



## **Astron Corporation Limited**

ARBN 154 924 553, Incorporated in Hong Kong, Business Registration Number: 59227124

### **Condensed Consolidated Financial Statements**

For the half-year ended 31 December 2023

# Astron Corporation Limited

Hong Kong Business Registration Number: 59227124, ARBN 154 924 553

## Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

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# Astron Corporation Limited

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## Directors' Report

31 December 2023

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 2023.

### 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 \$17,065,535 (31 December 2022: \$5,059,402).

The primary driver of the Group's net loss for the period related to the impairment of Senegal development costs and property, plant equipment of \$9,796,964 resulting from the purported withdrawal of the mining licence for the Niafarang Project. Further details on the current status of the project are provided in the review of operations.

Sales revenue during the half-year decreased by 7.3% to \$6,272,297 (31 December 2022: \$6,769,663) reflecting the overall slowdown in the Chinese economy and the intermittent operation of the Yingkou Mineral Separation Plant. Further, the Company has been in negotiations for a stable source of raw materials. Negotiations have advanced significantly during the half-year however the Company is yet to execute agreements on satisfactory terms. As a result, the operations have been relying on lower margin purchasing and processing of mineral sands products including natural rutile during the half-year which has significantly impacted both revenue and gross margin.

The Company has continued to assess multiple test samples during the half-year ended 31 December 2023 and anticipates that negotiations should be concluded by the end of Q1 2024, with shipments beginning shortly thereafter.

In contrast, significant progress was made on the Donald Rare Earth and Mineral Sands Project during the period, resulting in an increase in underlying corporate expenses (including an increased headcount) on administration, distribution, marketing and occupancy of 17.2% to \$3,740,275 (31 December 2022: \$3,190,638).

##### Financial position

At 31 December 2023, the Group held a net asset position of \$79,180,258 (30 June 2023: \$90,496,303) comprising:

- Cash and cash equivalents of \$1,232,683 (30 June 2023: \$7,204,674)
- Trade and other receivables and prepayments of \$6,974,731 (30 June 2023: \$6,261,343)
- Inventories of \$1,925,972 (30 June 2023: \$2,217,845)
- Exploration and evaluation expenditure of \$85,720,185 (30 June 2023: \$82,590,196)
- Property, plant and equipment of \$21,053,528 (30 June 2023: \$22,831,507)
- Development costs of Nil (30 June 2023: \$8,901,965)
- Trade and other payables of \$7,390,276 (30 June 2023: \$6,578,001)
- Convertible notes of \$5,780,509 (30 June 2023: \$5,365,323)
- Bank and other borrowings, lease liabilities and contract liabilities of \$7,631,622 (30 June 2023: \$10,831,391)
- Advances from directors of \$5,616,017 (30 June 2023: \$6,021,428)
- Deferred tax liabilities of \$13,478,914 (30 June 2023: \$12,620,821)
- Other assets and liabilities totalling a net asset of \$2,170,497 (30 June 2023: \$1,905,737)

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### Cash flows

For the half-year ended 31 December 2023, the Group realised a net cash outflow of \$6,039,914 (31 December 2022: net cash inflow of \$3,079,966) comprising:

- net proceeds from share issues of \$5,644,802 (31 December 2022: \$4,603,802);
- net repayments of borrowings of \$3,265,953 (31 December 2022: net proceeds of \$2,188,992);
- payments for capitalised exploration and evaluation expenditure of \$3,026,127 (31 December 2022: \$2,787,321);
- payments for property, plant & equipment of \$72,308 (31 December 2022: \$684,158);
- net cash outflows from operations of \$5,113,938 (31 December 2022: \$84,841); and
- other net cash outflows of \$206,390 (31 December 2022: \$156,508).

### **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 the Mining Licence MIN5532 and Retention Licence RL2002, and the Jackson deposit, which is contained within Retention Licence RL 2003. The project tenements cover a total area of 506km<sup>2</sup>.

During the half year ended 31 December 2023, Astron Corporation Limited accomplished some substantial milestones as it continued to progress the Donald Rare Earths and Mineral Sands Project towards the final investment decision (FID), including:

- entering into a non-binding Memorandum of Understanding (“MoU”) with Energy Fuels Resources (USA) Inc. (**Energy Fuels**) to jointly develop the Donald Rare Earths and Mineral Sands Project;
- submission of the Work Plan application to the Victorian Government in October 2023;
- engaging with the Victorian Government Earth Resource Regulator on the Work Plan submission and preparing responses to feedback from all referral agencies;
- issuing and adjudicating the engineering, procurement & construction (EPC) package tender, and negotiating the early contractor involvement (**ECI**) package;
- progressing the design for off-site infrastructure, including the 66kV powerline, the water pipeline, road works and accommodation camp;
- commencing a heavy mineral concentrate (**HMC**) options study in relation to the possibility of processing Donald HMC at Astron’s own facilities in Yingkou, China; and
- continued engagement with the local community and stakeholders.

### Non-binding MoU with Energy Fuels

On 28 December 2023, Astron entered into a non-binding MoU with Energy Fuels to jointly develop the Donald Rare Earths and Mineral Sands Project, a globally significant critical minerals resource located in the Wimmera Region of Victoria, Australia.

The MoU provides for Energy Fuels to invest \$180 million in the Donald Project and to issue US\$17.5 million of common stock in Energy Fuels’ NYSE-listed parent, Energy Fuels Inc. to Astron, to earn a 49% interest in the granted mining licence MIN5532 and Retention Licence RL2002 (together known as the Donald deposit).

The MoU also provides for Energy Fuels to enter a life-of-mine off-take agreement for 100% of the rare earth elements concentrate (“REEC”) product of the joint venture, based on the market prices of the contained rare earths elements, as well as the right, but not the obligation, for Astron to off-take up to 100% of the heavy minerals concentrate (“HMC”) product.

The joint venture and the rare earths off-take agreement with Energy Fuels will see the establishment of a western rare earth supply chain that is aligned with the Australian Government’s Critical Minerals Strategy. Rare earth minerals from the Donald Project are expected to be processed at Energy Fuels’ rare earth processing facilities at White Mesa in Utah, one of two operating rare earth facilities in North America.

The proposed joint venture will initially consist of operations to mine 7.5 million tonnes per year of ore to produce approximately 200,000 to 250,000 tonnes per year of HMC and approximately 7,000 to 8,000 tonnes per year of REEC (“Phase 1”). In addition, it is contemplated that, as soon as practicable after commencing Phase 1 commercial production, the joint venture will double ore production to 15 million tonnes per year to produce approximately 400,000 to 500,000 tonnes per year of HMC and approximately 13,000 to 14,000 tonnes per year of REEC (“Phase 2”).

Energy Fuels’ investment of A\$180 million is expected to satisfy most of the equity capital requirements for the construction of the Phase 1 project. Astron, with a 51% interest, will be the Manager and Operator of the joint venture. Specific major decisions of the joint venture will be subject to the approval of both parties.

