



## **Astron Corporation Limited**

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

### **Annual Financial Statements**

For the year ended 30 June 2024

# Astron Corporation Limited

Hong Kong Company Number: 1687414, ARBN 154 924 553

## Annual Financial Statements

For the year ended 30 June 2024

### Contents

<b>DIRECTORS' REPORT .....</b>	<b>2</b>
<b>REMUNERATION REPORT.....</b>	<b>14</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION.....</b>	<b>20</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>21</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....</b>	<b>22</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....</b>	<b>23</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS .....</b>	<b>24</b>
<b>NOTES TO THE FINANCIAL STATEMENTS.....</b>	<b>25</b>
1. General Information.....	25
2. Basis of preparation and material accounting policy information .....	25
3. Critical accounting estimates and judgments .....	34
4. Segment information .....	35
5. Revenue and other income .....	37
6. Loss before income tax expense .....	38
7. Income tax expense .....	39
8. Loss per share.....	40
9. Auditor's remuneration .....	40
10. Cash and cash equivalents .....	40
11. Trade and other receivables and prepayments .....	42
12. Inventories.....	43
13. Investments in Gambia.....	43
14. Financial assets at fair value through profit or loss.....	44
15. Subsidiaries .....	44
16. Property, plant and equipment.....	45
17. Exploration and evaluation assets .....	46
18. Development costs .....	48
19. Right-of-use assets.....	49
20. Trade and other payables.....	50
21. Contract liabilities .....	50
22. Borrowings.....	50
23. Convertible notes.....	52
24. Provisions.....	52
25. Deferred tax.....	53
26. Issued capital.....	53
27. Share based payments.....	54
28. Reserves .....	58
29. Holding company statement of financial position.....	59
30. Dividends.....	60
31. Related party transactions .....	60
32. Commitments .....	61
33. Cash flow information .....	62
34. Employee benefit obligations.....	64
35. Lease liabilities .....	64
36. Financial Risk Management .....	64
<b>DIRECTORS' DECLARATION .....</b>	<b>70</b>
<b>INDEPENDENT AUDITOR'S REPORT.....</b>	<b>71</b>
<b>GLOSSARY OF ABBREVIATIONS AND DEFINED TERMS .....</b>	<b>75</b>
<b>CORPORATE DIRECTORY .....</b>	<b>76</b>

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

The Directors of Astron Corporation Limited (**Astron** or the **Company**) present their report, together with the consolidated financial statements of the Company and its controlled entities (the **Group**), for the year ended 30 June 2024 and the audit report thereon.

### FINANCIAL SNAPSHOT

Net tangible asset value per share	Down	1,036%	To	(7.72) cps
Revenue, Interest Income and Other Income	Down	(16.5%)	To	13,725,316
Net cash flow from operating activities	Down	\$6,218,284	To	(7,866,029)
Loss before tax	Down	\$16,285,493	To	\$(22,324,614)
Loss after tax attributable to members	Down	\$17,134,692	To	\$(24,865,684)
Total comprehensive loss	Up	\$16,438,138	To	\$(24,553,144)

### PRINCIPAL ACTIVITIES / BUSINESS ENTITIES

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

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

Revenue is currently generated from the Group's China-based processing operations. Both the Donald Rare Earths and Mineral Sands Project (**Donald Project**) and the Niafarang mineral sands project are at a pre-execution and pre-production stage.

During the year ended 30 June 2024, the Company entered into a joint venture agreement with Energy Fuels Inc (**Energy Fuels**) in relation to the Donald Project whereby Energy Fuels will contribute \$183 million in cash and US\$17.5 million in Energy Fuels stock in exchange for a 49% interest in the Donald Deposit (comprising the granted mining licence MIN5532 and retention licence RL2002) and an offtake agreement for 100% of the Donald Project's Phase 1 and Phase 2 rare earth element concentrate product (**REEC**). Completion of the joint venture is subject to customary conditions precedent which, at the date of this report, are yet to be satisfied. Other than the above, there were no other significant changes to the Group structure in the financial year ended 30 June 2024.

### DIRECTORS

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

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

### DIRECTORS OF THE COMPANY'S SUBSIDIARIES

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

Mdm Jian Ping

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### INFORMATION ON DIRECTORS

Mr George Lloyd		Chairman (non-executive director)
Qualifications		Bachelor of Engineering Science in Industrial Engineering, UNSW Master of Business Administration, UNSW Stanford Executive Management Programme, Stanford University
Experience		<ul style="list-style-type: none"><li>• Board member since 20 July 2021</li><li>• Professional career has encompassed executive roles with RGC Limited; Elders Resources Limited; Southern Pacific Petroleum NL, Central Pacific Minerals NL and Australian Gas Light Company.</li><li>• Mr Lloyd is Chairman of engineering services group Ausenco Pty Ltd and Chairman of bauxite development company VBX Limited. He has held numerous directorships of public listed and private companies, including Metro Mining Limited, Pryme Energy Limited, Cape Alumina Limited, Equatorial Mining Limited, Goldfields Limited and Aurion Gold Limited</li></ul>
Interest in Shares <sup>1</sup>		675,926 CDIs 1,200,000 unlisted share options
Special Responsibilities		Audit, Nomination & Remuneration Committees
Directorships held in other listed entities		Not currently a director of any other listed company
Mr Tiger Brown		Managing director
Qualifications		B.S. (Economics), Wharton School of Business, University of Pennsylvania
Experience		<ul style="list-style-type: none"><li>• Board member since 4 December 2019</li><li>• Mr Brown has worked with Astron business entities in China and Australia before being appointed a director in the role of Executive Director, Business Development. He was appointed Managing Director effective 17 February 2021</li></ul>
Interest in Shares <sup>1</sup>		96,017,824 CDIs
Special Responsibilities		Managing Director and Nomination & Remuneration Committee
Directorships held in other listed entities		Not currently a director of any other listed company

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

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

Mdm Kang Rong		Non-Executive director & Chairwoman of Astron Titanium (Yingkou) Ltd
Qualifications		B.E. (Chem), Shanghai University; Executive MBA, Chungking Graduate School
Experience		<ul style="list-style-type: none"><li>Board member since 31 January 2012 (prior to that of Astron Pty Limited from 21 August 2006)</li><li>Mdm Kang Rong joined Astron in 1995, originally as marketing manager of Astron in Shenyang and has since held a number of leadership roles, including acting as the group's Chief Operating Officer for a number of years before Mr Tiger Brown became Managing Director.</li><li>In addition to her board position, Mdm Kang Rong is actively involved in managing the company's Chinese operations.</li><li>Prior to her time at Astron, Mdm Kang Rong worked as a Chemical Production Engineer at Shenyang Chemical Company (a major Chinese company based in Shenyang, Liaoning Province, China) before moving to Hainan Island to work in sales and administration roles for Japanese trading company, Nissei Ltd</li></ul>
Interest in Shares <sup>1</sup>		3,000,100 CDIs
Special Responsibilities		Chairwoman of Astron's China-based processing and trading operations, Astron Titanium (Yingkou) Ltd
Directorships held in other listed entities		Not currently a director of any other listed company
Mr Gerard King		Non-executive director
Qualifications		LLB, University of Western Australia AICD
Experience		<ul style="list-style-type: none"><li>Board Member since 6 December 2011 (Astron Pty Limited, 5 November 1985)</li><li>Former partner of law firm Phillips Fox with over 30 years of experience in corporate and business advisory roles including as a director of a number of Australian public companies</li></ul>
Interest in Shares <sup>1</sup>		1,900,890 CDIs and 100 Ordinary shares 400,000 unlisted share options
Special Responsibilities		Audit Committee
Directorships held in other listed entities		Not currently a director of any other listed company

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

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

Dr Mark Elliott	Non-executive director
Qualifications	Diploma in Applied Geology, Ballarat School of Mines; Ph.D, University of New South Wales, FAICD, FAusIMM (CP Geo), FAIG
Experience	<ul style="list-style-type: none"><li>Board member since 25 January 2021</li><li>Chartered professional accreditation as a geologist</li><li>Commenced his career as a senior geologist with Anaconda Australia Inc</li><li>Subsequently held roles as Chairman and Managing Director of ASX-listed and private companies including Mako Gold Ltd, Hot Rock Ltd, Chinalco Yunnan Copper Resources Limited and Zirtanium Limited</li></ul>
Interest in Shares <sup>1</sup>	438,993 CDIs 800,000 unlisted share options
Special Responsibilities	Chair of the Audit, Nomination & Remuneration Committees
Directorships held in other listed entities	Chairman of AuKing Mining Limited (retired October 2022), Non-executive director of Nexus Minerals Limited (retired November 2022) and Aruma Resources Limited (retired August 2022)

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

### DIRECTORS' MEETINGS

Throughout the year ended 30 June 2024, there were 11 directors' meetings. Eligibility and attendances were as follows:

Director	Eligible	Attended
Mr George Lloyd	11	11
Mr Tiger Brown	11	11
Mr Gerard King	11	11
Dr Mark Elliott	11	9
Mdm Kang Rong	11	10

During the year ended 30 June 2024, there were three Audit and remuneration committee meetings and two Nomination and Remuneration Committee meeting. Eligibility and attendances were as follows:

Director	Audit & Risk		Nomination & Remuneration	
	Eligible	Attended	Eligible	Attended
Mr George Lloyd	3	3	2	2
Mr Tiger Brown	NA	NA	2	2
Mr Gerard King	3	3	NA	NA
Dr Mark Elliott	3	3	2	2

### SHARE OPTIONS

During the year, there were no options over issued shares or interests in the Group granted to directors or key executives. At 30 June 2024, there were 2,000,000 share options over issued shares outstanding. (2023: 2,000,000).

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### OPERATIONAL AND FINANCIAL REVIEW

#### Business Highlights

- During the year ended 30 June 2024, the Company entered into a joint venture agreement with Energy Fuels Inc (Energy Fuels) in relation to the Donald Project whereby Energy Fuels will contribute \$183 million in cash and US\$17.5 million in Energy Fuels stock to earn a 49% interest in the Donald Deposit (comprising the granted mining licence MIN5532 and retention licence RL2002) and an offtake agreement for 100% of the Donald Project's Phase 1 and Phase 2 rare earth element concentrate (REEC). Completion of the joint venture is subject to customary conditions precedent which, at the date of this report, are yet to be satisfied.
- In October 2023, the Company submitted a draft Donald Project Work Plan to the Earth Resources Regulator within the Victorian Government Department of Energy, Environment and Climate Action. The Victorian Government approval of the Work Plan is the Final major regulatory approval required for the project to proceed to construction. The Work Plan 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 nature of community engagement, and includes a risk management plan for the purpose of eliminating or minimising identified risks and monitoring performance. The Company understands that the Work Plan approvals process is well-advanced with approval expected prior to the end of CY2024.
- In February 2024, the Company announced the execution of an Early Contractor Involvement (ECI) agreement, for the first phase of the Donald Project, with Sedgman Pty Ltd, a leading Australian engineering and construction firm with extensive experience in mineral processing solutions. The ECI phase of the project is a vital step towards finalisation of the full project delivery contract for the processing plant and associated infrastructure. It involves the optimisation of the technical solution, the execution strategy, and other relevant services to progress the development of the project. The ECI will be followed by detailed design and procurement of long lead-time equipment for the processing plant. Work under the ECI agreement is continuing into the second half of CY2024.
- Astron's Chinese operations were hampered by the shortage of suitable feedstocks throughout the year. However, successful testing of feedstocks from third parties and subsequent discussions about long term processing arrangements have the potential to support higher plant utilisation in the future. Furthermore, evaluation of options to process part or all of the Donald Project heavy minerals concentrate at the Yingkou mineral separation plant, are continuing.
- In October 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 mine licence. The Company has commenced negotiations with the Government of Senegal with a view to reinstatement of its Senegalese Mining Licence which the Company believes was invalidly withdrawn. The Company is optimistic about achieving a positive outcome.

#### Financial results – key features

The main features of the 2024 financial results are provided below. Segmental results are provided in Note 4 to these financial statements, which provide information on the financial performance for the main business entities and activities of the Group.

##### Net loss

The Company recorded a consolidated net loss before tax of \$22,324,614 (2023: \$6,039,121), an increase in the net loss of \$16,285,493 or 269.7%. The primary reason for the significant decrease in profitability of the Company related to the impairment of development assets relating to the Niafarang Project in Senegal of \$9,596,089 following the withdrawal of the Company's mining licence in October 2023. Other significant non-cash items included impairment of trade and other receivables of \$1.2 million and impairment of inventory of \$0.9 million. The Yingkou operations continued to experience a negative gross margin during the year due, in part, to the high cost of raw materials and lack of a stable raw materials supply which persisted throughout the year.

##### Revenue

Sales revenue decreased by 15.5% to \$12,216,920 (2023: \$14,458,725) primarily as a result lack of stable supply of raw materials throughout the year which prevented the Yingkou operations from operating at efficient levels.

##### Expenses

The Company's general and administrative expenses increased by \$2.2 million for the year ended 30 June 2024 to \$8,315,395 reflecting an increase in corporate activity such as consulting, legal costs arising from negotiation of the joint venture agreement with Energy Fuels, and the preparation for the Final Investment Decision for the Donald Project.

##### Operating cash flow

Cash outflows from operations were \$7,866,029 (2023: Operating cash outflows of \$1,647,745) reflecting an increase in the loss before tax offset by non-cash impairment charges as outlined above.

