



**Astron Corporation Limited  
and its Controlled Entities**

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

**Condensed Consolidated Financial Statements**

For the half-year ended 31 December 2022

# Astron Corporation Limited and its Controlled Entities

Hong Kong Company Number: 1687414, ARBN 154 924 553

## Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

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# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Directors' Report

31 December 2022

The directors of Astron Corporation Limited (the **Company**) present their report on the consolidated entity consisting of the Company and its controlled entities (the **Group** or **Astron**) at the end of, or during, the half-year ended 31 December 2022.

### DIRECTORS

The directors in office at any time during, or since the end of, the period are:

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

### BUSINESS REVIEW

#### Overview

The Company is the Group's holding company. The Company has three wholly-owned operating subsidiaries: Donald Mineral Sands Pty Ltd (**DMS**), Astron Titanium Yingkou Company Limited (**Astron Titanium**) and Senegal Mineral Resources (**SMR**). DMS holds the Donald Rare Earth and Mineral Sands Project (the **Donald Project**), Astron Titanium operates the Yingkou Mineral Separation plant located in China and SMR holds the Niafarang Project located in Senegal.

#### Review of Financial Performance

##### Financial results

The Group recorded a net loss after tax for the half-year of \$5,059,402 (31 December 2021: \$4,995,898).

Sales revenue during the half-year decreased by 34.9% to \$6,769,663 (31 December 2021: \$10,391,016) reflecting the continued issues surrounding contracting with a stable, long-term source of appropriate raw materials for Astron Titanium's mineral separation plant in China, commissioning of the zircon middlings product stream of the plant and a slight softening of pricing in the Chinese domestic market. China's COVID zero policy caused significant disruptions to the plant, with Yingkou and surrounding areas affected by power disruptions and regional lockdowns, causing production interruptions and supply chain disruptions.

The Company has continued negotiations with several parties in relation to supply of raw materials, with test samples from multiple suppliers being received and processed during the half-year ended 31 December 2022. It is anticipated that negotiations should be concluded by the end of Q1 2023, with shipments beginning shortly thereafter.

As a result, sales and production volumes were significantly lower during the period, resulting in the Chinese operations relying on revenue generation through lower margin finished goods trading. As a consequence, gross margins were significantly lower during the half-year.

As a result of decreased operating activity, expenditure on administration, distribution, marketing and occupancy for the half-year ended 31 December 2022 decreased by 10.5% to \$3,233,163 (31 December 2021: \$3,614,234). This is despite the increase in corporate headcount during the period as the Company prepares for the development of the Donald Project.

##### Financial position

At 31 December 2022, the Group held a net asset position of \$86,230,019 (30 June 2022: \$85,503,285) comprising:

- Cash and cash equivalents of \$5,635,127 (30 June 2022: \$2,447,986)
- Trade and other receivables and prepayments of \$10,502,280 (30 June 2022: \$13,510,716)
- Inventories of \$1,340,008 (30 June 2022: \$2,746,131)
- Exploration and evaluation expenditure of \$79,303,655 (30 June 2022: \$76,701,459)
- Property, plant and equipment of \$23,112,365 (30 June 2022: \$23,605,398)
- Development costs of \$8,623,791 (30 June 2022: \$8,374,798)
- Trade and other payables of \$7,911,239 (30 June 2022: \$11,791,607)
- Convertible notes of \$4,979,958 (30 June 2022: \$4,622,272)
- Bank and other short-term borrowings and contract liabilities of \$13,651,816 (30 June 2022: \$10,151,652)
- Advances from directors of \$5,988,511 (30 June 2022: \$6,479,399)
- Deferred tax liabilities of \$11,779,077 (30 June 2022: \$10,928,950)
- Other assets and liabilities totalling a net asset of \$2,023,394 (30 June 2022: \$2,090,677)

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### Cash flows

For the half-year ended 31 December 2022, the Group realised a net cash inflow of \$3,079,966 (31 December 2021: \$326,756) comprising:

- net proceeds from private placement and share purchase plan of \$4,603,802 (31 December 2021: Nil);
- net proceeds from borrowings of \$2,188,992 (31 December 2021: \$3,950,960);
- payments for capitalised exploration and evaluation expenditure of \$2,787,321 (31 December 2021: \$1,805,757);
- payments for property, plant & equipment of \$684,158 (31 December 2021: \$133,021);
- net cash outflows from operations of \$241,349 (31 December 2021: \$1,685,426).

### Review of Operations – Donald Project

The Donald Project is a tier-1 rare earth and mineral sands project located approximately 300 kilometres north-west of Melbourne in regional Victoria and comprises the Donald deposit, which is contained within Retention Licence RL2002 (including MIN5532), and the Jackson deposit, which is contained within Retention Licence RL 2003. The project tenements cover a total area of 506km<sup>2</sup>.

### Project Configuration

During the half-year ended 31 December 2022, a comprehensive review of development plans for the Donald Project was completed resulting in the establishment of parameters for a phased development of the project reflecting the size and scale of the resource base. As such, Astron plans to develop the Donald Project in a phased manner with Phase 1 being located on the granted Mining Licence MIN5532, which contains 17% of the total Donald Project resource and 20% of the in-situ heavy minerals (HM).

During Phase 1, conventional truck and shovel mining will produce 7.5 million tonnes per annum (Mtpa) of ore for delivery to the process plant which will produce a rare earth element concentrate (**REEC**) product, containing monazite and xenotime minerals, and a valuable heavy mineral concentrate (**HMC**) product, containing zircon and titanium bearing minerals.

Phase 1 of the Donald Project is the only rare earth or mineral sands project in Victoria that has the benefit of a positively assessed Victorian Government Environmental Effects Statement (**EES**), a concluded Commonwealth Government Environmental Protection Biodiversity Conservation (**EPBC**) approval and a granted Mining Licence (MIN5532). In addition, Astron owns water rights which are sufficient to meet the demands of the project for many years and land holdings covering a significant portion of the Phase 1 project area.

Subsequent phases are planned to involve, at a minimum, the doubling of production throughput and an on-site mineral separation plant (**MSP**) for further processing of the HMC. In addition, consideration will be given to further down-stream product processing, such as synthetic rutile production or rare earth cracking facilities.

### Geological Assessment

On 1 December 2022, Astron announced an updated Mineral Resource Estimate (**MRE**) for the Mining Licence area MIN5532. The 2022 MRE update is shown in Table 1 below.

**Table 1. Donald Deposit MIN5532 – 2022 Mineral Resource above a 1% total HM cut-off<sup>1</sup>**

Classification	Tonnes (Mt)	Slimes (%)	Oversize (%)	HM (%)	Zircon (%HM)	Rutile (%HM)	Leucoxene (%HM)	Ilmenite (%HM)	Monazite (%HM)	Xenotime (%HM)
Measured	394	16	10	4.2	16	7.4	24	21	1.8	0.66
Indicated	110	24	11	3.5	15	5.9	18	19	1.7	0.61
Inferred	20	22	14	2.3	13	6.9	20	19	1.4	0.55
<b>Total</b>	<b>525</b>	<b>18</b>	<b>10</b>	<b>4.0</b>	<b>16</b>	<b>7.1</b>	<b>23</b>	<b>21</b>	<b>1.8</b>	<b>0.65</b>

Notes:

1. Mineralisation reported above a cut-off grade of 1.0% total HM
2. The Donald deposit Mineral Resource has been classified and reported in accordance with the guidelines of the JORC Code (2012)
3. Total HM is from within the +20 µm to -250 µm size fraction and is reported as a percentage of the total material. Slimes is the -20 µm fraction and oversize is the +1 mm fraction
4. Estimates of the mineral assemblage (zircon, ilmenite, rutile, leucoxene, monazite and xenotime) are presented as percentages of the total HM component, as determined from grain counting, QEMSCAN, XRF and Laser Ablation-ICPMS analysis. QEMSCAN data was aligned with the grain counting data and the following breakpoints are used for used definition of the titania minerals: rutile >95% TiO<sub>2</sub>, leucoxene 50-95% TiO<sub>2</sub>, ilmenite 30–50% TiO<sub>2</sub>
5. A dry density of the LP1, LP2 and LP3 geological sub-units of the Loxton Sand (1.81 t/m<sup>3</sup>, 1.74 t/m<sup>3</sup> and 1.57 t/m<sup>3</sup> respectively)
6. All tonnages and grades have been rounded to reflect the relative uncertainty of the estimate, thus sum of columns may not equal

<sup>1</sup> For Mineral Resource Estimate JORC Table 1 section 1 and section 2, refer to ASX announcement, 'Donald Rare Earth & Mineral Sands Project – Mineral Licence Mineral Resource Update', 1 Dec 2022

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The revised MRE is based on a 245 Reverse Circulation Air Core (RCAC) drillhole programme which was completed in March 2022 and covered 97% of the area of MIN5532. Analysis, which included assaying, sizing, heavy liquid separation (HLS) and mineralogy, was completed in October 2022. The MRE is classified and reported in accordance with the guidelines of the JORC Code (2012 edition).

