

Astro Resources NL and Controlled Entities

ABN: 96 007 090 904

2014 Annual

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Corporate Directory

Directors

Mr Kris Knauer
(Non-Executive Chairman)

Mr Michael Povey
(Executive Director)

Mr Graham Libbesson
(Non-Executive Director)

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Company Secretary

Mr Vincent Fayad

Auditors

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ASX Code

ARO

Share Registry (Australia)

Link Market Services Limited
Level 4 Central Park
152 St Georges Terrace
PERTH WA 6000

Home Exchange

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
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Chairman's Letter to Shareholders

Dear Shareholders

In my second year as Chairman of Astro Resources NL ("**Astro or the Company**"), it is my pleasure to write this letter to Shareholders.

The 2014 year was an extremely difficult year for the Company particularly with the limited amount of financial resources that is available. As many of you would understand, capital markets for junior mining explorers have been extremely tight and there has been a major reluctance by investors to participate in fund raising activities.

As a result of the tight market conditions, the Board has been focused on the following key strategies:

- identifying a joint venture partner which has both the skills and financial capacity in which to take the Governor Broome project forward. A potential partner has been identified and the Company has been trying to complete a joint venture arrangement. However, this arrangement remains incomplete at date of this report. I am anticipating that we should be able to report to Shareholders soon on this initiative;
- rationalising the number of tenements and concentrating its efforts on those tenements that create maximum shareholder wealth. As a result of this, the Board decided to relinquish the Macphee tenement;
- enhancing its interests in the diamond projects. To support this strategy, the Company acquired the heavy separation plant;
- conserving cash; and
- reviewing and identifying new project opportunities – a number of projects have been identified, but at this stage, none of the projects have been considered to be a "company maker".

During the year, Astro completed a number of initiatives including the acquisition of the remaining 20% in Governor Broome as well as the issue of convertible notes for the sum of \$500,000. There is no doubt that the fund raising from the convertible notes has resulted in funding the Company through difficult times.

Looking forward to 2015, Astro will require an injection of funds into the first half of the 2015 financial year; otherwise it will not be a going concern. Your Board remains committed in identifying a funding source which will enable it continue trading into the foreseeable future and to allow it develop its strategies in an orderly manner.

I would like to thank you for your continued support to Astro. I appreciate that the 2014 financial year has not been memorable, but the Board is committed to achieving some form of turnaround in the 2015 financial year. I look forward to meeting with you all at the annual general meeting.



Kris Knauer

Chairman

Dated at Sydney this 29th day of September 2014.

Review of Operations and Tenements

OPERATIONAL

Governor Broome Project

About Governor Broome Project

The Governor Broome Project is located within the Shire of Nannup in South Western Australia. The deposits contain the same mineralisation style as that of the previously mined and now rehabilitated Jangardup mine situated 20km to the North West.

The Governor Broome deposits comprises of three regions (North, South, East) which are well supported by existing infrastructure that includes:

- power lines;
- communications;
- haulage road originally constructed for the minerals sands industry; and
- a network of sealed roads between the Governor Broome deposits and port facilities at Bunbury, 100km north.

Exploration Programmes

The work undertaken by the Company during the year was largely that of “care and maintenance”.

Despite the above, the Company undertook the following:

- it progressed an application for a Retention Licence on the Governor Broome resource. The application, if successful, will provide relief from the standard Exploration Licence Statutory reporting and expenditure requirements and secure the resource whilst the Company pursues opportunities to advance the project; and
- most importantly, it has identified a potential joint venture partner to enable the progressing and development of the project. Negotiations with this partner are incomplete as at the date of this report. Should these negotiations be successful, the Company believes that this partner has the skills and financial resources in which to take the Governor Broome project to a new level.

Mineral Resource

During the year ended 30 June 2013, the Company was able to achieve a substantial increase in the JORC Inferred Resource tonnage for the Governor Broome East deposit following the discovery of additional mineralisation abutting the southern boundary of the existing Governor Broome resource during the Company's drilling campaign.