During January and February 2024, Energy Fuels has undertaken comprehensive due diligence on the information provided by Astron since entry into the MOU and has reported to Astron that its technical and commercial due diligence investigations (including into the Project’s financial model, capital and operational expenditure, geology, mine planning, environmental and

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permitting matters) are progressing well and have not identified any areas of concern. It is expected that these investigations will be completed in March 2024. On this basis, the parties have agreed to extend the exclusivity period granted by Astron to Energy Fuels under the MOU to 31 March 2024.

### Work Plan and regulatory approvals

Astron is in the fortunate position of having a positively assessed Environmental Effects Statement (EES) covering Phase 1 of the Donald Project.

Under the Victorian Mineral Resources (Sustainable Development) Act 1990, authorisation of mining work is granted by a Work Plan approved by the Head of Earth Resources Regulation (ERR). The Work Plan, sometimes referred to as a 'Mining Plan' or 'Permit of Works' in other jurisdictions, is the main regulatory approval outstanding prior to construction of Phase 1 of the Donald Project.

The Work Plan was submitted to ERR on 3 October 2023 and represents a major milestone in the development of the Project. It describes the nature and scale of the proposed mining activities, identifies and assesses all risks which the works may pose to the environment and to the public, details the plan for community engagement, and includes a risk management plan for the purpose of eliminating or minimising identified risks and monitoring performance. The Work Plan is a culmination of recent environmental assessments undertaken by the Company on areas including but not limited to, flora and fauna, surface water, ground water, air quality, noise, visual impacts and radiation. In total, the Work Plan included 17 detailed operational management plans.

The Donald Project Work Plan submitted to ERR has been assessed and comments from all referral agencies supplied to the Company. The responses included confirmation from the Victorian Government Department of Energy, Environment, Climate Action's Impact Assessment Unit that the submitted Work Plan will have impacts that 'will be same or less than what was predicted in the EES'. Astron will work with relevant agencies to ensure the comments are adequately addressed in an updated Work Plan.

The Company was advised that the Work Plan review process may take six to nine months from submission and is constructively engaging with the relevant Victorian government departments.

The EES and the submission of the Donald Project Work Plan cement Astron's Donald Project as the most advanced rare earths, mineral sands project in the eastern states of Australia.

In December the Victorian Environment Protection Authority (EPA) confirmed that the only permit it required under the Environment Protection Act 2017 for the Donald Project is the A18, relating to the in-pit tailings cells. Preparation of this permit application is underway.

Retention licence (RL) 2003 was renewed, for a period of 10 years until 9 October 2031 (which accounts for the 3-year application process).

### Engineering, procurement & construction (EPC) package tender

The Company has been progressing the tendering process for an Engineering, Procurement and Construction (EPC) contractor for the process plant. Relevant documentation was issued to four pre-selected Australian engineering service providers in September 2023, all of whom have extensive experience in major Australian resources projects.

The tender closed in November 2023, with conforming proposals received from three of the four pre-selected Australian construction Contractors. On 26 February 2024, the Company announced that it had executed an Early Contractor Involvement (ECI) agreement with Sedgman Pty Ltd, a member of the CIMIC Group. Sedgman, a leading Australian engineering and construction firm with extensive experience in mineral processing solutions across the project lifecycle, is expected to deliver significant value through its expertise in large mineral processing projects. The ECI process is scheduled to commence in the first quarter of 2024 with a view to finalising value optimisation opportunities identified during the tendering process through engineering design and confirming underlying capital expenditure estimates.

### Off-site infrastructure

Astron continues to work closely with Powercor to progress the design, and approvals for the 66kV overhead powerline from Horsham substation to the mine site. The design package for the water reticulation requirements to provide raw water to the project has been completed and 'in-principle' approval has been received by GWM Water, the local water system operators. Development of the integrated services (over-head powerline, water pipeline and road upgrade), to be installed in the road corridor between Minyip and the mine, has progressed.

The design package for the water reticulation requirements to provide raw water to the project has been reviewed with the aim of alleviating services (power, road upgrade and water pipeline) congestion along the road corridor between Minyip and the mine and also to investigate further value optimisation opportunities. An initial study has confirmed the technical viability of an alternative pipeline route, which will be progressed in Q1 2024.

Road alignment options to minimise potential impacts on flora along the routes has continued along with investigations into further optimised transport corridors. This work will be progressed in Q1 2024.

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31 December 2023

A suitable land parcel for the workforce accommodation facility in Minyip has been identified and a lease agreement with the owner progressed. The lease is expected to be executed in Q1 2024. The Company continues to work with the Shire in relation to the accommodation village.

Request for Proposal (RFP) tender submissions for the transport of mine products (HMC and REEC) have been received. Conforming proposals have been received from four experienced and competent Australian logistic service providers. Adjudication and clarifications have commenced and will be progressed in Q1 2024 with a short-list approved by the end of the quarter.

### HMC offtake

Discussions with potential customers in relation to off-take arrangements for both REEC and HMC continued during the period which, for the REEC offtakes, culminated in the announcement of the MoU.

The Company has commenced an HMC options study in relation to its Donald HMC for processing at its own mineral separation plant, located in Yingkou, China. Expressions of Interest documents for the toll-processing or off-take of the Donald HMC as well as its final products are being prepared and will be issued in Q1 2024.

### Community engagement

The team expresses gratitude to the Barengi Gadjin Land Council (BGLC) Corporation for hosting cultural awareness training. We appreciate their generosity in dedicating their time and sharing valuable insights.

During the half-year, Astron worked with the local health service on the establishment of a new site office in the town of Minyip. Senior management personnel continued to undertake regular site visits to meet with local groups, council representatives, and community organisations. Astron's Managing Director, Tiger Brown provided a general project development update to the Shire's councillors at the Shire's offices in September. Astron also sponsored a number of community events, including the Murtoa Big Weekend, which saw a big turnout from the local community.

The Donald Project Community Reference Group held regular meetings in Minyip. The proposed transport route was of particular interest as was DMS's approach to accommodation and workforce attraction. DMS also sought feedback upon ways in which communication and consultation could be improved with valuable feedback received.

Astron engaged global firm RPS to support further development and implementation of its stakeholder engagement strategy, strengthening Astron's ability to communicate regularly and widely and to provide further capacity to act on the community feedback that communications need to be tailored to the stakeholder's needs.

### **Review of Operations – Niafarang Mineral Sands Project**

The Niafarang Project is located within a 397 square kilometre exploration licence area on the Casamance coast of Senegal, West Africa. Astron holds a licence under Order Number 09042/MIM/TMG through its subsidiary company, Senegal Mineral Resources (SMR). Environmental and mining licences were granted to SMR in 2017 and a Small Mining Licence was granted in 2017, which has been renewed recently until May 2027.

The Ministry of Mines and Geology in Senegal (Ministry) has now issued an order purporting to withdraw the authorisation granted to SMR to operate the small mine licence.