The March 2022 drilling and sampling programme was designed to estimate the valuable heavy minerals (VHM) resource within the known mineralisation of MIN5532 which had not been previously analysed for specific valuable heavy minerals, using a 1% HM cut-off. The programme also included analysis for xenotime, which had not been previously sampled, and estimation of the -20+38 micron (µm) HM size fraction of the resource which is known to contain rare earth minerals and zircon and has been shown to be recoverable using current processing technology.

The previous MRE was determined in 2016. A comparison of the 2022 MRE for MIN5532 with the 2016 MRE is shown in Table 2. The key features include:

- the total Mineral Resource has increased by 66% to 525Mt;
- the total in-situ heavy mineral resource has increased by 25% to 21Mt;
- the in-situ valuable mineral resources have increased as follows:
  - zircon by 5% to 3.4Mt,
  - monazite by 18% to 378kt, and
  - a 3% increase in the titanium minerals;
- an in-situ xenotime resource of 136kt has been added.

**Table 2: Comparison of 2016 and 2022 Mineral Resources within MIN5532 and the VHM domain reported > 1% HM**

2016 Mineral Resource within MIN5532 and VHM domain									
Classification	Tonnes (Mt)	Total HM %	Slimes %	Oversize %	% of total HM				
					Zircon	Rutile/Anatase	Ilmenite	Leucoxene	Monazite
Measured	264	5.4	14	12	18.7	7.0	31.3	22.3	1.8
Indicated	49	4.9	14	12	20.3	7.1	33.3	21.7	2.0
Inferred	5	4.2	14	11	22.0	7.2	35.8	19.5	2.7
<b>Total</b>	<b>317</b>	<b>5.3</b>	<b>14</b>	<b>12</b>	<b>19.0</b>	<b>7.1</b>	<b>31.7</b>	<b>22.1</b>	<b>1.9</b>
2022 Mineral Resource within MIN5532									
Classification	Tonnes (Mt)	Total HM %	Slimes %	Oversize %	% of total HM				
					Zircon	Rutile	Ilmenite	Leucoxene	Monazite
Measured	394	4.2	16	10	16.3	7.4	21.0	23.6	1.8
Indicated	110	3.5	24	11	14.8	5.9	19.2	18.2	1.7
Inferred	20	2.3	22	14	13.2	6.9	19.4	19.6	1.4
<b>Total</b>	<b>525</b>	<b>4.0</b>	<b>18</b>	<b>10</b>	<b>16.0</b>	<b>7.1</b>	<b>20.6</b>	<b>22.5</b>	<b>1.8</b>
% Difference in 2022 MRE with 2016 MRE Results									
Measured	49%	17%	64%	23%	2%	24%	-22%	24%	18%
Indicated	125%	59%	294%	103%	16%	33%	-8%	34%	37%
Inferred	300%	122%	560%	429%	34%	114%	20%	123%	17%
<b>Total</b>	<b>66%</b>	<b>25%</b>	<b>106%</b>	<b>42%</b>	<b>5%</b>	<b>26%</b>	<b>-19%</b>	<b>27%</b>	<b>18%</b>

A summary table of the contained Mineral Resources for the entire Donald Project area following the 2022 MRE update for MIN5532 is shown in Table 3.

**Table 3. Contained Mineral Resources within the VHM domain reported above 1% HM (2022)**

Resource	Tonnes (Mt)	Slimes (%)	Oversize (%)	HM (%)	Zircon (%HM)	Rutile (%HM)	Leucoxene (%HM)	Ilmenite (%HM)	Monazite (%HM)	Xenotime (%HM)
<b>MIN 5532</b>	525	18	10	4.0	16	7	23	21	1.8	0.65
<b>RL 2002<sup>1</sup></b>	1,286	16	9	4.8	18	8	18	33	2.0	N/A
<b>RL 2003</b>	823	17	5	4.8	19	9	17	32	2.0	N/A
<b>Total</b>	2,634	17	8	4.6	18	8	18	31	2.0	N/A

1. For the purposes of Table 3, RL2002 refers to the area of RL2002 excluding MIN5532

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### Mining Studies

The completion of the 2022 MRE provided the foundation for the next stage of mining study development. During the half-year ended 31 December 2022, Astron evaluated a number of cut-off grade options to optimise project economic performance against the payback period. The current phase of the mining study development will include a 'first-principles' build up mining costs that will be incorporated into the feasibility study.

An updated Phase 1 project Ore Reserve for MIN5532 is expected to be completed in Q1 2023, following the conclusion of the current phase of the mining study development.

### Tailings Management

ATC Williams commenced testwork of the material properties of the deposit's Loxton-Parilla 1 (LP1) and Loxton Parilla 2 (LP2) sand formations to determine their tailings characteristics. During the period, preliminary designs of the above-ground tailings storage facility were completed. The next stage of design for the tailings storage facility and in-pit tailings management are underway. These will be incorporated into the feasibility study.

### Metallurgical Studies

In Q2 2022, Astron conducted a 27 hole sonic drilling programme over a portion of MIN5532. The objectives included refinement of bulk density determinations for the purposes of mine planning, and preparation of mine path bulk samples for the purposes of confirmatory process metallurgical studies.

An 8.5 tonne bulk sample, which was split into three sections reflecting the planned Phase 1 mine path for mine-year 1, mine-years 2-5, and mine-years 6 and beyond, was provided to Mineral Technologies for metallurgical testing. Each sample was screened and processed through MG-12 spirals to produce a combined HMC. The HMC sample was subsequently processed, in accordance with the process flowsheet, through froth flotation to produce a valuable heavy mineral concentrate (VHMC) bulk sample containing zircon and titanium feedstock minerals, and a REEC bulk sample, containing xenotime and monazite.

This testwork confirmed the Donald Project processing approach and delivered some improvements to recoveries. Recoveries of the rare earth minerals (using  $\text{CeO}_2$  as a tracer) through the wet concentrator plant (**WCP**) and concentrate upgrade plant (**CUP**) were 94.5% and 96.5% respectively. The improvement in recoveries was the result of better attrition which will be incorporated into the plant engineering designs. Recoveries of zircon and titanium minerals to the HMC also saw a marked increase, with  $\text{ZrO}_2$  recoveries through the WCP and CUP at 94.3% and 99.0% respectively, and  $\text{TiO}_2$  recoveries at 70.7% and 99.2% respectively.

The metallurgical testwork was successful in confirming the viability of the current flowsheet and provided information that will be used to enhance plant design and performance. The testwork also produced product samples which will be provided to customers for the purposes of advancing offtake discussions.

### Process Plant Engineering

Mineral Technologies commenced Definitive Feasibility Study level engineering for the Donald process plant during the period. Work is expected to conclude in Q1 2023, with capital expenditure and operating expenditure estimates to be incorporated into the feasibility study.

### Infrastructure Design

Basic design work for project infrastructure continues to progress. A preliminary route for the 66kV overhead powerline from Horsham sub-station to the mine-site has been selected; detailed design will commence during Q1 2023. Road upgrade and water pipeline designs are advanced.

In Q4 2022, Astron appointed consultants to assist with basic layout for the construction worker accommodation village.

### Regulatory Approvals

The key regulatory approval remaining for the Donald Project is the Victorian Work Plan. Work streams to progress the Mining Work Plan are advanced and regulatory personnel visited the mine-site during the period. Technical studies and testwork required for the Mining Work Plan were also advanced; these included further groundwater modelling, surface water management design and radiation management studies.

Astron is on track to submit the Mining Work Plan to Victorian government authorities in mid-2023.

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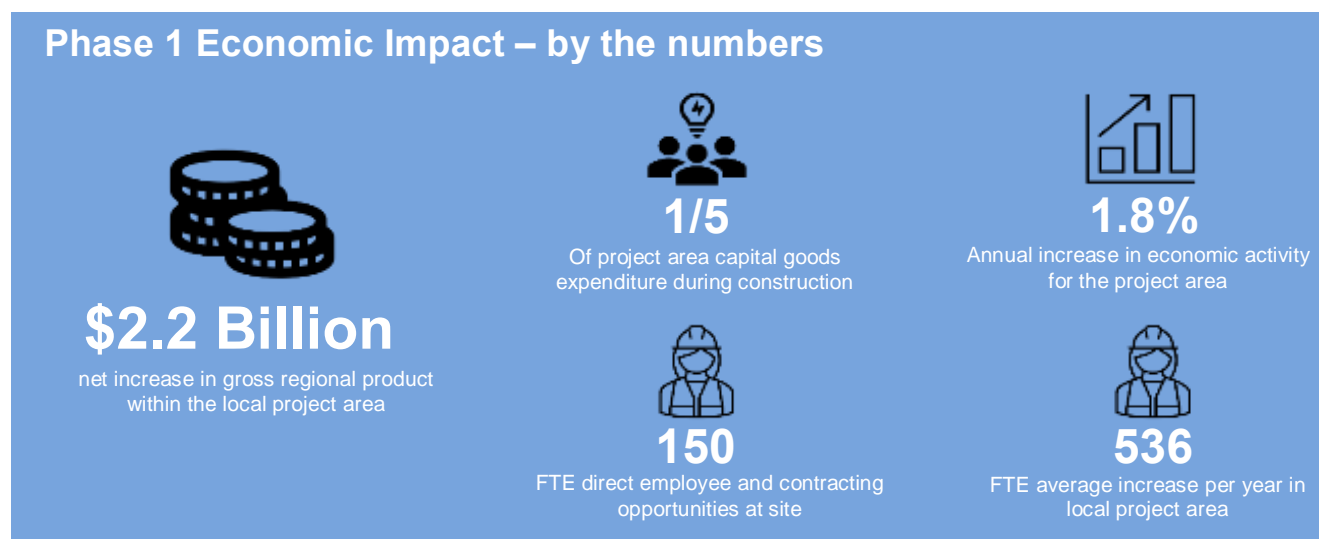
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### Economic Impact Assessment