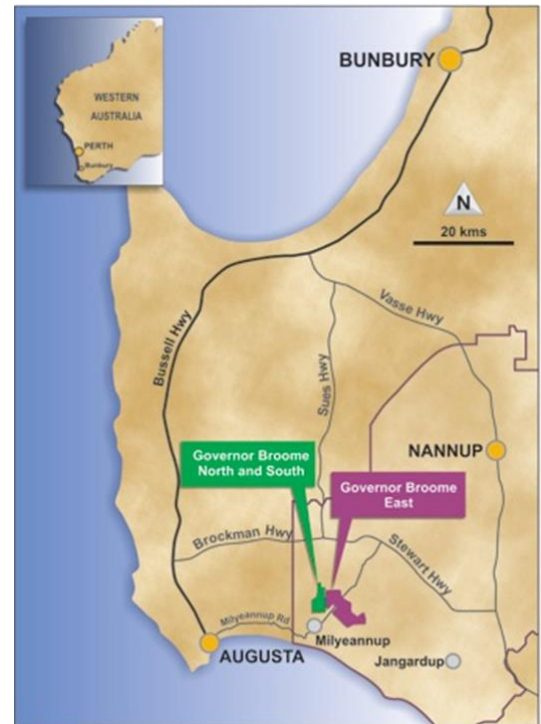


Figure 1 Governor Broome Location Map

Review of Operations and Tenements

The Global Governor Broome JORC Inferred Resource now stands at¹ 185.7Mt@4.35% HM and comprises the following:

NEW GOVERNOR BROOME JORC INFERRED RESOURCE (2% HM and 30% Slimes cut-off grades applied)						
Deposit	Estimator	Unit	Tonnage (Mt)	HM (%)	Oversize (%)	Slimes (%)
North	GRD	Warren	14.7	4.74	8.4	7.0
		Warnbro	9.5	6.17	10.0	17.4
		Subtotal	24.2	5.38	9.0	11.2
South	Geostat	Warren	13.3	4.56	7.6	8.5
		Warnbro	11.8	4.90	11.2	24.2
		Subtotal	25.1	4.72	9.3	15.9
East	Geostat	Warren	52.0	3.66	2.8	8.1
		Warnbro	53.0	4.31	8.1	22.3
		Subtotal	105.0	3.99	5.5	15.3
Sth Ext	CRM	Warren	13.0	4.00	9.0	9.0
		Warnbro	18.0	5.00	14.0	20.0
		Subtotal	31.0	4.50	12.0	15.0
TOTAL			185.3	4.36	7.53	14.82

¹ Note: The deposit also contains a further Exploration Target estimated to contain between 90Mt and 130Mt Heavy Minerals at a grade of between 4% and 6% HM. [Notes: the Exploration Target was announced on the 10 January 2013 and was estimated by Continental Resource Management Pty Ltd (CRM) using ID2 methodology. CRM estimated the target within wireframes that were limited by a minimum 2% HM and a maximum of 30% Slimes. The estimation of the main area was based upon results from a line of 22 holes drilled at the southern end of the Governor Broome South Deposit by Astro through the centre of the area and from drill results from a line of 25 holes drilled across the northwest end of the southern extension of the Governor Broome East Deposit. The estimation of the smaller target area was based upon two lines of 80 metre spaced drill-holes immediately to the northwest and southeast of the area. The potential quantity and quality of the Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Programme Summary

The drilling extension of historic drill lines to the south of Governor Broome East has confirmed significant mineralisation south of the known deposit. The mineralisation is open for some 2km to the southwest where visual continuity has been established in a line of holes drilled in southwest-northeast direction.

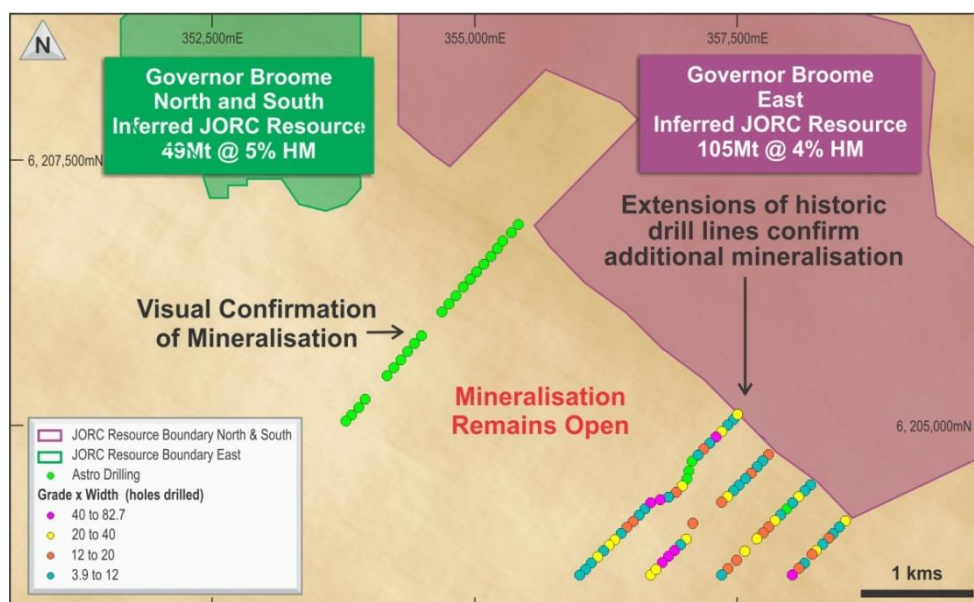


Figure 2 Mineralisation extending south of Governor Broome East remains open for approximately 2km.