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### Net assets

The Group's net assets as at 30 June 2024 decreased to \$80,164,529 (2023: \$90,496,303) as a result of capital raising activities during the year of \$13,752,342 (net of costs) offset by the Company's total comprehensive loss for the year of \$24,553,144 (2023: \$8,115,006).

### OPERATIONS REVIEW

#### Donald

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

A number of key milestones were achieved during the year, including:

#### Joint venture with Energy Fuels

On 6 June 2024, Astron executed binding Joint Venture documents to develop the Donald Project with Energy Fuels, a U.S. based critical minerals company. This joint venture was formed following approximately six months of discussions and due diligence, after both parties signed a Memorandum of Understanding to investigate the joint development of the Project.

The key terms of the joint venture transaction include:

- Energy Fuels to earn a 49% interest in the joint venture and Astron to retain a 51% interest
- \$183 million investment by Energy Fuels which is expected to satisfy the majority of Phase 1 equity requirement
- 100% of rare earth offtake for Phase 1 and 2 secured by Energy Fuels
- Rare Earth offtake to feed Energy Fuel's rare earth processing facility at White Mesa Mill in Utah
- Astron appointed as joint venture manager
- Astron has right to up to 100% of HMC offtake with options to process at its Yingkou Mineral Separation Plant or provide it to third parties

Under the terms of the Joint venture, Astron will contribute 100% of the Donald deposit, which is contained within mining licence MIN5532 and retention licence RL2002. Energy Fuels will invest \$183 million in the project to earn a 49% interest in the joint venture. This earn-in amount comprises:

- \$1.5 million which has already been paid, by way of an exclusivity fee, and used for project development activities,
- an immediately available interest-free loan to fund 100% of Project activities until the satisfaction (or waiver) of the Conditions Precedent, following which the loan will be converted to equity in the joint venture company, and
- sole funding of the balance of Donald Project development costs up to the earn-in amount.

On expenditure of the full earn-in amount, Energy Fuels will have earned a 49% interest in the joint venture and Astron will retain a 51% interest. It is expected that Energy Fuel's investment will satisfy most of the equity capital requirement for Phase 1 of the Donald Project. The remaining capital is expected to be debt-funded at the joint venture company level. If additional equity capital is required, it will be funded by the parties pro-rata to their joint venture interests.

Energy Fuels will also issue to Astron common stock with a value of US\$17.5 million in two tranches, US\$3.5 million upon the satisfaction of conditions precedent to the joint venture agreement becoming effective and US\$14.0 million upon approval of the Final Investment Decision (FID) for Phase 1 of the Donald Project.

Astron will remain responsible for the day-to-day operations of the Project through its wholly owned subsidiary, Astron Mineral Sands Pty Ltd, which will be the manager of the joint venture. After the start of Phase 1 commercial production, it is intended that the joint venture will proceed to develop Phase 2 of the Project as soon as reasonably practical.



# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

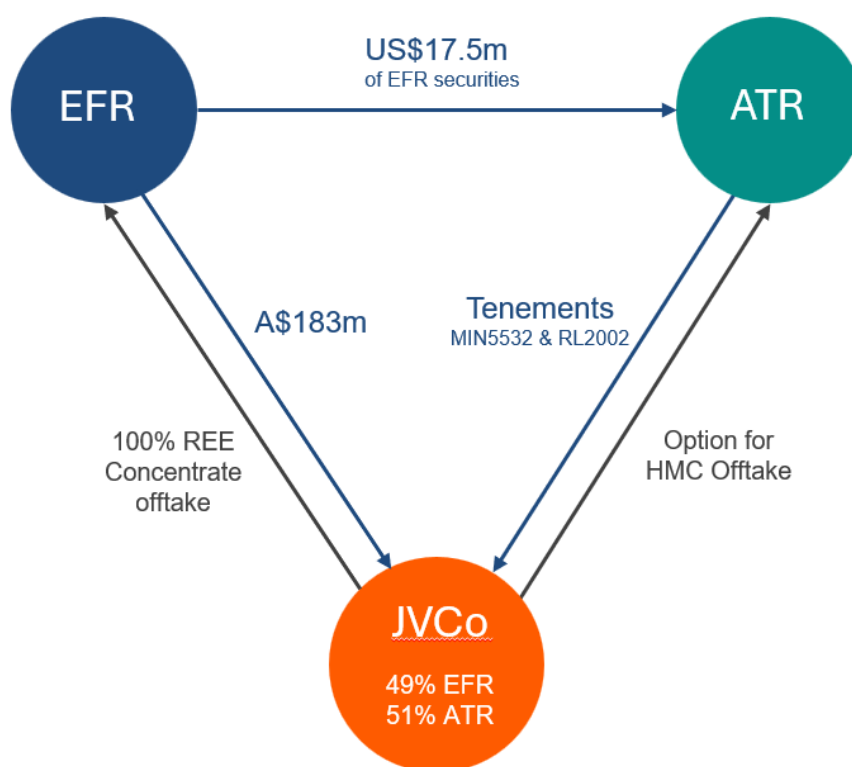
The REEC Offtake Agreement provides for Energy Fuels to purchase all of Donald REEC from the joint venture on a take-or-pay basis for the life of the Phase 1 and Phase 2 projects (which indicatively is 58 years). Energy Fuels will process the REEC at its White Mesa refinery in Utah to produce rare earth oxides for a wide range of uses including electric vehicle and wind turbine motors, defence systems, and sophisticated componentry in many domestic and industrial applications.

Historically, heavy rare earth elements have been sourced from mines in the south of China which are depleting. Processors have been turning to sources in lower regulatory and human rights control environments to meet the increasing heavy rare earth demand. With a high content of heavy rare earths in the Donald REEC, the Astron/Energy Fuels joint venture will provide an ethical source of strategic heavy rare earth elements that is auditable from mine to final product.

The joint venture will deliver between 7,000 to 8,000 tonnes per year of REEC to Energy Fuels over the life of the Phase 1 Project. Following the commissioning of the Phase 2 Project, Energy Fuels will purchase approximately 13,000 tonnes to 14,000 tonnes of REEC per year.

The REEC Offtake Agreement will come into effect following the joint venture's Final Investment Decision for Phase 1 of the Donald Project. The price of REEC will be based on a formula derived from the market price of the constituent rare earth oxides, a payability factor, and the actual assemblage of the REEC product. The joint venture will be responsible for organising transport to Energy Fuels' White Mesa Mill in Utah.

The below diagram provides an overview of the joint venture transaction structure:



Energy Fuels is a leading US-based critical minerals company. The Company, which is the leading producer of uranium in the United States, mines uranium and produces natural uranium concentrates that are sold to major nuclear utilities to produce carbon-free nuclear energy. Energy Fuels recently began the production of advanced rare earth element materials, including mixed REE carbonate, and plans to produce commercial quantities of separated REE oxides.

The entities, Astron and Energy Fuels, have strongly complementary interests. Energy Fuels' primary focus is the recovery and sale of rare earths products from the Donald Project, whereas Astron's primary focus is on the production and sale of the Donald Project's mineral sands products, being zircon and titanium feedstock.

The joint venture will develop the Donald Project as a long-life source of critical minerals and establish a Western rare earth value chain with Energy Fuel's rare earth processing facility in the U.S.

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### Approvals and Permitting

#### *Work plan*

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 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.

In October, the Company submitted its Work Plan proposal to the Earth Resources Regulator in the Victorian Government Department of Energy, Environment and Climate Action (DEECA). In April, the Company received formal Victorian Government feedback on its Work Plan submission and has commenced activities to address the matters raised. These include consulting with government agencies to address the climate change, air quality, groundwater and noise aspects of the project to ensure that the Work Plan meets expectations. A revised submission was subsequently prepared and submitted to the government in June 2024 and is under assessment.

Final approval of the Work Plan is targeted prior to the end of CY2024.

#### *Other Items*

- 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 RL2003, which covers Astron's Jackson deposit, was renewed to 9 October 2031.
- In April, the Company's radiation management licence, which expired in December 2023, was renewed until December 2026.

### Geological Evaluation

A 20-hole sonic drilling program was conducted in the second half of the year on tenement MIN5532. Drilling targeted geotechnical investigations and additional bulk density analysis that was completed at ATC Williams laboratories. The drilling also provided additional bulk samples for processing into HMC and REEC samples that were sent for evaluation by prospective customers.

### Project Works Tenders

As the project continues to ramp up towards the expected start of construction early next year, adjudication of submissions from a range of high calibre contractors were received during the period across multiple work packages.

Mining tender commercial and technical adjudications have been finalised and site visits have been held. The tender package for earthworks was issued to several earthmoving contractors. In addition, tenders have also been issued for pipe-line supply and installation, accommodation village supply and installation, mining product transport and logistics, water/sewage treatment plants and general communication infrastructure.

This combined with the additional engineering work (see below) will form the basis for the Final Investment Decision planned in FY2025.

### Process Plant Engineering

Towards the end of CY2023, the Company executed an Early Contractor Involvement (ECI) agreement with Sedgman Pty Ltd, a member of the CIMIC Group. Sedgman is a leading Australian engineering and construction firm with extensive experience in mineral processing solutions across the project lifecycle.

Sedgman has completed value optimisation exercises across the processing plant design. Finalised process design basis and criteria have been agreed; these have informed work on procuring the required materials and equipment for construction. All tenders relating to process plant equipment supply, pre-assembly and construction have been issued. Quantities for all major commodity and equipment requirements have been determined and are largely within DFS estimates.

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### Non-process infrastructure

#### *Road*

Integrated services including the overhead powerline, water pipeline and road upgrades will be installed along a road corridor between Minyip and the mine site. Evaluations of road alignment options and design were completed to minimise potential impacts on flora along the route. The preliminary road upgrade designs were submitted and subsequently endorsed by the Yarriambiack Shire Council during the period.

#### *Power*

Astron has continued to work closely with Powercor to progress the design and approvals for the 66kV overhead powerline from Horsham substation to the mine site. Work during the quarter included preparing submission for necessary approvals, design development and studies relating to earthing, heritage and ecology.

#### *Water*

A design package for provision of raw water to the project was completed during the period. 'In-principle' approval of the water pipeline design was received from GWM Water (GWM), the local water system operators, following which the Company has entered into a developer agreement to commence design for permitting applications.

Plans for a tie-in operation to connect the project water pipeline to the existing GWM pipeline have been developed and approved by GWM. The tie-in is planned for the low-demand winter period to allow connection. Two separate tenders have been issued for the tie-in works and pipeline supply and installation.

#### *Accommodation*

A suitable parcel of land for the accommodation village was identified located and leased. Several site studies have been completed including noise modelling, storm water and bush fire analysis. These studies helped form a submission to the local government for planning permits. Subsequent to financial year end, the Company received approval from the shire with regards to the accommodation village.

Further activities over the accommodation village site included design of the village power supply.

#### *Transport and logistics*

HMC and REEC product transport tenders have been issued. The Company received a number of conforming proposals from experienced and competent Australian logistic service providers.

#### *Operational Readiness*

Astron has developed a comprehensive operational readiness plan with the help of external consultants BG&E Pty Ltd for the eventual transition from construction into operations. In addition, post the Financial Year close, Astron made a number of key appointments including the General Manager of Operations, who will lead the Company into the natural next phrase of its evolution.

### Project Finance

The Company engaged RPM Global as an independent technical expert to prepare project technical and environmental due diligence reports for provision to potential lenders to the project. The Company continues to work with our debt advisors, ICA Partners, on the roadmap for obtaining attractive project financing. This included a recent workshop to finalise the debt process schedule following the equity commitment from Energy Fuels.

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### China operations

FY24 remained a challenging year at the Yingkou Mineral Separation Plant. Market supply for heavy mineral concentrates into China continued to be tight, operating well below optimum utilisation.

Astron has been in negotiations with raw material suppliers for the purpose of obtaining long-term feedstock supply to the Yingkou plant. In the fourth quarter, the operations received a bulk sample for processing trials. If the outcome of the bulk trial is successful, it is anticipated that Astron will enter into a long-term supply contract for the raw material.

### Other activities

Astron's China team has been exploring options to facilitate processing of the Donald heavy mineral concentrate at the Yingkou mineral separation plant with minimal capital expenditure. Activities included working with the Changsha Institute, the leading mineral sands process engineers in China, to re-evaluate the existing process flow diagram, which was designed by Mineral Technologies, and to conduct discussions with equipment suppliers to explore equipment options.

The Company has been able to negotiate the return of land it owned in BaYuQuan district, Yingkou, Liaoning to the government in exchange for RMB7.5m (~A\$1.6m), with funds received in July 2024. Astron China will continue to rationalise its non-core asset holdings in China.

### Senegal

The Niafarang Project is located within a 397 square kilometre exploration licence area on the Casamance coast of Senegal, West Africa. Astron has the rights to a licence issued under Order Number 09042/MIM/TMG through its subsidiary company, Senegal Mineral Resources ("SMR"). Exploration and mining titles were granted to SMR in 2017, including a Small Mining Licence ("SML") which has been recently renewed with a term expiring in 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 SML.

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, 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 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 will be appointed to seek resolution with the Ministry. The independent mediator will meet with both parties individually and will also facilitate 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 commenced by SMR in December 2023. Progress has been slow due to political uncertainty in Senegal caused by the initial delay of Presidential elections, and then the subsequent reinstatement of the elections.