Astron commissioned Deloitte Access Economics to conduct an economic impact assessment (**EIA**) of Phase 1 of the Donald Project and evaluate the project's economic impact at both the project area level as well as at the State of Victoria level. It concluded that Phase 1 offers significant benefits at the project and state levels and presents a clear opportunity to develop Australia's capability in rare earths and critical minerals in alignment with the Australian government's Critical Minerals Strategy.<sup>2</sup>



As the Donald Project will be developed in regional Victoria, it is expected to increase economic activity and employment in the region, promoting jobs and economic growth. The Donald Project provides an opportunity to support Government objectives of potentially transforming the Wimmera Region of Victoria into a critical minerals hub.

The study estimated the economic impact of the Donald Project on the local and state economies using Deloitte Access Economics' computable general equilibrium (**CGE**) modelling framework. CGE modelling is the best practice methodology for estimating the economic impact of a project across the economy, and the preferred method for most major Commonwealth and State Government agencies.

In Victoria, Donald Phase 1 is estimated to deliver \$1.7 billion in additional Gross State Product (**GSP**). The contribution to the state economy is less than that on the local area due to the 'crowding out' effect, where factors of production will be reallocated from other parts of the state to the project area to support the development and operations of the Donald Project. However, the overall project is expected to contribute significantly to the state economy, at an average GSP increase of \$142 million per year, or an average annual increase of 0.02% to the GSP.

The impact on the local economy is measured through the impact of the project on the project area. The project area is defined as the ABS Statistical Area 354 regions of Maryborough-Pyrenees, Loddon-Elmore, Murray River-Swan Hill and Grampians. The results indicate that the Donald Project has the potential to deliver a significant increase to economic activity and provide additional employment opportunities for residents of the project area, while diversifying local economic opportunities. Donald Phase 1 is expected to present a \$2.2 billion value change in the Gross Regional Product (**GRP**) of the Project area, reflecting a 1.8% per annum additional increase of GRP to the base case. Donald is also estimated to support an additional 536 full-time equivalent (FTE) employment opportunities in the project area, on average, over the 30 year evaluation period.

### Community Engagement

The Donald Project Phase 1 is primarily located in the Yarriambiack Shire in Western Victoria. In November 2022, Astron executed an updated Memorandum of Understanding (**MOU**) with the Yarriambiack Shire Council (**YSC**). The MOU provides for Astron and YSC to work co-operatively and collaboratively to maximise mutually beneficial community and economic outcomes from the development and operation of the Donald Project. A signing ceremony was held at the Shire's Council Chambers in Warracknabeal in November 2022.

Ongoing community engagement included the second meeting of the DMS Community Reference Group, one-on-one meetings with landowners, and a site visit by representatives of government agencies responsible for further approvals.

<sup>2</sup> Australian Government Department of Industry, Science, Energy, and Resources, 2022 Critical Minerals Strategy, [https://www.industry.gov.au/sites/default/files/2022-09/2022-critical-minerals-strategy\\_0.pdf](https://www.industry.gov.au/sites/default/files/2022-09/2022-critical-minerals-strategy_0.pdf)

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### Donald Project Test-pit Site Rehabilitation

Astron developed a test mine pit for the purpose of recovering a 1,000 tonne bulk sample. The test-pit site was rehabilitated in 2019. In 2022, the test-pit area was sown with barley and crop growth was independently monitored. The monitoring has shown crop yields at the same levels as in the surrounding area, validating the success of the approach taken to site rehabilitation.

### Customer Engagement

Engagement with potential customers for offtake arrangements are ongoing. During the period, the Astron team provided samples of Donald's REEC product to a number of rare earth processors to determine suitability for their proposed separation processes. The high xenotime assemblage of the Donald rare earth elements, and the associated higher concentrations of dysprosium and terbium, makes the Donald REEC an attractive product when compared to typical monazite feedstocks.

Heavy mineral concentrate product samples were supplied to mineral separation processors in China and Southeast Asia for the purposes of advancing offtake arrangements.

The Company is engaged in discussions with several parties in relation to offtake of its HMC and REEC products and is planning to execute offtake agreements by Q3 2023.

### Financial Analysis

All work streams contributing to the feasibility study will be completed and the results compiled by the end of Q1 2023. The Feasibility Study report will subsequently be released to shareholders and will include revised Mineral Resources and Ore Reserves estimates for MIN5532.

### Review of Operations – Niafarang Mineral Sands Project

The Niafarang Project is located within a 397km<sup>2</sup> exploration licence on the Casamance coast of Senegal, West Africa. Astron owns a licence issued under Order Number 09042/MIM/TMG through its subsidiary company SMR. Environmental and mining licences were granted to SMR in 2017 and a Small Mining Licence (SML), expiring on 30 May 2022, was granted in 2017. A mining licence renewal application was submitted to the Senegal Mines Department on 30 March 2022, within the prescribed reapplication time frame. Astron is continuing to work with the relevant authorities for the renewal of the Mining Licence.

### Engineering & Design

The Niafarang project design criteria remain unchanged from its earlier 2012 concept. Opportunities for further improvement of existing processes have been identified. However, work to evaluate these opportunities is on hold pending the Mining Licence renewal.

### Stakeholder & Community Consultation

Engagement programmes with local, regional and federal government representatives are continuing. During the half-year, a select number of local chiefs visited the SMR office in Dakar. A meeting seeking to advance the project was scheduled to be held with local stakeholders in Zuiguichor at the direction of the Minister of Mines. However, this meeting was delayed due to a local election and ceremonial festivals.

Localised support is evolving with youth delegations and youth groups seeking career opportunities through engaging with SMR. The company is committed to supporting sustainable development objectives within the project area.

### Review of Operations – Chinese operations

In Yingkou, Liaoning, the Group operates a mineral separation plant with 150,000 tonnes per year feed capacity. The Group 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 in zircon; fine rutile recovery and agglomeration; and the production of nuclear grade zirconium and zirconium oxychloride.

The Yingkou mineral separation plant currently undertakes two main commercial operations - the processing of mineral concentrates and various middlings (including zircon middlings and rutile middlings) to final products of zircon and rutile, as well as the use of speciality agglomeration technology to produce pelletised rutile from fine rutile feedstocks and chloride slag fines products.

### Operations Update

Production was low for the reporting period. Efforts were made to further recover TiO<sub>2</sub> from middlings and tailings into rutile and discussions were undertaken with potential feedstock suppliers. Preventative maintenance, training and development programmes, making use of the time available due to the lower operational throughput, were priorities for the period. Pilot trials and metallurgical performance testing were conducted on a number of selected feedstock samples at the company's laboratory facility in Yingkou.

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### Corporate

As announced on 17 October 2022, the Company raised \$5 million through the issue of new, fully paid CHESS Depository Interests (CDIs) to sophisticated and institutional investors via a \$4 million placement and \$1 million director loan conversion at a price of \$0.54 per CDI. The transaction was strongly supported by Astron Directors with a total commitment of \$2.4 million (inclusive of the director loan conversion). As a result of the capital raising, the Company issued 9,259,265 new fully paid CDIs.

As announced on 18 November 2022, the Company raised a further \$891,000 at \$0.54 per CDI from the completion of a Share Purchase Plan (SPP). In total, the Company received applications from 70 securityholders, representing approximately 13% of all eligible security holders. The total funds raised includes \$150,000 from placement of the SPP shortfall in accordance with the terms of the SPP. As a result of the capital raising, the Company issued 1,437,632 new fully paid CDIs on 18 November 2022, with a further 212,407 CDIs issued on 16 February 2023. The Company also received a further \$104,000 in capital from a sophisticated investor in January 2023 as part of the SPP shortfall for which a further 192,593 CDIs were issued on 16 February 2023.

### CAUTIONARY STATEMENT

Certain sections of this report contain forward-looking statements that are subject to risk factors associated with, among others, the economic and business circumstances occurring from time to time in the countries and sectors in which the Astron Group 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 projected.