The southern extensional drilling has provided an increase of 31Mt @ 4.5% HM to the Governor Broome East JORC Inferred Resource and remains open to the northwest and southeast.

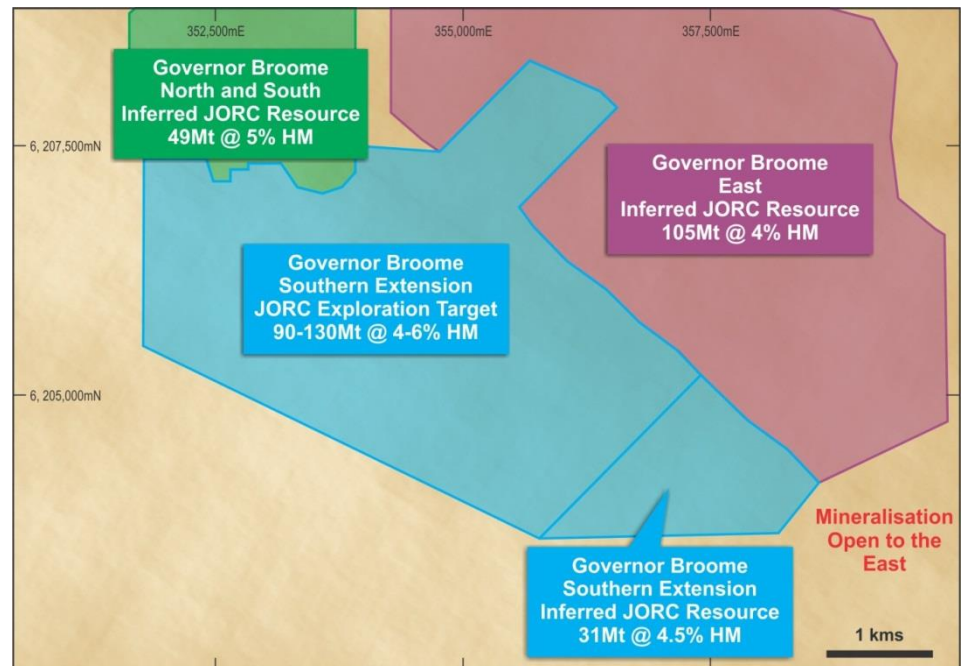
This area shown in Figure 3 provides an additional strong Exploration Target of 90-130Mt @4.-6 %HM northwest towards the Governor South deposit.

The mineralisation also lies open towards the east and provides significant potential for further resources increase with additional drilling.

Review of Operations and Tenements

Indicative mineralised drill hole samples were also identified for additional metallurgical studies in order to determine the mineral assemblage in this new area.

Figure 3
The identified JORC Exploration Target 1 provides further opportunity for the collective Governor Broome resource to substantially increase, which will be confirmed in future drilling programs.



Project Expansion

Following the progress made during the course of exploration, resource expansion was achieved for the Governor Broome Project, since acquisition in October 2011. The Governor Broome Project potential has been reviewed by the Company. This review has resulted in the application for two prospecting tenements (P70/1583 & P70/1584) covering approximately 27km² over an area believed to host extensions of the mineralisation discovered during the 2012 drilling campaign.