With the election now completed, the Company is optimistic about achieving a positive outcome from the mediation. Local Astron representatives have commenced engaging with the new government. It is expected that the election of the new government will be beneficial to bringing the mediation process to a close.

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

## BUSINESS RISKS

### Supply risk

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

### Funding risk

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

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### Project execution risk

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

### Geopolitical risk

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

### Commercial and contract risk

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

### Commodity price risk

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

### Exchange rate risk

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

### Environmental regulation

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

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

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

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

### Occupational health and safety

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

### Significant changes in state of affairs

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

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### LOOKING AHEAD

#### Matters subsequent to the end of the financial year

On 31 July 2024, the Company announced that all the convertible notes on issue had been converted into ordinary shares in the Company through the issue of 11,500,000 ordinary shares (including 11,111,111 shares relating to \$5,000,000 in principal notes and \$1,000,000 in interest notes and 388,889 ordinary shares as an early conversion fee). The ordinary shares issued to the convertible note holder are subject to a voluntary escrow period of twelve months from issue.

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

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

#### Likely Developments

During the next financial year, the Group expects to:

- satisfy all conditions precedent to the Donald Project joint venture agreement with Energy Fuels becoming effective;
- receive final approval of the Victorian Mining Work Plan for the Donald Project;
- negotiate and confirm offtake agreements for HMC produced by the Donald Project;
- secure appropriate financing for the Donald Project through the most efficient mix of debt and equity funding;
- undertake a Final Investment Decision (FID) for the Donald Project; and
- continue engagement with the local community and regulators in relation to both the Donald Project and the Senegal Project; and
- Chinese heavy mineral processing plant production expected to increase as supply agreements are realised.

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

- finalisation of early contractor involvement to confirm engineering and design ready for construction commencement;
- complete final design and tender packages for key off-site infrastructure including overhead powerline, water and road upgrades and accommodation village;
- complete tender packages for key operating contracts including mining services and transport and logistics;
- complete final capital and operating cost estimates for Phase 1 construction and operations; and
- collaborate with advisors and potential financiers to secure appropriate construction funding and undertake FID.

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### REMUNERATION REPORT

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

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

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

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

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

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

Where applicable executive directors and executives receive a superannuation guarantee contribution required by the government, which was 11.0% during the year ended 30 June 2024 increasing to 11.5% in the year ending 30 June 2025, and do not receive any other retirement benefits.

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

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

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

#### Performance based remuneration

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

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

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

Discretionary bonuses of Nil (2023: Nil) were paid during the year.

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



# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

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

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

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

A\$'000	2020	2021	2022	2023	2024
Sales revenue	8,430	16,418	19,000	14,459	12,217
Net Loss	(6,293)	(2,968)	(9,038)	(7,731)	(24,866)
Share Price at Year-end	0.17	0.58	0.50	0.49	0.76
Dividends Paid	-	-	-	-	-

### Key Management Personnel

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

Name	Position Held
<b>Directors</b>	
Mr George Lloyd	Chairman – non-executive
Mr Tiger Brown	Managing director
Mdm Kang Rong	Non-executive director
Mr Gerard King	Non-executive director
Dr Mark Elliott	Non-executive director
<b>Key executives</b>	
Mr Tim Chase	General Manager of global operations (resigned 17 July 2023)
Mr Sean Chelius	Donald project director
Mr Greg Bell	Chief Financial Officer
Mr Joshua Theunissen	General counsel and Australian company secretary

### Shareholdings

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

30 June 2024	Balance 1 Jul 2023	Shares purchased	Options Exercised	Other	Balance 30 Jun 2024
<b>Directors</b>					
Mr George Lloyd	675,926	-	-	-	675,926
Mr Tiger Brown	96,017,824	-	-	-	96,017,824
Mdm Kang Rong	4,000,100	-	-	(1,000,000)	3,000,100
Mr Gerard King	1,900,990	-	-	-	1,900,990
Dr Mark Elliott	438,993	-	-	-	438,993
<b>Key executives</b>					
Mr Sean Chelius	-	-	-	99,425	99,425
Mr Greg Bell	93,188	-	-	-	93,188
Mr Joshua Theunissen	37,138	15,726	-	-	52,864
	103,164,159	15,726	-	(900,575)	102,280,310



# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### Options held

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

30 June 2024	Balance 1 Jul 2023	Options issued	Options exercised	Balance 30 Jun 2024
<b>Directors</b>				
Mr George Lloyd	1,200,000	-	-	1,200,000
Mr Tiger Brown	-	-	-	-
Mdm Kang Rong	-	-	-	-
Mr Gerard King	400,000	-	-	400,000
Dr Mark Elliott	800,000	-	-	800,000
<b>Key executives</b>				
Mr Tim Chase <sup>1</sup>	500,000	-	(500,000)	-
Mr Sean Chelius	600,000	-	-	600,000
Mr Greg Bell	600,000	-	-	600,000
Mr Joshua Theunissen	200,000	-	-	200,000
	4,300,000	-	(500,000)	3,800,000

1. T. Chase resigned on 17 July 2023 and ceased to be a member of KMP.

### Details of Remuneration

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

	Short term benefits				Termination payments A\$	Post-employment benefits		% of remuneration that is performance based
	Cash, fees salary & commission s A\$	Cash Bonus A\$	Non-cash benefits/ other A\$	Share- based payment expenses <sup>1</sup> A\$		Superannuation A\$	Total A\$	
Year ended 30 June 2024								
Directors								
Mr George Lloyd	120,000	-	-	-	-	13,200	133,200	-
Mr Tiger Brown	268,752	50,000	1,920	-	-	27,424	348,096	14.4
Mdm Kang Rong <sup>2</sup>	234,160	-	-	-	-	-	243,160	-
Mr Gerard King	60,000	-	-	-	-	-	60,000	-
Dr Mark Elliott	60,000	-	-	-	-	6,600	66,600	-
Key executives								
Mr Sean Chelius	326,752	153,800	16,071	-	-	27,424	524,047	29.3
Mr Greg Bell	331,133	105,532	-	13,345	-	27,399	477,409	24.9
Mr Joshua Theunissen	135,318	-	-	-	-	-	135,318	-
	1,536,115	309,332	17,991	13,345	-	102,047	1,978,830	

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### Details of Remuneration (cont'd)

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

#### Notes:

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

#### Use of remuneration consultants

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

#### Termination payment

No termination payments were paid during the year to KMP.

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### Share-based payments

During the 2024 year, there were no (2023: 1,400,000) options granted to directors or KMP. (2023: \$346,349). The value of share options issued to KMP will be amortised in accordance with their vesting conditions to comply with HKFRS 2 Share based payments.

### Voting and comments at the Company's 2023 Annual General Meeting

The Company received 91.45% of "yes" votes on its remuneration report for the 2023 financial year.

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

### Service contracts

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

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

The Nomination & Remuneration Committee considers the appropriate remuneration requirements. In August 2012, the Group engaged external consultants to review the Group's salary and incentive benchmarks. No consultants were engaged to review Group remunerations during the year ended 30 June 2024.

## END OF REMUNERATION REPORT

### INDEMNIFYING OFFICERS OR AUDITOR

#### Insurance premiums paid for directors

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

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

### NON-AUDIT SERVICES

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

	2024	2023
	\$	\$
<b>Other Services</b>		
Taxation services	-	-
Other assurance services	-	-

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

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

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

# Astron Corporation Limited

Company Number: 1687414

## Directors' Report

30 June 2024

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2024 has been received and can be found on page 20 of the financial report.

### DIRECTORS' DECLARATION REGARDING HKFRS COMPLIANCE STATEMENT

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

### DIVIDENDS PAID AND PROPOSED

No final dividend was proposed for the year ended 30 June 2024 (2023: Nil).

### PROCEEDINGS ON BEHALF OF COMPANY

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

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

Chairman:



Mr George Lloyd

Date: 16 September 2024

## **Astron Corporation Limited**

**Company Number: 1687414**

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

As lead auditor of Astron Corporation Limited for the year ended 30 June 2024 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, 16 September 2024

# Astron Corporation Limited

Company Number: 1687414

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

For the year ended 30 June 2024

		Consolidated Year ended	
	Note	30 Jun 2024 A\$	30 Jun 2023 A\$
Sales revenue	5	12,216,920	14,458,725
Cost of sales		(14,935,159)	(14,244,971)
<b>Gross (loss)/profit</b>		<b>(2,718,239)</b>	<b>213,754</b>
Interest income	5	1,074	474
Other income	5	1,507,322	1,970,774
Distribution expenses		(86,221)	(152,140)
Marketing expenses		(12,810)	(179,332)
Occupancy expenses		(1,549)	(21,195)
Administrative expenses		(8,315,395)	(6,076,128)
Provision for impairment on receivables	6	(166,240)	(118,716)
Write-off of sundry receivables and prepayments		(1,014,155)	-
Fair value (loss) /gain on financial assets at fair value through profit or loss		(5,519)	744
Impairment of inventories		(855,495)	-
Net impairment of Niafarang project	6	(9,596,089)	-
Costs associated with Gambian litigation	6	-	(47,655)
Share based payments expenses	6	(13,345)	(285,522)
Finance costs	6	(729,571)	(1,185,794)
Other expenses		(318,382)	(158,385)
<b>Loss before income tax expense</b>	<b>6</b>	<b>(22,324,614)</b>	<b>(6,039,121)</b>
Income tax expense	7	(2,541,070)	(1,691,871)
<b>Net loss for the year</b>		<b>(24,865,684)</b>	<b>(7,730,992)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences (tax: Nil)		312,540	(384,014)
Other comprehensive income for the year, net of tax		312,540	(384,014)
<b>Total comprehensive income for the year</b>		<b>(24,553,144)</b>	<b>(8,115,006)</b>
<b>Loss for the year attributable to:</b>			
Owners of Astron Corporation Limited		<b>(24,865,684)</b>	<b>(7,730,992)</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of Astron Corporation Limited		<b>(24,553,144)</b>	<b>(8,115,006)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents)	8	<b>(15.74)</b>	<b>(5.98)</b>

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes included on pages 25 to 69.

# Astron Corporation Limited

Company Number: 1687414

## Consolidated Statement of Financial Position

As at 30 June 2024

		Consolidated	
	Note	30 Jun 2024 A\$	30 Jun 2023 A\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	2,745,799	7,204,674
Term deposits greater than 90 days	10	139,209	46,112
Trade and other receivables and prepayments	11	5,752,850	6,261,343
Inventories	12	1,266,900	2,217,845
Financial assets at fair value through profit or loss	14	42,800	8,319
<b>Total current assets</b>		<b>9,947,558</b>	<b>15,738,293</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	19,882,759	22,831,507
Exploration and evaluation assets	17	93,372,759	82,590,196
Development costs	18	-	8,901,965
Right-of-use assets	19	1,799,990	2,773,422
<b>Total non-current assets</b>		<b>115,055,508</b>	<b>117,097,090</b>
<b>TOTAL ASSETS</b>		<b>125,003,066</b>	<b>132,835,383</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	20	9,248,421	6,578,001
Contract liabilities	21	98,508	656,001
Borrowings – current	22	8,891,356	14,627,740
Convertible notes	23	4,622,273	5,365,323
Lease liabilities	35	85,256	-
Provisions	24	151,123	126,666
<b>Total current liabilities</b>		<b>23,096,937</b>	<b>27,353,731</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	25	15,161,890	12,620,821
Borrowings – non-current	22	6,431,713	1,569,078
Lease liabilities	35	147,997	-
Long-term provisions	24	-	795,450
<b>Total non-current liabilities</b>		<b>21,741,600</b>	<b>14,985,349</b>
<b>TOTAL LIABILITIES</b>		<b>44,838,537</b>	<b>42,339,080</b>
<b>NET ASSETS</b>		<b>80,164,529</b>	<b>90,493,303</b>
<b>EQUITY</b>			
Issued capital	26	102,985,548	89,233,205
Reserves	28	18,864,215	18,082,648
Accumulated losses		(41,685,234)	(16,819,550)
<b>TOTAL EQUITY</b>		<b>80,164,529</b>	<b>90,493,303</b>



Mr Tiger Brown



Mr George Lloyd

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes included on pages 25 to 69.

# Astron Corporation Limited

Company Number: 1687414

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Issued capital A\$	Accumulated losses A\$	Share based payment reserve A\$	Foreign currency translation reserve A\$	Convertible notes equity reserve A\$	Capital reserve A\$	Total equity A\$
<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 year		-	(7,730,992)	-	-	-	-	(7,730,992)
Other comprehensive income								
- Exchange differences on translation of foreign operations		-	-	-	(384,014)	-	-	(384,014)
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>(7,730,992)</b>	<b>-</b>	<b>(384,014)</b>	<b>-</b>	<b>-</b>	<b>(8,115,006)</b>
Issue of ordinary shares		12,995,003	-	-	-	-	-	12,995,003
Share issue costs		(172,501)	-	-	-	-	-	(172,501)
Recognition of equity settled share-based payments expense	26	(139,162)	-	424,684	-	-	-	285,522
Total transactions with owners recognised directly in equity		12,683,340	-	424,684	-	-	-	13,108,024
<b>Equity as at 30 June 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>
<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 year		-	(24,865,684)	-	-	-	-	(24,865,684)
Other comprehensive income								
- Exchange differences on translation of foreign operations		-	-	-	312,540	-	-	312,540
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>(24,865,684)</b>	<b>-</b>	<b>312,540</b>	<b>-</b>	<b>-</b>	<b>(24,553,144)</b>
Issue of ordinary shares		12,727,724	-	-	-	-	-	12,727,724
Share issue costs		(66,517)	-	-	-	-	-	(66,517)
Conversion of 10,000 convertible notes		1,091,136	-	-	-	(91,136)	-	1,000,000
Extension of convertible note		-	-	-	-	546,818	-	546,818
Recognition of equity settled share-based payments expense	26	-	-	13,345	-	-	-	13,345
Total transactions with owners recognised directly in equity		13,752,343	-	13,345	-	455,682	-	14,221,370
<b>Equity as at 30 June 2024</b>		<b>102,985,548</b>	<b>(42,485,694)</b>	<b>2,270,764</b>	<b>14,140,946</b>	<b>1,002,500</b>	<b>1,450,005</b>	<b>80,164,529</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes included on pages 25 to 69.