### FUTURE PRIORITIES

The Group's principal priority is the advancement of the Donald project, with a number of work streams continuing during the period. The priority milestones as the Company progresses towards completion of the feasibility include:

- an updated Ore Reserve for MIN5532 in Q1 2023 following the conclusion of the current phase of the mining study;
- design of the tailing storage facility and in-pit tailings management;
- completion of process plant engineering for the Donald process plant to allow incorporation of capital and operating expenditure estimates into the feasibility study; and
- detailed design of key infrastructure including overhead powerline routes, road upgrades, water pipelines and accommodation village;

The Company anticipates that all work streams contributing to the feasibility study will be completed and the results compiled by the end of Q1 2023. The Feasibility Study report will be released to shareholders during Q2 2023.

The Company will also continue to progress work streams relating to the Victorian Work Plan, with completion of technical studies including groundwater modelling, surface water management design, and radiation management studies anticipated in Q2 2023 and submission of the Mining Work Plan to Victorian government authorities in mid-2023.

### DECLARATION OF INDEPENDENCE BY AUDITOR

The lead auditor's independence declaration for the half-year ended 31 December 2022 has been received and can be found on page 8 of the half-year financial statements.

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

Chairman:



Mr George Lloyd

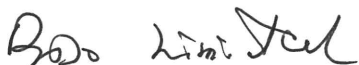
Date: 24 February 2023

## **Astron Corporation Limited and its Controlled Entities**

**Company Number: 1687414**

### **Declaration of Independence to the Directors of Astron Corporation Limited**

As lead auditor of Astron Corporation Limited for the half-year ended 31 December 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  
Certified Public Accountants

Chiu Wing Cheung Ringo  
Practising Certificate Number P04434

Hong Kong, 24 February 2023

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

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

For the half-year ended 31 December 2022

		Consolidated Half-year ended	
	Note	31 Dec 2022 A\$	31 Dec 2021 A\$
Sales revenue	8	6,769,663	10,391,016
Cost of sales		(7,368,166)	(8,254,931)
<b>Gross (loss)/profit</b>		<b>(598,503)</b>	<b>2,136,085</b>
Interest income	8	317	3,060
Other income	8	415,155	145,266
Distribution expenses		-	(202,125)
Marketing expenses		(5,590)	(23,441)
Occupancy expenses		(6,025)	(3,555)
Administrative expenses		(3,177,428)	(3,344,041)
Finance costs		(514,511)	(250,653)
Impairment of capital works in progress		-	(1,746,499)
Provision of impairment on receivables		(6,200)	(1,680)
Share-based payments expense	22	(272,371)	(619,688)
Other expenses		(44,120)	(41,072)
<b>Loss before income tax expense</b>		<b>(4,209,276)</b>	<b>(3,948,343)</b>
Income tax expense		(850,126)	(1,047,555)
<b>Loss for the half-year</b>	2	<b>(5,059,402)</b>	<b>(4,995,898)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(90,037)	1,012,289
Other comprehensive income for the half-year, net of tax		(90,037)	1,012,289
<b>Total comprehensive income for the half-year</b>		<b>(5,149,439)</b>	<b>(3,983,609)</b>
<b>Loss for the half-year attributable to:</b>			
Owners of Astron Corporation Limited		(5,059,402)	(4,995,898)
<b>Total comprehensive loss for the half-year attributable to:</b>			
Owners of Astron Corporation Limited		(5,149,439)	(3,983,609)
<b>Loss per share</b>			
Basic and diluted loss per share (cents)	10	(4.06)	(4.08)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes included on pages 13 to 27.

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	Note	Consolidated 31 Dec 2022 A\$	30 Jun 2022 A\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,635,127	2,447,986
Term deposits greater than 90-days		46,112	46,112
Trade and other receivables and prepayments	6	10,502,280	13,510,716
Inventories	11	1,340,008	2,746,131
Financial assets at fair value through profit or loss	21	9,170	7,575
<b>Total current assets</b>		<b>17,532,697</b>	<b>18,758,520</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	23,112,365	23,605,398
Exploration and evaluation assets	13	79,303,655	76,701,459
Development costs	14	8,623,791	8,374,798
Right-of-use assets	15	2,878,533	2,974,558
<b>Total non-current assets</b>		<b>113,918,344</b>	<b>111,656,213</b>
<b>TOTAL ASSETS</b>		<b>131,451,041</b>	<b>130,414,733</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	7,911,239	11,791,607
Contract liabilities	17	1,750,477	2,962,559
Borrowings	18	17,889,850	13,668,492
Convertible notes	19	4,979,958	4,622,272
Provisions		147,945	201,624
<b>Total current liabilities</b>		<b>32,679,469</b>	<b>33,246,554</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		11,779,077	10,928,950
Long-term provisions		762,476	735,944
<b>Total non-current liabilities</b>		<b>12,541,553</b>	<b>11,664,894</b>
<b>TOTAL LIABILITIES</b>		<b>45,221,022</b>	<b>44,911,448</b>
<b>NET ASSETS</b>		<b>86,230,019</b>	<b>85,503,285</b>
<b>EQUITY</b>			
Issued capital	9	82,014,505	76,549,865
Reserves		18,363,474	18,041,978
Accumulated losses		(14,147,960)	(9,088,558)
<b>TOTAL EQUITY</b>		<b>86,230,019</b>	<b>85,503,285</b>



Mr George Lloyd



Mr Tiger Brown

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes included on pages 13 to 27.

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Note	Issued capital A\$	Accumulated losses A\$	Share-based payment reserve A\$	Foreign currency translation reserve A\$	Convertible notes equity reserve A\$	Capital reserve \$	Total equity \$
<b>Balance at 1 July 2021</b>		<b>76,549,865</b>	<b>(50,107)</b>	<b>1,213,047</b>	<b>13,311,431</b>	<b>-</b>	<b>1,450,005</b>	<b>92,474,241</b>
Loss for the half-year		-	(4,995,898)	-	-	-	-	(4,995,898)
Other comprehensive income								
- Exchange differences on translation of foreign operations		-	-	-	1,012,289	-	-	1,012,289
<b>Total comprehensive income for the half-year</b>		<b>-</b>	<b>(4,995,898)</b>	<b>-</b>	<b>1,012,289</b>	<b>-</b>	<b>-</b>	<b>(3,983,609)</b>
Recognition of equity settled share-based payments	22	-	-	619,688	-	-	-	619,688
<b>Equity as at 31 December 2021</b>		<b>76,549,865</b>	<b>(5,046,005)</b>	<b>1,832,735</b>	<b>14,323,720</b>	<b>-</b>	<b>1,450,005</b>	<b>89,110,320</b>
<b>Balance at 1 July 2022</b>		<b>76,549,865</b>	<b>(9,088,558)</b>	<b>1,832,735</b>	<b>14,212,420</b>	<b>546,818</b>	<b>1,450,005</b>	<b>85,503,285</b>
Loss for the half-year		-	(5,059,402)	-	-	-	-	(5,059,402)
Other comprehensive income								
- Exchange differences on translation of foreign operations		-	-	-	(90,037)	-	-	(90,037)
<b>Total comprehensive income for the half-year</b>		<b>-</b>	<b>(5,059,402)</b>	<b>-</b>	<b>(90,037)</b>	<b>-</b>	<b>-</b>	<b>(5,149,439)</b>
Issue of ordinary shares during the half-year	9	5,776,303	-	-	-	-	-	5,776,303
Share issue costs	9	(311,663)	-	139,162	-	-	-	(172,501)
Recognition of equity settled share-based payments	22	-	-	272,371	-	-	-	272,371
<b>Equity as at 31 December 2022</b>		<b>82,014,505</b>	<b>(14,147,960)</b>	<b>2,244,268</b>	<b>14,122,383</b>	<b>546,818</b>	<b>1,450,005</b>	<b>86,230,019</b>

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes included on pages 13 to 27.

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	Note	Consolidated Half-year ended 31 Dec 2022 A\$	31 Dec 2021 A\$
<b>Cash flows from operating activities:</b>			
Receipts from customers		10,089,829	8,394,529
Payments to suppliers and employees		(10,174,670)	(10,080,685)
Interest received		317	3,061
Interest paid		(156,825)	(2,331)
<b>Net cash outflow from operating activities</b>		<b>(241,349)</b>	<b>(1,685,426)</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment		(684,158)	(133,021)
Capitalised exploration and evaluation expenditure		(2,787,321)	(1,805,757)
<b>Net cash outflow from investing activities</b>		<b>(3,471,479)</b>	<b>(1,938,778)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from the issue of shares net of transaction costs		4,603,802	-
Partial settlement of offtake agreement		-	(248,323)
Net proceeds from borrowings		2,188,992	4,199,283
<b>Net cash inflow from financing activities</b>		<b>6,792,794</b>	<b>3,950,960</b>
<b>Net increase in cash held</b>		<b>3,079,966</b>	<b>326,756</b>
Cash and cash equivalents at beginning of the half-year		2,447,986	2,570,438
Net foreign exchange differences		107,175	(209,556)
<b>Cash and cash equivalents at end of the half-year</b>		<b>5,635,127</b>	<b>2,687,638</b>

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes included on pages 13 to 27.