SMR is of the view that the order issued by the Ministry is invalid on the basis that it does not comply with the procedures set out in the Mining Code of Senegal, as the requisite procedures (including certain requirements for formal notices) were not followed. Further, the basis of the withdrawal is in SMR's view is also invalid as one of the bases of the purported withdrawal is that the temporary resettlement of a small, localised population to allow mining activities to commence has not occurred. Under the mining code, resettlement, which has not occurred, depends on actions to be taken by the local and provincial officials in Senegal rather than by the holder of the licence.

SMR has commenced a mediation process under which an independent mediator has been appointed to seek resolution with the Ministry. The independent mediator has met with both the parties individually and also facilitated a joint meeting of the parties. This is a mandatory process and, under the mediation process in Senegal, the mediator will reach a decision based on his or her own findings. This decision is subject to a right of appeal by either party under a more formal arbitration process.

The mediation process is expected to take around 2-3 months and permits both parties to engage constructively to seek clarity of outcome regarding the Small Mining Licence. The mediator's decision is pending.

The cost of, and involvement of Astron's Australian personnel in, the mediation process is minimal.

### **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

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## Directors' Report

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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

Whilst the Company has executed a number of contracts to provide feedstock into the Chinese operations, the delivery of these feedstocks was subject to shipping delays. During the delays, there was a significant reduction in the realised price of rutile per tonne, which has translated into another lacklustre financial period.

The markets for concentrates into China remain tight, with many operations idle or under-utilised. This will be taken into consideration in the HMC options study which Astron has commenced. Astron will evaluate the benefits of exporting a concentrate directly into the market or processing it directly into zircon and titanium feedstocks. The evaluation of processing will consider the capital requirements of modifications to the Yingkou Plant and the terms of any off-takes for the zircon and titanium feedstocks from its Yingkou operations.

The Company has been able to negotiate the return of a land parcel it had owned located in BaYuQuan district, Yingkou, Liaoning to the government in exchange for RMB7.5m (~A\$1.6m), with funds anticipated to be received in late Q1 and Q2. Astron China will continue to seek to rationalise its non-core asset holdings in China.

### **Corporate**

#### \$2.68 Million Placement and Capital Raising

In September 2023, the Company announced it had completed a private placement totalling \$2.68 million to a number of select investors. The Placement price of \$0.56 per CDI represented a premium of approximately 19% to the closing price of Astron shares at the time of the placement.

#### \$10 Million Placement and Capital Raising

In November 2023, the Company announced it had completed a private placement totalling \$10 million to the Company's second largest shareholder, Mr Tan Ruiqing. The Placement price of \$0.56 per CDI represented a premium of approximately 19% to the closing price of Astron shares at the time of the placement. Settlement of \$3.0 million of the announced placement took place in November 2023, with a further \$3.0 million received on 24 January 2024. The final tranche of \$4.0 million is expected to be received by 24 March 2024.

#### Executive Management Change

Subsequent to the quarter, it was announced that Mdm Kang Rong, Executive Director and Chief Executive Officer of Astron's China-based minerals processing and trading operations, Astron Titanium (Yingkou) Ltd, would transition from her current executive responsibilities. Mdm Rong has been pivotal in the development of Astron's Chinese sales and marketing operations for almost 30 years, and the Company is pleased her extensive experience will be retained in a non-executive role.

#### Redomicile of the Parent Entity

The Company has appointed legal advisors to assist with the redomiciling the parent entity (Astron Corporation Limited) from Hong Kong to Australia and has commenced the initial stages of planning for commencement of the redomicile process. At present, the priority for management remains the successful negotiation of definitive and binding agreements with Energy Fuels, however it is envisaged that the process will commence shortly thereafter.

The Company will provide a further update to shareholders following the conclusion of domiciliation investigations.

#### Gambia 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. During the year ended 30 June 2023, the Group engaged Ambassador Pierre-Richard Prosper to meet with the Gambian Ambassador to the US in Washington DC, with a view to progressing the recovery of this award. Following on from this meeting, there were encouraging discussions with the Gambian Government in November 2023, and subsequently a draft settlement agreement was provided to the Gambian Government in December 2023 for their consideration. No formal response has been received.

### **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.

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### 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:

- successful negotiation of definitive agreements with Energy Fuels and formation of the joint venture following satisfaction of customary conditions precedent;
- continuous engagement Victorian Government agencies to ensure issuance of the Work Plan and any other associated approvals required to commence construction of the project;
- successful negotiation of appropriate debt and equity financing to allow appropriate due diligence to be completed prior to a Final Investment Decision for the Project;
- redomiciling of the parent entity of the Group to simplify its corporate structure and reduce unnecessary overhead and administrative costs, as well as recognising the role that the Donald Project's rare earth elements may play in supporting the Australia Governments' Critical Minerals policy;
- ramp up production at the Yingkou mineral separation plant through receipt of appropriate feedstock and negotiation of further feedstock procurement contracts; and
- successfully negotiate the return of the Niafarang Project mining licence and progress the project towards commencement of construction.

The Company anticipates that a Final Investment Decision on the Donald Project will be made around September 2024.

### DECLARATION OF INDEPENDENCE BY AUDITOR

The lead auditor's independence declaration for the half-year ended 31 December 2023 has been received and can be found on page seven 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: 5 March 2024



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## Astron Corporation Limited

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

As lead auditor of Astron Corporation Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements in the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

BDO Limited  
Certified Public Accountants

Chiu Wing Cheung Ringo  
Practising Certificate Number P04434

Hong Kong, 5 March 2024

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

For the half-year ended 31 December 2023

	Note	Consolidated Half-year ended	
		31 Dec 2023 A\$	31 Dec 2022 A\$
Sales revenue	8	6,272,297	6,769,663
Cost of sales		(7,759,812)	(7,368,166)
<b>Gross loss</b>		<b>(1,487,515)</b>	<b>(598,503)</b>
Interest income	8	264	317
Other income	8	371,324	415,155
Distribution expenses		(19,878)	-
Marketing expenses		(6,529)	(5,590)
Occupancy expenses		(1,549)	(6,025)
Administrative expenses		(3,716,606)	(3,177,428)
Finance costs		(1,034,114)	(514,511)
Impairment of Niafarang Project	14	(9,796,964)	-
Provision of impairment on receivables		(111,576)	(6,200)
Share-based payments expense	22	(8,967)	(272,371)
Other expenses		(395,332)	(44,120)
<b>Loss before income tax expense</b>		<b>(16,207,442)</b>	<b>(4,209,276)</b>
Income tax expense		(858,093)	(850,126)
<b>Loss for the half-year</b>	2	<b>(17,065,535)</b>	<b>(5,059,402)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		47,996	(90,037)
Other comprehensive income for the half-year, net of tax		<b>47,996</b>	<b>(90,037)</b>
<b>Total comprehensive income for the half-year</b>		<b>(17,017,539)</b>	<b>(5,149,439)</b>
<b>Loss for the half-year attributable to:</b>			
Owners of Astron Corporation Limited		<b>(17,065,535)</b>	<b>(5,059,402)</b>
<b>Total comprehensive income for the half-year attributable to:</b>			
Owners of Astron Corporation Limited		<b>(17,017,539)</b>	<b>(5,149,439)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents)	10	<b>(11.40)</b>	<b>(4.06)</b>

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 12 to 27.

