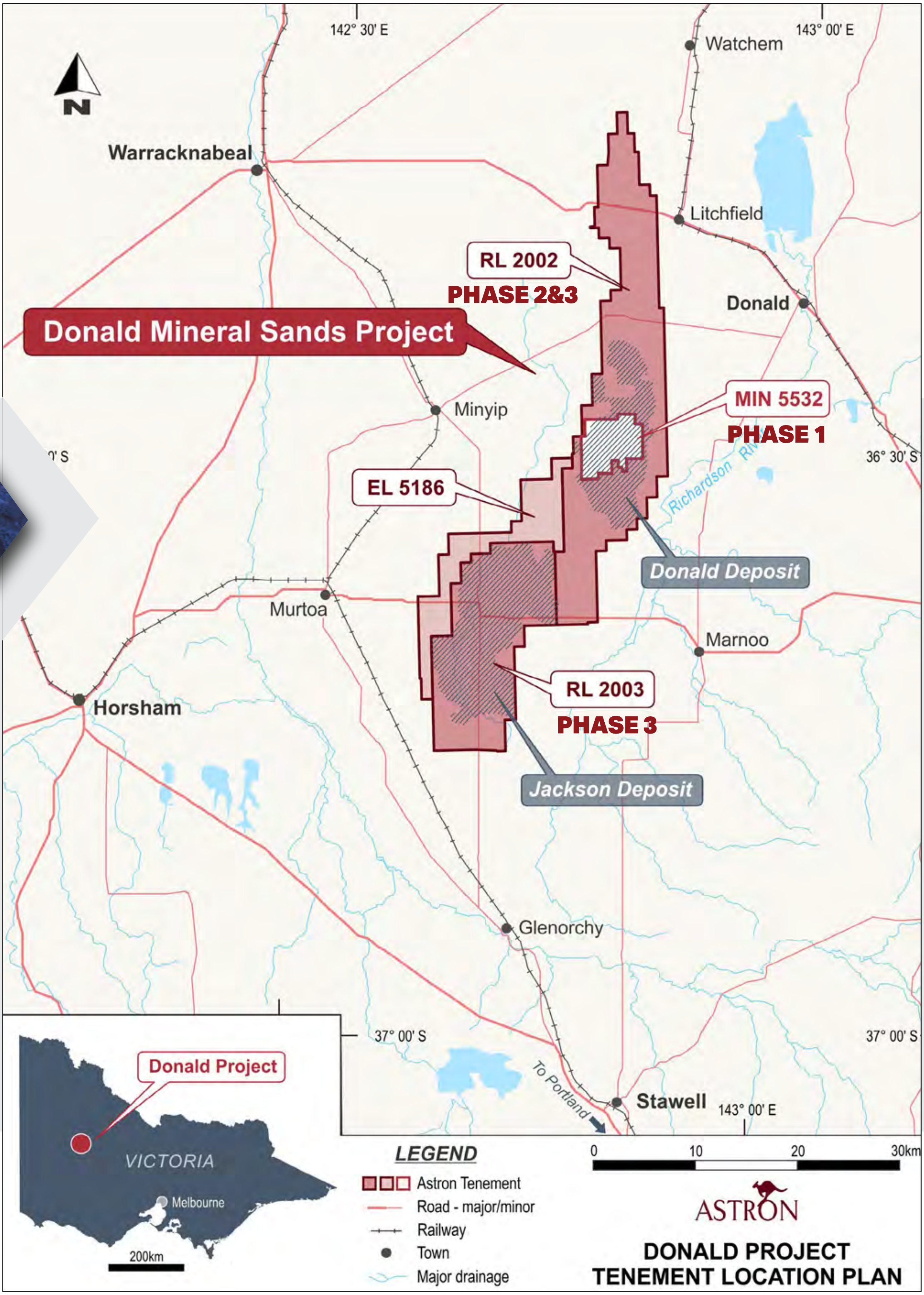
Second mine path, replication of part of the existing facilities

Potential for rare earth processing (cracking facility), zircon processing (at Astron China facilities), titania processing options, including synthetic rutile production

Progressive rehabilitation, return of land to arable cropping use.

Phase 2 & 3 developments subject to evaluation and regulatory approvals.
Time frames are indicative only

ASTRON



142° 30' E
143° 00' E
N
Watchem
Warracknabeal
Litchfield
RL 2002
PHASE 2&3
Donald
Donald Mineral Sands Project
MIN 5532
PHASE 1
Minyip
36° 30' S
EL 5186
Richardson Riv
Donald Deposit
Murtoa
Marnoo
Horsham
RL 2003
PHASE 3
Jackson Deposit
Glenorchy
37° 00' S
37° 00' S
Donald Project
To Portland
Stawell
143° 00' E
VICTORIA
Melbourne
200km
LEGEND
Astron Tenement
Road - major/minor
Railway
Town
Major drainage
0
10
20
30km
ASTRON
DONALD PROJECT
TENEMENT LOCATION PLAN

HIGHLIGHTS – 2022

DONALD RARE EARTH & MINERAL SANDS PROJECT

- **Detailed project configuration study undertaken (results announced August 2022)**
- **Drilling programme on MIN5532 to evaluate fine grained component of ore body; expected to enhance valuable rare earth element assemblage, optimise mine plan**
- **Updated Ore Reserve and Mineral Resource estimates (MR expected Q4 2022)**
- **Further evaluation and metallurgical processing test work completed**
- **Detailed regulatory engagement for defined approvals pathway**
- **Detailed engineering studies advanced as part of Feasibility Study**
- **Further organisational strengthening (appointment of Greg Bell as CFO – announced July 2022)**

CHINA MINERAL PROCESSING

- **Increased revenue from processing of zircon middlings and rutile agglomeration and higher end market prices**
- **Performance adversely affected by increased raw materials costs and zircon middlings commissioning, compounded by significant production disruption by China Government-based COVID-19 restrictions**

FINANCIAL

Sales revenue derived from China operations	Group loss	Net assets	Cash and other equivalents
$19.0 MILLION	**$9.5 MILLION**	**$85 MILLION**	**$2.5 MILLION**
15.7% increase	mainly reflecting costs of China operations and Donald Project development expenditure		

FROM THE CHAIRMAN

Astron's main focus through the year has been progressing the Donald Rare Earth and Mineral Sands project towards commercialisation.

Donald Rare Earth and Mineral Sands Project represents a generationally important project in the critical minerals space. Specifically, Donald is a crucial new long-term source of zircon supply in an environment where the mainstays of global supply are either rapidly depleting or are adversely affected by geopolitical and/or operational factors. The fact that Donald's zircon ore reserves represent over 5 years of total global zircon supply (with a materially larger resource component) attests to the importance of this new source of supply. The deposit's rare earth elements, which are estimated to account for approximately half of the project's revenue stream, also represent a high value product stream which is likely to find a ready market given Australian and global trends in the use of rare earths. The combination of significant zircon and rare earth product streams provides diversification of the revenue stream and will contribute to the competitive cash cost (or revenue to cash cost ratio) position of the project.

Based on the size of the resource base, Donald is expected to have a long, multi-decade, commercial life. This adds another key feature in terms of the project's importance to customers as a stable, reliable and long-term source of zircon, titania and rare earth elements.

The most appropriate means to develop the Donald resource is in a number of phases. Phase 1 of the project is based on the granted mining licence MIN5532 and is planned to access approximately 13% of the total Mineral Resource contained within the Donald project tenements. It is expected that decisions to progress subsequent development phases will be taken after the commencement of first phase operations.

During the year the decision was made to review the project configuration to establish the most efficient means of getting the Donald Project into production. This review was influenced by several criteria, including ensuring close alignment of the project's scope with the requirements of the Environmental Effects Statement and identifying the means to improve the capital efficiency of the project's initial development. The main parameters of the modified project configuration are detailed in this report.

Crucially for shareholders, the reconfigured approach is expected to optimise the time for final regulatory approvals and expedite progression of the project to the final investment decision stage, while retaining flexibility for project expansion in subsequent phases.

Access to technical laboratories for assay analysis, disruptions to personnel availability due to continuing COVID impacts and critical shortages in other areas – as well as the decision to undertake the detailed project review – have caused slippage in the original project schedules.

During the year, the organisational structure of Astron was supplemented by several key management appointments. The new appointments are further supplemented by the establishment of a group of technically strong consultants that work closely with the company. With the help of this team, the company is advanced on its various project workstreams and progressing well in its delivery of the technical and economic feasibility study that is expected in the first quarter of 2023.

On a personal note, directors have had the opportunity – on at least one occasion – to meet with members of the community, including farmers and local business owners, as well as representatives of the the Shire of Yarriambiack (part of the Minyip area). We were pleased to provide those stakeholders, who are likely to be most directly influenced by the development of the project, with progress reports and assurances of our commitment to the project. I was gratified by the level of community support and goodwill towards the project. It reinforced the importance of ensuring that all aspects of the company's operational, environmental and community engagement practices are of the highest order and meet the legitimate expectations of our direct local constituents.

Astron has other components to its portfolio, including a sophisticated minerals processing and trading operation in China. The China operations have been adversely affected by sustained COVID related production restrictions and challenges with the availability of feed material. The Board and management will be focusing on the revenue generation potential of this part of the portfolio as well as appropriate opportunities for the integration of its capabilities into the Donald Project.

I acknowledge the commitment and hard work of our Managing Director, Tiger Brown, our employees and our essential consultants.

George Lloyd
Chairman

"IT IS IMPORTANT FOR SHAREHOLDERS TO RECOGNISE THE VALUE POTENTIAL OF THE PHASED DEVELOPMENT OF THE ENTIRE DONALD RESOURCE BASE."

FROM THE MANAGING DIRECTOR

Astron is now in the final stages of defining the design, engineering and financial parameters for the first phase of the Donald Rare Earth and Mineral Sands Project. The revised project concept now ensures an approach to project execution aligned with a positively assessed Environmental Effects Statement, which should expedite final regulatory approvals.

Donald Project parameters were reviewed and revised during the year. The major revision of Phase 1 relates to the production of a heavy mineral concentrate (HMC) product stream, rather than the production of finished mineral sands products of zircon and titania. This change, combined with the decrease in ore throughput while expected to result in lower revenues and cash flows initially, is expected to have the advantage of lowering initial capital expenditure and lowering execution risk. Despite the revision, the Company remains committed to produce the rare earth element concentrate (REEC) as a separate product stream on-site. This reflects management's recognition of the project's rare earth resource base and the project's potential as a long-term rare earth producer.

Phase 1 in its own right represents a significant new development. The Ore Reserves accessed as part of this initial phase will underpin a production stream of HMC and REEC for 35 years. Yet this phase accesses only 13% of the total Mineral Resource for the Donald and Jackson tenements.

It is important for shareholders to recognise the value potential of the phased development of the entire Project Reserve base. Phase 1 operating cash flows will provide the opportunity for subsequent, and relatively near term, value enhancement steps. Initially, the plan would be to construct a mineral separation plant on site to produce finished products of zircon and titania. This will provide Astron with greater marketing control of its products, utilising both its established market connections built over 30 years of operations in China, as well as international mineral sands customer relationships in both the titania and zircon markets. Subsequent phases will also allow the progression of the necessary regulatory approvals to further extend the mining throughput as well as replicate existing facilities to materially increase throughput and double overall production.

Benefits of Phased Development Approach

- Aligns Phase 1 Project configuration, including physical infrastructure and site services, with the requirements of the Environmental Effects Statement.
- Minimises the risks and time involved in securing the remaining regulatory approvals (most notably, the Work Plan).
- Improves the capital-efficiency of the Project.
- Mitigates some project execution risk, particularly in terms of the sourcing and procuring of long lead time items.
- Preserves the flexibility for subsequent phases of the Project to recover the remaining large Resource base.
- Enables production to be scaled up to meet market demand.
- Allows progressive development of other value adding components – on-site production of final mineral sands products; enhanced rare earth processing options; and upgrading options for large titania production stream.

FROM THE MANAGING DIRECTOR

These opportunities have the ability to position Astron's Donald Project as one of the principal mineral sands supply sources globally. The project has the added advantage of offering customers supply certainty over decades, removing some of the inherent insecurity associated with some conventional coarse-grained deposits.

The other major value opportunity resides with the production and sales arrangements for rare earth concentrate. Initially, and unlike some other planned projects, the REEC will be separated at site which enables its sale to Australian-based processors. We believe that Australia's critical minerals should, ideally, be used for the benefit of the Australian economy. It is envisioned that a work stream will be instigated once production commences to determine what ultimate role Astron should play to maximise value to its shareholders and the Australian economy from the nature of its involvement in rare earths. This is expected to include the evaluation of potential processing options such as a rare earth cracking facility. The high value component of the rare earth as a part of the overall project economics, and the scale of the rare earth resource, makes such considerations appropriate.

The titania production stream, which represents a combined titanium dioxide product suite of ilmenite, leucoxene and rutile, with a 66 per cent TiO_2 content, also represents a potential for additional value capture. Again, dedicated work streams will be developed to maximise value from the titania production stream. We are confident that the product could represent a direct feed in the chloride slag pigment production process, which is becoming the dominant pigment production route in China. Further given the dearth of higher-grade titanium production sources, including rutile, it will be investigated whether the Donald titania may represent a suitable feed source for synthetic rutile production.

Geological Analysis – Rare Earth Revenue Upside

In March 2022, Astron undertook a drilling programme over the MIN5532 tenement area. This programme was designed to evaluate the finer +20-38 micron fraction of the ore body. This fraction was not included in the existing geological model of the resource as it was assumed this fraction would not be economically recoverable. The Company's metallurgical test work, including at pilot plant scale, has provided confidence in the recovery of this finer fraction. Further, the rare earth element stream is currently valued on a monazite, light rare earth only basis and on its constituent elements of neodymium and praseodymium. In addition, the xenotime component which has been confirmed to be recoverable through the Company's metallurgical test work, and will be defined as part of the new mineral resource will add further value to the rare earth concentrate product stream. The inclusion of the heavier and rarer rare earth elements of dysprosium and terbium will make a significant contribution to the revenue composition of the rare earth concentrate.

Following the completion of the geological analysis, Astron plans to issue an updated Mineral Resource Statement, as well as more detailed analysis of the rare earth components of the ore. The Ore Reserves Statement will be updated as a part of the Feasibility Study, and is expected to include the revenue assumptions associated with the new rare earth element mix.

Feasibility Study

Astron is pursuing a defined work stream with the intent of finalising the feasibility study for the project and detailed economics, for release to the market in the first quarter of 2023. The main work involves the updating of the geological model, both in terms of the implications of the analysis of the finer fraction of the ore body on MIN5532 for valuable heavy mineral and rare earth assemblage and content. This analysis will be used to refine the mine plan (mine path, overburden and depth of ore) which in turn will influence specifications for the receipt of tenders from mining contractors. All elements of the engineering design process from on-site concentrating and processing infrastructure, including mine tailings arrangements, through to power and transport, will be completed. This will feed into a Value Engineering process to determine capital and operating expenditure, timing for commitment to main items and ensure sufficient operability for potential mine and processing expansions. Market engagement, in terms of HMC toll processing arrangements, REEC processing offtakes and further provision of product samples to potential customers, will be progressed to secure necessary arrangements.

Resource and Reserve Re-estimation

The 2016 Mineral Resource estimate for MIN5532, at a cut-off grade of 1% Heavy Mineral (HM) is 454 million tonnes at a 4.4 per cent HM grade. Contained within this Mineral Resource estimate, but only within the area where composited samples have been taken and analysed for valuable heavy minerals (VHM), is the VHM Mineral Resource. The VHM Mineral Resource, reported as a percentage of HM, is 317 million tonnes at a 5.1% HM grade

The difference between the HM Resource and the VHM Resource is illustrated in the schematic of the west-east cross-section of MIN5532. The HM Mineral Resource comprises the grey and red sections and the VHM Mineral Resource the red only area. The green line is the topographic surface.

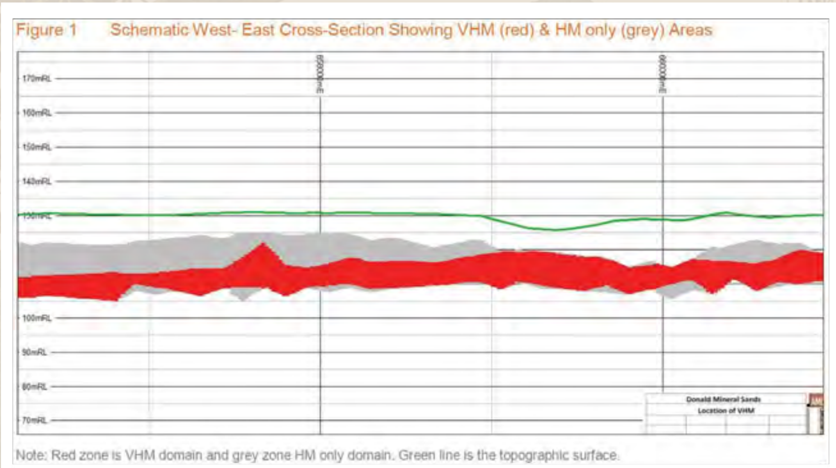


Figure 1 Schematic West- East Cross-Section Showing VHM (red) & HM only (grey) Areas

Note: Red zone is VHM domain and grey zone HM only domain. Green line is the topographic surface.

Incorporation of VHM assemblage data from the 2022 drilling programme for the portions of the Mineral Resource for which only HM data existed previously, will enable the revised Mineral Resource and Ore Reserve estimates to incorporate VHM assemblage data for the full extent of the orebody. It is expected that this may lead to an increase in the estimate of VHM Mineral Resources and Ore Reserves contained within the orebody, with a consequent potential for increase in the VHM and rare earth production levels from the Phase 1 mining and ore processing. In addition, it may lead to a lower stripping ratio over the entire resource, with an attendant reduction in mining costs per tonne of ore.

FROM THE MANAGING DIRECTOR

Favourable Market Dynamics

When contemplating a project which, at a minimum, will have a 35-year life and potentially much longer, it is difficult to talk about market conditions. Dependent upon other sources of supply of mineral sands, given Donald's potential scale and longevity it may in some measures actually influence the supply dynamics. This is a factor the Board and management are cognisant of, and the phased entry of Donald production will play a role in this regard.