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 1. Basis of preparation and significant accounting policies

#### Basis of preparation

The interim condensed consolidated financial statements of Astron Corporation Limited (the **Company**) are for the half-year ended 31 December 2022 and relate to the consolidated entity consisting of the Company and its subsidiaries (the **Group**). These interim condensed consolidated financial statements are presented in Australian dollars (\$), which is the functional currency of the Company.

#### *Hong Kong Financial Reporting Standards and Statement of Compliance*

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" and all other applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (**HKAS**) and Interpretations (hereinafter collectively referred to as the (**HKFRS**) issued by the Hong Kong Institute of Certified Public Accountants (**HKICPA**).

These half-year financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 30 June 2022. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRS and should be read in conjunction with the consolidated financial statements of the Company for the year ended 30 June 2022. These half-year financial statements should also be read in conjunction with any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules.

The historical cost basis has been used, except for financial assets at fair value through profit or loss (**FVTPL**) which are measured at fair value.

#### *Going concern basis*

As at 31 December 2022, the Group had a deficit of current assets over current liabilities of \$15,146,772 (30 June 2022: \$14,488,034), incurred a net loss after tax for the half-year of \$5,059,402 (2021: net loss of \$4,995,898) and recorded net cash outflow from operating activities of \$241,249 (2021: \$1,685,426). The loss was significantly impacted by the Group's increased head count specific to the Donald project and lower margins on Chinese operations over 2022. The deficit of current assets over current liabilities, continued operating losses and net cash outflow from operating activities, are conditions that may cast significant doubt about the Group's ability to continue as a going concern. The interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The directors are of the view that based on cash flow forecasts covering 18 months from the end of the reporting period and consideration of the plans and measures stated below, the business remains a going concern.

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

- The Group expects to agree contracts for a long-term, stable supply of appropriate raw materials for the Group's mineral separation plant in China. Agreement for a long-term, stable supply of raw materials is imperative to the sustainability and profitability of the mineral separation plant as not only will it ensure consistent production volumes (and, by extension, sales volumes), it will also allow the Group to increase production efficiencies through reducing the volatility of plant settings and consequently increase profit margins. The Group is currently finalising negotiations that include, inter alia, satisfaction to the quality of sample raw materials, with multiple parties with a view to agreeing terms in the first quarter of 2023.
- 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 continue to meet its primary milestones in relation to the Project.
- The Senegal project has faced delays in proceeding to operational status. The current priority on the project remains the renewal of the mining licence with negotiations continuing with stakeholders. The Group has complied with all its obligations under the conditions of the mining licence and anticipate renewal of the licence in due course. Until the mining licence is renewed, the directors do not expect any material expenditure to be incurred.
- An undertaking by the majority shareholder to provide financial support where necessary to enable the Group to meet its obligations and commitments until the Company is adequately financed.
- The undertaking by a director not to demand repayments due to her and her related entities of approximately \$11.7 million until such time when the Group has available funds and is generating positive operating cash flows (refer note 20).

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 1. Basis of preparation and significant accounting policies (cont'd)

#### Basis of preparation (cont'd)

##### *Going concern basis (continued)*

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

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

#### Significant accounting policies

There are no significant changes in accounting policies resulting from application of new HKFRSs in the half-year, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for half-year ended 31 December 2022 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 30 June 2022.

#### Standards and Interpretations in issue not yet adopted:

A number of new standards, amendments to standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the half-year ended 31 December 2022. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

### 2. Loss for the half-year

		Consolidated Half-year ended	
	Note	31 Dec 2022 A\$	31 Dec 2021 A\$
The following significant revenue and expense items are relevant to explaining the financial performance of the Group:			
Interest income		317	3,060
Rental and other income		81,394	145,266
Research and development tax incentive refund		333,761	-
Provision for impairment on receivables		(6,200)	(1,680)
Impairment of capital works in progress	12	-	(1,746,499)
Depreciation and amortisation		(878,958)	(816,037)
Foreign exchange (loss)/gain		(29,829)	3,439
Interest charged on convertible notes	19	(357,686)	-
Other finance costs		(156,825)	(250,653)
Share-based payments	22	(272,371)	(619,688)
Research and development expenditure		163,407	(716,671)

### 3. Dividends

The Company did not pay nor declare any dividends during the half-year ended 31 December 2022 (31 December 2021: Nil).

### 4. Seasonality and irregular trends

No seasonal or irregular trends were noted during the review period.

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 5. Commitments and contingencies

The Group commitments and contingencies are broadly consistent with the disclosures in the 30 June 2022 Annual Report.

#### Litigation

The International Centre for Settlement of Investment Disputes (ICSID) determined an award including damages in favour of Astron/Carnegie in Astron's claim against the Gambian Government for approximately \$30 million. This award is final and not subject to any application for annulment by the Gambian Government. The Company continues to work towards a settlement with the Gambian Government. At this time, the directors are unable to predict when a resolution may be reached.

### 6. Trade and other receivables and prepayments

	Consolidated 31 Dec 2022 A\$	30 Jun 2022 A\$
<b>Current assets</b>		
Trade receivables	1,246,107	4,008,099
Provision for impairment of trade receivables	(39,942)	(40,693)
	<u>1,206,165</u>	<u>3,967,406</u>
Land sale receivable <sup>1</sup>	1,121,807	1,141,839
Provision for impairment of land sale receivables	(57,092)	(50,812)
	<u>1,064,715</u>	<u>1,091,027</u>
Prepayments	6,444,122	6,297,033
Provision for impairment of prepayments	(382,858)	(390,062)
	<u>6,061,264</u>	<u>5,906,971</u>
Sundry receivables	2,170,136	2,545,312
Total trade and other receivables and prepayments	<b>10,502,280</b>	<b>13,510,716</b>

1. 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 were 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 expected receipts have been delayed.

During the half-year ended 31 December 2022, there were no amounts received (2021: Nil) with a gross balance receivable of \$1,121,807 (30 June 2022: \$1,141,839). While the receivable is currently outside the terms initially agreed, the directors consider the credit risk to be low.

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 half-year ended 31 December 2022, the Group received no receipts and as such recognised a further provision for expected credit loss of \$6,280 (2021: \$1,680). As at 31 December 2022, the impairment provision for land sale receivable is \$57,092 (30 June 2022: \$50,812).

### 7. Subsidiaries

There were no acquisitions or disposals of subsidiary companies during the half-year ended 31 December 2022.

### 8. Segment information

#### Description of Segments

The Group has adopted HKFRS 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 (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 who is considered to be the chief operating decision maker of the Group. The reportable segments are as follows:

- Donald Mineral Sands (DMS): Development of the DMS mine
- China: Operation of the mineral processing plant and trading in mineral sands products
- Senegal: Development of the Niafarang mine
- Other: Group treasury and head office activities

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 8. Segment information (cont'd)

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

	DMS Half-year ended		China Half-year ended		Senegal Half-year ended		Other Half-year ended		Consolidated Half-year ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$
<b>Sale of mineral products</b>										
Timing of revenue recognition – at a point in time										
Revenue from contracts with external customers	-	-	6,769,663	10,391,016	-	-	-	-	6,769,663	10,391,016
<b>Other income</b>										
Interest income	33	67	134	2,982	-	-	150	11	317	3,060
Rent and other income	81,394	92,801	-	52,465	-	-	333,761	-	415,155	145,266
<b>Total revenue</b>	<b>81,427</b>	<b>92,868</b>	<b>6,769,797</b>	<b>10,446,463</b>	<b>-</b>	<b>-</b>	<b>333,911</b>	<b>11</b>	<b>7,185,135</b>	<b>10,539,342</b>
<b>Segment result</b>										
Segment (loss)/profit	(35,632)	32,858	(2,201,097)	(1,904,364)	(59,881)	(33,528)	(1,912,666)	(2,043,309)	(4,209,276)	(3,948,343)
Acquisition of PPE, intangibles assets and other non-current segment assets	2,904,748	2,302,901	687,773	130,476	104,613	111,709	5,751	2,545	3,702,885	2,547,631
Depreciation and amortisation	9,496	749	864,122	810,805	-	-	5,340	4,483	878,958	816,037
Impairment of capital works in progress	-	-	-	1,746,499	-	-	-	-	-	1,746,499
Provision for impairment of receivables	-	-	6,200	1,680	-	-	-	-	6,200	1,680
<b>Assets</b>										
Segment assets	84,688,087	82,208,577	34,159,101	36,538,885	9,600,095	9,376,033	3,003,758	2,291,238	131,451,041	130,414,733
<b>Consolidated total assets</b>	<b>84,688,087</b>	<b>82,208,577</b>	<b>34,159,101</b>	<b>36,538,885</b>	<b>9,600,095</b>	<b>9,376,033</b>	<b>3,003,758</b>	<b>2,291,238</b>	<b>131,451,041</b>	<b>130,414,733</b>
<b>Liabilities</b>										
Segment liabilities	1,843,371	1,915,433	4,722,557	9,885,225	1,315,131	1,259,171	2,691,078	2,631,905	10,572,137	15,691,734
Borrowings	-	-	17,889,850	12,740,763	-	-	-	927,729	17,889,850	13,668,492
Convertible notes	4,979,958	4,622,272	-	-	-	-	-	-	4,979,958	4,622,272
Deferred tax liabilities	-	-	-	-	-	-	11,779,077	10,928,950	11,779,077	10,928,950
<b>Consolidated total liabilities</b>	<b>6,823,329</b>	<b>6,537,705</b>	<b>22,612,407</b>	<b>22,625,988</b>	<b>1,315,131</b>	<b>1,259,171</b>	<b>14,470,155</b>	<b>14,488,584</b>	<b>45,221,022</b>	<b>44,911,448</b>