# Astron Corporation Limited

Company Number: 1687414

## Consolidated Statement of Cash Flows

For the year ended 30 June 2024

		Consolidated Year ended	
	Note	30 Jun 2024 A\$	30 Jun 2023 A\$
<b>Cash flows from operating activities:</b>			
Receipts from customers		14,221,951	22,376,537
Payments to suppliers and employees		(22,089,125)	(25,567,857)
<b>Net cash outflows from operations</b>		(7,864,174)	(3,191,320)
Refundable Australian R&D tax offsets received		-	1,543,575
<b>Net cash outflows from operating activities</b>	<b>33</b>	<b>(7,864,174)</b>	<b>(1,647,745)</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment		(194,638)	(1,484,650)
Proceeds from disposal of property, plant and equipment		297,750	-
Investment in community housing initiative	14	(40,000)	-
Investment in financial assets – terms deposits greater than 90 days		(93,097)	-
Capitalised exploration and evaluation expenditure		(7,639,145)	(5,855,362)
<b>Net cash outflows from investing activities</b>		<b>(7,669,130)</b>	<b>(7,340,012)</b>
<b>Cash flows from financing activities:</b>			
Interest received		1,074	474
Interest paid		(723,835)	(362,641)
Contribution from joint venture activities		3,221,201	-
Proceeds from the issue of ordinary shares net of transaction costs		12,613,482	11,822,502
Principal paid on lease liabilities		(75,503)	-
Net proceeds from/(repayment of) borrowings		(4,139,430)	2,611,311
<b>Net cash inflows from financing activities</b>	<b>33</b>	<b>10,896,989</b>	<b>14,071,646</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,636,315)</b>	<b>5,083,889</b>
Cash and cash equivalents at beginning of the year		7,204,674	2,447,986
Net foreign exchange differences		177,440	(327,201)
<b>Cash and cash equivalents at end of the year</b>	<b>33</b>	<b>2,745,799</b>	<b>7,204,674</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes included on pages 25 to 69.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 1. General Information

The consolidated financial statements of Astron Corporation Limited for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 16 September 2024 and relate to the consolidated entity consisting of Astron Corporation Limited ("the Company") and its subsidiaries (collectively "the Group").

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

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

### 2. Basis of preparation and material accounting policy information

#### Basis of preparation

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

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

#### *Going concern basis*

As at 30 June 2024, the Group had a deficit of current assets over current liabilities of \$13,149,379 including current bank borrowings of \$5,608,292 while cash held by the Group is recorded to be \$2,745,799. For the year ended 30 June 2024, the Group incurred a gross loss and net loss after tax of \$2,718,239 and \$24,865,684 respectively and recorded net cash outflows from operating activities of \$7,864,174. The deficit of current assets over current liabilities, gross loss, continued operating losses and net cash outflows from operating activities, are conditions, along with the matters set out below, that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The directors are of the view that based on cash flow forecasts covering 18 months from the end of the reporting period and consideration of the plans and measures stated below, the business remains a going concern.

The directors are confident 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 completion of the joint venture agreement with Energy Fuels will provide sufficient new funding to continue progression of development activities relating to the Donald Project and continue to meet its primary milestones in relation to the Project.
- The directors anticipate that the Group will be able to renew certain borrowings and raise further funding, through capital raisings, private placement or otherwise, to fund any head office corporate costs and cash shortfall experienced in China.
- The Group has agreed in principle terms for stable supply of appropriate raw materials for the Group's mineral separation plant in China. Agreement for a stable supply of raw materials is imperative to the sustainability and profitability of the mineral separation plant as not only will it ensure consistent production volumes (and, by extension, sales volumes), it will also allow the Group to increase production efficiencies through reducing the volatility of plant settings and consequently increase profit margins. The Group has received and processed shipments of raw materials in the third quarter of 2024. Notwithstanding the above agreement, it is not expected that the plant will operate at full capacity in this timeframe.
- 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 \$4.8 million until such time when any repayment will not affect the Group's ability to repay other creditors in the normal course of business (refer note 31).

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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.

Notwithstanding the above, significant material uncertainties exist as to whether the directors of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future, and to obtain continuous financial support from its related parties.

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 policy information

The following material accounting policy information have been adopted in the preparation and presentation of the consolidated financial statements.

#### Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries as at 30 June 2024. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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

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

#### Foreign currency translation

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

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

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

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

#### Revenue recognition

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

##### *Sale of goods*

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

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

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

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

### *Contract liabilities*

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

### *Interest income*

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

### *Rental income*

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

### **Income tax**

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

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

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

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

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Financial instruments

#### *Financial assets*

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

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

#### *Equity instruments*

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

#### *Impairment loss on financial assets*

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

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

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

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

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

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

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

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

#### *Financial liabilities*

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Financial liabilities at amortised cost

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

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

### *Convertible notes*

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

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

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

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

### *Effective interest method*

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

### *Equity instruments*

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

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

### *Derecognition*

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

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

### **Cash and cash equivalents**

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

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



# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Inventories

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

### Property, plant and equipment

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

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

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

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

Class of Asset	
Leasehold buildings	10-50 years
Freehold land	Indefinite
Plant and equipment	3-10 Years

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

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

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

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

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

### Leases

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

#### *Right-of-use asset*

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

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

### Intangibles

#### *Research and development costs*

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

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

#### *Exploration and Evaluation Expenditure*

##### Costs carried forward

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

##### Water rights

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

##### Costs abandoned area

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

##### Regular review

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

##### Costs of site restoration

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

### Impairment of non-financial assets

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

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

### Borrowing costs

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

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



# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Provisions

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

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

### Employee benefit provisions

#### *Wages and salaries, annual leave and sick leave*

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

#### *Bonus plan*

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

#### *Retirement benefit obligations*

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

### Share-based payments

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

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

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

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

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

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

### Dividends/Return of capital

No dividends were paid or proposed for the years ended 30 June 2024 and 30 June 2023. There is no Dividend Reinvestment Plan in operation.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Segment reporting

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

### Earnings/Loss per share

#### *Basic earnings/losses per share*

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

#### *Diluted earnings/losses per share*

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

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

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

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

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

### Government grant

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

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

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

### Adoption of HKFRS

#### *Adoption of new or revised HKFRSs - effective on 1 July 2023*

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

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

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

Amendments to HKAS1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS21	Lack of Exchangeability <sup>2</sup>
Amendments to HKRS9 and HKFR7	Classification and Measurement of Financial Instruments <sup>3</sup>
HKRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>
HKRS 19	Subsidiaries without Public Accountability: Disclosures <sup>4</sup>

1. Effective for annual periods beginning on or after 1 January 2024
2. Effective for annual periods beginning on or after 1 January 2025
3. Effective for annual periods beginning on or after 1 January 2026
4. Effective for annual periods beginning on or after 1 January 2027

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. The directors of the Company anticipate that the application of HKFRS 18 has no impact on the Group's financial positions and performance in foreseeable future, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive income. All the other new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

### 3. Critical accounting estimates and judgments

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

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

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

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

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

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### *Capitalisation of exploration and evaluation assets*

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

### **Provision for expected credit losses of receivables**

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the aging of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. The Group has an outstanding receivable for the disposal of surplus land in China from 2015, further details of which are set out in note 11. The Group is confident the balance of \$0.9 million due at year end (2023: \$0.9 million). will be settled within the next twelve months after the reporting period.

### **Income tax**

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

### **Deferred tax assets**

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

### **Inventories**

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

### **Going concern basis**

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

## **4. Segment information**

### **Description of segments**

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

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Segment information provided to the managing director

30 June	2024 A\$	DMS 2023 A\$	2024 A\$	China 2023 A\$	2024 A\$	Senegal 2023 A\$	2024 A\$	Other 2023 A\$	2024 A\$	Consolidated 2023 A\$
<b>Sale of mineral products:</b>										
Revenue from contracts with external customers	-	-	12,216,920	14,458,725	-	-	-	-	12,216,920	14,458,725
<b>Other income:</b>										
Interest income	392	33	-	-	-	-	682	441	1,074	474
Rent and other income	(106,090)	162,787	1,000,800	264,412	-	-	612,612	1,543,575	1,507,322	1,970,774
<b>Total revenue and other income</b>	<b>(105,698)</b>	<b>162,820</b>	<b>13,217,720</b>	<b>14,723,137</b>	<b>-</b>	<b>-</b>	<b>613,294</b>	<b>1,544,016</b>	<b>13,725,316</b>	<b>16,429,973</b>
<b>Segment result</b>										
Segment (loss)/profit before tax	(282,219)	(171,280)	(20,306,115)	(2,422,631)	743,539	42,077	(3,280,279)	(3,487,287)	(23,125,074)	(6,039,121)
Acquisition of PPE, Intangible assets and other non-current segment assets	11,554,636	6,494,887	112,559	1,898,851	-	201,201	212,432	10,053	11,879,627	8,604,992
Depreciation and amortisation	39,779	19,169	1,611,583	1,994,928	-	-	75,767	11,098	1,727,129	2,025,195
Impairment of Niafarang project	-	-	-	-	9,596,089	-	-	-	9,596,089	-
Provision for impairment of trade receivables	-	-	1,180,395	118,716	-	-	-	-	1,180,395	118,716
<b>Assets</b>										
Segment assets	99,332,119	87,727,731	23,199,786	34,267,691	225,065	9,963,806	2,246,095	876,155	125,003,066	132,835,383
<b>Consolidated total assets</b>									<b>125,003,066</b>	<b>132,835,383</b>
<b>Liabilities</b>										
Segment liabilities	4,158,790	2,073,802	1,040,026	1,946,494	791,234	1,476,677	3,508,002	2,659,145	9,498,052	8,156,118
Total borrowings	3,221,201	-	12,174,139	16,269,089	-	-	(72,271)	(72,271)	15,323,069	16,196,818
Convertible notes	4,622,273	5,365,323	-	-	-	-	-	-	4,622,273	5,365,323
Lease liabilities	86,640	-	-	-	-	-	146,612	-	233,253	-
Deferred tax liabilities	-	-	-	-	-	-	15,161,890	12,620,821	15,161,890	12,620,821
<b>Consolidated total liabilities</b>									<b>44,838,537</b>	<b>42,339,080</b>

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Geographical information

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

#### Hong Kong

The Company was incorporated in Hong Kong.

#### Australia

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

#### China

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

#### Other

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

	Sales revenue		Interest income		Non-current assets	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	A\$	A\$	A\$	A\$	A\$	A\$
Australia	-	-	392	33	98,559,740	87,501,478
China	12,216,920	14,458,725	-	-	16,495,715	19,857,806
Other countries	-	-	682	441	53	9,737,806
	<b>12,216,920</b>	<b>14,458,725</b>	<b>1,074</b>	<b>474</b>	<b>115,055,508</b>	<b>117,097,090</b>

During 2024, \$11,208,183 or 91.7% (2022: \$12,308,924 or 85.4%) of the revenue depended on seven (2023: six) customers.

### 5. Revenue and other income

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Timing of revenue recognition – at a point in time		
- sale of goods	12,216,920	14,458,725
Interest income	1,074	474
Other income:		
- property settlement	292	-
- research and development tax incentive refund	374,362	1,543,575
- rental income	131,116	162,787
- profit on disposal of fixed assets	628,397	95,333
- other income	373,155	169,079
<b>Total other income</b>	<b>1,507,322</b>	<b>1,970,774</b>

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 6. Loss before income tax expense

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

Employee benefits<sup>1</sup> (including directors' remuneration):

	Note	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Salaries and fees		1,897,035	1,360,704
Non-cash benefits		208,207	247,706
Employee share option expenses	27	13,345	285,522
Superannuation		230,682	152,365
		<b>2,349,269</b>	<b>2,046,297</b>

#### Notes

- Employee benefits expense excludes an amount of \$1,453,466 (2023: \$858,867) which has been capitalised to the exploration and evaluation assets as part of the continuing development of the Donald Rare Earths and Mineral Sands Project.