Nonetheless, it appears evident that the mineral sands market is at a crucial juncture. Much of the established supply source from traditional coarse-grained deposits is maturing and depleting. The industry has not been noted for recent significant discoveries and, as has been the case in other parts of the resources sector, unconventional sources of supply become important, aided in their commercialisation by advances in processing technology. This is the case with the fine-grained or WIM-style deposits, notably Astron's Donald and Jackson deposits. After over a decade of research and development work and more recent metallurgical test work, fine grained deposits look to be an important new supply source. In this regard, deposits such as Donald have the potential to meet what is forecast by industry bodies, such as TZ Minerals International (TZMI) and Ruidow, as a serious supply shortage.

TZMI forecasts that global zircon supply will peak in 2023 at about 1.2 million tonnes per annum before declining (in the absence of new supply) to close to 900 thousand tonnes per annum by 2030. The demand for zircon is forecasted to increase at an annual rate of 2.8%, potentially leading to a widening supply gap. This will need to be met by new production sources, for which the Donald Project is well placed.

Donald titania is expected to be a suitable feedstock, for the production of chloride slag (a feedstock for chloride pigment production). The market for chloride slag has been growing rapidly, with TZMI forecasting demand in the period from 2021 to 2024 to grow by over 130%. This is largely associated with the accelerated adoption of the chloride slag production process in China at a time when traditional sources of chloride feedstock supply are in decline.

For rare earths, the demand situation is premised on favourable dynamics in terms of the range of applications, in a global environment where the reduced reliance on carbon-based forms of energy has spawned a range of new technologies. While multiple supply sources are being incentivised, national critical minerals access considerations can be expected to play an increasing part in supply and demand dynamics in specific jurisdictions. Astron is conscious that such considerations and the manner in which it markets and processes its rare earth production stream, will be an important strategic consideration.

China Assets

As the Chairman has referred to, Astron owns an important asset in China, in the form of a mineral processing facility in the city of Yingkou and with it a mineral sands research and development laboratory. Astron also conducts minerals sands trading through the operations. as well as a minerals trading capability. This component of the portfolio has been in existence since the late 1990s and has provided Astron with significant industry IP and market connections.

While Astron intends to remain focused on its upstream mining and processing opportunities, centred on the Donald Project and the eventual commercialisation of the Niafarang mineral sands deposit in Senegal, there are considerable opportunities to maximise value from the China part of the business. Revenue and EBITDA generation from China will be addressed in detail as part of the company's current three-year planning horizon.

With the ability to secure a reliable titania feedstock supply, as well as the continued supply of zircon middlings for processing, the China operations have a potential stable revenue base. The cessation of strict government-mandated COVID-19 restrictions should also ensure a more stable and consistent operational setting for the Yingkou operation.

While not the current base case for the processing of the Donald Project HMC, it is intended that testing and evaluative work will be undertaken to determine the feasibility and economic justification for the Yingkou plant to process some or all of the Donald heavy mineral concentrate production stream.

The section in the Annual Report on pg. 30 provides some additional information on the fully owned Astron Titanium (Yingkou) Limited.

Niafarang Project

Although the timetable for development remains undetermined, the Company has received some encouraging news in relation to the Niafarang mineral sands project in Senegal. During the financial year, Astron continued to work with regulators, local government agencies and the local community to navigate a path forward in relation to the development of the project. Subsequent to the Senegal national elections, the Minister for Mines has indicated their support for the progression of the Niafarang project, which has been suspended following local unrest in 2020. Given this positive Government indication the stronger community relationships and the easing of COVID-19 restrictions, Astron is exploring opportunities to advance the project, including the possibility of a Public Private Partnership (PPP). During the year, the Company submitted applications for the renewal of mining licences, which had lapsed. Subject to these being renewed, Astron will seek to re-establish the necessary approvals and mining arrangements as the basis for determining a plan and timeline for progression of the project.

Gambia Settlement

Astron was awarded damages in its favour in 2015 associated with an International Centre for Settlement of Investment Disputes (ISID) determination related to the Gambian Government's seizure of the Astron-Carnegie minerals sands project in Gambia. The initial award was in the vicinity of ~A$32 million. Progress has been slow in recovering the award, but the Company continues to utilise a global legal firm to seek recovery of its entitlement.

Organisational Development

Astron has been operating with a modest internal establishment. In this regard, the company has been fortunate to have had the services of some highly technically proficient and experienced external consulting organisations, including some that have a depth in mineral sands project development and operations. These have included people with technical experience with companies such as CRA, Rio Tinto, Richards Bay Minerals, QIT and Iluka Resources.

Given the stage of the Donald project, we have made some key management appointments to take the company through the next stage of its evolution. I would like to welcome our new appointments, including Sean Chelius as Donald Project Director, a person with extensive resources experience internationally for over 30 years, as well as Dr John Yeates who has played an invaluable role in Astron's engagement with Victorian regulators in mapping a pathway for final regulatory approvals. More recently, we have secured the services of experienced mineral sands executive, Greg Bell, who will become our Chief Financial Officer. Greg brings a depth of corporate advisory experience as well as senior financial roles with Mineral Deposits Limited.

The management team recognises the opportunity associated with Astron's next phase of development as a major upstream producer of rare earth and mineral sands products. Furthermore, the team is motivated to ensure that the Donald project is advanced during the coming year to a stage where funding has been secured and development is imminent.

I would like to thank my management team and our external consultants for their commendable efforts. To my Chairman, George Lloyd and my fellow directors, I extend my appreciation for their tutelage and dedication to the interests of the company and its shareholders.

Tiger Brown
Managing Director

BOARD AND SENIOR MANAGEMENT

George Lloyd

Chairman

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

Gerard King A.M.

Non Executive Director

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

Dr Mark Elliott

Non Executive Director

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

Tiger Brown

Managing Director

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

Rong Kang

Executive Director

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

Joshua Theunissen

General Counsel and Company Secretary

Joshua is a solicitor with over 25 years of corporate and commercial experience in areas including commercial law, mergers and acquisitions, the Corporations Act and ASX Listing Rules. Joshua has served as Australian company secretary and legal adviser for Astron since 2007.

Greg Bell

Chief Financial Officer

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

Sean Chellius

Donald Project Director

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

Tim Chase

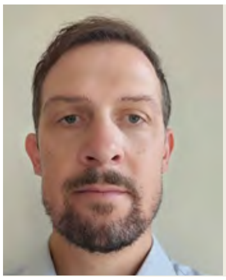
General Manager Global Operations

Tim joined Astron in 2015 with over 25 years of experience in the mining industry, including extensive experience in mineral sands project design and planning, project management and execution, as well as operational roles. He was involved in the design and commissioning of several mineral sands projects in the Murray Basin, Victoria and NSW.

Dr. John Yeates

Senior Approvals & Environment Manager

John has over 50 years' experience in mining, agriculture, environmental research, policy development, and project management within the mining sector, Government agencies and environmental engineering consultancies across the Asia-Pacific region. John has worked on greenfield and brownfield base metals, gold, and mineral sands projects in Australia managing project approvals, stakeholder engagement, environmental compliance, regulatory requirements and sustainability initiatives.



Peter Coppin

Senior Geologist

Peter has over 20 years' experience in mining geology in Australia across multiple commodities including mineral sands, gold and nickel, in both production and exploration teams.

Donald Rare Earth & Mineral Sands Project

Project Description

The Donald Project is a tier-1 rare earth and mineral sands resource located approximately 300 kilometres north-west of Melbourne in regional Victoria. Given the resource size of over 2.4 billion tonnes of of ore at a grade of 4.8% heavy mineral, the planned phased development of the Donald Project has the potential to represent a globally significant, long-life supply of the critical mineral elements of zirconium, titanium, neodymium and praseodymium (rare earth elements).

The project is being planned for development when the main, conventional sources of global mineral sands production are either maturing and reaching the end of their economic life or provide little potential for expansion. In an environment of typically GDP plus demand for zircon, as well as a strong appetite – especially from China for higher grade titanium dioxide feedstocks – the Donald Project is well positioned to be a central part of ongoing global mineral sands supply. The demand for critical rare earth elements also means Donald, as a producer of rare earth concentrate, has a high value and diversifying production stream.

The Donald Project is located within the Murray Basin near the towns of Minyip of Donald in western Victoria. This area has hosted a number of conventional, coarse-grained mineral sands depositions. The development of the Donald resource represents the advancement of the first of the fine-grained or WIM-style deposits to a production stage. Technological Advances in processing technologies, much of it sponsored through Astron's work, now presents the opportunity for this new form of resource to be commercially developed.

The initial phase will produce a rare earth concentrate and a heavy mineral concentrate. Subsequent phases provide the opportunity to scale up production levels, produce final mineral sands products of zircon and titania on site, as well as progress other downstream processing options as they relate to rare earths and the upgrading of the titania product to a higher value, higher titanium dioxide content product.

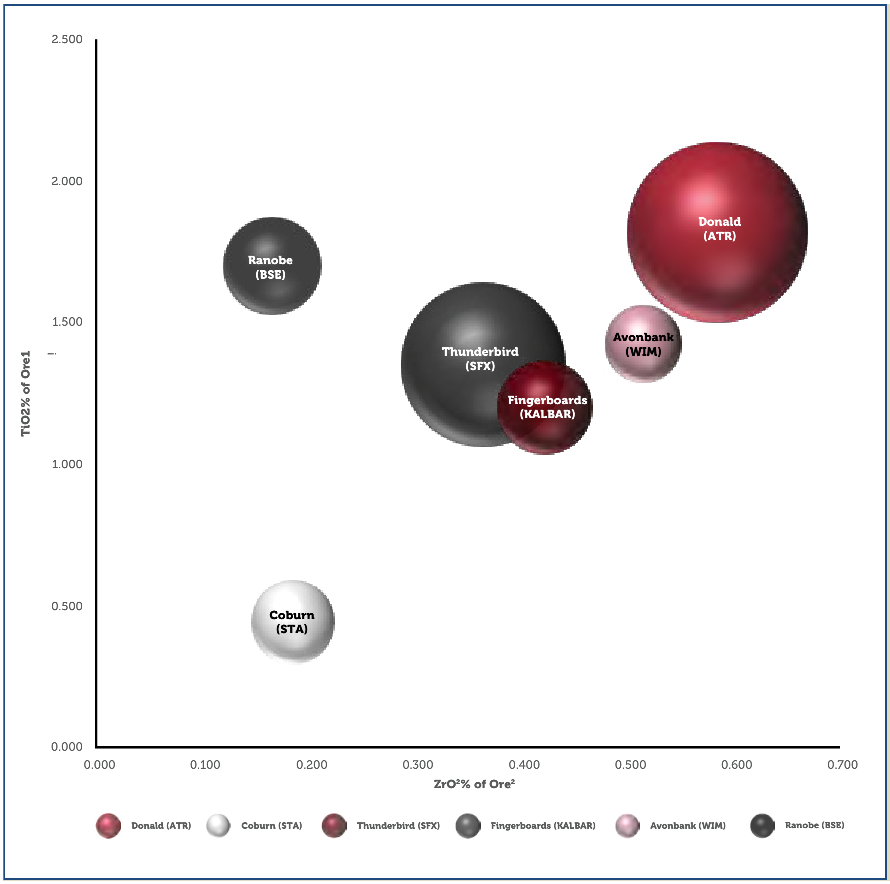
DONALD RARE EARTH & MINERAL SANDS PROJECT

The scale and expected longevity of the Donald resource base makes the pursuit and delivery of phased value generation opportunities a unique feature of this development.

The Donald and Jackson tenement holdings, comprise a licenced area of 506 square kilometres. The area planned to be developed is approximately 50 kilometres from the regional centre of Horsham. The land to be mined is mainly cleared, arable land used for cropping and grazing. Mining and processing operations will have minimal impact on native vegetation area, with mined areas to be progressively rehabilitated throughout the mine life.

The nature of mineral sands mining (progressive and relatively shallow) means areas disturbed are amenable to restoration to original land use patterns.

The location of the planned development means it will be close to existing infrastructure (power, water and transport). Astron's presence in the area over at least a decade has meant extensive engagement with local stakeholders and a high level of acceptance of the opportunities for employment, associated business activities and regional and State economic benefits.



The diagram (left) shows the relative size of planned mineral sands projects, at various stages of evaluation and regulatory approval. The size of the bubble shows the relative size of the Mineral Resource and, on the horizontal axis, the zircon assemblage of various deposits. The Donald Project is one of the largest new mineral sands developments, but also one with the highest zircon assemblage. Not shown on this diagram is the rare earth component of the deposit. Its potential significance can be conveyed by the expectation that it will constitute approximately 50% of the revenue stream of the project. These attributes provide the Donald resource with a number of key differentiating factors: scale and longevity; zircon assemblage and rare earth assemblage characteristics.

> **ASTRON'S PRESENCE OVER AT LEAST A DECADE HAS MEANT EXTENSIVE ENGAGEMENT WITH LOCAL STAKEHOLDERS AND A HIGH LEVEL OF ACCEPTANCE OF THE OPPORTUNITIES FOR EMPLOYMENT, ASSOCIATED BUSINESS ACTIVITIES AND REGIONAL AND STATE ECONOMIC BENEFITS.**

DONALD RARE EARTH & MINERAL SANDS PROJECT

Unparalleled Resource Position

The Donald resource represents one of the largest, undeveloped mineral sands and rare earth deposits globally, at an advanced stage of evaluation. The Ore Reserves and Mineral Resource position has the potential to support a major operation for over 50 years.

At a time of the maturation of traditional mineral sands supply sources, the Donald Project represents a valuable new source of long term supply zircon and titania. The contained zircon reserves, in their own right, represent approximately five years of total global zircon production.

Donald also contains an attractive rare earths assemblage, including a potential significant proportion of the valuable heavy rare earth elements of dysprosium and terbium.

Project Configuration

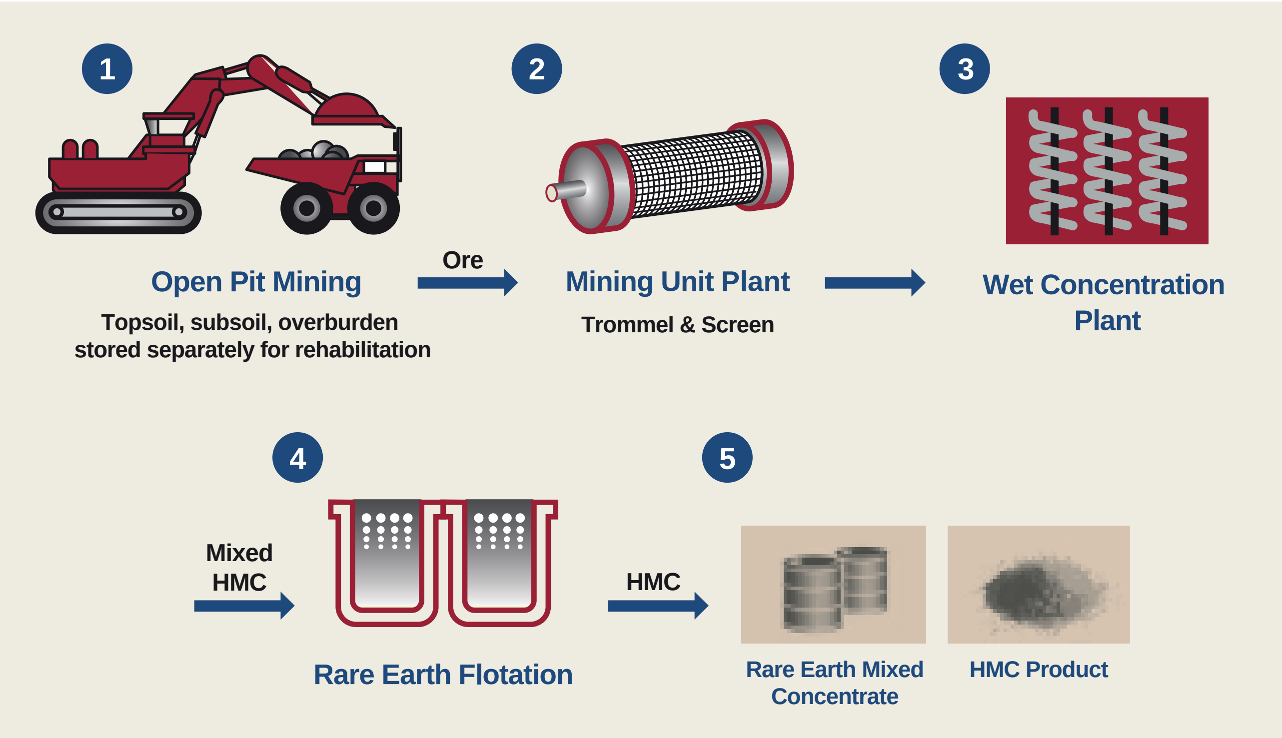
Approval has been granted for initial mining and first stage processing operations to be undertaken on Mining Licence MIN5532 with is located with one of the two larger Retention Licences (RL2002 and RL2003).

Mining and processing during the first phase of operations will access approximately 13% of the total tenement Mineral Resources. Despite this, Phase 1 operations are licenced for 35 years.

Phase 1 Operations

- A conventional shallow, dry mining approach, accessing ore from a single pit by use of excavator and haul trucks.
- A low strip ratio of 2.2:1 over the life of Phase 1 mining, and 1.9:1 over the first four years.
- 7.5 million tonnes of ore will be mined each year, with the production of a rare earth concentrate and heavy mineral concentrate, containing zircon and a mixed titania product (66% TiO_2 content)
- The rare earth element concentrate will be sold to processors (either Australian based and/or overseas) for separation into critical minerals.
- The heavy mineral concentrate will be processed offshore into final products of zircon and titania.

Donald Project Simplified Phase 1 Process Flow-Diagram



DONALD RARE EARTH & MINERAL SANDS PROJECT

Phase 1 Characteristics

Based on current geological analysis and pricing assumptions, it is expected that the rare earth concentrate production stream will constitute approximately 50% of total Phase 1 project revenues. The heavy mineral concentrate, comprising zircon and titania, will make up the balance of revenue, with approximately 80% of the heavy mineral concentrate revenue attributable to zircon and 20% to titania.