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## Condensed Consolidated Statement of Financial Position

As at 31 December 2023

	Note	Consolidated 31 Dec 2023 A\$	30 Jun 2023 A\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,232,683	7,204,674
Term deposits greater than 90 days		94,209	46,112
Trade and other receivables and prepayments	6	6,974,731	6,261,343
Inventories	11	1,925,972	2,217,845
Financial assets at fair value through profit or loss	21	4,032	8,319
<b>Total current assets</b>		<b>10,231,627</b>	<b>15,738,293</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	21,053,528	22,831,507
Exploration and evaluation assets	13	85,720,185	82,590,196
Development costs	14	-	8,901,965
Right-of-use assets	15	2,977,088	2,773,422
<b>Total non-current assets</b>		<b>109,750,801</b>	<b>117,097,090</b>
<b>TOTAL ASSETS</b>		<b>119,982,428</b>	<b>132,835,383</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	7,390,276	6,578,001
Contract liabilities	17	113,245	656,001
Borrowings – current	18	11,536,631	14,627,740
Convertible notes	19	5,780,509	5,365,323
Lease liabilities – current		78,841	-
Provisions		119,935	126,666
<b>Total current liabilities</b>		<b>25,019,437</b>	<b>27,353,731</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		13,478,914	12,620,821
Borrowings – non-current	18	1,327,126	1,569,078
Lease liabilities – non-current		191,796	-
Long-term provisions		784,897	795,450
<b>Total non-current liabilities</b>		<b>15,782,733</b>	<b>14,985,349</b>
<b>TOTAL LIABILITIES</b>		<b>40,802,170</b>	<b>42,339,080</b>
<b>NET ASSETS</b>		<b>79,180,258</b>	<b>90,496,303</b>
<b>EQUITY</b>			
Issued capital	9	94,925,732	89,233,205
Reserves		18,139,611	18,082,648
Accumulated losses		(33,885,085)	(16,819,550)
<b>TOTAL EQUITY</b>		<b>79,180,258</b>	<b>90,496,303</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 12 to 27.

# Astron Corporation Limited

Business Registration Number: 59227124

## Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

	Note	Issued capital A\$	Accumulated losses A\$	Share-based payment reserve A\$	Foreign currency translation reserve A\$	Convertible notes equity reserve A\$	Capital reserve \$	Total equity \$
<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>
<b>Balance at 1 July 2023</b>		<b>89,233,205</b>	<b>(16,819,550)</b>	<b>2,257,419</b>	<b>13,828,406</b>	<b>546,818</b>	<b>1,450,005</b>	<b>90,496,303</b>
Loss for the half-year		-	(17,065,535)	-	-	-	-	(17,065,535)
Other comprehensive income								
- Exchange differences on translation of foreign operations		-	-	-	47,996	-	-	47,996
<b>Total comprehensive income for the half-year</b>		<b>-</b>	<b>(17,065,535)</b>	<b>-</b>	<b>47,996</b>	<b>-</b>	<b>-</b>	<b>(17,017,539)</b>
Issue of ordinary shares during the half-year	9	5,727,724	-	-	-	-	-	5,727,724
Share issue costs	9	(35,197)	-	-	-	-	-	(35,197)
Recognition of equity settled share-based payments	22	-	-	8,967	-	-	-	8,967
<b>Equity as at 31 December 2023</b>		<b>94,925,732</b>	<b>(33,885,085)</b>	<b>2,266,386</b>	<b>13,876,402</b>	<b>546,818</b>	<b>1,450,005</b>	<b>79,180,258</b>

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes included on pages 12 to 27.

# Astron Corporation Limited

Business Registration Number: 59227124

## Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

	Note	Consolidated Half-year ended	
		31 Dec 2023 A\$	31 Dec 2022 A\$
<b>Cash flows from operating activities:</b>			
Receipts from customers		5,674,330	10,089,829
Payments to suppliers and employees		(10,788,268)	(10,174,670)
<b>Net cash outflows from operating activities</b>		<b>(5,113,938)</b>	<b>(84,841)</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment		(72,308)	(684,158)
Proceeds from disposal of property, plant and equipment		298,689	-
Capitalised exploration and evaluation expenditure		(3,026,127)	(2,787,321)
Investment in term deposits		(48,097)	-
<b>Net cash outflows from investing activities</b>		<b>(2,847,843)</b>	<b>(3,471,479)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from the issue of shares net of transaction costs		5,644,802	4,603,802
Interest received		264	317
Interest paid		(419,126)	(156,825)
Payment of lease liabilities		(38,120)	-
Net proceeds from borrowings		(3,265,953)	2,188,992
<b>Net cash inflows from financing activities</b>		<b>1,921,867</b>	<b>6,636,286</b>
<b>Net increase in cash held</b>		<b>(6,039,914)</b>	<b>3,079,966</b>
Cash and cash equivalents at beginning of the half-year		7,204,674	2,447,986
Net foreign exchange differences		67,923	107,175
<b>Cash and cash equivalents at end of the half-year</b>		<b>1,232,683</b>	<b>5,635,127</b>

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes included on pages 12 to 27.

# Astron Corporation Limited

Business Registration Number: 59227124

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

### 1. Basis of preparation and material 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 2023 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 2023. 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 2023. 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 2023, the Group had a deficit of current assets over current liabilities of \$14,787,810 (30 June 2023: \$11,615,438), incurred a net loss after tax for the period of \$17,065,535 (31 December 2022: net loss of \$5,059,402) and recorded net cash outflows from operating activities of \$5,113,938 (31 December 2022: net cash outflows of \$84,841). The deficit of current assets over current liabilities, continued operating losses and net cash outflows from operating activities, are conditions, along with the matters set out below, that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The directors are of the view that based on cash flow forecasts covering 18 months from the end of the reporting period and consideration of the plans and measures stated below, the business remains a going concern.

The directors are of the view that the Group 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 Company announced a \$10.0 million share placement in November 2023 of which \$3.0 million has been received in both November 2023 and January 2024 with a further \$4.0 million to be received in March 2024.
- The Group expects to be able to raise additional capital if necessary to support its ongoing activities if and when such capital would be required.
- The Group expects to agree contracts for a stable supply of appropriate raw materials for the Group's mineral separation plant in China. The stable supply of raw materials is important 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 expects shipments to commence in the first quarter of 2024.
- The directors anticipate that the Group will be able to renew certain borrowings and raise new funding, whether through capital raisings, private placement or otherwise, in the coming 12 months to progress development activities relating to the Donald Project and continue to meet its primary milestones in relation to the Project.
- An undertaking by the majority shareholder to provide financial support where necessary to enable the Group to meet its obligations and commitments until the Company is adequately financed.
- The undertaking by a director not to demand repayments due to her and her related entities of approximately \$7.6 million until such time when any repayment will not affect the Group's ability to repay other creditors in the normal course of business (refer notes 18 and 20).