#### Other items

	Note	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Finance costs:			
- on borrowings		674,076	347,825
- on convertible notes		-	743,051
- debt advisory costs		-	53,478
- lease liabilities		24,785	-
- other finance costs		30,710	41,440
		<b>729,571</b>	<b>1,185,794</b>
Depreciation and amortisation		2,320,389	2,618,455
Less: capitalisation of water rights amortisation	17	(593,260)	(593,260)
		<b>1,727,129</b>	<b>2,025,195</b>
Costs associated with Gambia litigation	13	-	47,655
Net impairment of Niafarang project	16	9,596,089	-
Write-off of sundry receivables and prepayments <sup>1</sup>		1,014,155	-
Provision for impairment on receivables	11	164,260	118,716

#### Notes

- Sundry receivables and prepayments that were outstanding for an extended period have been deemed unrecoverable at 30 June 2024.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 7. Income tax expense

The components of tax expense comprise:

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
Deferred taxation:		
- Unrealised inventory	-	(188,749)
- Capitalisation of expenditure on DMS project (net)	(2,549,354)	(1,475,407)
- Other movements	8,284	(27,715)
<b>Total</b>	<b>(2,541,070)</b>	<b>(1,691,871)</b>

The Company is subject to Australian Income Tax which is calculated at 25% (2023: 25%) of its estimated assessable profit. No Australian Income Tax has been provided in the financial statements as the Company did not derive any estimated assessable profit in Australia for the current and prior years.

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

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
Loss before income tax expense	(22,324,614)	(6,039,121)
Prima facie tax benefit on loss at 25% (2023: 25%)		
- continuing operations	5,581,154	1,509,780
Add/(Less) tax effect of:		
- Effect of revenue that is exempt from taxation	45,736	24,019
- Effect of research and development tax incentive refund <sup>1</sup>	93,590	385,894
- Effect of expenses that are not deductible in determining taxable profit	(2,634,819)	(449,751)
- Effect of expenses that are not deductible in determining taxable profit – Gambia	-	(12,943)
- Effect of unused tax losses not recognised as deferred tax assets in the current year	(4,742,053)	(2,837,452)
- Effect of different tax rate of subsidiaries operating in other jurisdictions	(884,678)	(311,418)
<b>Income tax expense</b>	<b>(2,541,070)</b>	<b>(1,691,871)</b>

#### Notes

1. Tax benefit relates to Australian Government Grant in relation to research & development tax incentives on eligible expenditure related to the DMS project. To the extent that research and development costs are eligible activities under the "Research and development tax incentive" programme, a 43.5% refundable tax offset is available for companies with annual turnover of less than \$20 million. The Group recognises refundable tax offsets received in the financial year as a government grant in the statement of profit or loss or comprehensive income.

#### Income tax rates

##### Australia

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

##### China (including Hong Kong)

The Company is subject to Hong Kong tax law. Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the years ended 30 June 2023 and 2024.



# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

The Group's subsidiaries in China are subject to Chinese income tax laws. Chinese taxation obligations have been fully complied based on the regular tax audits performed by the Chinese tax authorities. The general RPC Corporate income tax rate was 25% in 2024 and 2023.

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company established in the Mainland of China to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong, under the double taxation arrangement between the Mainland of China and Hong Kong, the relevant withholding tax rate applicable to such foreign investor will be reduced from 10% to 5% subject to the fulfilment of certain conditions.

### Items not chargeable or not deductible for tax purposes

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

## 8. Loss per share

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

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Loss attributable to owners	(24,865,684)	(7,730,992)
Loss used to calculate basic and diluted loss per share	(24,865,684)	(7,730,992)

### Weighted average number of ordinary shares:

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Weighted average number of ordinary shares outstanding during the year for the purpose of basic and diluted loss per share	158,012,156	129,279,930

### Dilutive shares

For the purpose of calculating diluted loss per share for the years ended 30 June 2024 and 2023, no adjustment was made as the exercise of the outstanding share options and convertible notes has an anti-dilutive effect on the basic loss per share.

## 9. Auditor's remuneration

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>Audit and review of financial statements</b>		
BDO Limited	302,566	297,429

## 10. Cash and cash equivalents

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Cash on hand	29	825
Cash at bank	2,745,770	7,203,849
	<b>2,745,799</b>	<b>7,204,674</b>

Cash on hand is non-interest bearing. Cash at bank comprise bank current account balances and short-term deposits at call bearing floating interest rates between 0.01% and 0.35% (2023: 0.0% and 1.2%). Deposits have an average maturity of 90 days (2023: 90 days).

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Concentration of risk by geography – cash at bank

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Australia	2,208,580	863,104
China	534,292	6,300,500
Senegal	2,926	40,245
	<b>2,745,798</b>	<b>7,203,849</b>

### Concentration of risk by bank

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>Australia</b>		
Commonwealth Bank - S&P rating of AA- (2023: AA-)	1,912,666	800,159
Bendigo Bank – S&P rating A- (2023: BBB+)	290,525	62,945
Other Australian banks	5,389	-
	<b>2,208,580</b>	<b>863,104</b>
<b>China</b>		
Shengjing Bank – unrated	8	644,418
Shanghai Pudong Development Bank - S&P rating of BBB	408,879	3,515,010
Bank of China – S&P Rating of A+	48,179	-
Bank of Communications Company Limited – S&P rating of A-	-	2,079,910
Other banks	77,226	61,162
	<b>534,292</b>	<b>6,300,500</b>
<b>Other countries</b>		
Other banks	<b>2,926</b>	<b>40,245</b>

### Restrictions on cash

The Chinese domiciled cash on hand may have some restriction on repatriation to Australia depending on basis on which the funds are transferred to Australia. Depending on the basis, there may be taxes (including withholding tax) of 13% (2023: 13%) to be paid.

### Term deposits greater than 90 days

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>Term deposits with maturity over 90 days</b>	<b>139,209</b>	<b>46,112</b>

As at 30 June 2024, term deposits with maturity over 90 days of \$139,209 (2023: \$46,112) bear fixed interest rates of between 1.2% and 4.55% (2023: 1.2% and 3.35%) and have a maturity of 3 to 12 months.

### Restrictions on cash

As at 30 June 2024, the above term deposits with maturity over 90 days are provided as security over the Company's Australian mining tenements and are required to be maintained as long as the tenement remains held by the Company.

The short-term deposits include \$45,000 (2023: \$45,000) of cash backed by Bank Guarantees for the operations of the Donald project.

During the year, the company held a term deposit of \$48,097 as security in the form of a cash backed bank guarantee over the corporate head office premises.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Concentration of risk by geography – term deposits

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Australia	139,209	46,112

### Concentration of risk by bank – term deposits

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Australia		
Commonwealth Bank-S&P rating of AA- (2023: AA-)	128,097	35,000
Other	11,112	11,112
	139,209	46,112

## 11. Trade and other receivables and prepayments

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>Current assets:</b>		
Trade receivables	664,857	106,266
Provision for impairment of trade receivables	(106,124)	(39,058)
Net trade receivables	558,733	67,208
Land sale receivable	1,042,906	1,095,945
Impairments	(260,987)	(164,392)
Net land sale receivable	781,919	931,553
Sundry receivables	2,902,998	2,577,001
Prepayments	1,883,086	3,059,965
Impairments	(373,886)	(374,384)
Net prepayments	1,509,200	2,685,581
<b>Total trade and other receivables and prepayments</b>	<b>5,752,850</b>	<b>6,261,343</b>

### Land sale receivable

During the year ended 30 June 2014, the Group entered into an agreement to transfer 1,065,384m<sup>2</sup> of land held in Yingkou Province in China to a state-owned entity. As the under-development of this land resulted from a change of government development plans and restructure, this land transfer has been subsidised by the Chinese Government. Final contracts over the land sale have been exchanged and the disposal was brought to account in the year ended 30 June 2015. The net proceeds receivable amounted to \$20,356,248. The land contract is unconditional, and payment is binding on the buyer being the Yingkou Government and its related entities, but the payments expected have been delayed.

The receivable is currently outside the terms initially agreed.

As at 30 June 2024, the total amount outstanding before ECL provision was \$1,042,906 (2023: \$1,095,945). During the year ended 30 June 2024 the Company received RMB250,000 (\$52,771) in relation to the land sale receive (2023: Nil). The directors continue to believe this remaining balance will be recovered in full as it is owed by a Chinese government entity but estimate it will now be settled in 2024 or 2025. The provision has accordingly been determined on that basis and as such a further provision for expected credit loss of \$98,032 (2023: \$118,716) was recognised for the year ended 30 June 2024. As at 30 June 2024, the impairment provision for land sale receivable was \$260,987 (2023: \$164,392).

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Ageing analysis

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

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
0-30 days (not past due)	558,733	67,208

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

### Impairment on trade debtors

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

As at 30 June 2024, the impairment provision for trade debtors was \$106,124 (2023: \$39,058).

### Prepayments

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

Included in prepayments is an amount of RMB1,800,000 carried forward from 2008, equivalent to \$373,886 (2023: \$374,384) which is the prepayment for construction. This amount has been fully impaired due to low possibility of collection.

## 12. Inventories

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
Raw materials	165,747	317,132
Semi-manufactured goods	1,942,985	1,605,693
Finished goods	-	381,776
Total inventories	2,108,732	2,304,601
Less impairment of semi-manufactured goods	(841,832)	(86,756)
	<b>1,266,900</b>	<b>2,217,845</b>

During the year ended 30 June 2024, the Company raised a provision for net realisable value against certain work in progress inventory of \$841,832 (2023: \$86,756).

## 13. Investments in Gambia

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

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

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

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

The ICSID panel of three arbitrators has confirmed that the Award should not be annulled in whole or in part in July 2020. The Group has been ordered to meet one half of the cost of the Committee being US\$221,992 payable to Gambia and shall be offset against sums due under the Award. As of 30 June 2024, no assets arising from this matter were recognised.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

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

### 14. Financial assets at fair value through profit or loss

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>Equity securities</b>		
- Listed in Australia	2,800	8,319
- Units in Murtoa Housing Innovation Pty Ltd	40,000	-
	<b>42,800</b>	<b>8,319</b>

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

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

### 15. Subsidiaries

	Country of incorporation	Percentage Owned 30 Jun 2024	30 Jun 2023
<b>Parent entity</b>			
Astron Corporation Limited	Hong Kong		
<b>Subsidiaries of parent entity</b>			
Astron Pty Limited	Australia	100	100
Astron Mineral Sands Pty Limited	Australia	100	100
Astron Titanium (Yingkou) Co Ltd	China	100	100
Astron Titanium (Yingkou) Hong Kong Holdings Limited	Hong Kong	100	100
Carnegie Minerals (Gambia) Inc	USA	100	100
Carnegie Minerals (Gambia) Limited	The Gambia	100	100
Camden Sands Inc	USA	100	100
Coast Resources Limited	Isle of Man	100	100
Dickson & Johnson Pty Limited	Australia	100	100
Donald Mineral Sands Pty Ltd	Australia	100	100
Donald Project Pty Ltd <sup>(ii)</sup>	Australia	100	-
Sovereign Gold Pty Limited	Australia	100	100
WIM 150 Pty Limited	Australia	100	100
Astron Senegal Holding Pty Ltd	Hong Kong	100	100
Senegal Mineral Resources SA	Senegal	100	100
Senegal Mineral Sands Ltd	Hong Kong	100	100
Zirtanium Pty Limited	Australia	100	100

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

(ii) Incorporated on 1 February 2024, as the joint venture entity for the development of the Donald project in conjunction with Energy Fuels Inc.

Other than the above no other subsidiaries were acquired or disposed of during the year ended 30 June 2024.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 16. Property, plant and equipment

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
<b>Land</b>		
At cost	5,222,151	5,162,151
<b>Buildings</b>		
At cost	15,665,905	11,355,515
Less accumulated depreciation	(5,490,953)	(4,752,412)
Net carrying value	10,174,952	6,603,103
<b>Capital works in progress</b>		
At cost	5,134,544	5,137,423
Less accumulated impairment losses	(3,695,914)	(3,700,834)
Total capital works in progress	1,438,630	1,436,589
<b>Plant and equipment</b>		
At cost	12,646,099	18,482,113
Less accumulated depreciation	(7,838,918)	(7,089,951)
Less accumulated impairment losses	(1,760,155)	(1,762,498)
Net carrying value	3,047,026	9,629,664
<b>Total property, plant and equipment</b>	<b>19,882,759</b>	<b>22,831,507</b>

#### Assets pledged as security

As at 30 June 2024, property, plant and equipment with carrying value of \$8,867,544 (2023: \$6,864,250) were pledged as security for short term loans (note 22).

#### Capital works in progress

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Movements in net carrying values

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

	Land A\$	Buildings A\$	Capital works in progress A\$	Plant and equipment A\$	Total A\$
Balance at 1 July 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	-
Foreign exchange movements	-	(280,402)	(48,775)	(314,883)	(644,060)
<b>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	60,000	9,296	4,015	121,328	194,639
Disposals	-	(114,805)	-	-	(114,805)
Depreciation	-	(635,929)	-	(943,585)	(1,579,514)
Transfers <sup>2</sup>	-	4,380,178	-	(4,380,178)	-
Impairment <sup>3</sup>	-	-	-	(1,466,746)	(1,466,746)
Foreign exchange movements	-	(66,891)	(1,974)	86,543	17,678
<b>Balance at 30 June 2024</b>	<b>5,222,151</b>	<b>10,174,952</b>	<b>1,438,630</b>	<b>3,047,026</b>	<b>19,882,759</b>

- 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 year ended 30 June 2024, following reconciliation of the fixed asset register to underlying source documents, assets with a book value of \$4,380,178 previously classified as relating to plant and equipment were discovered to be related to buildings. As such, an amount of \$4,380,178 has been transferred between the two asset classifications at 30 June 2024.
- Refer note 18.