Key Metrics[1]		
Revenue p.a.		~US$ 200m
Capital Expenditure		~A$ 350m
Total Capital Requirement		~A$ 400m
Indicative Production Profile For Phase 1 Operation		
On-Site-Products	**Avg. of first 5 years**	**Avg. of Phase 1**
REEC	~9 ktpa	~8 ktpa
HMC	~285 ktpa	~250 ktpa

1. See ASX Announcement 18 Aug 2022, Donald Project Configuration Update

During Phase 1 of the project, heavy mineral concentrate product stream pricing will reflect the zircon and titania assemblages and the estimated costs involved in transportation and processing to final products. Based on long term zircon and titanium dioxide (chloride ilmenite feedstock) forecast prices of circa US$1,700 and ~US$320 per tonne respectively, the heavy mineral concentrate price is currently estimated to be in the range of US$325 to US$450 per tonne ((US$/t FOB real July 2022). The rare earth concentrate price, based on its neodymium and praseodymium content, is estimated to be around ~US$11,000 per tonne.

Final capital expenditure estimates and detailed project economics will form part of the final feasibility study, currently being undertaken and to be released in the first quarter of 2023. Current estimates are that capital expenditure will be approximately A$350 million, with an expected total funding requirement of approximately A$400 million.

Planned Work Streams and Project Timeline

The main work streams leading to the completion of the Feasibility Study, and an investment decision by the Board of Astron, include:

- An updated geological model, including a revised Mineral Resource and Ore Reserve Statement incorporating an analysis of the finer fraction for VHM and the rare earth mineral of xenotime;
- refinement of the mine plan, informed by the foregoing analysis and receipt of tenders;
- tailings design, including the design of tailings storage arrangements;
- confirmatory metallurgical test work on sonic drilling samples;
- a Value Engineering process to determine optimal capital expenditure, timing of commitment and ensuring maximum flexibility in relation to operability and operational expansion;
- market engagement with processors for HMC processing arrangements;
- engagement with rare earth processors for off-take arrangements;
- environmental technical studies and risk workshops to progress the Work Plan;
- continued stakeholder, community and landowner engagement; and
- further key appointments to management and operational teams.

Milestones	Time Frame
Revised Mineral Resource Statement for MIN5532	Q4 2022
Ore Reserve and Mineral Resource Statement	Q1 2023
Feasibility Study completion	Q1 2023
Work Plan for Victorian Regulatory Submission	Q4 2023
FID and construction commencement	Q1 2024
Commissioning	Q3 2025
Production	Q4 2025

Subsequent Development Phases

Further development and value-adding opportunities for the Donald Project will be evaluated as part of early-stage production. Subject to this evaluation, necessary regulatory approvals and market conditions,the following material value adding opportunities are indicated below:

Phase 2

- Mining and concentrating extension into RL2002
- Plan to increase mining throughput to 15 million tonnes per annum (from 7.5 million tonnes)
- Construction of an on-site (or located nearby) mineral separation plant to produce final products including:
  - zircon premium and zircon standard
  - titania (suitable for chloride slag production)
- The mineral separation plant will be designed to be able to be scaled-up in a capital efficient manner
- Continued production of rare earth concentrate at higher volumes
- Evaluation studies regarding rare earth element concentrate processing options for Astron, including – standalone facilities and joint processing development options
- Downstream zirconium processing options evaluated by Astron China for production of higher value zirconium end products
- Resource to reserve conversion work to maintain a multi-decade production life
- Progressive rehabilitation and return of land to arable cropping use

Phase 3

- Mining and concentrating extension into RL2002 and RL2003
- Further increase in mining throughput, potentially a further doubling of Phase 2 ore throughput
- Advancement of REEC processing options
- Evaluation of titania processing options, including synthetic rutile production
- Progressive rehabilitation and return of land to arable cropping use

Rare earth chloride salts.

FINAL PRODUCTS & APPLICATIONS

The Donald Project will produce both a rare earth and mineral sands concentrate. Downstream processing of both rare earth and mineral sand concentrates results in a wide range of consumer, industrial, scientific and other applications.

Rare Earth Elements

Wind turbines

The Donald Project's rare earth element products are expected to be highly attractive in terms of market applications, given the rare earth assemblage contains a significant proportion of valuable heavy rare earth elements of dysprosium and terbium. Dysprosium and terbium are used in both electric and hybrid vehicle technologies, as well as a range of other applications. Initially, Astron intends to enter into off-take arrangements with rare earth processors for its production of rare earth concentrate. As this will be separated at the site of the Donald operation, the company has enhanced flexibility to consider both domestic and international processing options.

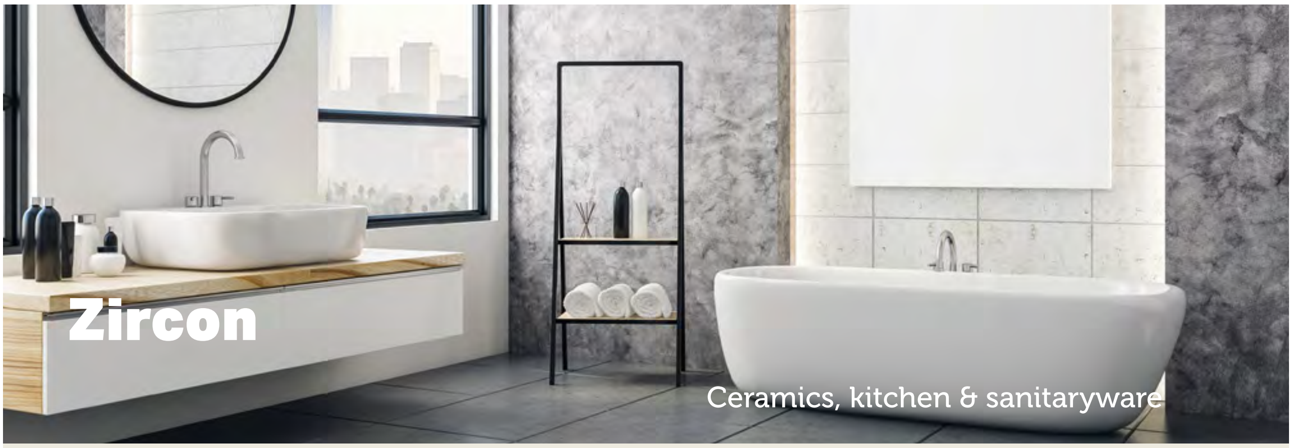
Electric vehicles and batteries

Titania (titanium dioxide)

Paint & pigment production

The testing and market evaluative work undertaken by Astron has confirmed that the Donald Project titania product is desirable as a feed source for the production of chloride slag, which is used as a feedstock for the production of chloride pigment, an industry that is growing rapidly. As a 66% TiO_2 product with low calcium content, it has an application as a 'sweetener' (or higher titanium dioxide content feed) to existing slag feeds, which tend to be lower TiO_2 content ilmenites.

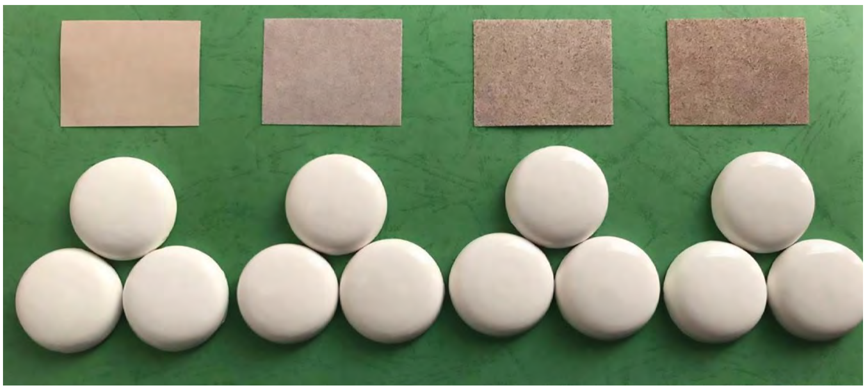
Aerospace & industrial



The Donald Project HMC is expected to produce both a premium and a secondary zircon product. The separation process to produce final products is relatively simple, and high recoveries has been demonstrated at both lab-scale and pilot-scale test work. Donald premium zircon produced from the pilot scale test work has been exhaustively tested and displays characteristics highly desirable for the ceramics market. Through testing conducted at the company's laboratories and verified independently by the Foshan Ceramics Institute (a leading Chinese ceramics institute), Donald premium zircon rates favourably in terms of whiteness compared to competitor products. Whiteness is a highly desirable characteristic for the main ceramics end use market, which represent approximately 50% of the annual zircon demand. The secondary zircon, containing over 65% ZrO_2 will have applications in the chemical zircon market, with its range of attendant end-uses.

Premium Zircon Product CIE Whiteness Test Results

Donald premium zircon test results compare favourably with other zircon products on key characteristics, notably whiteness



Donald Project Competitor 1 Competitor 2 Competitor 3

Product	L - Brightness	A – Red-Green Scale	B Yellow-Blue Scale
Donald Premium Zircon	94.84	0.12	3.86
Competitor Zircon 1	94.39	1.02	4.08
Competitor Zircon 2	93.57	0.86	3.82
Competitor Zircon 3	94.32	0.23	4.22

Note:
Results are measured on the CIE whiteness scale, L represents 'brightness', A represents 'red-to-green' scale, B represents 'yellow-to-blue' scale.
The CIE system is used to characterise colour by a luminance parameter and two colour co-ordinates.
Results were produced using a calibrated 'brightness tester' and standard deviation error can be expected.
Refer ASX Release, 7 April 2021.

REHABILITATION & ENVIRONMENTAL MANAGEMENT

The mineral sands industry is noted as having amongst the best land rehabilitation credentials of all forms of extractive industry. This stems from an extended history of rehabilitation practices in various land-use situations, as well as the nature of the mining approach adopted.

The main elements of the planned mining approach for the Donald Project include:

- Separate stockpiling of topsoil and overburden for return to mined areas, as part of progressive mine rehabilitation;
- combining tailings with sand (modified co-disposal or 'ModCod') and initially pumping to a former pit tailings storage facility and then subsequent pumping to the mine pit for disposal, as part of progressive rehabilitation of mined areas; and
- replacing topsoil and overburden according to the original soil configuration, followed by revegetation and return to farmland.

The nature of rehabilitation means that land contouring can be undertaken to the landowners' requirements, including laser-levelling for crop usage and retention of some extracted areas for water storage and dams. Satellite monitoring can be undertaken to monitor post-rehabilitation agricultural crop yields and Astron intends to work with farmers and local landowners to ensure optimum land rehabilitation arrangements.

Excavated test pit and land after rehabilitation.

> "GIVEN MINERAL SANDS TYPICALLY INVOLVES ACCESSING RELATIVELY SHALLOW DEPOSITIONS, THE MINING APPROACH IS AMENABLE TO PROGRESSIVE REHABILITATION PRACTICES, RETURNING LAND TO ORIGINAL LANDFORMS."

COMMUNITY ENGAGEMENT

In March 2022, Donald Mineral Sands (DMS), the operating company for the Donald Project, appointed a Community Liaison Officer to further develop links and connections with the community and the implementation of the DMS Community Engagement Plan.

The Mineral Resources (Sustainable Development) Act 1990 requires that community engagement plans be prepared to document the commitments that a mining licencee has made to engage with the community. DMS has and will continue to engage with the community through:

- The DMS Community Reference Group
- Public information sessions
- The DMS website, Facebook and LinkedIn pages
- A DMS community sponsorship programne
- A dedicated stand at the Wimmera Southern Mallee Careers Expo
- An ongoing presence at the DMS office in Minyip

Public Information Sessions

One of the key activities of the Community Liaison Officer has been to present on the progress of the project to the communities of Minyip, Warracknabeal, Murtoa and Rupanyup. Further sessions have also been held with progress associations and Chambers of Commerce. The community engagement requirements of regulators requires that DMS demonstrates that it has gauged the sentiment of local communities and responded to any concerns and keep stakeholders informed of the progress of the project.

Minyip public information sessions.

Community Reference Group

The DMS Community Reference Group (CRG) met for the first time in 2022 with representatives from local government, local health services, tourism, local progress associations, Catchment Management Authorities and local statutory authorities. The CRG meets every 3 to 4 months to:

- act as a conduit to provide feedback from the wider community
- provide an avenue to facilitate the flow of information from DMS back to stakeholders on all aspects of the project; and
- allow CRG members to raise any issues or opportunities in relation to the project and its potential environmental, social and economic aspects.

Project Director Sean Chelius presents a project overview to the inaugural CRG meeting in June 2022.

Community Sponsorship Programme

Each year DMS conducts a community sponsorship programme to support not-for-profit community organisations seeking to enhance local communities near the Donald Project area.

The applications must promote clear and direct benefit to community wellbeing, categorised as:

- Environment
- Education, training, leadership
- Arts and cultural activities
- Sport
- Health
- Community development and wellbeing

In 2022 DMS supported the following organisations:

- Rupanyup Primary School
- Minyip Field & Game
- Donald P&A Society
- Murtoa Big Weekend
- Rupanyup Recreation Reserve
- Rupanyup Football & Netball Club
- Minyip Historical Society
- Minyip Progress Association

Board & senior management visit to site, July 2022

Western Victorian Careers Expo

DMS attended the Western Victorian Careers Expo where over 2,000 school students, job seekers and interested persons attended.

Community Liason Officer Paul Atherton meeting with students.

OTHER ASSETS

Astron Titanium (Yingkou) Limited is a fully owned subsidiary of Astron Corporation Limited. Astron Titanium is a specialist R&D, mineral processing and technology company with over 30 years' experience in the China minerals market.

Astron China

The company is managed by executive director, Kang Rong, as Chief Marketing Officer and Head of China Operations. The company operates a 150,000 tonnes annual capacity mineral separation plant. The company has production and intellectual property capabilities in a range of minerals processing areas, including the production of pure hafnium-free zirconia; a method for reducing various impurities from zircon; fine rutile recovery and agglomeration; the capability to produce nuclear grade zirconium and zirconium oxychloride. Astron Titanium was the first company to introduce titanium slag into the China market and has long-standing relationships with many of the customers and processors in the mineral sands industry.

The Yingkou mineral separation plant currently undertakes two main commercial operations. The first being the processing of mineral concentrates and various middlings (including zircon middlings and rutile middlings) to final products of zircon and rutile. The second relates to the company's speciality agglomeration technology that enables it to produce pelletised rutile from finer rutile products and chloride slag fines products that otherwise are of low value. The agglomerated product has been supplied to China-based chloride pigment producers as well as, more recently, a major western chloride pigment producer.

The China operations represent a separate revenue and profit centre for Astron. In addition, there is the potential for the Yingkou plant to play a role in either the processing of heavy mineral concentrate from the Donald Project or the agglomeration of the fine titania product for use in a wider range of applications.

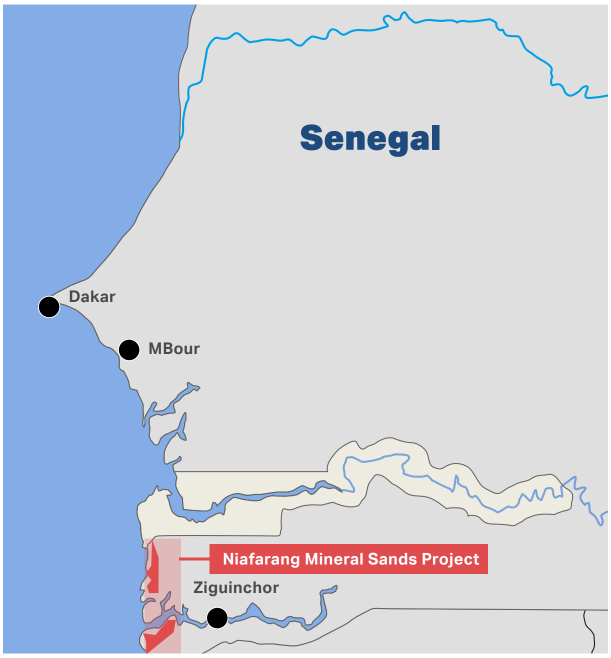
Niafarang Mineral Sands Project

Astron holds the mining licence to a coastal zone of under 400 square kilometres along a 75 kilometres stretch of the Casamance coast of Senegal. The mineral sands deposit has been delineated and contains coarse grained ore capable of producing high grade ilmenite and zircon. The planned mining approach involves conventional dry mining techniques with nearby concentrating and sale of concentrate to a toll processor. Astron has acquired the necessary mining equipment for the project, which is under storage in Dakar.

Some encouraging progress has been made in relation to the project, although the timeframe for potential development still remains undetermined. Subsequent to the Senegal national elections, the Minister for Mines indicated an intention to progress the project, potentially through the formation of a Public Private Partnership (PPP) between the Senegalese Government and local communities (including the local Village Chief), for the advancement of arrangements related to the project. Astron has submitted applications for the renewal of mining licences, which had lapsed. Subject to these being renewed and the PPP process commencing, Astron will seek to re-establish the necessary approvals to determine a plan and timeline for progression of the project.

Astron has reiterated its commitment to the development of the local area where mining operations are planned and has committed to various community support and sponsorship programmes.

With the freeing up of some internal resources associated with the progression through feasibility stage of the Donald project, it is one of the priorities to advance the Niafarang project to a stage where a realistic commercial production timeline can be established.



ORE RESERVES & MINERAL RESOURCES STATEMENT

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

The Ore Reserves and Mineral Resources Statement is based on, and fairly presents, information and supporting documentation prepared by a competent person and the Ore Reserves and Mineral Resources as a whole have been approved by a named competent person, as seen in the Competent Persons Statement on page 35.

There were no changes to the Ore Reserves and Mineral Resources Statement for the Donald Project from 2021 to 2022.

Ore Reserves

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

Table 1

Classification	Tonnes (mt)	Slimes (%)	Oversize (%)	HM (%)	Ilmenite (%HM)	Leucoxene (%HM)	Rutile (%HM)	Zircon (%HM)	Monazite (%HM)
Within ML5532									
Proved	170	14	12	5.3	31	22	7.1	19	1.9
Probable	24	13	12	4.9	33	21	6.7	20	2.0
Total	194	14	12	5.3	32	22	7.0	19	1.9
Within RL2002 Outside of ML5532									
Proved	140	19	7	5.6	31	18	9.6	21	1.8
Probable	268	16	14	4.0	32	19	7.5	17	1.6
Total	408	17	12	4.5	32	19	8.4	19	1.7
Total within RL2002									
Proved	310	16	10	5.4	31	20	8.2	20	1.8
Probable	292	16	14	4.1	32	20	7.4	17	1.6
Total	602	16	12	4.8	32	20	7.9	19	1.7

Notes

1. The ore tonnes have been rounded to the nearest 1Mt and grades have been rounded to two significant figures.
2. The Ore Reserve is based on indicated and Measured Mineral Resource contained with mine designs above an economic cut-off. The economic cut-off is definited as the value of the products less the cost of processing.
3. Mining recovery and dilution have been applied to the figures above.