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 9. Issued capital

	31 Dec 2022 A\$	30 Jun 2022 A\$	Consolidated 31 Dec 2022 No.	30 Jun 2022 No.
<b>Fully paid ordinary shares</b>				
At beginning of the period	76,549,865	76,549,865	122,479,784	122,479,784
Shares issued – 24 October 2022	2,585,003	-	3,977,042	-
Shares issued – 21 November 2022	776,300	-	2,247,632	-
Shares issued – 21 December 2022	2,415,000	-	4,472,223	-
Share issue costs	(172,501)	-	-	-
Non-cash share issue costs (note 22)	(139,162)	-	-	-
At the end of the period	<b>82,014,505</b>	<b>76,549,865</b>	<b>133,176,681</b>	<b>122,479,784</b>

Fully paid ordinary shares carry one vote per share and a right to dividends. Each ordinary shareholder present at a general meeting, whether in person, by proxy or by representative, is entitled to one vote on a show of hands or, on a poll, one vote for each fully paid ordinary share held.

Issued capital is classified as equity and is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares is recognised directly in equity as a reduction of the share proceeds received.

### 10. Loss per share

The Group presents basic and diluted earnings per share (**EPS**) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the dilutive effect, if any, of the outstanding share rights which have been issued to employees.

	Consolidated Half-year ended 31 Dec 2022 A\$ cents	31 Dec 2021 A\$ cents
Basic and diluted loss per share	4.06	4.08

	Consolidated Half-year ended 31 Dec 2022 A\$	31 Dec 2021 A\$
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The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted EPS are as follows:

Loss for the period attributable to members of Astron	(5,059,402)	(4,995,898)
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	124,681,232	122,479,784

#### Dilutive shares

For the purpose of calculating diluted loss per share for the half-year ended 31 December 2022, 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.

As of 31 December 2021, there were no shares issued under escrow. For the purpose of calculating diluted loss per share for the period ended 31 December 2021, no adjustment had made as the exercise of the outstanding share options had an anti-dilutive effect on the basic loss per share.

# Astron Corporation Limited and its Controlled Entities

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### 11. Inventories

	Consolidated 31 Dec 2022 A\$	30 Jun 2022 A\$
Raw materials	247,087	284,225
Work in progress	922,134	2,119,235
Finished goods	170,787	342,671
	<b>1,340,008</b>	<b>2,746,131</b>

There is no provision against inventory to net realisable value as at 31 December 2022 and 30 June 2022.

### 12. Property, plant & equipment

	Consolidated 31 Dec 2022 A\$	30 Jun 2022 A\$
<b>Land at cost</b>	5,162,151	5,162,151
<b>Buildings</b>		
At cost	11,660,283	11,365,402
Less accumulated depreciation	(3,689,653)	(4,215,996)
	7,970,630	7,149,406
<b>Capital works in progress</b>		
At cost	4,480,768	4,567,663
Less accumulated impairment losses	(3,784,607)	(3,855,813)
	696,161	711,850
<b>Plant &amp; equipment</b>		
At cost	18,429,094	18,609,063
Less accumulated depreciation	(7,343,276)	(6,190,765)
Less accumulated impairment losses	(1,802,395)	(1,836,307)
	9,283,423	10,581,991
<b>Total property, plant &amp; equipment</b>	<b>23,112,365</b>	<b>23,605,398</b>

As at 31 December 2022, property, plant and equipment with carrying value of \$6,280,888 (30 June 2022: \$6,306,982) were pledged as security for short-term loans (note 18).

#### Movement in net carrying values

	Land A\$	Buildings A\$	Capital Works in Progress A\$	Plant & Equipment A\$	Total A\$
Opening balance at 1 July 2021	5,162,151	6,430,555	3,283,106	10,972,918	25,848,730
Additions	-	-	469,287	99,948	569,235
Depreciation	-	(642,701)	-	(950,095)	(1,592,796)
Disposals	-	-	(374,413)	-	(374,413)
Transfers <sup>1</sup>	-	1,049,734	(1,049,734)	-	-
Impairment losses <sup>2</sup>	-	-	(1,755,249)	-	(1,755,249)
Movement in foreign exchange rates	-	311,818	138,853	459,220	909,891
<b>Closing balance at 30 June 2022</b>	<b>5,162,151</b>	<b>7,149,406</b>	<b>711,850</b>	<b>10,581,991</b>	<b>23,605,398</b>
Additions	-	588,823	-	104,701	693,524
Depreciation	-	(228,659)	-	(608,967)	(837,626)
Disposals	-	(55,491)	(2,557)	-	(58,048)
Transfers <sup>3</sup>	-	654,112	-	(654,112)	-
Movement in foreign exchange rates	-	(137,561)	(13,132)	(140,190)	(290,883)
<b>Closing balance at 31 December 2022</b>	<b>5,162,151</b>	<b>7,970,630</b>	<b>696,161</b>	<b>9,283,423</b>	<b>23,112,365</b>

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For the half-year ended 31 December 2022

### 12. Property, plant & equipment (cont'd)

1. The Group allocated the development costs in relation to the mineral separation plant in China to capital works in progress. Once the mineral separation plant had been commissioned, the development expenditure was transferred from capital works in progress to plant and equipment.
2. During the year ended 30 June 2022, the Group brought to account an impairment provision against the carrying value of construction in progress assets of \$1,755,249. This was substantially an impairment of Chinese assets associated with a discontinued production line, being the Zircon Opacifier project, which can generate cash inflows independently of other assets. In December 2021, the Board determined that it will no longer proceed with the investment in the Zircon Opacifier project due to the complexity and costs of bringing products to market and assessed its recoverable amount is considered to be zero.
3. During the half-year ended 31 December 2022, following reconciliation of the fixed asset register to underlying source documents, depreciation previously classified as relating to buildings was discovered to be related to plant and equipment. As such, an amount of \$654,112 has been transferred between the two asset classifications at 31 December 2022.

### 13. Exploration and evaluation assets

	Consolidated	
	31 Dec 2022	30 Jun 2022
	A\$	A\$
<b>Evaluation costs</b>		
At cost	7,802,026	7,807,947
Less accumulated depreciation	(7,487,232)	(7,487,231)
	<u>314,794</u>	<u>320,716</u>
<b>Exploration expenditure – capitalised – DMS project</b>		
At cost	68,341,057	65,436,309
<b>Water rights – DMS project</b>		
At cost	17,958,613	17,958,613
Less accumulated amortisation	(7,310,809)	(7,014,179)
	<u>10,647,804</u>	<u>10,944,434</u>
<b>Total exploration and evaluation assets</b>	<b><u>79,303,655</u></b>	<b><u>76,701,459</u></b>

#### Movement in net carrying values

	Evaluation costs	Exploration expenditure – DMS	Water rights – DMS	Total
Opening balance at 1 July 2021	305,465	59,514,726	11,537,694	71,357,885
Additions <sup>1</sup>	-	5,921,583	-	5,921,583
Amortisation	-	-	(593,260)	(593,260)
Movement in foreign exchange rates	15,251	-	-	15,251
<b>Closing balance at 30 June 2022</b>	<b><u>320,716</u></b>	<b><u>65,436,309</u></b>	<b><u>10,944,434</u></b>	<b><u>76,701,459</u></b>
Additions <sup>1</sup>	-	2,904,748	-	2,904,748
Amortisation	-	-	(296,630)	(296,630)
Movement in foreign exchange rates	(5,922)	-	-	(5,922)
<b>Closing balance at 31 December 2022</b>	<b><u>314,794</u></b>	<b><u>68,341,057</u></b>	<b><u>10,647,804</u></b>	<b><u>79,303,655</u></b>

1. Additions of exploration and evaluation phase during the period include amortisation of water rights which were capitalised as part of exploration expenditure during the period.

#### Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the Donald Project. As at 31 December 2022 and 30 June 2022, the Group has complied with the conditions of the granting EL5186, MIN5532, RL2002 and RL2003. As such, the Directors believe that the tenements are in good standing with the Department of Economic Development, Jobs, Transport and Resources (which has incorporated the responsibilities previously administered by the Department of Primary Industries) in Victoria, who administers the Mineral Resources Development Act 1990.