### 17. Exploration and evaluation assets

	Note	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>Evaluation costs</b>			
Cost	17(a)	7,794,648	7,795,057
Accumulated impairment loss	17(a)	(7,487,231)	(7,487,231)
		<u>307,417</u>	<u>307,826</u>
<b>Exploration expenditure capitalised - DMS project</b>			
Exploration and evaluation phases	17(b)	83,307,428	71,931,196
<b>Water rights - DMS project</b>	17(c)		
At Cost		17,958,613	17,958,613
Less accumulated amortisation		<u>(8,200,699)</u>	<u>(7,607,439)</u>
		<u>9,757,914</u>	<u>10,351,174</u>
<b>Total exploration and evaluation assets</b>	17(e)	<b><u>93,372,759</u></b>	<b><u>82,590,196</u></b>

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### (a) Evaluation costs

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>TiO<sub>2</sub> project</b>		
Cost	7,487,231	7,487,231
Less accumulated impairment losses	(7,487,231)	(7,487,231)
	-	-
<b>Capitalised testing and design</b>		
Cost	307,417	307,826
<b>Total evaluation costs</b>	<b>307,417</b>	<b>307,826</b>

### (b) Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the Donald Rare Earths and Mineral Sands Project. As at 30 June 2024, the Group has complied with the conditions of the granting of MIN5532, RL 2002, RL2003 and EL5186. As such, the directors believe that the tenements are in good standing with the Department of Energy, Environment and Climate Action (Earth Resources Regulator) in Victoria, who administers the Mineral Resources Development Act 1990.

During the year, DMS submitted its Work Plan application to the Earth Resources Regulator within the Victorian Government Department of Energy, Environment and Climate Action. The Work Plan is the primary regulatory approval outstanding prior to construction of Phase 1 of the Donald Project. Further, the Company also engaged Sedgman Pty Ltd to complete Early Contractor Involvement in order to finalise the process design basis, processing facility layout, engineering development and tendering of supply, pre-assembly and construction. The Company also undertook further sonic drilling for geotechnical and bulk density test work, progressed off-site infrastructure engineering and design for power, water and roads, and continued preparations for a Final Investment Decision.

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

### (c) Water rights

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

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

### (d) Finite lives

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



# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### (e) Movement in net carrying values

	Evaluation costs A\$	Exploration and evaluation phase A\$	Water rights A\$	Total A\$
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)
Foreign exchange movements	(12,890)	-	-	(12,890)
<b>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>	-	11,376,232	-	11,376,232
Amortisation	-	-	(593,260)	(593,260)
Foreign exchange movements	(409)	-	-	(409)
<b>Balance at 30 June 2024</b>	<b>307,417</b>	<b>83,307,428</b>	<b>9,757,914</b>	<b>93,372,759</b>

1. Additions of exploration and evaluation phase during the year included the amortisation of water rights of \$593,260 (2023: \$593,260) which was capitalised during the year.

### 18. Development costs

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Balance at 1 July	8,901,965	8,374,798
Additions	-	201,201
Impairment	(8,929,803)	-
Foreign exchange movements	27,838	325,966
<b>Balance at 30 June</b>	<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 year ended 30 June 2024, 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 has been delayed due to presidential elections in Senegal and the consequential change in government that occurred following this election. The Company has enjoyed cordial dialogue with the new government in order to avoid the mediation process however there has been minimal progress.

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.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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 \$8,929,804 against development costs and a further \$1,466,746 against property, plant and equipment (see note 16) relating to the Niafarang Project.

### 19. Right-of-use assets

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Balance at 1 July	2,773,422	2,974,558
Additions	308,756	-
Disposals	(1,150,306)	-
Amortisation	(147,615)	(83,761)
Foreign exchange movements	15,733	(117,375)
<b>Balance at 30 June</b>	<b>1,799,990</b>	<b>2,773,422</b>

Right-of-use assets represented by:

	Leased Premises A\$	Land Use Rights A\$	Total A\$
Balance at 1 July 2022	-	2,974,558	2,974,558
Amortisation	-	(83,761)	(83,761)
Foreign exchange movements	-	(117,375)	(117,375)
<b>Balance at 1 July 2023</b>	<b>-</b>	<b>2,773,422</b>	<b>2,773,422</b>
Additions	308,756	-	308,756
Disposals	-	(1,150,306)	(1,150,306)
Amortisation	(81,940)	(65,675)	(147,615)
Foreign exchange movements	-	15,733	15,733
<b>Balance at 30 June 2024</b>	<b>226,817</b>	<b>1,573,174</b>	<b>1,799,990</b>

During the year the Group entered into a three-and five-year commercial lease of its corporate head office and its office premises for use in its operations in Minyip respectively.

During the year ended 30 June 2014, management entered into an agreement to transfer 1,065,384m<sup>2</sup> of land held in Yingkou province China to a state-owned entity, representing approximately 83% of the total land held by the Group in Yingkou province. As the under-development of this land resulted from a change of government development plan and restructure, this land transfer has been subsidised by the Chinese Government. Final contracts over the land sale were exchanged and the disposal was brought to account in the year ended 30 June 2015. The net proceeds amounting to \$20,356,248 were to be received in instalments. Further details of this land sale receivable are set out in note 11. The remaining 17% of the land, representing 214,802m<sup>2</sup> is shown as Right-of-Use Asset.

In addition to the land referred to above, the Group also owns a nearby piece of land measuring approximately 18,302m<sup>2</sup> located at Bayuquan District, Yingkou Province, China. Both pieces of land are held on long term leases with lease terms ranging from 48 to 54 years. During the year, the Company negotiated the partial return of land with a book value of RMB5.5 million to the Bayuquan Government as part of rationalising its land assets in the Yingkou province. As such, the Company received proceeds of RMB7.6 million in early July 2024 as consideration for the return of the land.

As at 30 June 2024, right-of-use assets with carrying value of \$1,555,121, (2023: \$1,499,620) are pledged as security over short- term loans (note 22).

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 20. Trade and other payables

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
<b>Unsecured liabilities</b>		
Trade payables	6,052,969	3,617,909
Deposits received in advance	95,432	14,923
Other payables <sup>1</sup>	3,100,020	2,945,169
	<b>9,248,421</b>	<b>6,578,001</b>

#### Notes

- Included in other payables was a balance of \$2,027,065 (2023: \$1,964,565) in aggregate due to a related company as detailed in note 31.

### 21. Contract liabilities

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
Contract liabilities arising from:		
<b>Advance deposit for future provision of goods<sup>1</sup></b>	<b>98,508</b>	<b>656,001</b>

#### Notes

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

### 22. Borrowings

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
<b>Current</b>		
Other short-term borrowings <sup>1-</sup>	473,038	2,782,564
Bank borrowings <sup>3</sup>	5,608,292	5,823,748
Advances from directors <sup>4</sup>	2,810,026	6,021,428
	<b>8,891,356</b>	<b>14,627,740</b>
<b>Non-current</b>		
Other long-term borrowings <sup>1</sup>	1,444,939	633,118
Loan payable to EFR Donald Ltd <sup>2</sup>	3,221,201	-
Bank borrowings <sup>3</sup>	1,765,573	935,960
	<b>6,431,713</b>	<b>1,569,078</b>

#### Notes

- Other short and long-term borrowings are Chinese subsidiary loans including:
  - amounts of \$367,615 and \$449,475 (2023: 673,580 and \$641,392), denominated in RMB, which are interest bearing at 4.2% - 4.6%, repayable in October 2025 and Apr 2027 respectively and secured against right of use assets which are in use by Astron Titanium (Yingkou) Limited but remain the property of the lessor;
  - an amount of \$1,100,887 (2023: \$1,102,353) which is interest bearing at 8.0% p.a. (2023: 10.0%), repayable in March 2026 and secured by certain fixed assets in China amounting to \$2,436,953 (2023: \$1,499,620 (Note 19 and 16))
  - amounts of \$NIL (2023: \$998,357), denominated in RMB which were interest bearing at 1.0% to 7.5%, unsecured and repaid during the year.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

2. Loans payable to EFR Donald Ltd

Pursuant to the terms of the joint venture agreement executed with EFR Donald Ltd, a subsidiary of Energy Fuels Inc, on 4 June 2024, Energy Fuels immediately assumed responsibility for funding 100% of Donald Project expenditure by way of an interest free loan to the joint venture company. The loan will be converted to equity in the joint venture, as part of Energy Fuels' \$183 million project development contribution, on satisfaction of the Conditions Precedent.

In the event that Conditions Precedent are not satisfied, the Company has an interest free period of three years in which to repay any amounts funded by Energy Fuels during the pre-completion period.

3. Bank borrowings

The bank loans are Chinese subsidiary loans denominated in RMB, interest bearing between 3.45% to 5.0% p.a. (2023: 4.5% to 5.50%) and have the following maturity profile:

- a) September 2024 - \$2,077,145 ;
- b) November 2024 - \$2,077,145;
- c) March 2025 - \$1,454,002;
- d) March 2026 - \$207,715; and
- e) March 2027 - \$1,557,858.

These loans are pledged with fixed assets amounting to \$10,422,665 (2023: \$6,864,250) (note 16 and note 19) of the Group, and personal guarantees from directors of \$7,373,865 (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.

4. Advances from directors

At 30 June 2024, executive directors Mdm Kang Rong and Mr. Tiger Brown had advanced the Group \$2,810,026 (2023: \$6,021,428) and Nil) respectively for working capital. The loans are provided interest free and repayable on demand.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 23. Convertible notes

In March 2022, Astron issued Convertible Notes (the **Notes**) to raise the principal amount of \$5,000,000 and incurred \$1,000,000 to pay interest on the Notes. The Notes have a term of two years and are convertible into ordinary shares of the Company at A\$0.54 per share (representing a 24% premium over the trailing 60-day VWAP). The Notes carry a 10% p.a. coupon payable up front in the form of 10,000 additional notes (equivalent to \$1 million) with the full amount capitalised to the loan balance. On 17 March 2024, the maturity date of the Notes were extended for a further two years to 17 March 2026.

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

The movements of the liability component and conversion option component of the Notes during the year ended 30 June 2024 are as follows:

	Note	Liability component of the Notes A\$	Conversion option component of the Notes A\$	Total A\$
At 1 July 2022		4,622,272	546,818	5,169,090
Effective interest expenses recognised to profit or loss		743,051	-	743,051
<b>At 30 June 2023</b>		<b>5,365,323</b>	<b>546,818</b>	<b>5,912,141</b>
Effective interest expenses recognised to profit or loss		803,768	-	803,768
Conversion of 10,000 notes into ordinary shares at \$0.54 per share	26	(1,000,000)	(91,136)	(1,091,136)
Extension of notes – 50,000		(546,818)	546,818	-
<b>At 30 June 2024</b>		<b>4,622,273</b>	<b>1,002,500</b>	<b>5,624,773</b>
Categorised as – current portion:				
At 30 June 2023		5,365,323	-	5,365,323
<b>At 30 June 2024</b>		<b>4,622,273</b>	<b>-</b>	<b>4,622,273</b>

On 31 July 2024, the Company announced that all the convertible notes on issue had been converted into ordinary shares in the Company through the issue of 11,500,000 ordinary shares (including 11,111,111 shares relating to \$5,000,000 in principal notes and \$1,000,000 in interest notes and 388,889 ordinary shares as an early conversion fee). The ordinary shares issued to the convertible note holder are subject to a voluntary escrow period of twelve months from issue.

### 24. Provisions

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>Current</b>		
Employee entitlements	151,123	126,666
<b>Non-current</b>		
Relocation provision <sup>1</sup>	-	795,450

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

Following the impairment of development assets relating to the Niafarang Project in Senegal, the Company de-recognised the relocation provision.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 25. Deferred tax

#### Liabilities

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
<b>Deferred tax liability</b>		
Deferred tax liability arises from the following:		
- Capitalised expenditure	15,238,098	12,689,744
- Provisions and other timing differences	(77,208)	(68,923)
	<b>15,161,890</b>	<b>12,620,821</b>

#### Deferred tax assets not brought to account

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

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
Tax losses:		
- Revenue losses (China)	11,569,525	9,328,686
- Revenue losses (Australia)	7,704,570	5,315,057
- Capital losses	12,206,357	12,694,612

### 26. Issued capital

	30 Jun 2024	Consolidated		30 Jun 2023
	A\$	30 Jun 2023	30 Jun 2024	30 Jun 2023
	A\$	A\$	No.	No.
<b>Fully paid ordinary shares</b>				
At beginning of the 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
- 27 September 2023	47,724	-	99,425	-
- 12 October 2023	1,680,000	-	3,000,000	-
- 22 November 2023	4,000,000	-	7,142,857	-
- 24 January 2024	3,000,000	-	5,357,143	-
- 17 March 2024 convertible note conversion (Note 23)	1,091,136	-	1,851,852	-
- 21 March 2024	4,000,000	-	7,142,857	-
Share issue costs – cash	(66,517)	(172,501)	-	-
Non-cash share issue costs (note 27)	-	(139,162)	-	-
At the end of the year	<b>102,985,548</b>	<b>89,233,205</b>	<b>171,138,777</b>	<b>146,544,643</b>

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Ordinary shares

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

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

### Capital risk management

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

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

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Borrowings (including convertible notes)	19,945,342	21,562,141
Total equity	80,164,529	90,496,303
Net debt to equity ratio	24.88%	23.86%

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

## 27. Share based payments

### Employee Share Option Plan

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

The maximum aggregate number of the options issued under the ESOP shall not at any time exceed 5% of the Company's total issued shares (being up to 8,556,939 (2023: 7,327,232) options based on the number of issued shares outstanding at 30 June 2024). The exercise price of an Option is to be determined by the Board at its sole discretion.