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

Mineral Resources (HM)

Table 2 Mineral Resource at a 1% Cut-off

Classification	Tonnes (mt)	HM (%)	Slimes (%)	Oversize (%)
Within MIN5532				
Measured	372	4.5	14.4	12.8
Indicated	75	4.0	13.8	13.1
Inferred	7	3.5	13.5	10.6
Subtotal	454	4.4	14.2	12.8
With RL2002 Outside of MIN5532				
Measured	343	3.9	19.8	8.1
Indicated	833	3.3	16.2	13.5
Inferred	1,595	3.3	15.7	6.0
Subtotal	2,771	3.4	16.4	8.5
Total within Donald Deposit (RL2002)				
Measured	715	4.2	17.0	10.6
Indicated	907	3.4	16.0	13.4
Inferred	1,603	3.4	15.7	6.0
Subtotal	3,225	3.6	16.1	9.1
Total within Jackson Deposit (RL2003)				
Measured	0	0.0	0.0	0.0
Indicated	1,903	2.8	19.0	5.8
Inferred	584	2.9	16.7	3.3
Subtotal	2,487	2.9	18.5	5.2
Total Donald Project				
Measured	715	4.3	18.1	11.1
Indicated	2,811	3.0	17.9	8.2
Inferred	2,187	3.3	16.4	5.5
Total	5,712	3.2	16.9	7.3

Note

1. The total tonnes may not equal the sum of the individual resources due to rounding.
2. The cut-off grade is 1% HM.
3. The figures are rounded to the nearest: 10M for tonnes, one decimal for HM, Slimes and Oversize.

ORE RESERVES AND MINERAL RESOURCES STATEMENT

Mineral Resources (HM)

Table 3 Mineral Resource where VHM Data is Available at a Cut-off of 1% HM

Classification	Tonnes (mt)	Slimes (%)	Oversize (%)	HM (%)	Ilmenite (%HM)	Leucoxene (%HM)	Rutile (%HM)	Zircon (%HM)	Monazite (%HM)
Within MIN5532									
Measured	264	14.2	12.2	5.4	31	22	7	19	2
Indicated	49	13.6	12.1	4.9	33	22	7	20	2
Inferred	5	13.5	10.2	4.2	36	20	7	22	3
Total	317	14.1	12.1	5.3	32	22	7	19	2
Within RL2002 Outside of MIN5532									
Measured	185	19.1	7.3	5.5	31	19	9	21	2
Indicated	454	15.9	13.2	4.2	33	19	7	17	2
Inferred	647	15.2	5.8	4.9	33	17	9	18	2
Total	1,286	16.0	8.6	4.8	33	18	8	18	2
Total within Donald Deposit (RL2002)									
Measured	448	16.2	10.2	5.4	31	21	8	20	2
Indicated	503	15.7	13.1	4.3	33	20	7	18	2
Inferred	652	15.2	5.8	4.9	33	17	8	18	2
Total	1,604	15.6	9.3	4.9	32	19	8	18	2
Total within Jackson Deposit (RL2003)									
Measured									
Indicated	668	18.1	5.4	4.9	32	17	9	18	2
Inferred	155	15.1	3.1	4.0	32	15	9	21	2
Total	823	17.6	5.0	4.8	32	17	9	19	2
Total Donald Project									
Measured	448	16.2	10.2	5.4	31	21	8	20	2
Indicated	1,171	17.1	8.7	4.6	32	18	8	18	2
Inferred	807	15.2	5.3	4.7	33	17	9	19	2
Total	2,427	16.3	7.9	4.8	32	18	8	19	2

Note

1. The total tonnes may not equal the sum of the individual resources due to rounding.
2. The cut-off grade is 1% HM.
3. The figures are rounded to the nearest: 1mt for tonnes, one decimal for HM, Slimes and Oversize and whole numbers for zircon, ilmenite, rutile + anatase, leucoxene and monazite.
4. Zircon, ilmenite, rutile + anatase, leucoxene and monazite percentages are report as a percentage of the HM.
5. Rutile + anatase, leucoxene and monazite resource has been estimated using fewer samples than the other valuable heavy minerals. The accuracy and confidence in their estimate is therefore lower.
6. For further details including JORC Code, 2012 Edition – Table 1 and cross sectional data, see previous announcements dated 7 April 2016, available at ASX's website at www.asx.com.au/asxpdf/20160407/pdf/436cjyqcg3cf47.pdf

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources for the Donald Project is based on information compiled by Mr Rod Webster, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Webster is a full-time employee of AMC Consultants Pty Ltd and is independent of DMS, the owner of the Donald Project Mineral Resources. Mr Webster has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. There have been no changes to Donald Project's Mineral Resource estimate during the 2022 financial year. Mr Webster consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this document that relates to the estimation of the Ore Reserves is based on information compiled by Mr Pier Federici, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Federici is a full-time employee of AMC Consultants Pty Ltd and is independent of Astron. Mr Federici has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Ore Reserves Statement was updated during the 2021 financial year to comply with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

The Company confirms that the form and context in which the Competent Persons' findings are presented have not modified from the relevant original market announcement on 18 February 2021. Mr. Federici consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this document that relates to the metallurgical performance and outcomes of test work is based on information compiled by Mr Ross McClelland, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McClelland is the principal metallurgist and director of Metmac Services Pty Ltd. Mr McClelland has been involved with the metallurgical development of the Wimmera style mineral sands resources for more than 30 years. He has provided metallurgical consultation services to DMS for more than 7 years. He qualifies as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been prematurely modified from the relevant original market announcement.

ANNUAL FINANCIAL STATEMENTS FOR ASTRON CORPORATION LIMITED

For the year ended 30th June 2022

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

Astron Corporation Limited

Company Number: 1687414

For the Year Ended 30 June 2022

CONTENTS

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2022

The Directors of Astron Corporation Limited (the "Company") present their report on the consolidated entity ("Group" or "Astron"), consisting of Astron Corporation Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2022.

FINANCIAL HIGHLIGHTS

Net tangible asset value per share	Down	96.7%	To	0.35cps
Revenue, Interest Income and Other Income	Up	5.8%	To	$19,244,260
Cash-in-flow from operating activities	Down	$2,259,111	To	$394,168
Loss before tax	Up	$6,611,548	To	$7,018,342
Loss after tax attributable to members	Up	$6,070,076	To	$9,038,451
Total comprehensive income	Down	$5,136,471	To	($8,137,462)

PRINCIPLE ACTIVITIES / BUSINESS ENTITIES

Astron Corporation Limited is a Hong Kong incorporated company listed on the Australian Securities Exchange. The principal activities undertaken by wholly owned subsidiary companies include the following:

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

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

There were no significant changes to the Group structure in the financial year ended 30 June 2022.

Astron Corporation Limited

Company Number: 1687414

Directors' Report

30 June 2022

1 General Information

1.1 Directors

The following persons were Directors of Astron Corporation Limited for part of the financial year and up to the date of this report:

Names

Mr. George Lloyd	Chairman and Non-executive director (Appointed on 20 July 2021)
Mdm. Kang Rong	Executive director
Mr. Tiger Brown	Managing Director
Dr. Mark Elliott	Non-executive director
Mr. Gerard King	Non-executive director

Directors of the Company's subsidiaries

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

Mdm. Jian Ping
Mr. Zhao Zhiping (resigned on 11 February 2022)
Mdm. Li Linlin (resigned on 11 February 2022)
Mr. Xiao Lingen (appointed on 11 February 2022)
Mdm. Cui Ying (appointed on 11 February 2022)

Director Information

Mr. George Lloyd	Chairman (Non-Executive Director)
Qualifications	Bachelor of Engineering Science in Industrial Engineering Master of Business Administration, University of New South Wales Stanford University Executive Management Programme FAICD
Experience	· Board member since 20 July 2021 · Professional career has encompassed roles with RGC Limited; Elders Resources Limited; Southern Pacific Petroleum NL, Central Pacific Minerals NL and Australian Gas Light Company. · Mr. Lloyd is Chairman of engineering services group Ausenco Pty Ltd and Chairman of bauxite development company VBX Limited. He has held numerous directorships of public listed and private companies, including Metro Mining Limited, Pryme Energy Limited, Cape Alumina Limited, Equatorial Mining Limited, Goldfields Limited and AurionGold Limited
Interest in Shares #	Nil
Special Responsibilities	Audit, Nomination and Remuneration Committee
Directorships held in other listed entities	Not currently a Director of any other listed company.

Mr. Tiger Brown	Managing Director
Qualifications	B.S. (Economics), Wharton School of Business, University of Pennsylvania.
Experience	- Board member since 4 December 2019 - Mr. Brown has worked with Astron business entities in China and Australia before being appointed a director in the role of Executive Director, Business Development. He was appointed Managing Director effective 17 February 2021
Interest in Shares #	94,165,972 CDIs
Special Responsibilities	Managing Director and Nomination and Remuneration Committee
Directorships held in other listed entities	Not currently a Director of any other listed company.

Mdm. Kang Rong	Executive Director and Chief Executive of Astron Titanium (Yingkou) Ltd
Qualifications	B.E. (Chem), Shanghai University; Executive MBA, Chungking Graduate School
Experience	- Board member since 31 January 2012 (prior to that of Astron Pty Limited from 21 August 2006) - Worked as a Chemical Production Engineer at Shenyang Chemical Company (a major Chinese company based in Shenyang, Liaoning Province, China) before moving to Hainan Island to work in sales and administration roles for Japanese trading company, Nissei, Ltd. - Mdm. Kang Rong joined Astron in 1995 as marketing manager of Shenyang Astron Mining Industry. Subsequently, she has overseen Astron's China operations and global sales activities.
Interest in Shares #	4,000,100 CDIs
Special Responsibilities	Chief Executive of Astron's China-based processing and trading operations, Astron Titanium (Yingkou) Ltd.
Directorships held in other listed entities	Not currently a Director of any other listed company.

Dr. Mark Elliott	Non-Executive Director
Qualifications	Diploma in Applied Geology, Ballarat School of Mines; Ph.D, University of New South Wales, FAICD, FAusIMM (CP Geo), FAIG
Experience	· Dr. Elliott has chartered professional accreditation as a geologist. He commenced his career as a senior geologist with Anaconda Australia Inc. He subsequently held roles as Chairman and Managing Director of ASX-listed and private companies, including Mako Gold Ltd, HRL Holdings Ltd, Chinalco Yunnan Copper Resources Limited and Zirtanium Limited.
Interest in Shares #	346,400 CDIs
Special Responsibilities	Chair of the Audit, Nomination and Remuneration Committee
Directorships held in other listed entities	Chairman of AuKing Mining Limited, Non-executive director of Nexus Minerals Limited and Aruma Resources Limited

Mr. Gerard King	Non-executive
Qualifications	LLB, University of Western Australia AICD
Experience	- Board Member since 6 December 2011 (Astron Pty Limited, 5 November 1985) - Former partner of law firm Phillips Fox with over 30 years of experience in corporate and business advisory roles including as a director of a number of Australian public companies.
Interest in Shares	49,138 CDIs
Special Responsibilities	Audit Committee.
Directorships held in other listed entities	Not currently a Director of any other listed company.

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

2. Meetings of Directors

During the financial year, thirteen meetings of Directors (excluding committees of Directors) were held for Astron Corporation Limited. Attendances by each Director at Directors' meeting, audit and risk committee and remuneration and nominating committee meetings during the year were as follows:

Astron Corporation Limited	Directors' Meetings	
	Number eligible to attend	Number attended
Mr. George Lloyd	12	12
Mr. Tiger Brown	13	13
Mdm. Kang Rong	13	10
Dr. Mark Elliott	13	13
Mr. Gerard King	13	12

Share Options

During the year 3,900,000 options over issued shares or interests in the Group or a controlled entity were granted and remain outstanding at 30 June 2022.

3. Operational and Financial Review

3.1 Business Highlights

- Increased revenue from Astron's China-based operations, associated with strong end market demand and stronger prices, offset by increased costs associated with the higher cost of raw materials.

- China Government-based COVID-19 restrictions, and the commissioning of the mineral separation plant to process zircon middling, impacted plant utilisation levels.

- Significant progress across multiple work streams associated with the advancement of the Donald Rare Earth and Mineral Sands and Rare Earth Project, including finalisation of project configuration to established the least-risk path for the Phase 1 commercialisation of the project. The project's Feasibility Study is scheduled for completion in the first quarter of calendar year 2023.

- Continued engagement with regulators and community groups in Senegal as a basis for the future progression of the Niafarang mineral sands project to a construction and production stage.

3.2 Financial Results – Key Features

The main features of the 2022 financial results are provided below. Segmental results are provided on pages 42 to 45, which provide information on the financial performance for the main business entities and activities of the Group.

Revenue

Sales revenue was $18,999,516, a 15.7 per cent increase (2021: $16,418,037), attributed to positive market conditions in downstream markets. The revenue growth was limited by Chinese Government COVID-19 related lockdowns which impacted Yingkou and the operations of the mineral separation plant during the second half of 2022, there were also some raw material feedstocks supply constraints which impacted revenue and have now been resolved.

Expenses

The Company's general and administrative expenses increased from 2021 to 2022 from $4,273,063 to $7,642,970, reflecting increased expenditure associated with the advancement of the Donald Project to Feasibility Study stage, product research and development expenses in China and non-recurring expenses in relation to the proposed demerger.

Net Loss

In 2022, a net loss before tax of $7,018,342 was recorded. (2021: $406,794). The higher in net loss reflects the higher cost of raw materials and repeated Covid restrictions in China, research and development with respect to the Chinese products as the Group focused on the advancement of processing of alternative raw materials through the plant, together with increased costs as the Group focuses on the advancement of the Donald project. The change in profit was also a result of one-off incomes / expenses, in the form of an interest reversal in the prior year, and write-off of certain Chinese assets in the current year.

Operating Cash Flow

The operational cashflows reduced due to the increase in costs associated with the Donald project advancement, research and development in China, disruptions associated with COVID-19 restrictions in China, and the higher cost of raw materials, which resulted in a cash inflow of $394,168 for the year from the Group's operations (2021: $2,653,279).

Net Assets

The Group's net assets as at 30 June 2022 were $85,503,285, (2021: $92,474,241). The decrease in the value of net assets was primarily the result of net loss of $9,038,451 (2021: $2,968,375) suffered by the Group for the year ended 30 June 2022.

Operations review

Donald

Astron continued to advance Donald project through a number of work streams designed to progress the project to a feasibility stage.

Finalised Project Parameters

As previously advised, the Board of Astron considered it appropriate to undertake a comprehensive review of project parameters of the Donald Project as part of defining the final parameters for the Feasibility Study, scheduled for completion at the end of the first quarter of 2023.

The review was undertaken with a view to establishing the least risk path towards the commercialisation of the Phase 1 development of the Project on Mineral Licence 5532 (MIN5532), while maintaining flexibility to deliver the value that the development of the broader tenement resources is expected to represent.

The outcome of this review was announced on 18 August 2022. The main outcomes of the review included:

- Reduction in ore throughput to 7.5 million tonnes per annum ("Mtpa") from 12.5 Mtpa, resulting in a roughly proportionate decrease in HMC and finished product production;
- Production on-site of two product streams: a rare earth element concentrate ("REEC") and a valuable heavy mineral concentrate (HMC), instead of the separation of the HMC on-site to produce zircon and titania (66% TiO_2 content) final products;
- The elimination of an on-site Wet High Intensity Magnetic System ("WHIMS") plant and a dry mineral separation plant;
- Off-site processing of the HMC product to final zircon and titania products by either a third- party separation facility, or (subject to further evaluation) at the Company's minerals processing facilities at Yingkou, China – or a combination of both; and
- Reduction in the scale of the footprint of the processing plant and associated facilities with an attendant reduction in materials required during the construction phase.

Astron intends to commercialise the Donald Project via a phased development model, with the first phase of mining conducted on the granted mining licence (MIN5532) producing a HMC containing zircon and titanium feedstock minerals, and a REEC containing monazite and xenotime.

Astron envisages that subsequent phases of the project (subject to regulatory approvals) may provide the opportunity for an expansion of mining throughput and the construction of a mineral separation plant ("MSP") on-site, enabling final products of zircon and titania to be produced. The phased development of the resource base, given its size and longevity, is viewed as the most capital-efficient manner of developing the project, with Phase 1 project parameters aligned with the Environmental Effects Statement (2008) and required regulatory approvals.

Approvals

The project is well advanced in terms of regulatory approvals, with a positively assessed Victorian Environmental Effects Statement ("EES"). The main outstanding regulatory requirement is the work-plan permit. By aligning the throughput and plant processes to the EES parameters, the Company believes it has the most expeditious pathway for the receipt of all final permits, scheduled for completion in the fourth quarter of calendar year 2023.

Ore Body Geological Analysis

In March 2022, the Company completed an air core drilling programme on MIN5532, designed to:

- Delineate the +20–38 micron fraction of the valuable heavy mineral (VHM) component of the deposit;
- Provide a more detailed analysis of the rare earth minerals in the deposit, including the xenotime component, and
- Establish VHM assemblage data for portions of the resource for which this data is not currently available.

The +20–38 micron fraction of VHM is not included in the current geological model of the Resource as it was assumed not to be recoverable. Astron's subsequent metallurgical test work, including pilot plant recovery of bulk samples, has provided confidence in the recovery of this material. It is expected that the incorporation of this material will increase the size of the VHM resource in MIN5532.

Following completion of the analysis of the results of the 2022 drilling programme, revised Mineral Resources and Ore Reserves estimates will be prepared for MIN5532, which will be incorporated into a revised mine plan for inclusion in the Feasibility Study.

It is expected that the results of this analysis will make a material contribution to the ultimate production profile of Phase 1 of the Project, without any significant affect upon the project configuration or capital costs. Appendix 5 contains further contextual information about the current resource evaluation.

Funding

Astron continues to develop its funding strategy which is expected to include a mix of equity and debt funding.

China Operations

The Chinese operations were cash neutral for the year. Revenue and gross margins were consistent when compared to the prior year despite the difficult trading conditions.

The Company has continued to invest in research and development in its agglomeration technology for its rutile products and the production process.

Senegal

Exploration

No additional exploration field activities have occurred in the year. Application, renewal applications and studies have been undertaken by Astron's consultant in Senegal (Harmony Group) to re-establish approvals for expired exploration leases. The current exploration licence remains in a maintenance position where Astron has the right to apply for drilling exploration and planning which will see the licence reactivated for explorative purposes. The exploration renewal process has commenced and awaiting the mines department review on the overall area and associated graticules.