Assuming the plans and measures in the forecast can be successfully implemented as scheduled, the directors are of the opinion that the Group will have sufficient working capital over the forecast period to finance its operations and fulfil its financial obligations as and when they fall due. Accordingly, the directors of the Group consider that it is appropriate to prepare the consolidated financial statements on a going concern basis notwithstanding that there is a material uncertainty

# Astron Corporation Limited

Business Registration Number: 59227124

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

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

relating to the above events or conditions that may cast significant doubt as to the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

#### Material 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 2023 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 30 June 2023.

#### 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 2023. 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 2023 A\$	31 Dec 2022 A\$
The following significant revenue and expense items are relevant to explaining the financial performance of the Group:			
Interest income		264	317
Rental and other income		71,242	81,394
Research and development tax incentive refund		-	333,761
Provision for impairment on receivables		(111,576)	(6,200)
Impairment of Niafarang Project	14	(9,796,964)	-
Depreciation and amortisation		(840,114)	(878,958)
Foreign exchange loss		(45,365)	(29,829)
Interest charged on convertible notes	19	(415,186)	(357,686)
Other finance costs		(618,928)	(156,825)
Share-based payments	22	(8,967)	(272,371)

### 3. Dividends

The Company did not pay nor declare any dividends during the half-year ended 31 December 2023 (31 December 2022: Nil).

### 4. Seasonality and irregular trends

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

### 5. Commitments and contingencies

The Group commitments and contingencies are broadly consistent with the disclosures in the 30 June 2023 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. During the year ended 30 June 2023, the Group engaged Ambassador Pierre-Richard Prosper to meet with the Gambian Ambassador to the US in Washington DC, with a view to progressing the recovery of this award. Following on from this meeting, there were encouraging discussions with the Gambian Government in November 2023, and subsequently, a draft settlement was provided to the Gambian Government in December 2023 for their consideration. No formal response has been received.

# Astron Corporation Limited

Business Registration Number: 59227124

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

### 6. Trade and other receivables and prepayments

	Consolidated	
	31 Dec 2023	30 Jun 2023
	A\$	A\$
<b>Current assets</b>		
Trade receivables	1,014,547	106,266
Provision for impairment of trade receivables	(38,683)	(39,058)
	<u>975,864</u>	<u>67,208</u>
Land sale receivable <sup>1</sup>	1,088,071	1,095,945
Provision for impairment of land sale receivables	(273,986)	(164,392)
	<u>814,085</u>	<u>931,553</u>
Prepayments	3,163,540	3,059,965
Provision for impairment of prepayments	(370,798)	(374,384)
	<u>2,792,742</u>	<u>2,685,581</u>
Sundry receivables	2,392,040	2,577,001
Total trade and other receivables and prepayments	<u><b>6,974,731</b></u>	<u><b>6,261,343</b></u>

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 2023, there were no amounts received (2022: Nil) with a gross balance receivable of \$1,088,071 (30 June 2023: \$1,095,945). 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 2024. The provision has accordingly been determined on that basis. During the half-year ended 31 December 2023, the Group received no receipts and as such recognised a further provision for expected credit loss of \$111,576 (2022: \$6,200). As at 31 December 2023, the impairment provision for land sale receivable is \$273,986 (30 June 2023: \$164,392).

### 7. Subsidiaries

There were no acquisitions or disposals of subsidiary companies during the half-year ended 31 December 2023.

### 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 Niarang mine
- Other: Group treasury and head office activities

# Astron Corporation Limited

Business Registration Number: 59227124

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

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

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

	DMS		China		Senegal		Other		Consolidated	
	Half-year ended		Half-year ended		Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$
<b>Sale of mineral products</b>										
<b>Timing of revenue recognition – at a point in time</b>										
Revenue from contracts with external customers	-	-	6,272,297	6,769,663	-	-	-	-	6,272,297	6,769,663
<b>Other income</b>										
Interest income	-	33	-	134	-	-	264	150	264	317
Rent and other income	71,535	81,394	299,039	-	-	-	750	333,761	371,324	415,155
<b>Total revenue</b>	<b>71,535</b>	<b>81,427</b>	<b>6,571,336</b>	<b>6,769,797</b>	<b>-</b>	<b>-</b>	<b>1,014</b>	<b>333,911</b>	<b>6,643,885</b>	<b>7,185,135</b>
<b>Segment result</b>										
Segment loss	(30,392)	(35,632)	(3,651,033)	(2,201,097)	(10,108,699)	(59,881)	(2,417,318)	(1,912,666)	(16,207,442)	(4,209,276)
Acquisition of PPE, intangibles assets and other non-current segment assets	3,543,161	2,904,748	55,038	687,773	-	104,613	212,433	5,751	3,810,632	3,702,885
Depreciation and amortisation	18,693	9,496	785,023	864,122	-	-	36,398	5,340	840,114	878,958
Impairment of development costs	-	-	-	-	9,796,964	-	-	-	9,796,964	-
Provision for impairment of receivables	-	-	111,576	6,200	-	-	-	-	111,576	6,200

	DMS		China		Senegal		Other		Consolidated	
	As at		Half-year ended		Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$
<b>Assets</b>										
Segment assets	90,854,893	87,727,731	27,354,626	34,267,691	274,046	9,963,806	1,498,863	876,155	119,982,428	132,835,383
<b>Consolidated total assets</b>									<b>119,982,428</b>	<b>132,835,383</b>
<b>Liabilities</b>										
Segment liabilities	2,164,630	2,073,802	1,709,244	1,946,494	1,565,373	1,476,677	2,969,106	2,659,145	8,408,353	8,156,118
Borrowings	-	-	12,936,028	16,269,089	-	-	(72,271)	(72,271)	12,863,757	16,196,818
Convertible notes	5,780,509	5,365,323	-	-	-	-	-	-	5,780,509	5,365,323
Lease liabilities	94,090	-	-	-	-	-	176,547	-	270,637	-
Deferred tax liabilities	-	-	-	-	-	-	13,478,914	12,620,821	13,478,914	12,620,821
<b>Consolidated total liabilities</b>									<b>40,802,170</b>	<b>42,339,080</b>