During the half-year, the Group continued to progress major work streams in relation to the development and approval of the Donald Project, including completion of a comprehensive review of project parameters, completion of an updated Mineral Resource estimate and advancement of mining and metallurgical studies, tailings management, process plant engineering, infrastructure design and regulatory approvals.

# Astron Corporation Limited and its Controlled Entities

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 13. Exploration and evaluation assets (cont'd)

#### Exploration and evaluation expenditure (cont'd)

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.

#### 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 the entitlements.

In July 2018, a "Deed of Variation" was signed between Greater 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.

#### Finite lives

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

### 14. Development costs

	Consolidated 31 Dec 2022 A\$	30 Jun 2022 A\$
Balance at 1 July	8,374,798	8,321,690
Additions	104,613	213,444
Movement in foreign exchange rates	144,380	(160,336)
	<b>8,623,791</b>	<b>8,374,798</b>

### 15. Right-of-use assets

	Consolidated 31 Dec 2022 A\$	30 Jun 2022 A\$
Balance at 1 July	2,974,558	2,912,843
Amortisation	(41,332)	(82,552)
Movement in foreign exchange rates	(54,693)	144,267
	<b>2,878,533</b>	<b>2,974,558</b>

As at 31 December 2022, right-of-use assets with carrying value of \$1,555,859 (30 June 2022: \$1,607,182) are pledged as security over short-term loans (note 18).

### 16. Trade and other payables

	Consolidated 31 Dec 2022 A\$	30 Jun 2022 A\$
Trade payables	4,427,647	5,046,228
Notes payable	-	3,088,652
Deposits received in advance	181,316	25,544
Other payables	3,302,276	3,631,183
	<b>7,911,239</b>	<b>11,791,607</b>

#### Other payables

Included in other payables was a balance of \$1,943,732 (30 June 2022: \$1,860,399) in aggregate due to related party as detailed in note 20.

During the period, an amount owing to Shenyang Wanshan Hangtankeji Limited Company (a company related to Mdm. Kang Rong, a director of the Company) was converted to a short-term borrowing and has been recognised in short term borrowings (see note 18 and 20).

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 17. Contract liabilities

	Consolidated 31 Dec 2022 A\$	30 Jun 2022 A\$
Contract liabilities arising from:		
Advance deposit for future provision of goods	1,750,477	2,962,559

#### Sale of goods

Contract liabilities of \$1,750,477 (30 June 2022: \$2,962,559) represent amounts 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.

### 18. Borrowings

	Consolidated 31 Dec 2022 A\$	30 Jun 2022 A\$
Advances from directors	5,988,511	6,479,399
Bank borrowings	5,955,577	6,067,630
Other short-term borrowings	5,945,762	1,121,463
	17,889,850	13,668,492

#### Advances from directors

At 31 December 2022, executive directors, Mdm Kang Rong and Mr Tiger Brown, advanced the Group \$5,988,511 (30 June 2022: \$5,479,399) and Nil (30 June 2022: \$1,000,000) respectively for working capital. These loans are provided interest free and repayable on demand.

During the period, Mr Tiger Brown converted the amount owing at 30 June 2022 of \$1 million into equity in conjunction with the Company's capital raising activities.

#### Bank borrowings

The bank borrowings are denominated in RMB, interest bearing at a range from 4.5% to 5.50% (30 June 2022: 3.85% to 5.50%) p.a. and have the following maturity profile:

- September 2023 - \$2,126,992
- November 2023 - \$2,126,992
- January 2024 - \$1,701,593

The bank borrowings are secured against property, plant and equipment with a net carrying value of \$6,280,888 (30 June 2022: \$6,306,982) (note 12) and a personal guarantee from its director of \$5,955,577 (30 June 2022: \$6,067,630).

The loan agreements have been entered into by the Company's Chinese operating subsidiary Astron Titanium (Yingkou) Limited. The parent company does not provide any parent company guarantees over these borrowings.

#### Other short-term borrowings

Other short-term borrowings includes the following balances:

- an amount of \$1,128,936 (30 June 2022: \$1,121,463) which is interest bearing at 10% (30 June 2022: 10%) p.a., repayable in March 2024 and secured by certain right-of-use assets in China amounting to \$1,555,859 (30 June 2022: \$1,607,182) (note 15);
- an amount of \$1,044,246 is non-interest bearing, repayable in October 2025 and secured against right of use assets which are in use by Astron Titanium (Yingkou) Limited but remain the property of the lessor; and
- an amount of \$3,772,580 from a related party which is non-interest bearing, unsecured with no fixed repayment date. This loan is used for working capital in China. Part of this balance was transferred from trade and other payables during the period as outlined in note 16.

# Astron Corporation Limited and its Controlled Entities

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 19. Convertible notes

	Consolidated 31 Dec 2022 A\$	30 Jun 2022 A\$
Convertible notes	<b>4,979,958</b>	<b>4,622,272</b>

In March 2022, the Company 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% per annum 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.

	Liability component	Conversion option component	Total
Opening balance at 1 July 2021	-	-	-
Issue of convertible notes	4,453,182	546,818	5,000,000
Effective interest expense recognised in profit or loss	169,090	-	169,090
<b>Closing balance at 30 June 2022</b>	<b>4,622,272</b>	<b>546,818</b>	<b>5,169,090</b>
Effective interest expense recognised in profit or loss	357,686	-	357,686
<b>Closing balance at 31 December 2022</b>	<b>4,979,958</b>	<b>546,818</b>	<b>5,526,776</b>

### 20. Related party transactions

#### Advances from directors

As of 31 December 2022, Executive Directors, Mdm Kang Rong and Mr Tiger Brown, had advanced the Group \$5,988,511 (30 June 2022: \$5,479,399) and Nil (30 June 2022: \$1,000,000) respectively for working capital. The loans were provided interest free and repayable on demand. During the half-year ended 31 December 2022, no repayments were made towards the balance of Mdm Kang Rong, whilst Mr Tiger Brown converted the amount owing at 30 June 2022 of \$1 million into equity in conjunction with the Company's capital raising activities.

#### Transactions with key management personnel

Key management personnel of the Group include the board of directors and the key decision makers of the Group. Key management personnel remuneration for the half-year ended 31 December includes:

	Consolidated Half-year 31 Dec 2022 A\$	31 Dec 2021 A\$
<b>Short term employee benefits</b>		
– Salaries and fees <sup>1</sup>	791,912	463,230
– Share-based payment expenses	317,600	393,542
– Non-cash benefits	13,631	5,346
<b>Total short-term employee benefits</b>	<b>1,123,143</b>	<b>862,118</b>
<b>Post-employment benefits</b>		
– Superannuation contributions	63,409	19,418
<b>Total post-employment benefits</b>	<b>63,409</b>	<b>19,418</b>
<b>Total key management personnel remuneration</b>	<b>1,186,552</b>	<b>881,536</b>

- Salaries and fees for key management personnel includes management fees payable to Juhua International Limited of \$125,000 (Half-year ended 31 December 2021: \$125,000) which is a related entity of executive director, Mdm Kang Rong.

# Astron Corporation Limited and its Controlled Entities

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 20. Related party transactions (cont'd)

#### Related party loans

As at 31 December 2022, there are unpaid directors and management fees payable to Juhua International Limited of \$1,943,732 (30 June 2022: \$1,860,399) (note 16) of which executive director Mdm Kang Rong is the beneficial owner.

As at 31 December 2022, there are amounts payable to Shenyang Wanshan Hangtankeji Limited Company of \$3,772,580 (note 16 and 18) (30 June 2022: Nil).

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

### 21. Fair value

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

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

	31 Dec 2022 A\$	30 Jun 2022 A\$
<b>Financial assets at fair value through profit or loss</b>		
ASX listed equity share – Level 1	9,170	7,575

### 22. Share-based payments

#### Employee Share Option Plan

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

The maximum aggregate number of the options issued under the ESOP shall not at any time exceed 5% of the Company's total issued shares (being up to 6,658,834 options based on the number of issued shares outstanding at 31 December 2022). The exercise price of an Option is to be determined by the Board at its sole discretion.

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

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

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 22. Share-based payments (cont'd)

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

	Grant date Date	Expiry date Date	Exercise price A\$	Number of options on issue	
				31 Dec 22	30 Jun 22
ATRAA <sup>1</sup>	30 Nov 2021	30 Nov 2024	0.3375	800,000	800,000
ATRA B <sup>1</sup>	30 Nov 2021	30 Nov 2024	0.7200	800,000	800,000
ATRA C <sup>2</sup>	13 Dec 2021	13 Dec 2024	0.6300	2,100,000	2,100,000
ATRA D	22 Nov 2022	22 Nov 2025	0.7225	800,000	-
ATRA E	1 Oct 2022	1 Oct 2025	0.9000	600,000	-
				<b>5,100,000</b>	<b>3,700,000</b>

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

#### Vesting Conditions

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

The following vesting conditions are in place for tranche ATRAC:

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

The following vesting conditions are in place for tranche ATRAE:

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

#### Movement in the number of options issued under the ESOP

	Total number of ESOP options outstanding No.	Weighted average exercise price A\$
Balance at 1 July 2021	800,000	0.3375
Options granted under the employee share option plan	2,900,000	0.6548
<b>Balance at 30 June 2022</b>	<b>3,700,000</b>	<b>0.5862</b>
Options granted under the employee share option plan	1,400,000	0.8271
<b>Balance at 31 December 2022</b>	<b>5,100,000</b>	<b>0.6524</b>

No share options were exercised during the current period ended 31 December 2022 and last year ended 30 June 2022.