Mining Licence

In Senegal, Astron has an operational readiness to progress development of the Niafarang project wirh the main capital equipment having been purchased and in storage in Dakar and the detailed mine plan design and the necessary documented procedures for recruitment and contract commencement complete. A Mining Licence was granted in 2018, and following its expiry earlier in the calendar year, the Company is undertaking active steps in the renewal of the licence. Through its engagement with the government, the Company is highly confident in its ability to renew the Mining Licence. Progress awaits final Senegal Government approvals, including final approval for a community resettlement programme. In this regard, discussions will continue in relation to a suitable community relocation plan with the local and national governments.

The economic viability of the project continues to be assessed as favourable, particularly in the context of the relatively short mine life and the strengthening of demand and pricing dynamics for the main project products of zircon, ilmenite and rutile.

As the Group's priority is the Donald Project, the Niafarang project is unlikely to commence production prior to the 2024 year.

4. Business Risks

Supply Risk

The Company is dependent on the renewal of its exiting supply contracts for Rutile and Zircon middlings to be processed through its plants in China. The Company is currently in advanced discussions with additional feedstock suppliers.

Funding Risk

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

Project Execution Risk

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

Geopolitical Risk

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

Commercial and Contract Risk

Potential future earnings, profitability and growth are likely to be dependent upon the Company being able to successfully implement its business plans. The ability of the Company to do so is dependent upon a number of different factors, including matters which may be beyond the control of the Company.

Commodity Price Risk

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

Exchange Rate Risk

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

COVID 19 Risk

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and is likely to continue to have, a significant impact on global capital markets, commodity prices and foreign exchange rates. Further COVD-19 related restrictions as well as global supply chain disruptions may adversely impact the Company's Australian and China-based operations.

Environmental Regulation

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

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

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

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

Occupational Health and Safety

During the year there were 2 minor lost time injuries at the company's operations in Yingkou, China. The Company has undertaken steps including a health and safety audit of the plant and plant operations to improve employee's safety.

Significant Changes in State of Affairs

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

5. Looking ahead

Matters Subsequent to the end of the Financial Year

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

Matters subsequent to year end:

- The Company has signed new raw material contracts for both zircon middlings and rutile middlings and is activity seeking further supply opportunities to provide long-term processing security.
- The Company announced an update to the Donald Project and reconfiguration of the project.

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

Likely Developments

During the next financial year, the Group expects to:

- Secure continuous new feedstock supply for the China mineral separation plant;
- Finalise the renewal of the Niafarang Project's Mining and Exploration Licences;
- Complete the Donald Project Feasibility Study, complete detailed engineering and the economic analysis of the Project; advance final regulatory approvals, update the Mineral Resource and Ore Reserve Statement for the Donald Project; and
- Continue engagement with the local community and regulators in relation to both the Donald Project and the Senegal Project.

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

- An updated geological model, including a revised Mineral Resource and Ore Reserve Statement incorporating an analysis of finer fraction for VHM and the rare earth mineral of xenotime;
- refinement of the mine plan, informed by the foregoing analysis and receipt of tenders;
- tailings design, including the design of tailings storage arrangements;
- confirmatory metallurgical test work on sonic drilling samples;
- a Value Engineering process to determine optimal capital expenditure, timing of commitment and ensuring maximum flexibility in relation to operability and operational expansion;
- market engagement with processors for HMC processing arrangements;
- engagement with REEC processors for off-take arrangements;
- environmental technical studies and risk workshops to progress the Work Plan; and
- continued stakeholder, community and landowner engagement through community reference meetings, community events, information days, etc;

6. Remuneration Report

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

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

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

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

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

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

Where applicable executive Directors and executives receive a superannuation guarantee contribution required by the government, which is currently 10.0%, and do not receive any other retirement benefits.

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

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

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

Performance based remuneration

As part of each executive Director and executive's remuneration package there is a discretionary bonus element. The intention of this program is to facilitate goal congruence between Directors/executives with that of the business and shareholders.

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

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

Discretionary bonuses of Nil (2021: Nil) were paid during the year. There is a potential discretionary bonus available to Mr Tim Chase of up to $50,000. There are no other bonus arrangements entered into with KMP's.

Other KMPs are entitled to the annual bonus program of the Group, which will be based on the performance of the Group and at the discretion of the Board. The terms of the bonus program are in the process of being defined.

Company performance, shareholder wealth and directors and executive's remuneration

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

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

	2018 **$**	**2019** **$**	**2020** **$**	**2021** **$**	**2022** **$**
Sales revenue ('000)	5,014	7,977	8,430	**16,418**	**19,000**
Net Loss ('000)	(4,671)	(1,913)	(6,293)	**(2,968)**	**(9,038)**
Share Price at Year-end	0.20	0.20	0.17	**0.58**	**0.50**
Dividends Paid ('000)	-	-	-	-	**-**

KMP

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

	Position Held
Mr. George Lloyd	Chairman-Non-executive
Mr. Tiger Brown	Chief Executive Officer and Managing Director

Mdm. Kang Rong	Executive Director, Chief Marketing Officer & Head of China Operations
Dr. Mark Elliott	Non-Executive Director
Mr. Gerard King	Non-Executive Director
Mr. Sean Chelius	Donald Project Director
Mr. Tim Chase	Head of Global Operations
Mr. Joshua Theunissen	General Counsel and Australian Company Secretary

Shareholdings

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

30 June 2022	Balance 1/07/2021	Shares (sold) /purchased	Shares transferred	Balance 30/06/2022
KMP				
Mr. George Lloyd	-	-	-	-
Mdm. Kang Rong	4,000,100	-	-	4,000,100
Mr. Tiger Brown	94,165,972	-	-	94,165,972
Dr. Mark Elliott	346,400	-	-	346,400
Mr. Gerard King	49,138	-	-	49,138
Mr. Tim Chase	-	-	-	-
Mr. Sean Chelius	-	-	-	-
Mr. Joshua Theunissen	100	-	-	100
Total	98,561,710	-	-	98,561,710

Options Held

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

30 June 2022	Balance 1/07/2021	Options Issued	Options Exercised	Balance 30/06/2022
KMP				
Mr. George Lloyd	-	800,000	-	800,000
Mdm. Kang Rong	-	-	-	-
Mr. Tiger Brown	-	-	-	-
Dr. Mark Elliott	-	800,000	-	800,000
Mr. Gerard King	-	-	-	-
Mr. Sean Chelius	-	600,000	-	600,000
Mr. Tim Chase	-	500,000	-	500,000
Mr. Joshua Theunissen	-	200,000	-	200,000
Total	-	2,900,000	-	2,900,000

Details of Remuneration

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

Year ended 30 June 2022

	Short term benefits				Post-employment benefits		
	Cash, fees salary & commissions $	Non-cash Benefits/ Other $	Share-based payment expenses	Termination Payments $	Superannuation $	Total $	% of remuneration that is performance based
Directors							
Mr. George Lloyd	**93,129**	**-**	**170,189**	**-**	**-**	**263,318**	**0%**
Mr Tiger Brown	**99,999**	**-**	**-**	**-**	**9,999**	**109,998**	**0%**
Mdm Kang Rong (#1)	**250,000**	**-**	**-**	**-**	**-**	**250,000**	**0%**
Dr Mark Elliott (#2)	**60,000**	**-**	**(70,635)**	**-**	**6,000**	**(4,635)**	**0%**
Mr. Gerard King	**85,000**	**-**	**-**	**-**	**-**	**85,000**	**0%**
Other KMP							
Mr. Sean Chelius	**151,782**	**3,157**	**135,687**	**-**	**13,011**	**303,637**	**0%**
Mr. Tim Chase	**248,333**	**10,658**	**113,073**	**-**	**24,391**	**396,455**	**0%**
Mr. Joshua Theunissen (#1)	**94,371**	**-**	**45,229**	**-**	**-**	**139,600**	**0%**
	1,082,614	**13,815**	**393,543**	**-**	**53,401**	**1,543,373**	

Note reference #:

1. Paid or payable to management company
2. Options valued in June 2021 were revalued on grant date in November 2021

Use of Remuneration Consultants

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

Termination Payment

No termination payments were paid during the year to KMP.

Share Based Payments

During the 2022 year, the Group granted 2,100,000 (2021: 800,000) options to a Directors and KMPs with shareholder approval which were valued at $393,543 (2021: $299,943).

Voting and comments at the Company's 2021 Annual General Meeting

The Company received 87.31% of "yes" votes on its remuneration report for the 2021 financial year.

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

Year ended 30 June 2021

	Short term benefits				Post-employment benefits		
	Cash, fees salary & commissions $	**Non-cash Benefits/ Other $**	**Share-based payment expenses**	**Termination Payments $**	**Superannuation $**	**Total $**	**% o remuner that i perform base**
Directors							
Mr. Gerard King	**120,000**	**-**	**-**	**-**	**-**	**120,000**	
Mr Tiger Brown (#2)	**-**	**-**	**-**	**-**	**-**	**-**	
Mdm Kang Rong (#1)	**250,000**	**-**	**-**	**-**	**-**	**250,000**	
Dr Mark Elliott	**27,258**	**-**	**299,943**	**-**	**2,590**	**329,791**	
Other KMP							
Mr. Tim Chase	**240,000**	**9,923**	**-**	**-**	**20,725**	**270,648**	
Mr. Joshua Theunissen (#1)	**76,225**	**-**	**-**	**-**	**-**	**76,225**	
	713,483	**9,923**	**299,943**	**-**	**23,315**	**1,046,664**	

Note reference #:

1. Paid or payable to management company
2. Mr Tiger Brown has forgone any remuneration for the year ended 30 June 2021, and as such there is no remuneration unpaid

Service Contracts

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

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

The Remuneration Committee considers the appropriate remuneration requirements. In August 2012, the Group engaged external consultants to review the Group's salary and incentive benchmarks. No consultants were engaged to review Group remunerations during the year ended 30 June 2022.

END OF REMUNERATION REPORT

Indemnifying Officers or Auditor

Insurance premiums paid for Directors

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

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

Non-audit services

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

	2022 $	2021 $
Other Services		
Taxation services	**-**	-
Other assurance services	**-**	-
Non-audit services		
- Interim review	**60,055**	53,521

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

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

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

Auditors' Independence Declaration

The lead auditors' independence declaration for the year ended 30 June 2022 has been received and can be found on page 18 of the financial report.

Directors' declaration regarding HKFRS compliance statement

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

DIVIDENDS PAID AND PROPOSED

No final dividend was proposed for the year ended 30 June 2022 (2021: Nil).

Proceedings on Behalf of Company

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

Signed in accordance with a resolution of Directors:

Mr. Tiger Brown

Mr. Gerard King

Dated this **30 September 2022**

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Astron Corporation Limited

Company Number: 1687414

DECLARATION OF INDEPENDENCE
TO THE DIRECTORS OF ASTRON CORPORATION LIMITED

As lead auditor of Astron Corporation Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements in the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

BDO Limited

BDO Limited
Certified Public Accountants

Jonathan Russell Leong
Practising Certificate Number P03246

Hong Kong, 30 September 2022

Astron Corporation Limited

ARBN 154 924 553

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2022

	Note	2022 $	2021 $
Sales revenue	5	**18,999,516**	16,418,037
Cost of sales		**(15,326,183)**	(13,261,073)
Gross profit		**3,673,333**	3,156,964
Interest income	5	**3,346**	7,996
Other income	5	**241,398**	1,770,134
Distribution expenses		**(276,174)**	(344,631)
Marketing expenses		**(24,425)**	(202,342)
Occupancy expenses	6	**(7,146)**	(9,981)
Administrative expenses		**(7,642,970)**	(4,273,063)
Provision for impairment on receivables	6	**(6,755)**	27,359
Fair value loss on financial assets at fair value through profit or loss		**(7,457)**	(5,290)
Impairment of capital works in progress	6	**(1,755,249)**	-
Costs associated with Gambian litigation	6	**-**	34,668
Share based payments expenses	6	**(619,688)**	(299,943)
Finance costs	6	**(506,759)**	(190,660)
Other expenses		**(89,796)**	(78,005)
Loss before income tax expense	6	**(7,018,342)**	(406,794)
Income tax expense	7	**(2,020,109)**	(2,561,581)
Net loss for the year		**(9,038,451)**	(2,968,375)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences (tax: Nil)		**900,989**	(32,616)
Other comprehensive income for the year, net of tax		**900,989**	(32,616)
Total comprehensive income for the year		**(8,137,462)**	(3,000,991)
Loss for the year attributable to:			
Owners of Astron Corporation Limited		**(9,038,451)**	(2,968,375)
Total comprehensive income for the year attributable to:			
Owners of Astron Corporation Limited		**(8,137,462)**	(3,000,991)

		Cents	Cents
LOSS PER SHARE	8		
Loss per share (cents per share)		**(7.38)**	(2.42)
Diluted loss per share (cents per share)		**(7.38)**	(2.42)

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

Astron Corporation Limited

ARBN 154 924 553

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	10	**2,447,986**	2,570,438
Term deposits greater than 90-days	10.3	**46,112**	46,112
Trade and other receivables and prepayments	11	**13,510,716**	14,017,427
Inventories	12	**2,746,131**	2,786,296
Financial assets at fair value through profit or loss	14	**7,575**	15,032
Total current assets		**18,758,520**	19,435,305
Non-current assets			
Property, plant and equipment	16	**23,605,398**	25,848,730
Exploration and evaluation assets	17	**76,701,459**	71,357,885
Development costs	18	**8,374,798**	8,321,690
Right-of-use assets	19	**2,974,558**	2,912,843
Total non-current assets		**111,656,213**	108,441,148
TOTAL ASSETS		**130,414,733**	127,876,453
LIABILITIES			
Current liabilities			
Trade and other payables	20	**11,791,607**	10,297,353
Contract liabilities	21	**2,962,559**	2,105,940
Borrowings	22	**13,668,492**	13,213,255
Convertible notes	23	**4,622,272**	-
Provisions	24	**201,624**	108,826
Total current liabilities		**33,246,554**	25,725,374
Non-current liabilities			
Deferred tax liabilities	25	**10,928,950**	8,908,841
Long-term provisions	24	**735,944**	767,997
Total non-current liabilities		**11,664,894**	9,676,838
TOTAL LIABILITIES		**44,911,448**	35,402,212
NET ASSETS		**85,503,285**	92,474,241

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 2022

	Note	2022 $	2021 $
EQUITY			
Issued capital	26	**76,549,865**	76,549,865
Reserves	27	**18,041,978**	15,974,483
Retained earnings		**(9,088,558)**	(50,107)
TOTAL EQUITY		**85,503,285**	92,474,241

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

Mr. Tiger Brown

Mr. Gerard King

Astron Corporation Limited

ARBN 154 924 553

Consolidated Statement of Changes in Equity
For The Year Ended 30 June 2022

Year Ended 30 June 2022	Issued capital $	Retained earnings $	Share based payment reserve $	Foreign currency translation reserve $	Convertible notes equity reserve $	Capital reserve $	Total equity $
Equity as at 1 July 2021	**76,549,865**	**(50,107)**	**1,213,047**	**13,311,431**	**-**	**1,450,005**	**92,474,241**
Loss for the year	**-**	**(9,038,451)**	**-**	**-**	**-**	**-**	**(9,038,451)**
Other comprehensive income							
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**900,989**	**-**	**-**	**900,989**
Total comprehensive income for the year	**-**	**(9,038,451)**	**-**	**900,989**	**-**	**-**	**(8,137,462)**
Issuance of convertible notes (note 23)	**-**	**-**	**-**	**-**	**546,818**	**-**	**546,818**
Options granted to Directors (note 26.4)	**-**	**-**	**99,554**	**-**	**-**	**-**	**99,554**
Options granted to employee (note 26.4)	**-**	**-**	**384,447**	**-**	**-**	**-**	**384,447**
Options granted to consultants (note 26.4)	**-**	**-**	**135,687**	**-**	**-**	**-**	**135,687**
Total transactions with owners recognised directly in equity	**-**	**-**	**619,688**	**-**	**546,818**	**-**	**1,166,506**
Equity as at 30 June 2022	**76,549,865**	**(9,088,558)**	**1,832,735**	**14,212,420**	**546,818**	**1,450,005**	**85,503,285**

Consolidated Statement of Changes in Equity (continued)

For The Year Ended 30 June 2022

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	-	(2,968,375)	-	-	-	(2,968,375)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(32,616)	-	(32,616)
Total comprehensive income for the year	-	(2,968,375)	-	(32,616)	-	(3,000,991)
Capital contribution (note 27.4)	-	-	-	-	1,450,005	1,450,005
Options granted to Director (note 26.4)	-	-	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	(50,107)	1,213,047	13,311,431	1,450,005	92,474,241

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 2022

	Note	2022 $	2021 $
Cash flows from operating activities:			
Receipts from customers		**18,536,069**	16,821,687
Payments to suppliers and employees		**(18,141,901)**	(14,574,470)
Net cash inflows from operations		**394,168**	2,247,217
Refundable Australian R&D tax offsets received		**-**	406,062
Net cash inflows from operating activities	32.1	**394,168**	2,653,279
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		**-**	409,520
Receipts from partial settlement of land receivable	11.1	**-**	404,901
Acquisition of property, plant and equipment		**(569,235)**	(1,027,834)
Capitalised exploration and evaluation expenditure		**(4,043,452)**	(887,601)
Net cash outflows from investing activities		**(4,612,687)**	(1,101,014)
Cash flows from financing activities:			
Interest received		**3,346**	7,995
Interest paid		**(336,201)**	(292,901)
Partial settlement of offtake agreement		**(647,936)**	(1,328,688)
Convertible notes issued		**5,000,000**	-
Repayment of borrowings		**(2,312,745)**	(1,370,000)
Proceeds from borrowings		**2,167,011**	3,632,861
Net cash inflows from financing activities	32.4	**3,873,475**	649,267
Net (decrease)/increase in cash and cash equivalents		**(345,044)**	2,201,532
Cash and cash equivalents at beginning of the year		**2,570,438**	555,504
Net foreign exchange differences		**222,592**	(186,598)
Cash and cash equivalents at end of the year	32.2	**2,447,986**	2,570,438

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

1. Corporate Information

The consolidated financial statements of Astron Corporation Limited for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 30 September 2022 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 2022, the Group had a deficit of current assets over current liabilities of $14,488,034 (2021: $6,290,069) and incurred a net loss after tax of $9,038,451 (2021: $2,968,375). The loss was significantly impacted by the Group's increased head count specific to the Donald project and lower margins on Chinese operations over 2021. 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 18 months from the end of the reporting period with the consideration the plans and measures stated below, the business is a going concern.