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

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

	Grant date Date	Expiry date Date	Exercise price A\$	Number of options on issue	
				30 Jun 24	30 Jun 23
ATRAA <sup>1</sup>	30 Nov 2021	30 Nov 2024	0.3375	800,000	800,000
ATRA B <sup>1</sup>	30 Nov 2021	30 Nov 2024	0.7200	800,000	800,000
ATRA C	13 Dec 2021	13 Dec 2024	0.6300	1,450,000	2,100,000
ATRA D	22 Nov 2022	22 Nov 2025	0.7725	800,000	800,000
ATRA E	1 Oct 2022	1 Oct 2025	0.9000	600,000	600,000
				<b>4,450,000</b>	<b>5,100,000</b>

1. Issues ATRAA and ATRAB were agreed via separate director resolutions on 23 February 2021 (based on the share price at this date of \$0.225) and 20 July 2021 (based on the share price at this date of \$0.48) respectively. However, these issues were subject to shareholder approval and thus the grant date is taken to be the date of shareholder approval being on 30 November 2021.

### Vesting Conditions

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

The following vesting conditions are in place for tranche ATRAC:

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

The following vesting conditions are in place for tranche ATRAE:

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

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

	Total number of ESOP options outstanding No.	Weighted average exercise price A\$
Balance at 1 July 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 expired under the employee share option plan	(650,000)	-
<b>Balance at 30 June 2024</b>	<b>4,450,000</b>	<b>0.6524</b>

No share options were exercised during the years ended 30 June 2023 and 2024.

As at 30 June 2024, 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

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Fair value of options issued under the ESOP

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

	ATRAA <sup>1</sup>	ATRA B <sup>1</sup>	ATRAC	ATRAD	ATRAE
Grant date	30 Nov 2021	30 Nov 2021	13 Dec 2021	22 Nov 2022	1 Oct 2022
Share price at grant date	0.3000	0.3000	0.4200	0.5950	0.6000
Fair value	0.2866	0.2127	0.2261	0.2561	0.2357
Valuation date	30 Nov 2021	30 Nov 2021	13 Dec 2021	22 Nov 2022	1 Oct 2022
Expiry date	30 Nov 2024	30 Nov 2024	13 Dec 2024	22 Nov 2025	1 Oct 2025
Exercise price	0.3375	0.7200	0.6300	0.7725	0.9000
Volatility <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 ATRAA and ATRAB were agreed via separate director resolutions on 23 February 2021 (based on the share price at this date of \$0.225) and 20 July 2021 (based on the share price at this date of \$0.48) respectively. However, these issues were subject to shareholder approval and thus the grant date is taken to be the date of shareholder approval being on 30 November 2021.
- Expected volatility (determined based on a statistical analysis of historical daily share prices over the same period as the life of the options), early exercise behaviour and expected life of share options are determined based on market research data and historical data respectively and may not necessarily be the actual outcome.

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

	ATRAA	ATRA B	ATRAC	ATRAD	ATRAE
Number of options	800,000	800,000	2,100,000	800,000	600,000
Fair value of options issued at grant date	0.2866	0.2127	0.2261	0.2561	0.2357
<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	
	30 June 2024	30 June 2023
	A\$	A\$
<b>Unlisted options</b>		
ATRAC <sup>1</sup>	-	(45,229)
ATRAD	-	204,906
ATRAE	13,345	125,845
	<b>13,345</b>	<b>285,522</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 year ended 30 June 2023 in order to reflect the fact that these options were never issued and therefore the Company has not incurred any expense in relation to these options.

The fair value of the share options granted during the year ended 30 June 2024 was \$13,345 (30 June 2023: \$285,522) (note 2) which had been recognised as employee share option expense with the corresponding balance credited to the share-based payment reserve.

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 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	Vesting Date	Expiry Date	Exercise price A\$	Number of options on issue 30 Jun 2024	Number of options on issue 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 ESOP options outstanding No.	Weighted average exercise price A\$
Options granted to broker under lead manager agreement	600,000	0.81
<b>Balance at 30 June 2024 and 2023</b>	<b>600,000</b>	<b>0.81</b>

No broker options were exercised during the year ended 30 June 2024 (2023:Nil).

### 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

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

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

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>Unlisted options</b>		
ATRAO	-	139,162

The fair value of the share options granted during the year ended 30 June 2024 was \$NIL (30 June 2023: \$139,162). Share-based payments expenses relating to broker options were recognised directly in equity as a reduction in the value of issued capital at the date relevant shares are issued (or over the vesting period in the event vesting conditions are applicable) (note 26).

## 28. Reserves

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Foreign currency translation reserve	14,140,946	13,828,406
Share-based payment reserve	2,270,764	2,257,419
Convertible notes equity reserve	1,002,500	546,818
Capital reserves	1,450,005	1,450,005
	<u>18,864,215</u>	<u>18,082,648</u>

### Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries. The reserve balance at 30 June 2024 was \$14,140,946 (2023: \$13,828,407).

### Share based payment reserve

The share-based payment reserve records the amount of expense raised in terms of equity-settled share-based payment transactions. The reserve balance at 30 June 2024 was \$2,270,764 (2023: \$2,257,419).

### Convertible notes equity reserve

The convertible notes equity reserve records the carrying value of equity component of unconverted convertible notes issued by the Company. The reserve balance at 30 June 2024 was \$1,002,500 (2023: \$546,818).

### Capital reserves

Since at least 1 July 2014, the Company had entered into an unwritten informal agreement with Firback Finance Ltd (**Firback**) under which the services of Mr. Alex Brown, the former President, Managing Director and major shareholder of the Company until his death on 30 November 2019, was supplied to the Company (the **Firback Contract**). Under the terms of the Firback Contract, an accumulated amount of \$1,450,005 was outstanding and due to Firback. Firback has since been wound up and no longer exists. It was further noted that prior to being wound up, Firback had not made any demand for payment of the balance outstanding, nor given notice of assignment of the outstanding amount to the Company so the Company considered the Firback contract expired during the year ended 30 June 2021. The amount owing to Firback was accordingly transferred to capital reserve during the year ended 30 June 2021. The reserve balance at 30 June 2024 was \$1,450,005 (2023: \$1,450,005).

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 29. Holding company statement of financial position

	Note	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
<b>ASSETS</b>			
<b>Current assets</b>			
Amounts due from a subsidiary		40,904,790	26,879,295
<b>Total current assets</b>		<b>40,904,790</b>	<b>26,879,295</b>
<b>Non-current assets</b>			
Investment in subsidiary		76,549,866	76,549,866
<b>Total non-current assets</b>		<b>76,549,866</b>	<b>76,549,866</b>
<b>TOTAL ASSETS</b>		<b>117,454,656</b>	<b>103,429,161</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accruals and other payables		178,879	175,743
Convertible notes	23	4,622,273	5,365,323
<b>Total current liabilities</b>		<b>4,801,152</b>	<b>5,541,066</b>
<b>TOTAL LIABILITIES</b>		<b>4,801,152</b>	<b>5,541,066</b>
<b>NET ASSETS</b>		<b>112,653,504</b>	<b>97,888,095</b>
<b>EQUITY</b>			
Issued capital	26	102,985,548	89,233,205
Reserves		3,306,299	2,854,567
Retained earnings		6,361,657	5,800,323
<b>TOTAL EQUITY</b>		<b>112,653,504</b>	<b>97,888,095</b>

Mr Tiger Brown

Mr George Lloyd

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 30. Dividends

There were no dividends paid, recommended or declared during the current and previous financial year.

### 31. Related party transactions

#### Parent entity

Astron Corporation Limited is the parent entity of the Group.

#### Subsidiaries

Interests in subsidiaries are disclosed in note 15.

#### Transactions with key management personnel

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

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Short term employee benefits:		
- Salaries and fees	1,536,115	1,570,641
- Short-term incentive payments	309,332	-
- Share-based payment expenses	13,345	330,751
- Non-cash benefits	17,991	25,027
Total short-term employee benefits	1,876,783	1,926,419
Post-employment benefits		
- Superannuation	102,047	117,790
Total Key Management Personnel remuneration	1,978,830	2,044,209

#### Directors' Emoluments

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

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Short term employee benefits:		
- Salaries and fees <sup>1</sup>	742,912	590,000
- Short-term incentive payments	50,000	-
- Share-based payment expenses	-	204,906
- Non-cash benefits	1,920	-
- Post-employment benefits	47,224	37,400
Total directors' emoluments	842,056	832,306

Note:

1. The amount includes management fees of \$145,833 for the year ended 30 June 2024 and \$250,000 for the year ended 30 June 2023 to Juhua International Limited of which the beneficial owner is Mdm Kang Rong.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Interest free loans

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

### Management services provided

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

### Related party loans

As at 30 June 2024, non-executive director Mdm Kang Rong had advanced the Group \$2,810,026 (2023: \$6,021,428) for working capital. The loans are provided interest free and repayable on demand.

As at 30 June 2024, there were unpaid director and management fees payable to a director-related entity as follows:

- Mdm Kang Rong, Juhua International Limited of \$2,027,065 (2023: \$1,964,565) (note 20).

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

## 32. Commitments

### Operating lease commitments

There were no non-cancellable operating leases contracted for but not capitalised at 30 June 2023 and 2024.

### Water rights

In accordance with the terms of the contract with GWM Water, the Company is committed to incurring a quarterly headworks charge in order to maintain future water rights. For the year ended 30 June 2024, the headworks charge was \$943,500 (2023: \$793,490).

### Guarantees between subsidiaries

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

### Other commitments and contingencies

#### *Land*

In 2008, Astron Titanium (Yingkou) Co Ltd holds two land sites acquired from the Chinese Government. As outlined in Note 19, the Company relinquished a portion of this land during the year, of which the consideration and profit on relinquishment has been recognised in the statement of profit or loss and other comprehensive income. As at 30 June 2024, the net book value of this land was \$1,573,173 (2023: \$2,773,422) (note 19).

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

To maintain the Exploration and Mining Licences at Donald, the Group is required to spend \$1,261,800 (2023: \$1,561,800) on exploration and development expenditure over the next year. The minimum expenditure amount per annum will normally increase over the life of an exploration license. The amount of this expenditure could be reduced should the Group decide to relinquish land.

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 33. Cash flow information

#### Reconciliation of cash provided by operating activities with loss after income tax expense

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Net loss for the year	(24,865,684)	(7,730,992)
<i>Non-cash flows in loss from ordinary activities</i>		
Depreciation of property, plant and equipment	1,579,514	1,941,434
Amortisation of right-of-use assets	147,615	83,761
Bad debts/provision for impairment on receivables	1,180,395	118,716
Fair value (gain)/loss on financial assets at fair value through profit or loss	5,519	(744)
Net gain on disposal of property, plant and equipment	(182,944)	-
Impairment of development assets	9,596,089	-
Share based payment expenses	61,069	285,522
Finance costs	722,759	1,105,217
Decrease in trade and other receivables	272,207	7,766,647
Decrease in inventories	913,054	350,965
Increase/(decrease) in trade and other payables and provisions	86,397	(7,069,029)
Effects on foreign exchange rate movement	78,766	(191,113)
Increase in deferred taxes	2,541,070	1,691,871
	<b>(7,864,174)</b>	<b>(1,647,745)</b>

#### Reconciliation of cash

	Note	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the consolidated statement of financial position as follows:			
Cash on hand	10	29	825
Cash at bank	10	2,745,770	7,203,849
		<b>2,745,799</b>	<b>7,204,674</b>

#### Loan facilities

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

	Note	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Available loan facilities		7,373,865	6,759,708
Utilised loan facilities	22	(7,373,865)	(6,759,708)
Unused loan facilities		-	-

As at 30 June 2023 and 2024, the Group's loan facilities were secured by assets held by its China subsidiary.

#### Non-cash financing activities

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

During the year ended 30 June 2024, interest charged of \$803,766 on the convertible note related to the unwinding of the discounted value of the liability component of the compound financial instrument and was capitalised to exploration expenditure in line with the Company's accounting policy (30 June 2023: \$743,051 recognised in the consolidated statement of financial performance).