# Astron Corporation Limited

Business Registration Number: 59227124

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

### 9. Issued capital

	Consolidated			
	31 Dec 2023 A\$	30 Jun 2023 A\$	31 Dec 2023 No.	30 Jun 2023 No.
<b>Fully paid ordinary shares</b>				
At beginning of the period/year	89,233,205	76,549,865	146,544,643	122,479,784
Shares issued on:				
– 21 October 2022	-	2,585,003	-	4,787,042
– 18 November 2022	-	776,300	-	1,437,632
– 19 December 2022	-	2,415,000	-	4,472,223
– 17 February 2023	-	218,700	-	405,000
– 13 June 2023	-	3,500,000	-	6,481,481
– 30 June 2023	-	3,500,000	-	6,481,481
– 19 September 2023	47,724	-	99,425	-
– 6 October 2023	1,680,000	-	3,000,000	-
– 21 November 2023	4,000,000	-	7,142,857	-
Share issue costs – cash	(35,197)	(172,501)	-	-
Non-cash share issue costs (note 22)	-	(139,162)	-	-
At the end of the period/year	<b>94,925,732</b>	<b>89,233,205</b>	<b>156,786,925</b>	<b>146,544,643</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 2023 A\$ cents	31 Dec 2022 A\$ cents
Basic and diluted loss per share	11.40	4.06

  

	Consolidated Half-year ended	
	31 Dec 2023 A\$	31 Dec 2022 A\$
Loss for the period attributable to members of Astron	(17,065,535)	(5,059,402)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	149,646,343	124,681,232

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	(17,065,535)	(5,059,402)
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	149,646,343	124,681,232

#### Dilutive shares

For the purpose of calculating diluted loss per share for the half-years ended 31 December 2022 and 2023, 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.

# Astron Corporation Limited

Business Registration Number: 59227124

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

### 11. Inventories

	Consolidated	
	31 Dec 2023	30 Jun 2023
	A\$	A\$
Raw materials	361,070	317,132
Work in progress	1,564,902	1,518,937
Finished goods	-	381,776
	<u>1,925,972</u>	<u>2,217,845</u>

The Company has raised a provision for net realisable value against certain work in progress inventory of \$85,925 (30 June 2023: \$86,756).

### 12. Property, plant & equipment

	Consolidated	
	31 Dec 2023	30 Jun 2023
	A\$	A\$
<b>Land at cost</b>	5,162,151	5,162,151
<b>Buildings</b>		
At cost	15,527,425	11,355,515
Less accumulated depreciation	(5,102,525)	(4,752,412)
	<u>10,424,900</u>	<u>6,603,103</u>
<b>Capital works in progress</b>		
At cost	5,092,130	5,137,423
Less accumulated impairment losses	(3,665,383)	(3,700,834)
	<u>1,426,747</u>	<u>1,436,589</u>
<b>Plant &amp; equipment</b>		
At cost	13,107,695	18,482,113
Less accumulated depreciation	(6,477,146)	(7,089,951)
Less accumulated impairment losses	(2,590,819)	(1,762,498)
	<u>4,039,730</u>	<u>9,629,664</u>
Total property, plant & equipment	<u>21,053,528</u>	<u>22,831,507</u>

As at 31 December 2023, property, plant and equipment with carrying value of \$4,450,920 (30 June 2023: \$6,864,250) were pledged as security for short-term loans (note 18).

# Astron Corporation Limited

Business Registration Number: 59227124

## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

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

#### Movement in net carrying values

	Land A\$	Buildings A\$	Capital Works in Progress A\$	Plant & Equipment A\$	Total A\$
Opening balance at 1 July 2022	5,162,151	7,149,406	711,850	10,581,991	23,605,398
Additions	-	587,773	780,128	541,005	1,908,906
Disposals	-	(88,104)	(6,614)	(2,585)	(97,303)
Depreciation	-	(518,351)	-	(1,423,083)	(1,941,434)
Transfers <sup>1</sup>	-	(247,219)	-	247,219	-
Movement in foreign exchange rates	-	(280,402)	(48,775)	(314,883)	(644,060)
<b>Closing balance at 30 June 2023</b>	<b>5,162,151</b>	<b>6,603,103</b>	<b>1,436,589</b>	<b>9,629,664</b>	<b>22,831,507</b>
Additions	-	-	4,028	68,280	72,308
Depreciation	-	(285,284)	-	(475,162)	(760,446)
Disposals	-	(115,168)	-	-	(115,168)
Transfers <sup>1</sup>	-	4,394,000	-	(4,394,000)	-
Impairment losses (Note 14)	-	-	-	(845,203)	(845,203)
Movement in foreign exchange rates	-	(171,751)	(13,870)	56,151	(129,470)
<b>Closing balance at 31 December 2023</b>	<b>5,162,151</b>	<b>10,424,900</b>	<b>1,426,747</b>	<b>4,039,730</b>	<b>21,053,528</b>

1. During the year ended 30 June 2023, following reconciliation of the fixed asset register to underlying source documents, depreciation previously classified as relating to buildings was discovered to be related to plant and equipment. As such, an amount of \$247,219 has been transferred between the two asset classifications at 30 June 2023. During the half-year ended 31 December 2023, following further reconciliation of the fixed asset register to underlying source documents, assets previously classified as relating to plant and equipment was discovered to be related to buildings. As such, an amount of \$4,394,000 has been transferred between the two asset classifications at 31 December 2023.

### 13. Exploration and evaluation assets

	Consolidated	
	31 Dec 2023 A\$	30 Jun 2023 A\$
<b>Evaluation costs</b>		
At cost	7,792,108	7,795,057
Less accumulated depreciation	(7,487,231)	(7,487,231)
	304,877	307,826
<b>Exploration expenditure – capitalised – DMS project</b>		
At cost	75,360,764	71,931,196
<b>Water rights – DMS project</b>		
At cost	17,958,613	17,958,613
Less accumulated amortisation	(7,904,069)	(7,607,439)
	10,054,544	10,351,174
<b>Total exploration and evaluation assets</b>	<b>85,720,185</b>	<b>82,590,196</b>

# Astron Corporation Limited

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

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

#### Movement in net carrying values

	Evaluation costs	Exploration expenditure – DMS	Water rights – DMS	Total
Opening balance at 1 July 2022	320,716	65,436,309	10,944,434	76,701,459
Additions <sup>1</sup>	-	6,494,887	-	6,494,887
Amortisation	-	-	(593,260)	(593,260)
Movement in foreign exchange rates	(12,890)	-	-	(12,890)
<b>Closing balance at 30 June 2023</b>	<b>307,826</b>	<b>71,931,196</b>	<b>10,351,174</b>	<b>82,590,196</b>
Additions <sup>1</sup>	-	3,429,568	-	3,429,568
Amortisation	-	-	(296,630)	(296,630)
Movement in foreign exchange rates	(2,949)	-	-	(2,949)
<b>Closing balance at 31 December 2023</b>	<b>304,877</b>	<b>75,360,764</b>	<b>10,054,544</b>	<b>85,720,185</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 2023 and 30 June 2023, 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.

#### 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 four years subject to terms and conditions. The amortisation period of the water rights has accordingly been extended by four 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.