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

- In the coming 18 months, the Group expects a sales mix more heavily weighted towards self-manufactured rutile and zircon. The Group has recently signed contracts with suppliers and expects the margins on these sales to be higher than the margins achieved in the 12 months to 30 June 2022.
- The Directors anticipate that the Group will be able to raise significant new funding, whether through capital raisings, private placement or otherwise, in the coming 12 months to progress development activities relating to the Donald Project and progress the project.
- With regard to the Group's bank borrowings, the Directors believe its existing bank borrowings in PRC of approximately $6.1 million will be renewed and rolled over during the next 12 months.
- 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 2022, in the next 12 months.

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

- The Senegal project has faced delays in proceeding to operational status. The Directors do not expect any material expenditure to be incurred for the next 12 months and production to commence in 2025 at the earliest.
- An undertaking by the majority shareholder to provide financial support where necessary to enable the Group to meet its obligation and commitments until funding is raised to progress the Donald project.
- 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 $8.3 million until such time when the Group has available funds and is generating positive operating cash flows (refer note 30.6).

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

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

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 2022. 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.

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 ("$").

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.

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.

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

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

Interest income

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

Rental income

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

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 instalments. These amounts are recognised as current intercompany receivables or payables.

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

2. Summary of Significant Accounting Policies (continued)

2.6 Financial Instruments

(i) <u>Financial assets</u>

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.

<u>Equity instruments</u>

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) <u>Impairment loss on financial assets</u>

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.

2. Summary of Significant Accounting Policies (continued)

2.6 Financial Instruments (continued)

(ii) <u>Impairment loss on financial assets (continued)</u>

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) <u>Financial liabilities</u>

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

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

(iv) <u>Convertible notes</u>

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

2.6 Financial Instruments (continued)

(v) 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.

(vi) 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.

(vii) 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, movements in 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.

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:

Class of Asset	
Leasehold Buildings	50 years
Freehold Land	Indefinite
Plant and Equipment	3-20 Years

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

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

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

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

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

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 captialised 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.

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.

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.

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 2022 and 30 June 2021. 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.

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.

2. Summary of Significant Accounting Policies (continued)

2.22 Adoption of HKFRS

(i) Adoption of new or revised HKFRSs - effective on 1 July 2021

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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to HKFRS 16	COVID-19 - Related Rent Concessions Beyond 30 June 2021

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.

The Group elected to apply the amendments prospectively to acquisitions for which the acquisition date is on or after 1 July 2021.

(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 37	Onerous Contracts - Cost of Fulfilling a Contract[1]
Amendments to HKAS 16	Property, plant and equipment - Proceeds before Intended Use[1]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments and HKFRS 16 Leases[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]

[1] Effective for annual periods beginning on or after 1 January 2022

[2] 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.

[3] 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.

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 project located in Victoria, Australia and its development costs incurred on the Niafarang project in Senegal. The valuations use various assumptions to determine future cash flows based around risks including capital, geographical, markets, foreign exchange and mineral price fluctuations.

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

Capitalisation of Exploration and Evaluation Assets

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

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.

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 aging of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. The Group has an outstanding receivable for the disposal of surplus land in China from 2015, further details of which are set out in note 11.1. The Group is confident the balance of $1.1 million due at year end (2021: $1.5 million). 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 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 Going Concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financing plan assessed as detailed in note 2.1 to these consolidated financial statements. However, because not all future events or conditions can be predicted, this assumption is not a guarantee as to the Group's and Company's ability to continue as a going concern.

4. Segment Information

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

4. Segment Information (continued)

4.2 Segment information provided to the Managing Director /President

30 June	DMS		China		Senegal		Other		Consolidated	
	Jun-22	Jun-21	Jun-22	Jun-21	Jun-22	Jun-21	Jun-22	Jun-21	Jun-22	Jun-21
	$	$	$	$	$	$	$	$	$	$
Sale of mineral products:										
Revenue from contracts with external customers	-	-	18,999,516	16,418,037	-	-	-	-	18,999,516	16,418,037
Other income:										
Interest income	67	15	3,256	7,873	-	-	23	108	3,346	7,996
Rent and other Income	174,346	250,658	67,052	1,476,054	-	-	-	43,422	241,398	1,770,134
Total revenue and other income	174,413	250,673	19,069,824	17,901,964	-	-	23	43,530	19,244,260	18,196,167
Segment result										
Segment (loss)/profit	(30,876)	29,026	(3,049,295)	1,195,021	(813,846)	(363,194)	(3,124,325)	(1,267,647)	(7,018,342)	(406,794)

Acquisition of PPE, Intangible assets and other non -current segment assets	5,980,629	1,652,422	507,645	1,002,331	213,444	231,730	2,544	25,503	6,704,262	2,911,986
Depreciation and amortisation	5,059	1,408	1,660,983	1,578,022	-	-	9,306	2,914	1,675,348	1,582,344

4. Segment Information (continued)

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

30 June	DMS		China		Senegal		Other		Consolidated	
	Jun-22	Jun-21	**Jun-22**	Jun-21	**Jun-22**	Jun-21	**Jun-22**	Jun-21	**Jun-22**	Jun-21
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Assets										
Segment assets	**82,208,577**	76,652,146	**36,538,885**	41,132,170	**9,376,033**	9,262,196	**2,291,238**	829,941	**130,414,733**	127,876,453
Consolidated total assets									**130,414,733**	127,876,453
Liabilities										
Segment liabilities	**1,915,433**	589,556	**9,885,225**	9,347,657	**1,259,171**	1,128,915	**2,631,905**	2,213,988	**15,691,734**	13,280,116
Borrowings	**-**	-	**12,740,763**	12,035,526	**-**	-	**927,729**	1,177,729	**13,668,492**	13,213,255
Convertible notes	**4,622,272**	-	**-**	-	**-**	-	**-**	-	**4,622,272**	-
Deferred tax liabilities									**10,928,950**	8,908,841
Consolidated total liabilities									**44,911,448**	35,402,212

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	
	2022 **$**	2021 $	**2022** **$**	2021 $	**2022** **$**	2021 $
Australia	**-**	-	**67**	15	**81,924,954**	76,527,391
China	**18,999,516**	16,418,037	**3,256**	7,873	**20,560,191**	22,755,043
Other countries	**-**	-	**23**	108	**9,171,068**	9,158,714
	18,999,516	16,418,037	**3,346**	7,996	**111,656,213**	108,441,148

During 2022, $12,370,852 or 65% (2021: $11,203,149 or 68%) of the revenue depended on five (2021: five) customers.

5. Revenue and Other Income

	2022 **$**	2021 $
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition – at a point in time		
- sale of goods	**18,999,516**	16,418,037

	2022 **$**	2021 $
Interest income	**3,346**	7,996
Other income:		
- rental income	**174,346**	142,778
- reversal of interest expenses for offtake agreement (note 21(a))	**-**	1,199,551
- government subsidies (note)	**-**	201,915
- gain on disposal of property, plant and equipment	**-**	215,294
- other income	**67,052**	10,596
Total other income	**241,398**	1,770,134

Note: Among the government subsidies recognised in the last financial year, an amount of $62,700 for 4 employees was 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.

6. Loss Before Income Tax Expense

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

6.1 Employee benefits (including directors' remuneration):

	2022 $	2021 $
Salaries and fees	**1,334,318**	632,964
Non-cash benefits	**223,928**	124,196
Employee share option expenses (note 26.4)	**619,688**	299,943
Superannuation	**93,179**	38,183
	2,271,113	1,095,286

6.2 Other items

	2022 $	2021 $
Finance costs:		
- on borrowings and early redemption of note receivables	**337,669**	190,660
- on convertible notes	**169,090**	-
	506,759	190,660
Short-term lease charges in respect of premises	**7,146**	9,981
Research and development costs	**1,847,675**	526,916
Depreciation and amortisation	**2,268,608**	2,175,604
Less: capitalisation of water rights amortisation (note 17(f))	**(593,260)**	(593,260)
	1,675,348	1,582,344
Costs associated with Gambia litigation (note 13)	**-**	(34,668)
Impairment of capital works in progress (note 16)	**1,755,249**	-
Written off of capital works in progress (note 16)	**374,413**	-
Provision for/(reversal of) impairment on receivables (note 11)	**6,755**	(27,359)

7. Income Tax Expense

7.1 The components of tax expense comprise:

	2022 **$**	2021 $
Current tax benefit in respect of current year	**-**	406,062
Deferred taxation:	**(2,020,109)**	(2,967,643)
- Unrealised inventory	**(876,280)**	(769,726)
- Capitalisation of expenditure on DMS project (net)	**(1,212,172)**	(1,661,165)
- Write-down of deferred tax assets	**-**	(532,899)
- Other movements	**68,343**	(3,853)
Total	**(2,020,109)**	(2,561,581)

The Company is subject to Australian Income Tax which is calculated at 25% (2021: 26%) of its estimated assessable profit. No Australian Income Tax has been provided in the financial statements as the Company did not derive any estimated assessable profit in Australia for the current and prior years.

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

	2022 **$**	2021 $
Loss before income tax expense	**(7,018,342)**	(406,794)
Prima facie tax payable on profit 25% (2021: 26%)		
- continuing operations	**(1,754,586)**	(105,766)
	(1,754,586)	(105,766)
Add/(Less) tax effect of:		
- change in tax rates	**(342,648)**	(353,133)
- non-deductible items - Gambia	**-**	(9,014)
- non-deductible items	**1,736,659**	169,680
- non-taxable items	**(45,275)**	(330,960)
- tax losses not recognised on overseas entities	**2,121,030**	732,493
- research & development tax incentive *	**-**	(406,062)
- write-down of deferred tax assets	**-**	532,899
- adjustment related to capitalise expenditure on DMS project	**-**	2,317,224
- impact of overseas tax differential	**304,929**	14,220
Income tax expense	**2,020,109**	2,561,581

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

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 operations.

8. Loss Per Share

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

	2022 **$**	2021 $
Loss attributable to owners	**(9,038,451)**	(2,968,375)
Loss used to calculate basic and diluted loss per share	**(9,038,451)**	(2,968,375)

8.2 Weighted average number of ordinary shares:

	2022	2021
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 2022 and 2021, no adjustment has made as the exercise of the outstanding share options and convertible notes has an anti-dilutive effect on the basic loss per share.

9. Auditors' Remuneration

	2022 $	2021 $
Audit and review of financial statements		
BDO Limited	**299,503**	195,181
	299,503	195,181

10. Cash and Cash Equivalents

	2022 $	2021 $
Cash on hand	**858**	4,571
Cash at bank	**2,447,128**	2,565,867
Total	**2,447,986**	2,570,438

Cash on hand is non-interest bearing. Cash at bank comprise bank current account balances and short-term deposits at call bearing floating interest rates between 0.0% and 1.30% (2021: 0.0% and 1.30%). Deposits have an average maturity of 90 days (2021: 90 days).

10.1 Concentration of risk by geography – cash and cash equivalents

	2022 $	2021 $
Australia	**2,292,667**	771,882
China	**71,596**	1,773,122
Senegal	**83,723**	25,434
Total	**2,447,986**	2,570,438

10. Cash and Cash Equivalents (continued)

10.2 Concentration of risk by bank

	2022 $	2021 $
Australia		
Commonwealth Bank - S&P rating of AA- (2021: AA-)	**2,225,332**	735,134
Westpac Bank - S&P rating of AA- (2021: AA-)	**-**	-
Bank of China - S&P rating of A (2021: A)	**-**	-
Other Australian banks	**67,306**	36,672
	2,292,638	771,806
China		
Bank of China - S&P rating of A (2021: A)	**1,515**	2,465
Construction Bank - S&P rating of A (2021: A)	**7**	102
China Zheshang Bank – Baa3 (2021: Baa3)	**151**	7,175
Shengjing Bank – unrated	**3,821**	1,032,669
Shanghai Pudong Development Bank - S&P rating of BBB	**64,471**	633,333
Other banks	**802**	92,883
	70,767	1,768,627
Other countries		
Other banks	**83,723**	25,434
	83,723	25,434

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% (2021: 13%) to be paid.

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

10. Cash and Cash Equivalents (continued)

10.3 Term deposits greater than 90 days

	2022 $	2021 $
Term deposits with maturity over 90 days	**46,112**	46,112

As at 30 June 2022, term deposits with maturity over 90 days of $46,112 (2021: $46,112) bear fixed interest rates of 0.9% (2021: 0.9%) and have a maturity of 3-6 months.

Restrictions on cash

The short-term deposits include $45,000 (2021: $45,000) of cash backed by Bank Guarantees for the operations of the Donald project.

10.4 Concentration of risk by geography – term deposits

	2022 $	2021 $
Australia	**46,112**	46,112

10.5 Concentration of risk by bank – term deposits

	2022 $	2021 $
Australia		
Commonwealth Bank-S&P rating of AA- (2021: AA-)	**35,000**	35,000
Other	**11,112**	11,112
	46,112	46,112

11. Trade and Other Receivables and Prepayments

	Note	2022 $	2021 $
Current assets:			
Trade debtors	11.2	**4,008,099**	2,644,692
Impairments	11.3	**(40,693)**	(38,758)
Net trade debtors		**3,967,406**	2,605,934
Land sale receivable	11.1	**1,141,839**	1,087,535
Impairments		**(50,812)**	(41,870)
Net land sale receivables		**1,091,027**	1,045,665
Sundry receivable		**2,545,312**	1,555,881
Prepayments	11.4	**6,297,033**	9,181,458
Impairments	11.4	**(390,062)**	(371,511)
Net prepayments		**5,906,971**	8,809,947
Total		**13,510,716**	14,017,427

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 2022, there were receipts of Nil (2021: $404,901) with a gross balance receivable of $1,141,839 (2021: $1,087,535). While the receivable is currently outside the terms initially agreed, management considers the credit risk to be low.

As at 30 June 2022 the total amount outstanding before ECL provision was $1,141,839 (2021: $1,087,535). 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 2023. The provision has accordingly been determined on that basis. During the year ended 30 June 2022, the Group received payment of Nil and the provision for expected credit loss of $6,755 (2021: reversal of provision of expected credit loss of $22,947) was recognised for the year ended 30 June 2022. As at 30 June 2022, the impairment provision for land sale receivable is $50,812 (2021: $41,870).

11. Trade and Other Receivables (continued)

11.2 Ageing analysis

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

	2022 $	2021 $
0-30 days (not past due)	**3,967,406**	2,605,934
Total	**3,967,406**	2,605,934

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

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

As at 30 June 2022, the impairment provision for trade debtors is $40,693 (2021: $38,758).

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 $390,062 (2021: $371,511) which is the prepayment for construction. This amount has been fully impaired due to low possibility of collection.

12. Inventories

	2022 $	2021 $
Raw materials	**284,225**	653,510
Work-in-progress	**2,119,235**	1,937,319
Finished goods	**342,671**	195,467
Total	**2,746,131**	2,786,296

There is no provision against inventory to net realisable value as of 30 June 2022 and 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 2022, 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.

For the year ended 30 June 2021, the Group incurred additional legal and other related expenses to the Gambian proceedings in the amounts of $7,931. However, a reversal of $42,599 was recognised due to an over-provision of prior year expenses, therefore a net credit of $34,668 was recognised in the year ended 30 June 2021.

14. Financial Assets At Fair Value Through Profit Or Loss

	2022 **$**	2021 $
Equity securities		
- Listed in Australia	**7,575**	15,032
Total financial assets at fair value through profit or loss	**7,575**	15,032

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.

15. Subsidiaries

Financial Year 2022	Country of incorporation	Percentage Owned Ordinary Shares 2022	Percentage Owned Ordinary Shares 2021
Parent entity			
Astron Corporation Limited	Hong Kong		
Subsidiaries of parent entity			
Astron Pty Limited	Australia	**100**	100
Astron Mineral Sands Pty Limited	Australia	**100**	100
Astron Titanium (Yingkou) Co Ltd	China	**100**	100
Astron Titanium (Yingkou) Hong Kong Holdings Limited (note ii)	Hong Kong	**100**	100
Carnegie Minerals (Gambia) Inc	USA	**100**	100
Carnegie Minerals (Gambia) Limited	The Gambia	**100**	100
Camden Sands Inc	USA	**100**	100
Coast Resources Limited	Isle of Man	**100**	100
Dickson & Johnson Pty Limited	Australia	**100**	100
Donald Mineral Sands Pty Ltd	Australia	**100**	100
Sovereign Gold Pty Limited	Australia	**100**	100
WIM 150 Pty Limited	Australia	**100**	100
Astron Senegal Holding Pty Ltd	Hong Kong	**100**	100
Senegal Mineral Resources SA	Senegal	**100**	100
Senegal Mineral Sands Ltd	Hong Kong	**100**	100
Zirtanium Pty Limited	Australia	**100**	100

(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.

16. Property, Plant and Equipment

	2022 $	2021 $
Land		
At cost	**5,162,151**	5,162,151
Total land	**5,162,151**	5,162,151
Buildings		
At cost	**10,317,568**	9,826,972
Less accumulated depreciation	**(4,217,896)**	(3,396,417)
Net carrying value	**6,099,672**	6,430,555
Capital works in progress		
At cost	**4,567,663**	5,259,881
Less accumulated impairment losses	**(3,855,813)**	(1,976,775)
Total capital works in progress	**711,850**	3,283,106
Plant and equipment		
At cost	**19,656,897**	17,421,391
Less accumulated depreciation	**(6,188,865)**	(4,699,498)
Less accumulated impairment losses	**(1,836,307)**	(1,748,975)
Net carrying value	**11,631,725**	10,972,918
Total property, plant and equipment	**23,605,398**	25,848,730

16.1 Assets pledged as security

As at 30 June 2022, property, plant and equipment with carrying value of $6,306,982 (2021: $3,919,730) were pledged as security for short term loans (note 22(b)).

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.