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

	Lease liabilities (note 35) \$	Borrowings (note 22) \$	Convertible Notes (note 23) \$
At 1 July 2022	-	13,668,492	4,622,272
Changes from cash flows:			
Repayment of borrowings	-	(394,097)	-
Proceeds from bank borrowings	-	3,005,408	-
Loan interest paid	-	(362,641)	-
Total changes from financing cash flows	-	2,248,670	-
Interest expense	-	362,641	743,051
Transfer of balances	-	537,248	-
Exchange adjustments	-	(620,233)	-
<b>At 30 June 2023</b>	<b>-</b>	<b>16,196,818</b>	<b>5,365,323</b>
Changes from cash flows:			
Repayment of borrowings	-	(4,139,430)	-
Principal paid on lease liabilities	(75,503)	-	-
Interest paid on lease liabilities	(24,785)	-	-
Proceeds from joint venture funding	-	3,221,201	-
Loan interest paid	-	(723,834)	-
Total changes from financing cash flows	(100,288)	(1,642,063)	-
Conversion of 10,000 notes into shares at \$0.54 per share	-	-	(1,000,000)
Extension of 50,000 notes	-	-	(545,818)
Additions	308,756	-	-
Interest expense	24,785	723,834	803,768
Exchange adjustments	-	44,480	-
<b>At 30 June 2024</b>	<b>233,253</b>	<b>15,323,069</b>	<b>4,622,273</b>

### Acquisition of entities

As per Note 15, the Company incorporated Donald Project Pty Ltd on 1 February 2024 to act as the joint venture operating entity for the joint venture transaction executed with Energy Fuels on 4 June 2024. There was no impact on the cash balances of the Group follow this entities incorporation. Other than the above, no other entities were acquired or incorporated during the year ended 30 June 2023 and 2024.

### Disposal of entities

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

### Restrictions on cash

There is no restricted cash included in the Group's consolidated cash and cash equivalents balance at 30 June 2023 and 2024. Refer to note 10 for further details.



# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 34. Employee benefit obligations

As at 30 June 2024 and 30 June 2023, the majority of employees are employed in China. In accordance with normal business practice in China, employee benefits such as annual leave must be fully utilised annually. Chinese provisions for employee entitlements at year end would be insignificant.

### 35. Lease liabilities

#### The Group as leasee

The Group leases office premises for use in its operations. Leases of office premises have lease term of three to five years and only comprise fixed payments over the lease terms.

The movements of lease liabilities are as follows:

	A\$
At 1 July 2023	-
Additions	308,756
Finance costs	24,785
Lease payments	(100,288)
<b>At 30 June 2024</b>	<b>233,253</b>

The present value of future lease payments are presented in the consolidated statement of financial position as follows:

	Consolidated 30 Jun 2024 A\$
<b>Current</b>	<b>85,256</b>
<b>Non-current</b>	<b>147,997</b>

Future lease payments are due as follows:

	Minimum lease payments A\$	Interest A\$	Present value of minimum lease payments A\$
Within one year	104,612	19,356	85,256
More than one year, but not exceeding two years	109,016	10,221	98,795
More than two years, but not exceeding five years	54,181	4,979	49,202
<b>At 30 June 2024</b>	<b>267,809</b>	<b>34,556</b>	<b>233,253</b>

### 36. Financial Risk Management

#### **General objectives, policies and processes**

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

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

this note. The principal financial instruments from which financial instrument risk arises are cash at banks, term deposits greater than 90 days, trade and other receivables and payables, financial assets at fair value through profit or loss, convertible notes, lease liabilities and borrowings.

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

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

### Credit risk

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

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

In respect of trade receivables, there is concentration of credit risk as 100% (2023: 75%) of the Group's trade debtors is from two (2023: two) customers. Group policy is that sales are only made to customers that are credit worthy. Trade receivables are predominantly situated in China.

Other receivables include \$1,042,906 (2023: \$1,095,945) being the gross land sale receivable from the Yingkou Provincial government. The directors are of the opinion that the credit risk on this receivable to be low for the reasons set out in note 11.

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

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

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

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Cash & cash equivalents	2,745,799	7,204,674
Term deposits with maturity over 90 days	139,209	46,112
Trade and other receivables	4,243,650	3,575,762
	<b>7,128,658</b>	<b>10,826,548</b>

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

The following table presents the gross carrying amount and the lifetime expected credit loss in respect of individually assessed trade receivables as at 30 June 2024 and 2023:

	Consolidated 30 Jun 2024 A\$	30 Jun 2023 A\$
Gross carrying amount	106,124	39,058
Lifetime expected credit loss	(106,124)	(39,058)
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

The following table presents the gross carrying amount under collective measurement (after individual assessed loss allowance) and the provision for impairment loss in respect of collectively assessed trade receivables as at 30 June 2024:

	Expected loss rate		Gross carrying amount		Loss allowance	
	30 June	%	2024	2023	2024	2023
Current (not past due)	-	-	558,733	67,208	-	-

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

### Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Group manages liquidity risk by monitoring forecast cash flows. As at 30 June 2024, the Group had cash of \$2,745,799 (2023: \$7,204,674).

### Maturity analysis

	Note	Carrying Amount A\$	Contractual Cash flows A\$	< 6 months A\$	> 6 months A\$
<b>Year ended 30 June 2024</b>					
<b>Non-derivatives</b>					
Trade payables	20	6,052,969	6,052,969	6,052,969	-
Other payables	20	3,100,020	3,100,020	3,100,020	-
Borrowings	22	6,031,227	6,031,227	2,810,026	3,221,201
<b>Total non-interest bearing liabilities</b>		<b>15,184,216</b>	<b>15,184,216</b>	<b>11,963,015</b>	<b>3,221,201</b>
Borrowings	22	9,291,842	9,291,842	4,402,778	4,889,064
Convertible notes	23	4,622,273	6,000,000	-	6,000,000
Lease liabilities	35	233,253	267,809	51,991	215,818
<b>Total interest bearing liabilities</b>		<b>14,147,368</b>	<b>15,559,651</b>	<b>4,454,768</b>	<b>11,104,882</b>
<b>Total liabilities</b>		<b>29,331,584</b>	<b>30,743,867</b>	<b>16,417,784</b>	<b>14,326,083</b>

	Note	Carrying Amount A\$	Contractual Cash flows A\$	< 6 months A\$	> 6 months A\$
<b>Year ended 30 June 2023</b>					
<b>Non-derivatives</b>					
Trade and note payables	20	3,617,909	3,617,909	3,617,909	-
Other payables	20	2,945,169	2,945,169	2,945,169	-
Borrowings	22	6,021,428	6,021,428	6,021,428	-
<b>Total non-interest bearing liabilities</b>		<b>12,584,506</b>	<b>12,584,506</b>	<b>12,584,506</b>	<b>-</b>
Borrowings	22	10,175,390	10,175,390	5,517,200	4,658,190
Convertible notes	23	5,365,323	6,000,000	-	6,000,000
<b>Total interest bearing liabilities</b>		<b>15,540,713</b>	<b>16,175,390</b>	<b>5,517,200</b>	<b>10,658,190</b>
<b>Total liabilities</b>		<b>28,125,219</b>	<b>28,759,896</b>	<b>18,001,706</b>	<b>10,658,190</b>

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Fair value

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

At 30 June 2023 and 2024, the aggregate fair values and carrying amounts of financial assets and financial liabilities carried at amortised cost approximate their carrying amounts.

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

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
<b>Financial assets at fair value through profit or loss</b>		
ASX Listed equity shares - Level 1	2,800	8,319
Unlisted units in Murtoa Housing Innovation – Level 2	40,000	-
	<u>42,800</u>	<u>8,319</u>

The Group does not have any Level 3 financial assets.

### Price risk

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

As at 30 June 2024, the maximum exposure of price risk to the Group was the financial assets at fair value through profit or loss for \$2,800 (2023: \$8,319). 100% of the Group's ASX Listed equity shareholding investments is in the mining or energy sector.

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

	Consolidated	
	30 Jun 2024	30 Jun 2023
	A\$	A\$
Carrying amount of listed equity shares on ASX	<u>2,800</u>	<u>8,319</u>

### Sensitivity Analysis

	Increase/(decrease) in share price			
	30 Jun 2024		30 Jun 2023	
	A\$		A\$	
	+10%	-10%	+10%	-10%
<b>Listed equity shares on ASX</b>				
Loss before tax – increase/(decrease)	<u>280</u>	<u>(280)</u>	<u>832</u>	<u>(832)</u>

The above analysis assumes all other variables remain constant.

### Interest rate risk

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

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

30 June	Weighted average effective interest rate		Floating interest rate		Fixed interest rate		Non-interest bearing		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>										
Cash and cash equivalents	0.17	0.01	2,745,770	7,203,849	-	-	29	825	2,745,799	7,204,674
Term deposits greater than 90 days	1.72	1.72	-	-	139,209	46,112	-	-	139,209	46,112
Trade and other receivables	-	-	-	-	-	-	4,243,650	3,575,762	4,243,650	3,575,762
Financial assets at fair value through profit or loss	-	-	-	-	-	-	42,800	8,319	42,800	8,319
<b>Total financial assets</b>			<b>2,745,770</b>	<b>7,203,849</b>	<b>139,209</b>	<b>46,112</b>	<b>4,286,479</b>	<b>3,584,906</b>	<b>7,171,458</b>	<b>10,834,867</b>
<b>Financial liabilities:</b>										
Trade and other payables	-	-	-	-	-	-	9,152,989	6,563,078	9,152,989	6,563,078
Borrowings	3.89	4.95	7,373,865	6,759,708	1,917,977	3,415,682	6,031,227	6,021,428	15,323,069	16,196,818
Convertible notes	15.00	15.00	-	-	4,622,273	5,365,323	-	-	4,622,273	5,365,323
Lease liabilities	10.00	-	-	-	233,253	-	-	-	233,253	-
<b>Total financial liabilities</b>			<b>7,373,865</b>	<b>6,759,708</b>	<b>6,773,503</b>	<b>8,781,005</b>	<b>15,184,216</b>	<b>12,584,506</b>	<b>29,331,584</b>	<b>28,125,219</b>

# Astron Corporation Limited

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### Sensitivity analysis

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

	+ 1% (100 basis points)		-1% (100 basis points)	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	A\$	A\$	A\$	A\$
Cash at bank	27,458	72,038	(27,458)	(72,038)
Borrowings	(73,739)	(67,597)	73,739	67,597
	<b>(46,281)</b>	<b>4,441</b>	<b>46,281</b>	<b>(4,441)</b>
Tax charge of 25% (2023: 25%)	11,570	(1,110)	(11,570)	1,110
	<b>(34,711)</b>	<b>3,331</b>	<b>34,711</b>	<b>(3,331)</b>

### Foreign currency risk

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

# Astron Corporation Limited

Company Number: 1687414

## Directors' Declaration

For the year ended 30 June 2024

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with Hong Kong Financial Reporting Standards and give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Chairman



Mr George Lloyd

Dated 16 September 2024

## **Independent Auditor's Report**

### **To the members of Astron Corporation Limited**

(incorporated in Hong Kong with limited liability)

### **Opinion**

We have audited the consolidated financial statements of Astron Corporation Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 21 to 69, which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

### **Basis for Opinion**

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

### **Material Uncertainty Related to Going Concern**

We draw attention to note 2 in the consolidated financial statements, which indicates that as at 30 June 2024, the Group's current liabilities exceeded current assets by \$13,149,379 and the Group incurred a gross loss and net loss after tax of \$2,718,239 and \$24,865,684 respectively and recorded net cash outflows from operating activities of \$7,864,174 for the year then ended. These conditions along with other matters set out in note 2 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

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



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

### ***Impairment of property, plant and equipment***

Refer to notes 2, 3 and 16 to the consolidated financial statements

The Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. The Group has incurred recurring losses for recent years, which is an indicator for impairment consideration. Once impairment indicators trigger an impairment review, management is required to perform impairment testing in accordance with HKAS 36 Impairment of Assets.

We have identified impairment of property, plant and equipment as a key audit matter because of its significance to the consolidated financial statements and because the management's value-in-use calculations involve significant management judgement and estimates with respect to the underlying cash flow forecast.

#### **Our Response:**

Our procedures in relation to management's impairment review of property, plant and equipment included:

- obtaining management's calculation of the recoverable amount of the assets and comparing them to the methodology as required under HKAS 36;
- challenging and corroborating key assumptions made by management;
- understanding the sources of data used to prepare the value-in-use calculation and evaluating the reliability of the data;
- understanding and evaluating the appropriateness of the valuation method used, the reasonableness of assumptions used for the determination of discount rate; and
- reviewing the appropriateness of the related disclosures within the financial statements.

## Other Information

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

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

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

## Directors' Responsibilities for the Consolidated Financial Statements

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

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

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

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

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



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

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

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

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

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

BDO Limited  
Certified Public Accountants

Chiu Wing Cheung Ringo  
Practising Certificate Number P04434

Hong Kong, 16 September 2024



# Astron Corporation Limited

Company Number: 1687414

## Glossary of Abbreviations and Defined Terms

TERM	
µm	Micron
\$ or A\$ or AUD	Australian dollars
ARBN	Australian Registered Business Number
Astron or the Group	The Company and its controlled entities
Astron Titanium	Astron Titanium Yingkou Company Limited
ASX	Australian Securities Exchange
Board	The board of directors of the Company
CDI	CHESS Depositary Interest
CeO <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
Niafarang Project	Niafarang mineral sands project
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
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>	Zirconium dioxide

# Astron Corporation Limited

Company Number: 1687414

## Corporate Directory

### DIRECTORS

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

### COMPANY SECRETARY AND REGISTERED OFFICE

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

### AUSTRALIAN CORPORATE OFFICE

Level 10, 224 Queen Street  
Melbourne VIC 3000  
Australia

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

### CHINA BUSINESS OFFICE

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

Tel/Fax: +86 24 2259 5960

### AUDITOR

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

### SHARE REGISTRY

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

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

### BANKERS

Commonwealth Bank of Australia  
48 Martin Place  
Sydney NSW 2000  
Australia

### ASX CODE

ATR