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

### 14. Development costs

	Consolidated	
	31 Dec 2023 A\$	30 Jun 2023 A\$
Balance at 1 July	8,901,965	8,374,798
Additions	-	201,201
Impairment	(8,951,761)	-
Movement in foreign exchange rates	49,796	325,966
	<b>-</b>	<b>8,901,965</b>

Astron Corporation Limited's (ASX: ATR) subsidiary in Senegal, Senegal Mineral Resources SA (**SMR**), had its small mining licence, issued under Order Number 09042/MIM/TMG, renewed for five years in April 2023.

During the half-year ended 31 December 2023, The Ministry of Mines and Geology in Senegal (**Ministry**) issued an order purporting to withdraw the authorisation granted to SMR to operate the small mining licence.

The Company is of the view that the order issued by the Ministry is invalid on the basis that it does not comply with the procedures set out in the Mining Code of Senegal, as the requisite procedures (including certain requirements for formal notices) were not followed. Further, the basis of the withdrawal is in SMR's view is also invalid as one of the bases of the purported withdrawal is that the temporary resettlement of a small, localised population to allow mining activities to commence has not occurred. Under the mining code, resettlement, which has not occurred, depends on actions to be taken by the local and provincial officials in Senegal rather than by the holder of the licence.

SMR has commenced a mediation process under which an independent mediator was appointed to seek resolution with the Ministry. The independent mediator met with both the parties individually and also facilitated a joint meeting of the parties. This is a mandatory process and, under the mediation process in Senegal, the mediator will make a decision based on his or her findings. This decision is subject to a right of appeal by either party under a more formal arbitration process.

The mediation process is expected to take around 2-3 months and permits both parties to engage constructively to seek clarity of outcome regarding the small mining licence. The outcome is pending.

The cost of, and involvement of Astron's Australian personnel in, the mediation process is minimal.

Astron and SMR will work with the independent mediator and the Ministry to address this issue, as SMR believes the order and the process followed by the Ministry was erroneous and flawed. Astron will provide further updates once the mediation process has been completed, however the current intention is to seek to have the Ministry's order withdrawn.

Despite the Company's views in relation to the validity of the Ministry's notice of withdrawal, the uncertainty of the mediation outcome, potential additional time needed if the right of appeal is enforced and whether the final mediation outcome will be recognised and enforced by the Ministry has led the Company to expect the recoverable amount (based on its value in use) of Niafarang Project assets to be nil at reporting date. Accordingly, the Company has recognised an impairment of \$8,951,761 against development costs and a further \$845,203 against property, plant and equipment (see note 12) relating to the Niafarang Project.

### 15. Right-of-use assets

	Consolidated	
	31 Dec 2023 A\$	30 Jun 2023 A\$
Balance at 1 July	2,773,422	2,974,558
Additions	308,756	-
Amortisation	(79,668)	(83,761)
Movement in foreign exchange rates	(25,422)	(117,375)
	<b>2,977,088</b>	<b>2,773,422</b>

As at 31 December 2023, right-of-use assets with carrying value of \$1,464,499 (30 June 2023: \$1,499,620) are pledged as security over short-term loans (note 18).

During the half-year ended 31 December 2023, the Company entered into two separate leases for office space in Melbourne and Minyip. The terms of these leases are customary for this type of operating lease, with no purchase option or financial commitment obligations.

# Astron Corporation Limited

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

### 16. Trade and other payables

	Consolidated	
	31 Dec 2023 A\$	30 Jun 2023 A\$
Trade payables	4,319,040	3,617,909
Deposits received in advance	62,407	14,923
Other payables	3,008,829	2,945,169
	<b>7,390,276</b>	<b>6,578,001</b>

#### Other payables

Included in other payables was a balance of \$2,006,232 (30 June 2023: \$1,964,565) in aggregate due to a related party as detailed in note 20.

### 17. Contract liabilities

	Consolidated	
	31 Dec 2023 A\$	30 Jun 2023 A\$
Contract liabilities arising from:		
Advance deposit for future provision of goods	<b>113,245</b>	<b>656,001</b>

#### Sale of goods

Contract liabilities of \$113,425 (30 June 2023: \$656,001) 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 2023 A\$	30 Jun 2023 A\$
<b>Current</b>		
Other short-term borrowings <sup>1</sup>	1,800,640	2,782,564
Bank borrowings <sup>2</sup>	4,119,974	5,823,748
Advances from a director <sup>3</sup>	5,616,017	6,021,428
	<b>11,536,631</b>	<b>14,627,740</b>
<b>Non-current</b>		
Other long-term borrowings <sup>1</sup>	400,132	633,118
Bank borrowings <sup>2</sup>	926,994	935,960
	<b>1,327,126</b>	<b>1,569,078</b>

1. Other short and long-term borrowings are Chinese subsidiary loans including:

- amounts of \$533,968 and \$474,930 (30 June 2023: \$673,580 and \$641,392), denominated in RMB, which are interest bearing at 4.7% - 5.6%, repayable in October 2025 and March 2026 respectively and secured against right-of-use assets which are in use by Astron Titanium (Yingkou) Limited but remain the property of the lessor; and
- an amount of \$1,191,874 (30 June 2023: \$1,102,353) which is interest bearing at 10% p.a. (30 June 2023: 10%), repayable in March 2024 and secured by certain right-of-use assets in China amounting to \$1,464,499 (30 June 2023: 1,499,620 (Note 15)).

# Astron Corporation Limited

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

### 18. Borrowings (cont'd)

#### 2. Bank borrowings

The bank loans are Chinese subsidiary loans denominated in RMB, interest bearing between 3.55% to 5.5% p.a. (30 June 2023: 4.5% to 5.5% p.a) and have the following maturity profile:

- a) September 2024 - \$2,059,987;
- b) November 2024- \$2,059,987; and
- c) March 2026 - \$926,994.

These loans are pledged against property, plant and equipment amounting to \$4,450,920 (30 June 2023: \$6,864,250) (note 12) of the Group, and personal guarantees from directors of \$5,046,968 (30 June 2023: \$6,759,708).

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

#### 3. Advances from a director

At 30 June 2023, executive director Mdm Kang Rong had advanced the Group \$5,616,017 (30 June 2023: \$6,021,428 ) for working capital. The loans are provided interest free and repayable on demand.

### 19. Convertible notes

	Consolidated	
	31 Dec 2023	30 Jun 2023
	A\$	A\$
Convertible notes	5,780,509	5,365,323

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 \$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 2022	4,622,272	546,818	5,169,090
Effective interest expense recognised in profit or loss	743,051	-	743,051
<b>Closing balance at 30 June 2023</b>	<b>5,365,323</b>	<b>546,818</b>	<b>5,912,141</b>
Effective interest expense recognised in profit or loss	415,186	-	415,186
<b>Closing balance at 31 December 2023</b>	<b>5,780,509</b>	<b>546,818</b>	<b>6,327,327</b>

### 20. Related party transactions

#### Advances from a director

As of 31 December 2023, Non-executive Director, Mdm Kang Rong, had advanced the Group \$5,616,017 (30 June 2023: \$6,021,428) for working capital purposes. The loans were provided interest free and repayable on demand.