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 $
Year ended 30 June 2022					
Balance at 1 July	**3,283,106**	**5,162,151**	**6,430,555**	**10,972,918**	**25,848,730**
Additions	**469,287**	**-**	**-**	**99,948**	**569,235**
Depreciation	**-**	**-**	**(642,701)**	**(950,095)**	**(1,592,796)**
Written off	**(374,413)**	**-**	**-**	**-**	**(374,413)**
Transfers #	**(1,049,734)**	**-**	**1,049,734**	**-**	**-**
Impairment ##	**(1,755,249)**	**-**	**-**	**-**	**(1,755,249)**
Foreign exchange movements	**138,853**	**-**	**311,818**	**459,220**	**909,891**
Balance at 30 June	**711,850**	**5,162,151**	**7,149,406**	**10,581,991**	**23,605,398**
Year ended 30 June 2021					
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
Balance at 30 June	3,283,106	5,162,151	6,430,555	10,972,918	25,848,730

\# *The Group allocated the development costs in relation to the Mineral separation plant in China to capital works in progress. The Mineral Separation Plant was commissioned in current year, and the development expenditure was transferred from capital works in progress to plant and equipment accordingly.*

\## *During the year, the Group brought to account an impairment provision against the carrying value of construction in progress assets of $1,755,249. This was substantially an impairment of Chinese assets associated with a discontinued production line, being the Zircon Opacifier project, which can generate cash inflows independently of other assets. The Board determined that it will no longer continue the production line due to the complexity and costs of bringing to market and its recoverable amount is considered to be zero. In December 2021, the Board agreed that it would not proceed with the investment in the Zircon Opacifier project and focus on the current operating separation and aggregation plant together with the trading and as such brought to account the impairment.*

17. Exploration and Evaluation Assets

	Notes	2022 $	2021 $
Evaluation costs			
Cost	17(b)	**7,807,947**	7,792,696
Accumulated impairment loss	17(b)	**(7,487,231)**	(7,487,231)
Net carrying value	17(b)	**320,716**	305,465
Exploration expenditure capitalised - DMS project			
Exploration and evaluation phases	17(a)(c)	**65,436,309**	59,514,726
Net carrying value		**65,436,309**	59,514,726
Water rights - DMS project	17(a)(d)		
Net carrying value		**10,944,434**	11,537,694
Total exploration and evaluation assets	17(f)	**76,701,459**	71,357,885

(a) Exploration and evaluation assets

The movements represent additions, movements in foreign exchange and amortisation. Further details of each sub-category under Exploration and Evaluation Assets is set out under (b), (c) and (d) below. Capital expenditure commitments are detailed in note 31.2.

(b) Evaluation costs

	2022 $	2021 $
TiO2 project		
Cost	**7,487,231**	7,487,231
Less accumulated impairment losses	**(7,487,231)**	(7,487,231)
Net carrying value	**-**	-
Capitalised testing and design		
Cost	**320,716**	305,465
Net carrying value	**320,716**	305,465
Total		
Cost	**7,807,947**	7,792,696
Less accumulated impairment losses	**(7,487,231)**	(7,487,231)
Total evaluation costs	**320,716**	305,465

(c) Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the Donald Rare Earth and Mineral Sands Project. As at 30 June 2022, the Group has complied with the conditions of the granting of MIN5532, RL 2002, RL2003 and EL5186. As such, the Directors believe that the tenements are in good standing with the Department of 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.

17. Exploration and Evaluation Assets (continued)

(c) Exploration and evaluation expenditure (continued)

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 licences, 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.

(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, other than water rights, 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 $
Year ended 30 June 2022				
Balance at 1 July 2021	**59,514,726**	**305,465**	**11,537,694**	**71,357,885**
Additions *	**5,921,583**	**-**	**-**	**5,921,583**
Amortisation	**-**	**-**	**(593,260)**	**(593,260)**
Foreign exchange movements	**-**	**15,251**	**-**	**15,251**
Balance at 30 June 2022	**65,436,309**	**320,716**	**10,944,434**	**76,701,459**
Year ended 30 June 2021				
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
Balance at 30 June 2021	59,514,726	305,465	11,537,694	71,357,885

* Additions of exploration and evaluation phase during the year included the amortisation of water rights of $593,260 (2021: $593,260) which was capitalised during the year.

18. Development Costs

	2022	2021
	$	$
Balance at 1 July	**8,321,690**	8,205,625
Additions	**213,444**	231,730
Foreign exchange movements	**(160,336)**	(115,665)
Balance at 30 June	**8,374,798**	8,321,690

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

	2022 $	2021 $
Balance at 1 July	**2,912,843**	2,983,286
Amortisation	**(82,552)**	(78,226)
Foreign exchange movements	**144,267**	7,783
Balance at 30 June	**2,974,558**	2,912,843

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 were to be received in instalments. Further details of this land sale receivable are set out in note 11.1. The remaining 17% of the land, representing 214,802m^2 is shown as Right-of-Use Asset.

In addition to the land referred to above, the Group also owns a nearby piece of land measuring approximately 18,302m^2 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 2022, right-of-use assets with carrying value of $1,607,182 (2021: $1,572,748) are pledged as security over short- term loans (note 22(a)).

20. Trade and Other Payables

	Note	2022 $	2021 $
Unsecured liabilities			
Trade payables		**5,046,228**	2,579,057
Note payables		**3,088,652**	2,732,227
Deposits received in advance		**25,544**	24,330
Other payables	20(a)	**3,631,183**	4,961,739
		11,791,607	10,297,353

(a) Other payables

Included in other payables was a balance of $1,860,399 (2021: $2,589,363) in aggregate due to 1 (2021: 2) related companies as detailed in note 30.6.

21. Contract Liabilities

	Note	2022 $	2021 $
Contract liabilities arising from:			
Advance deposit for future provision of goods	21(a)	**2,962,559**	2,105,940
		2,962,559	2,105,940

(a) Sale of goods

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

Included in contract liabilities at 30 June 2021 is the balance of an initial deposit of RMB20 million (approximately equivalent to $4.1 million) which was received during the 2018 financial year. This deposit was 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 deliver 50,000 tons/year of Titanium Mineral Sands (“the mineral sands”) to Wensheng in the PRC over 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.

21. Contract Liabilities (continued)

(a) Sale of goods (continued)

Delivery of the mineral sands has fallen behind the schedule as a result of the deferral of commencement of operations of the Senegal project, details of which are set in the various announcements made by the Group since 2018. The Group has been in continuous dialogue with Wensheng since deliveries have fallen behind schedule, and has made partial repayments of the deposit from time to time. Nonetheless Wensheng had threatened to take legal action and pursue damages against the Group for not complying with its contractual obligations. These threats came to a head in December 2020 when Wensheng took legal action against the Group in The First Intermediate People's Court of Hainan Province at a court hearing held on 18 December 2020. However, through a court mediation process, a settlement was reached with Wensheng on 18 May 2021. Under the conciliation agreement, the total amount due to Wensheng, including interest and other legal costs was agreed at approximately RMB9,534,000 (the 'Final Balance'). The agreed settlement amount was less than the amount accrued by the Group (being balance deposit due and penalty interest accrued at 24%). As a result, over provision of interest in the amount of RMB5,925,137 (equivalent to $1,199,5510) was reversal and credit to income statement in June 2021. Since the conciliation agreement and up till 30 June 2021, the Group had settled RMB5,986,000 of the Final Balance, and the remaining balance of RMB3,548,000 was settled during the year. At 30 June 2022, no balance was due to Wensheng (2021: $732,290)

The remaining contract liabilities of $2,962,559 (2021: $1,373,650) 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.

22. Borrowings

	Note	2022 $	2021 $
Current			
Other short-term borrowings	22(a)	**1,121,463**	1,301,871
Bank borrowings	22(b)	**6,067,630**	3,715,112
Advances from directors	22(c)	**6,479,399**	8,196,272
		13,668,492	13,213,255

(a) Other short-term borrowings

Other loans are Chinese subsidiary loans amounting to $1,121,463 (2021: $1,093,894) is denominated in RMB and is interest bearing at 10% p.a and secured by certain right-of-use assets in China amounting to $1,607,182 (2021: $1,572,748) (note 19). The remaining amount for 2021 of $207,977is unsecured and interest free. The loans are repayable on or before 31 December 2022. As explained in note 2.1, the Directors expect to renew/roll over these loans in the coming six months before they become due and payable.

(b) Bank borrowings

The bank loans are Chinese subsidiary loans denominated in RMB, interest bearing between 3.85% to 5.50% p.a. and repayable on or before 25 January 2023 (2021: 4.50% to 5.50%).

Those loans are pledged with property, plant and equipment amounting to $6,306,982 (2021: $3,919,730) (note 16) of the Group, and the personal guarantee from its director of $6,067,630 (2021: $1,651,161).

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.

22. Borrowings (continued)

(c) Advances from directors

At 30 June 2022, executive directors, Mdm Kang Rong and Mr. Tiger Brown had advanced the Group $5,479,399 (2021: $7,196,272) and $1,000,000 (2021: $1,000,000) respectively for working capital. The loans are provided interest free and repayable on demand.

23. Convertible Notes

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

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

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

The movements of the liability component and conversion option component of the Notes during the year ended 30 June 2022 are as follows:

	Liability component of the Notes $	Conversion option component of the Notes $	Total $
At 1 July 2021	-	-	-
Convertible notes issued	4,453,182	546,818	5,000,000
Effective interest expenses recognised to profit or loss	169,090	-	169,090
At 30 June 2022	**4,622,272**	**546,818**	**5,169,090**

Categorised as:

At 30 June 2022:			
Non-current portion	-	-	-
Current portion	4,622,272	-	4,622,272
	4,622,272	-	4,622,272

24. Provisions

	Note	2022 $	2021 $
Current			
Employee entitlements		**201,624**	108,826
Non-current			
Relocation provision	(a)	**735,944**	767,997

(a) Provision for Relocation

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

25. Deferred Tax

25.1 Liabilities

	2022 $	2021 $
Current tax liability	-	-
Deferred tax liability arises from the following:		
- Capitalised expenditure	**11,214,337**	10,002,165
- Unrealised inventory	**(188,749)**	(1,065,029)
- Provisions and other timing differences	**(96,638)**	(28,295)
	10,928,950	8,908,841

25.2 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.

	2022 $	2021 $
Tax losses:		
- Revenue losses (China)	**2,590,373**	1,998,411
- Revenue losses (Australia)	**3,657,924**	790,807
- Capital losses	**12,694,612**	12,694,612

26. Issued Capital

	2022 $	2021 $
122,479,784 (2021: 122,479,784) Fully Paid Ordinary Shares	**76,549,865**	76,549,865

26.1 Reconciliation of ordinary shares (number)

	2022	2021
At 1 July	**122,479,784**	122,479,784
At 30 June	**122,479,784**	122,479,784

26.2 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.

26.3 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.

	2022 $	2021 $
Borrowings (including convertible notes)	**18,290,764**	13,213,255
Total equity	**85,503,285**	92,474,241
Net debt to equity ratio	**21.39%**	14.29%

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.

26. Issued Capital (continued)

26.4 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-calible 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 last financial year, non-executive Director Dr. Mark Elliott was granted 800,000 options, which were subject to shareholder approval and received on 30 November 2021. As at 30 June 2021, the Company estimated the grant date fair value with reference to the fair value as at the reporting date (i.e. 30 June 2021) of $299,943 for the purpose of recognising the services received from Dr. Mark Elliott. At 30 November 2021, the options was approved by the Board, which the fair value of options granted to Dr. Mark Elliott was revalued to $229,308.

During the current year, the Company granted additional 3,100,000 options in total, comprising 800,000 to Mr George Lloyd, 1,700,000 to employees and 600,000 to Company consultants.

Vesting Conditions:

(i) Directors Options:
- 1,600,000 options which have no vesting conditions

(ii) Employee Options 1,700,000 Options:
- 1,400,000 options whereby 50% vest on issue, and 25% on the first and second anniversary respectively, contingent on remaining employed. Unvested options lapse if employment ceases.
- 300,000 with a vesting date 3 years from issue, to be exercised in the 2 years following vesting, contingent on remaining employed, unvested options lapse if employment ceases.

(iii) Consultant Options 600,000 Options:
- 50% of the options vest on issue, and 25% on the first and second anniversary respectively, contingent on remaining employed. 50% of unvested options lapse if cease being a consultant.

26. Issued Capital (continued)

26.4 Share based payments (continued)

No share options were exercised during the year ended 30 June 2022 and 2021.

The movements of the share options granted under the ESOP during the current and prior years are as follows:

	2022		2021	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at 1 July	**800,000**	**0.3375**	**-**	**-**
Granted	**3,100,000**	**0.6532**	**800,000**	**0.3375**
Outstanding at 30 June	**3,900,000**	**0.5885**	**800,000**	**0.3375**
Exercisable at 30 June	**3,900,000**	**0.5885**	**800,000**	**0.3375**

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

Director Options	
Number of options	800,000
Spot Price	$0.30
Exercise Price	$0.3375
Valuation Date	30 November 2021
Expiration date	30 November 2024
Life of the Options	3 years
Expected volatility[1]	90.23%
Risk Free Rate	1.67%
Options fair value	$229,308

Director Options	
Number of options	800,000
Spot Price	$0.30
Exercise Price	$0.72
Valuation Date	30 November 2021
Expiration date	30 November 2024
Life of the Options	3 years
Expected volatility[1]	90.23%
Risk Free Rate	1.67%
Options fair value	$170,189

Employee Options	
Number of options	1,700,000
Spot Price	$0.42
Exercise Price	$0.63
Valuation Date	13 December 2021
Expiration date	13 December 2024
Life of the Options	3 years
Expected volatility[1]	90.23%
Risk Free Rate	1.67%
Options fair value	$384,447

Consultants Options	
Number of options	600,000
Spot Price	$0.42
Exercise Price	$0.63
Valuation Date	13 December 2021
Expiration date	13 December 2024
Life of the Options	3 years
Expected volatility[1]	90.23%
Risk Free Rate	1.67%
Options fair value	$135,687

[1] 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.

26. Issued Capital (continued)

26.4 Share based payments (continued)

As at 30 June 2022 and 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 2022 was $619,688 (2021: $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 2022. 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.

27. Reserves

27.1 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 2022 is $14,212,420 (2021: $13,311,431).

27.2 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 2022 is $1,832,735 (2021: $1,213,047).

27.3 Convertible notes equity reserve

The convertible notes equity reserve records the carrying value of equity component of unconverted convertible notes issued by the Company. The reserve balance at 30 June 2022 is $546,818 (2021: Nil).

27.4 Capital reserves

Since at least 1 July 2014, the Company had entered into an unwritten informal agreement with Firback Finance Ltd ("Firback") under which the services of Mr. Alex Brown, the former President, Managing Director and major shareholder of the Company until his death on 30 November 2019, was supplied to the Company (the "Firback Contract"). Under the terms of the Firback Contract, an accumulated amount of $1,450,005 was outstanding and due to Firback. Firback has since been wound up and no longer exists. It was further noted that prior to being wound up, Firback had not made any demand for payment of the balance outstanding, nor given notice of assignment of the outstanding amount to the Company so the Company considers the Firback contract expired during the year ended 30 June 2021. This amount has accordingly been transferred to capital reserve, as set out in the Consolidated Statement of Changes in Equity on page 23.

28. Holding Company Statement of Financial Position

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Amounts due from a subsidiary		**14,068,796**	9,039,544
Total current assets		**14,068,796**	9,039,544
Non-current assets			
Investment in subsidiary		**76,549,866**	76,549,866
Total non-current assets		**76,549,866**	76,549,866
TOTAL ASSETS		**90,618,662**	85,589,410
LIABILITIES			
Current liabilities			
Accruals and other payables		**149,343**	143,606
Convertible notes	23	**4,622,272**	-
Total current liabilities		**4,771,615**	143,606
TOTAL LIABILITIES		**4,771,615**	143,606
NET ASSETS		**85,847,047**	85,445,804
EQUITY			
Issued capital	26	**76,549,865**	76,549,865
Share based payment reserve		**919,631**	299,943
Foreign currency translation reserve		**610,674**	(52,315)
Convertible notes equity reserve		**546,818**	-
Retained earnings		**7,220,059**	8,648,311
TOTAL EQUITY		**85,847,047**	85,445,804

Mr. Tiger Brown

Mr. Gerard King

29. Dividends

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

	2022 $	2021 $
Franking account balance:		
Franking credits available for the subsequent financial years based on a tax rate of 25.0% (2021: 26.0%)	**-**	-

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

30. Related Party Transactions

30.1 Parent entity

Astron Corporation Limited is the parent entity of the Group.

30.2 Subsidiaries

Interests in subsidiaries are disclosed in note 15.

30.3 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:

	2022 $	2021 $
Short term employee benefits:		
- Salaries and fees	**1,082,614**	713,483
- Share based payment expenses	**393,543**	299,943
- Non-cash benefits	**13,815**	9,923
Total short-term employee benefits	**1,489,972**	1,023,349
Post-employment benefits		
- Superannuation	**53,401**	23,315
Total post-employment benefits	**53,401**	23,315
Total Key Management Personnel remuneration	**1,543,373**	1,046,664

30. Related Party Transactions (continued)

30.3 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:

	2022 $	2021 $
Short term employee benefits		
Salaries and fees (note)	**588,128**	397,258
Share-based payment expenses	**99,554**	299,943
Post-employment benefits	**15,999**	2,590
Total directors' emoluments	**703,681**	699,791

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 2022 and 2021.

30.4 Interest free loans

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

30.5 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.

30.6 Related party loans

As at 30 June 2022, executive Directors, Mdm Kang Rong and Mr Tiger Brown had advanced the Group $5,479,399 (2021: $7,196,272) and $1,000,000 (2021: $1,000,000) respectively for working capital. The loans are provided interest free and repayable on demand. At 30 June 2022, no repayments have been made against these loans.

As at 30 June 2022 there are unpaid Directors and management fees payable to Directors' related entities as follows:

- Mdm Kang Rong, Juhua International Limited of $1,860,399 (2021: $1,693,732) (note 20(a));

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

- Mdm Kang Rong, Shenyang Wanshan Hangtankeji Limited Company of $895,631 (note 20(a)).

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.

31. Commitments

31.1 Operating lease commitments

There are no non-cancellable operating leases contracted for but not capitalised in 2022 or 2021.

31.2 Capital expenditure commitments

	2022 $	2021 $
Capital expenditure commitments contracted for:		
- Chinese capital projects	**265,835**	134,532
- Senegal	**696,814**	747,272
- DMS	**55,000**	55,000
	1,017,649	936,804

31.3 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). Usage fee of $461,765 is charged for the year ended 30 June 2022.

31.4 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.

31.5 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 2022, the net book value of this land is $2,974,558 (2021: $2,912,843) (note 19).