As at 31 December 2022, there were no further key executives that had any rights to acquire shares in terms of a share-based payment scheme for employee remuneration.

# Astron Corporation Limited and its Controlled Entities

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## Notes to the Interim Condensed Consolidated Financial Statements

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### 22. Share-based payments (cont'd)

#### Fair value of options issued under the ESOP

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

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

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

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

	ATRA <sup>A</sup>	ATRA <sup>B</sup>	ATRA <sup>C</sup>	ATRA <sup>D</sup>	ATRA <sup>E</sup>
Number of options	800,000	800,000	2,100,000	800,000	600,000
Fair value of options issued at grant date	0.2866	0.2127	0.2261	0.2561	0.2357
<b>Total fair value of options at grant date</b>	<b>229,308</b>	<b>170,188</b>	<b>474,906</b>	<b>204,906</b>	<b>141,443</b>

#### Share-based payment expense

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

	Consolidated 31 Dec 2022 A\$	31 Dec 2021 A\$
<b>Unlisted options</b>		
ATRA <sup>A</sup> <sup>1</sup>	-	(70,635)
ATRA <sup>B</sup>	-	170,188
ATRA <sup>C</sup> <sup>2</sup>	(45,229)	520,135
ATRA <sup>D</sup>	204,906	-
ATRA <sup>E</sup>	112,694	-
	<b>272,371</b>	<b>619,688</b>

1. During year ended 30 June 2021, non-executive Director Dr. Mark Elliott was granted 800,000 options subject to shareholder approval. As at 30 June 2021, the Company estimated the grant date fair value with reference to the fair value as at the reporting date (i.e. 30 June 2021) to be \$299,943 for the purpose of recognising the services received from Dr. Mark Elliott. Upon receiving shareholder approval on 30 November 2021, the options were approved by the Board and the fair value of options granted to Dr. Mark Elliott was revalued to \$229,308. As such, an adjustment to share-based payment expense of \$70,635 was recognised in the profit or loss for the year ended 30 June 2022.
2. An offer for the issue of 200,000 options under the ESOP to a consultant was declined during the year ended 30 June 2022. However, the share-based payment expense relating to these options was recognised during the year ended 30 June 2022. As such, an adjustment to share-based payments expense has been recognised during the half-year ended 31 December 2022 in order to reflect the fact that these options were never issued and therefore the company has not incurred any expense in relation to these options.

The fair value of the share options granted during the half-year ended 31 December 2022 was \$272,371 (31 December 2021: \$619,688) (note 2) which had been recognised as employee share option expense with the corresponding balance credited to the share-based payment reserve.

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 22. Share-based payments (cont'd)

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

#### Broker options

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

The details of these options are outlined below:

	Grant date Date	Vesting date Date	Expiry date Date	Exercise price A\$	Number of options on issue 31 Dec 2022
ATRAO	18 Oct 2022	18 Oct 2022	18 Oct 2025	0.81	600,000

#### Movement in the number of broker options

	Total number of ESOP options outstanding No.	Weighted average exercise price A\$
Options granted to broker under lead manager agreement	600,000	0.81
<b>Balance at 31 December 2022</b>	<b>600,000</b>	<b>0.81</b>

No broker options were exercised during the current period ended 31 December 2022.

#### Fair value of options issued to brokers

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

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

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

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

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

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### 22. Share-based payments (cont'd)

#### Share-based payment expense – share issue costs

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

	Consolidated 31 Dec 2022 A\$	31 Dec 2021 A\$
<b>Unlisted options</b>		
ATRAO	139,162	-

The fair value of the share options granted during the half-year ended 31 December 2022 was \$139,162 (31 December 2021: Nil). Share-based payments expenses relating to broker options are recognised directly in equity as a reduction in the value of issued capital at the date relevant shares are issued (or over the vesting period in the event vesting conditions are applicable) (note 9).

### 23. Requirement in connection with publication of “Non-Statutory Accounts” under section 436 of the Hong Kong Companies Ordinance Cap. 622 (“the Companies Ordinance”)

The financial information relating to the year ended 30 June 2022 that is included in the interim condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to the Company’s annual consolidated statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is set out below:

The Company has delivered its statutory financial statements for the year ended 30 June 2022 to the (Hong Kong) Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance.

The Company’s auditor has reported on those statutory financial statements. The auditor’s report was unqualified; contained a reference to the Company’s ability to continue as a going concern to which the auditor drew attention by way of emphasis; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance. A copy of the Company’s statutory financial statements for the year ended 30 June 2022 together with the auditor’s report thereof is posted on the Company’s website of [www.astronlimited.com.au](http://www.astronlimited.com.au).

### 24. Subsequent events

#### Impact of the Coronavirus (COVID-19)

COVID-19 has caused significant disruptions to Astron’s Chinese operations. Specifically, Yingkou and surrounding areas were locked down for extended periods during the half-year ended 31 December 2022 due to China’s COVID-zero policy. Specific impacts include power disruptions, staff sickness and plant access difficulties for staff and contractors, which all led to an increase in plant downtime. Other disruptions included slower customer sales during the period and interruptions to shipping schedules and the necessity to catch up on downtime. As China re-opens in H1 2023, Astron will continue to monitor plant operations and continue to comply with local government health and safety directives.

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Directors' Declaration

For the half-year ended 31 December 2022

The Directors of the Company declare that:

1. The interim condensed consolidated financial statements, comprising the condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity, and accompanying notes, as set out on pages 9 to 27,
  - (a) comply with Hong Kong Accounting Standard 34 *Interim Financial Reporting*; and
  - (b) give a true and fair view of the financial position of the consolidated entity as at 31 December 2022 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Chairman



Mr George Lloyd

Dated 24 February 2023

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF  
ASTRON CORPORATION LIMITED**  
(incorporated in Hong Kong with limited liability)

**Introduction**

We have reviewed the interim condensed consolidated financial statements set out on pages 9 to 27 which comprise the condensed consolidated statement of financial position of Astron Corporation Limited and its subsidiaries (collectively referred to as the “Group”) as of 31 December 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year then ended, and a summary of significant accounting policies and other explanatory notes (the “interim condensed consolidated financial statements”). The Australian Stock Exchange Listing Rules require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof. The directors are responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of Review**

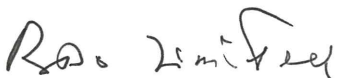
We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with HKAS 34.

**Emphasis of Matter - Material Uncertainty Related to Going Concern**

We draw attention to note 1 in the interim condensed consolidated financial statements, which indicates that the Group had net current liabilities of \$15,146,772 as at 31 December 2022 and the Group incurred a loss of \$5,059,402 and recorded net cash outflow from operating activities of \$241,349 during the half-year ended 31 December 2022. As stated in note 1, these conditions indicate a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



BDO Limited  
Certified Public Accountants

Chiu Wing Cheung Ringo  
Practising Certificate Number P04434

Hong Kong, 24 February 2023

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Competent Persons Statement

The information in this report that relates to Mineral Resources for the Donald Mineral Sands and Rare Earth Project is based on information first reported in previous ASX announcements by the Company, as listed in this announcement. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the original announcements continuing to apply and have not materially changed.

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

The information in this document that relates to the estimation of the RL2002 and RL2003 Mineral Resources is based on information compiled by Mr Rod Webster, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Webster is a full-time employee of AMC Consultants Pty Ltd and is independent of 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'. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially modified from the relevant original market announcement.

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Glossary of abbreviated and defined terms

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

# Astron Corporation Limited and its Controlled Entities

Company Number: 1687414

## Corporate Directory

### Directors

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

### Company Secretary and Registered Office

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

### Australian Corporate Offices

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Australia  
Tel: +61 3 5385 7088  
E: [investors@astronlimited.com](mailto:investors@astronlimited.com)  
W: [www.astronlimited.com.au](http://www.astronlimited.com.au)

### China Business Office

C/ Yingkou Astron Mineral Resources Co Ltd  
Room 5612, Building No. 5, Hua Fu Tian Di  
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Shenyang 110013  
China  
Tel/Fax: +86 24 2259 5960

### Auditor

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

### Share Registry

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

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

### Bankers

Commonwealth Bank of Australia  
48 Martin Place  
Sydney NSW 2000  
Australia

### ASX code

ATR