# Astron Corporation Limited

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

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

#### 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 2023 A\$	31 Dec 2022 A\$
<b>Short term employee benefits</b>		
– Salaries and fees <sup>1</sup>	704,654	791,912
– Short term incentives	90,000	-
– Share-based payment expenses	8,967	317,600
– Non-cash benefits	13,350	13,631
<b>Total short-term employee benefits</b>	<b>816,971</b>	<b>1,123,143</b>
<b>Post-employment benefits</b>		
– Superannuation contributions	52,425	63,409
<b>Total post-employment benefits</b>	<b>52,425</b>	<b>63,409</b>
<b>Total key management personnel remuneration</b>	<b>869,396</b>	<b>1,186,552</b>

1. Salaries and fees for key management personnel includes management fees payable to Juhua International Limited of \$125,000 (Half-year ended 31 December 2022: \$125,000) which is a related entity of executive director, Mdm Kang Rong.

#### Related party loans

As at 31 December 2022, there are unpaid directors and management fees payable to Juhua International Limited of \$2,006,232 (30 June 2023: \$1,964,565 (note 16) of which Non-executive Director Mdm Kang Rong is the beneficial owner.

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 2023 A\$	30 Jun 2023 A\$
<b>Financial assets at fair value through profit or loss</b>		
ASX listed equity share – Level 1	4,032	8,319

### 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.

# Astron Corporation Limited

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

### 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 23	30 Jun 23
ATRAC (formerly ATRAA) <sup>1</sup>	30 Nov 2021	30 Nov 2024	0.3375	800,000	800,000
ATRAD (formerly ATRAB) <sup>1</sup>	30 Nov 2021	30 Nov 2024	0.7200	800,000	800,000
ATRAE (formerly ATRAC)	13 Dec 2021	13 Dec 2024	0.6300	2,100,000	2,100,000
ATRAF (formerly ATRAD)	22 Nov 2022	22 Nov 2025	0.7225	800,000	800,000
ATRAG (formerly ATRAE)	1 Oct 2022	1 Oct 2025	0.9000	600,000	600,000
				<b>5,100,000</b>	<b>5,100,000</b>

1. Issues ATRAC and ATRAD were agreed via separate director resolutions on 23 February 2021 (based on the share price at that date of \$0.225) and 20 July 2021 (based on the share price at that 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.

#### Vesting Conditions

There are no vesting conditions for issues ATRAC, ATRAD and ATRAF. 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 ATRAE:

- 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 ATRAG:

- 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 2022	3,700,000	0.5862
Options granted under the employee share option plan	1,400,000	0.8271
<b>Balance at 30 June 2023</b>	<b>5,100,000</b>	<b>0.6524</b>
Options granted under the employee share option plan	-	-
<b>Balance at 31 December 2023</b>	<b>5,100,000</b>	<b>0.6524</b>

No share options were exercised during the current period ended 31 December 2023 and nor the year ended 30 June 2023.

As at 31 December 2023, there were no further key executives that had any rights to acquire shares in terms of a share-based payment scheme for employee remuneration.

# Astron Corporation Limited

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

### 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:

	ATRAC <sup>1</sup>	ATRAD <sup>1</sup>	ATRAE	ATRAF	ATRAG
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

- Issues ATRAC and ATRAD 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.
- 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:

	ATRAC	ATRAD	ATRAE	ATRAF	ATRAG
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 or loss for each tranche of options issued under the ESOP:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	A\$	A\$
<b>Unlisted options</b>		
ATRAE <sup>1</sup>	-	(45,229)
ATRAF	-	204,906
ATRAG	8,967	112,694
	<b>8,967</b>	<b>272,371</b>

- 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 amortisation of the fair value of the share options over their vesting period during the half-year ended 31 December 2023 was \$8,967 (31 December 2022: \$272,371) (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

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

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

#### 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 2023	30 Jun 2023
ATRAO	18 Oct 2022	18 Oct 2022	18 Oct 2025	0.81	600,000	600,000

#### Movement in the number of broker options

	Total number of Broker options outstanding No.	Weighted average exercise price A\$
Balance at 1 July 2022	-	-
Options granted to broker under lead manager agreement	600,000	0.81
<b>Balance at 30 June 2023</b>	<b>600,000</b>	<b>0.81</b>
Options granted to broker under lead manager agreement	-	-
<b>Balance at 31 December 2023</b>	<b>600,000</b>	<b>0.81</b>

No broker options were exercised during the current period ended 31 December 2023.

#### Fair value of options issued to brokers

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

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

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

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

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

# Astron Corporation Limited

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## Notes to the Interim Condensed Consolidated Financial Statements

For the half-year ended 31 December 2023

### 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 2023	31 Dec 2022
	A\$	A\$
<b>Unlisted options</b>		
ATRAO	-	139,162

The fair value of the share options granted during the half-year ended 31 December 2023 was \$Nil (31 December 2022: \$139,162). 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 2023 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 2023 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 2023 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

#### Receipt of second tranche of capital raising

On 7 November 2023, the Company announced a \$10 million share placement at \$0.56 per share to the Company’s second largest shareholder, Mr Tan Ruiqing. The announcement included staged receipt of funds of \$3.0 million in each of November 2023 and January 2024 and \$4.0 million in March 2024. On 24 January 2024, the Company received the second tranche of \$3.0 million.

#### Executive Management Change

On 12 January 2024, the Company announced that Mdm Kang Rong would transition from her current executive responsibilities. The Company is in the process of searching for a new Chief Executive of its Chinese operations, with the Group’s Managing Director, Tiger Brown, assuming the role with the assistance of its experienced technical staff.

Other than as outlined above, no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

# Astron Corporation Limited

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## Directors' Declaration

For the half-year ended 31 December 2023

The Directors of the Company declare that:

1. The interim condensed consolidated financial statements, comprising the condensed consolidated statement of profit or 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 2023 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 5 March 2024

**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 2023 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 six-month period then ended, and notes to the interim condensed consolidated financial statements, including material accounting policy information (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 the 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 the 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 are 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 \$14,787,810 as at 31 December 2023 and the Group incurred a loss of \$17,065,535 and recorded net cash outflows from operating activities of \$5,113,938 during the six-month period ended 31 December 2023. 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, 5 March 2024

# Astron Corporation Limited

Business Registration Number: 59227124

## 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

Business Registration Number: 59227124

## 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 Depository 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

Business Registration Number: 59227124

## Corporate Directory

### Directors

Mr George Lloyd (Chairman, Non-executive Director)

Mr Tiger Brown (Managing Director)

Mdm Kang Rong (Non-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

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Room 5612, Building No. 5, Hua Fu Tian Di

No. 128, Ha'erbin Road, Shenhe District

Shenyang 110013

China

Tel/Fax: +86 24 2259 5960

### Auditor

BDO Limited

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111 Connaught Road Central

Hong Kong

### Share Registry

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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