Minimum expenditure on exploration and mining licences

To maintain the Exploration and Mining License's at Donald, the Group is required to spend $1,911,800 (2021: $1,401,800) 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.

32. Cash Flow Information

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

	2022 **$**	2021 $
Loss before income tax expense	**(7,018,342)**	(406,794)
Non-cash flows in loss from ordinary activities		
Depreciation of property, plant and equipment	**1,592,796**	1,504,118
Amorisation of right-of-use assets	**82,552**	78,226
Provision for/(Reversal of) impairment on receivables	**6,755**	(27,359)
Fair value loss on financial assets at fair value through profit or loss	**7,457**	5,290
Reversal of costs associated with Gambian litigation	**-**	(42,599)
Impairment of construction in progress	**1,755,249**	-
Share based payment expenses	**619,688**	299,943
Finance costs	**506,759**	190,660
Reversal of interest expenses for offtake agreement	**-**	(1,199,551)
Gain on disposal of property, plant and equipment	**-**	(215,294)
Decrease/(Increase) in trade and other receivables	**506,711**	(3,376,241)
Decease in inventories	**40,165**	7,144,044
Increase/(Decrease) in trade and other payables and provisions	**1,494,254**	(1,596,192)
Written off of capital works in progress	**374,413**	-
Effects on foreign exchange rate movement	**425,711**	295,028
	394,168	2,653,279

32.2 Reconciliation of cash

	Note	**2022** **$**	2021 $
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	**858**	4,571
Cash at bank	10	**2,447,128**	2,565,867
		2,447,986	2,570,438

32.3 Loan facilities

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

	2022 **$**	2021 $
Available loan facilities	**6,067,630**	3,715,112
Utilised loan facilities (note 22(b))	**(6,067,630)**	(3,715,112)
Unused loan facilities	**-**	-

As at 30 June 2022 and 2021, its loan facilities were secured by assets held by its China subsidiary.

32. Cash Flow Information (continued)

32.4 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.

	Borrowings (note 22) $	**Contract liabilities - Wensheng (note 21(a)) $**	**Convertible Notes (note 23) $**
At 1 July 2020	10,917,671	3,908,307	-
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	2,092,684	(1,328,688)	-
Interest expense	170,177	-	-
Settlement by deliver of products	-	(1,941,765)	-
Exchange adjustments	32,723	94,436	-
At 30 June 2021 and 1 July 2021	13,213,255	732,290	-
Changes from cash flows:			
Convertible notes issued			**5,000,000**
Partial settlement of offtake agreement	**-**	**(647,936)**	-
Repayment of borrowings	**(2,312,745)**	-	-
Proceeds from bank borrowings	**2,167,011**	-	-
Loan interest paid	**(337,669)**	-	-
Total changes from financing cash flows	**(483,403)**	**(647,936)**	**5,000,000**
Interest expense	**337,669**	-	**169,090**
Settlement by delivery of products	**-**	**(121,353)**	**-**
Conversion option component of convertible notes	**-**	**-**	**(546,818)**
Exchange adjustments	**600,971**	**36,999**	**-**
At 30 June 2022	**13,668,492**	**-**	**4,622,272**

32. Cash Flow Information (continued)

32.5 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.

32.6 Disposal of entities

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

32.7 Restrictions on cash

In 2021, bank balances included $412,790 of cash restricted by bank as security for certain note payables and letter of credit.

33. Employee Benefit Obligations

As at 30 June 2022 and 2021, the majority of employees are employed in China. In accordance with normal business practice in China, employee benefits such as annual leave must be fully utilised annually. Chinese provisions for employee entitlements at year end would be insignificant.

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 polices 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:

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, most of (2021: 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, a small proportion of the Group's cash was held with a local PRC bank which did not have any credit rating.

In respect of trade receivables, there is concentration of credit risk as 22% (2021: 12%) of the Group's trade debtors is from 7 (2021: 7) 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 $1,141,839 (2021: $1,087,535) being the gross land sale receivable from the Yingkou Provincial government. The directors are of the opinion that the credit risk on this receivable to be low for the reasons set out in note 11.1.

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:

	2022 **$**	2021 $
Cash & cash equivalents	**2,447,986**	2,570,438
Term deposits with maturity over 90 days	**46,112**	46,112
Trade and other receivables	**7,603,745**	5,207,480
Total	**10,097,843**	7,824,030

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 2022 and 2021:

	2022 **$**	2021 $
Gross carrying amount	**40,693**	38,758
Lifetime expected credit loss	**(40,693)**	(38,758)
Net carrying amount	**-**	-

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 2022:

	Expected loss rate **%**	**Gross carrying amount** **$**	**Loss allowance** **$**
Current (not past due)	0.00%	**3,967,406**	-
		3,967,406	-

The following table presented 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**	-
		2,605,934	-

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.

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 2022, the Group had cash of $2,570,438 (2021: $555,504).

Maturity analysis

	Note	Carrying Amount $	Contractual Cash flows $	< 6 months $	> 6 months $
Year ended 30 June 2022					
Non-derivatives					
Trade and note payables	20	**8,134,880**	**8,134,880**	**8,134,880**	**-**
Other payables	20	**3,631,183**	**3,631,183**	**3,631,183**	**-**
Borrowings	22	**6,479,399**	**6,479,399**	**6,479,399**	**-**
Total non-interest bearing liabilities		**18,245,462**	**18,245,462**	**18,245,462**	**-**
Borrowings	22	**7,189,093**	**7,189,093**	**5,455,484**	**1,733,609**
Convertible notes	23	**4,622,272**	**5,000,000**	**-**	**5,000,000**
Total interest bearing liabilities		**11,811,365**	**12,189,093**	**5,455,484**	**6,733,609**
Total liabilities		**30,056,827**	**30,434,555**	**23,700,946**	**6,733,609**
Year ended 30 June 2021					
Non-derivatives					
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	-
Total non-interest bearing liabilities		18,677,272	18,677,272	18,677,272	-
Borrowings	22	4,809,006	4,809,006	1,093,894	3,715,112
Total interest bearing liabilities		4,809,006	4,809,006	1,093,894	3,715,112
Total liabilities		23,486,278	23,486,278	19,771,166	3,715,112

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 2022 and 2021, 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.

	2022 **$**	2021 $
Financial assets at fair value through profit or loss		
ASX Listed equity shares - Level 1	**7,575**	15,032
	7,575	15,032

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 2022, the maximum exposure of price risk to the Group was the financial assets at fair value through profit or loss for $7,575 (2021: $15,032). 100% of the Group’s holding is in the mining or energy sector.

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

	2022 **$**	2021 $
Carrying amount of listed equity shares on ASX	**7,575**	15,032
	7,575	15,032

34. Financial Risk Management (continued)

34.5 Price risk (continued)

Sensitivity Analysis

	2022 $		2021 $	
	Increase/(Decrease) in share price		Increase/(Decrease) in share price	
	+10%	**-10%**	+10%	-10%
Listed equity shares on ASX				
Profit before tax – increase/(decrease)	**758**	**(758)**	1,503	(1,503)

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 most of the Group's cash and cash equivalents and term deposits are held with institutions with a AA- to Baa3 credit rating while a small proportion is held with an unrated bank in PRC.

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		Non-interest Bearing		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	%	%	**$**	$	**$**	$	**$**	$	**$**	$
Financial Assets:										
Cash and cash equivalents	**0.90%**	0.90%	**2,447,128**	2,565,867	**-**	-	**858**	4,571	**2,447,986**	2,570,438
Term deposits greater than 90 days	**0.90%**	0.90%	**-**	-	**46,112**	46,112	-	-	**46,112**	46,112
Trade and other receivables	**-**	-	**-**	-	**-**	-	**7,603,745**	5,207,480	**7,603,745**	5,207,480
Financial assets at fair value through profit or loss	**-**	-	**-**	-	**-**	-	**7,575**	15,032	**7,575**	15,032
Total Financial Assets			**2,447,128**	2,565,867	**46,112**	46,112	**7,612,178**	5,227,083	**10,105,418**	7,839,062
Financial Liabilities:										
Trade and other payables	**-**	-	**-**	-	**-**	-	**11,766,063**	10,273,023	**11,766,063**	10,273,023
Borrowings	**5.62%**	6.38%	**6,067,630**	3,715,112	**1,121,463**	1,093,894	**6,479,399**	8,404,249	**13,668,492**	13,213,255
Convertible notes	**15%**	-	**-**	-	**4,622,272**	-	**-**	-	**4,622,272**	-
Total Financial Liabilities	**5.62%**	6.38%	**6,067,630**	3,715,112	**5,743,735**	1,093,894	**18,245,462**	18,677,272	**30,056,827**	23,486,278

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.

	+ 1% (100 basis points)		-1% (100 basis points)	
	2022 $	2021 $	**2022 $**	2021 $
Cash at bank	**24,471**	25,659	**(24,471)**	(25,659)
Term deposits greater than 90-days	**461**	461	**(461)**	(461)
Borrowings	**(60,676)**	(37,151)	**60,676**	37,151
	(35,744)	(11,031)	**35,744**	11,031
Tax charge of 25% (2021: 26%)	**8,936**	2,868	**(8,936)**	(2,868)
Total	**(26,808)**	(8,163)	**26,808**	8,163

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.

Astron Corporation Limited

Declaration by Directors

For The Year Ended 30 June 2022

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with Hong Kong Financial Reporting Standards and give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Mr Tiger Brown	**Mr Gerard King**
Director	**Director**

30 September 2022

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Astron Corporation Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 19 to 83, which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 in the consolidated financial statements, which indicates that as at 30 June 2022, the Group had a deficit of current assets over current liabilities of $14,488,034 and the Group incurred a loss of $9,038,451 during the year ended 30 June 2022. These conditions along with other matters set out in note 2.1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matters ***(continued)***

Impairment of exploration and evaluation assets and development costs

Refer to note 17 and 18 to the consolidated financial statements

In accordance with *HKFRS 6 Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. At 30 June 2022, the market capitalisation of the Group was significantly less than the consolidated net assets, which is a trigger for impairment. Once impairment indicators trigger an impairment review, management is required to perform impairment testing in accordance with HKAS 36 Impairment of Assets.

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

Our Response:

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

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

Other Information in the Annual Report

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

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

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

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited

BDO Limited
Certified Public Accountants
Jonathan Russell Leong
Practising Certificate Number P03246

Hong Kong, 30 September 2022

Investor Information

2022/2023 Financial Calendar (on or before)

Release of quarterly report	31 October 2022
2022 Annual general meeting	30 November 2022
Release of quarterly report	30 January 2023
Release of half year report	28 February 2023
Release of quarterly report	30 April 2023

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

The information is current as at 30 September 2022.

Shareholders' interests

(a) Distribution of equity securities

The number of shareholders by size of holding in each class of share are:

Range of Units Snapshot

	Total holders	**Units**	% of Issued Capital
1 - 1,000	144	71,003	0.06
1,001 - 5,000	182	505,227	0.41
5,001 - 10,000	62	476,124	0.39
10,001 - 100,000	128	3,945,966	3.22
100,001 - 9,999,999,999	35	117,478,457	95.92
Total	**551**	**122,476,777**	**100.00**

Non CDI holders		
1-1,000	5	307
1,001-5,000	1	2,700
Total	**6**	**3,007**

Unmarketable Parcels

	Minimum parcel size	**Holders**	Units
Minimum $ 500.00 parcel at $0.63 per unit	794	107	36,147

(b) Twenty largest CDI holders

The twenty largest CDI holders are as follows:

Rank	Name	Units	% of Total CDIs
1.	Kobe Investments Ltd	94,165,972	76.88
2.	Citicorp Nominees Pty Limited	7,445,214	6.08
3.	Juhua International Limited	4,000,000	3.27
4.	Mr Guodong Gong	1,901,000	1.55
5.	Mr Donald Alexander Black	1,220,313	1.00
6.	Mr Darrell Vaughan Manton + Mrs Veronica Josephine Manton <The Manton Family No 2 A/C>	933,364	0.76
7.	Mr Milton Yannis	762,018	0.62
8.	Mr Adrian Robert Nijman + Mrs Jenny Ann Nijman	700,000	0.57
9.	BT Portfolio Services Ltd <Tognola Super Fund A/C>	600,000	0.49
10.	HSBC Custody Nominees (Australia) Limited	406,890	0.33
11.	Cognition Australia Pty Ltd <A&M Gall Superannuation A/C>	381,468	0.31
12.	Dosmiv Pty Ltd	370,000	0.30
13.	Elliott Nominees Pty Ltd <Elliott Exploration S/F A/C>	346,400	0.28
14.	Bresrim Nominees Pty Ltd <D A Hannes Super Fund #2 A/C>	328,342	0.27
15.	Capel Court Corporation Pty Limited <PEI Murray Super Fund A/C>	318,816	0.26
16.	DFC Management Pty Ltd <Carmichael Super Fund A/C>	300,000	0.24
17.	G W Eales Pty Ltd <Knobel Executive Super A/C>	268,318	0.22
18.	Pharraway Pty Ltd	252,638	0.21
19.	Mr Mark Francis Lorenz	225,000	0.18
20.	CSAM Operations Pty Ltd	221,808	0.18
Totals: Top 20 holders of CDI		**115,147,561**	**94.02**
Total Remaining Holders Balance		7,329,216	5.98
Total CDIs		**122,476,777**	**100.00**
Total non-CDI holders		3,007	
Total shares on issue		**122,479,784**	

(c) Voting rights

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

(d) Schedule of interests in mining tenements

Location	Tenement	Percentage held
Victoria Australia	RL 2002	100
Victoria Australia	RL 2003	100
Victoria Australia	MIN5532	100
Victoria Australia	EL5186	100
Senegal	09042/MIM/TMG	100

Information policy

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

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

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

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

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

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

Astron Corporation Limited

Investor Information - continued

Salient Financials	2022	2021	2020	2019	2018	2017	2016	2015	2014
Share price* ($)	0.50	0.58	0.17	0.20	0.20	0.16	0.17	0.15	0.32
EPS (c)	(7.38)	(2.42)	(5.14)	(1.56)	(3.81)	(2.12)	(3.60)	6.52	(6.19)
Price earnings Ratio	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interest Cover	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Nos of Shares on issue (m)*	122.5	122.5	122.5	122.5	122.5	122.5	122.5	122.5	122.5
Profit and Loss ($m)									
Sales and other revenue	19.2	18.2	8.8	8.2	5.4	2.6	1.1	13.9	5.1
Costs	(24.0)	(16.8)	(11.7)	(8.4)	(8.5)	(6.0)	(5.4)	(8.3)	(10.9)
EBITDA	(4.8)	1.4	(2.9)	(0.2)	(3.1)	(3.4)	(4.3)	5.6	(5.8)
Depreciation & Amortisation	(1.7)	(1.6)	(1.6)	(0.8)	(0.7)	(0.6)	(0.7)	(0.7)	(0.5)
EBITDA	(6.5)	(0.2)	(4.5)	(1.0)	(3.8)	(4.0)	(5.0)	4.9	(6.3)
Borrowing Costs	(0.5)	(0.2)	(1.7)	(1.3)	(0.1)	-	-	-	-
NPBT	(7.0)	(0.4)	(6.2)	(2.3)	(3.9)	(4.0)	(5.0)	4.9	(6.3)
Income tax expenses	(2.0)	(2.6)	(0.1)	0.4	(0.8)	1.4	0.6	3.1	(1.3)
NPAT	(9.0)	(3.0)	(6.3)	(1.9)	(4.7)	(2.6)	(4.4)	8.0	(7.6)
Balance Sheet ($m)									
Cash & Term deposits	2.5	2.6	0.6	1.7	3.3	1.4	5.2	5.9	10.1
Receivables	13.5	14.0	11.1	9.8	8.4	6.1	14.1	17.4	1.6
Inventories	2.7	2.8	9.9	7.3	1.4	1.9	0.7	0.8	0.4
Other financial Assets	-	-	-	-	-	0.2	0.5	0.9	1.2
Current Tax Assets	-	-	-	-	-	-	0.5	1.2	0.6
Assets classified as available for sale	-	-	-	-	-	-	-	-	6.7
Total Current Assets	18.7	19.4	21.6	18.8	13.1	9.6	21.0	26.2	20.6
Property, Plant & Equipment	23.6	25.9	26.6	26.2	22.6	20.0	21.0	22.4	20.9
Receivables	-	-	-	2.1	3.4	6.4	-	3.9	-
Intangible assets	76.7	71.4	70.3	69.4	68.0	73.6	69.1	64.9	61.2
Development costs	8.4	8.3	8.2	7.8	6.6				
Land use rights	3.0	2.9	3.0	3.1	3.1	3.0	3.3	3.5	2.9
Deferred Tax Assets	-	-	-	-	-	-	-	0.0	0.0
Total Non-Current Assets	111.7	108.5	108.1	108.6	103.7	103.0	93.4	94.7	85.0
TOTAL ASSETS	130.4	127.9	129.7	127.4	116.8	112.6	114.4	120.9	105.6

Astron Corporation Limited

Investor Information - continued

Payables	11.8	10.4	13.3	9.6	11.7	5.4	3.6	2.3	2.5
Contract liabilities	3.0	2.1	5.1	4.4	-	-	-	-	-
Borrowings	13.7	13.2	10.9	7.1	0.1	0.1	-	1.0	-
Convertible notes	4.6	-	-	-	-	-	-	1.0	-
Provision	0.2	-	-	-	-	-	-	-	-
Total Current Liabilities	33.3	25.7	29.3	21.1	11.8	5.5	3.6	3.3	2.5
Deferred Tax	10.9	8.9	5.9	5.2	5.2	4.4	5.1	5.2	6.3
Long term provisions	0.7	0.8	0.8	0.8	-	-	-	-	-
Total Non-Current Liabilities	11.6	9.7	6.7	6.0	5.2	4.4	5.1	5.2	6.3
Total liabilities	44.9	35.4	36.0	27.1	17.0	9.9	8.7	8.5	8.8
NET ASSETS	85.5	92.5	93.7	100.3	99.8	102.7	105.7	112.4	96.8
Cash Flows ($m)									
Operating Activities	0.4	2.7	(1.4)	(6.9)	(3.3)	(3.2)	(2.5)	(3.7)	(0.8)

* After 2:1 share swap and return of capital in 2015

Astron Corporation Limited

Directors
Mr George Lloyd (Chairman)
Mr Tiger Brown (Managing Director)
Mdm Kang Rong (Executive Director)
Dr Mark Elliott
Mr Gerard King

Company Secretary and Registered Office
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North Point, Hong Kong

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