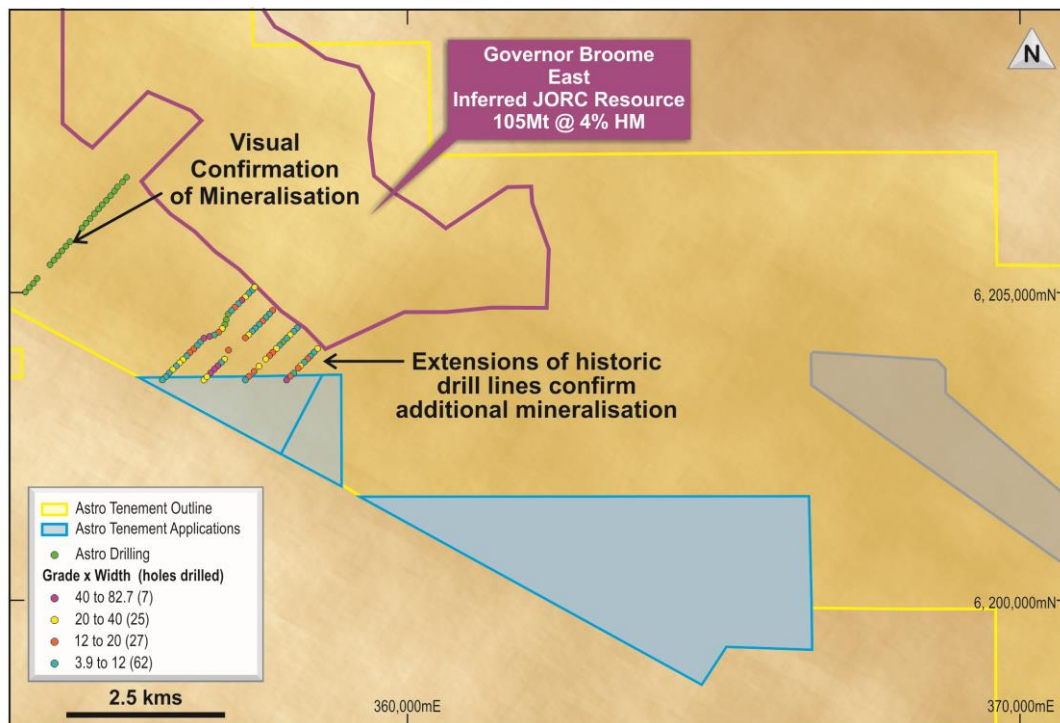


Figure 4
The tenements follow the indicative path of a potential new strandline, trending parallel to existing strandlines within the Governor Broome East deposit.

Review of Operations and Tenements

Completion of Mineral Assemblage Analysis

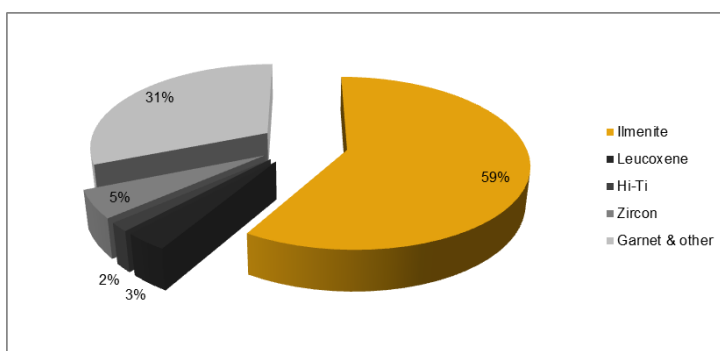
Heavy mineral (HM) composites were prepared from historic drillhole samples. They were selected with the aim of representing the assemblages of the three main resources areas (East, North and South) and the two principal layers of mineralisation (the upper Warren sands, and lower Warnbro Sands) that make up the Governor Broome deposit.

Deposit	Group	Ore (Mt)	HM (%)	MINERAL ASSEMBLAGE (%)						
				o/size (%)	Slimes (%)	Il	Sec. Il	Leuc	HiTi	Zirc
North	Warren	14.5	4.85	8.4	7.0	48.2	10.0	6.6	2.3	5.8
	Warnbro	9.6	6.18	10.0	17.4	51.1	4.2	2.0	1.2	3.9
	Subtotal	24.2	5.38	9.0	11.2	49.4	7.7	4.8	1.9	5.0
South	Warren	13.3	4.56	7.6	8.5	47.8	3.4	2.0	0.8	2.7
	Warnbro	11.8	4.90	11.2	24.2	47.8	2.8	2.0	1.5	5.2
	Subtotal	25.1	4.72	9.3	15.9	47.8	3.1	2.0	1.1	3.9
East	Warren	52.0	3.66	2.8	8.1	54.5	10.7	5.7	2.7	7.3
	Warnbro	53.0	4.31	8.1	22.3	54.5	2.6	1.4	0.9	4.2
	Subtotal	105.0	3.99	5.5	15.3	54.5	6.6	3.5	1.8	5.7
Total		154.3	4.33	6.7	14.7	52.6	6.2	3.5	1.7	5.3

North and East estimated by Geostat Services, South estimated by GRD Minproc

Analysis of the mineral assemblage revealed it is dominated by a high quality ilmenite with zircon levels of 5% across the project, notably 7%+ at Governor Broome East.

The ilmenite is a high quality, high FeO product that should be very reactive in the standard sulphate pigment process. Chrome, uranium and thorium are well within specifications for sulphate ilmenite, and thus is suitable for end use in the global domestic and commercial pigments sector, as well as other industries.



East Kimberley Diamonds

About East Kimberley Diamonds

The Company holds a number of projects located on the East Kimberley Plateau, located in the Kimberley region of Western Australia, a region rich in diamond history. Over 200 million carats of diamonds have been produced in the Kimberley region principally at the Argyle Diamond Mine which began production in 1985 but also at the Bow River alluvial mine. The latter miner, no longer in production and rehabilitated produced a higher percentage of gem quality diamonds and abuts the southern boundary of the Company's lower Smoke Creek lease.

There has been a renewed interest in diamonds in the region highlighted in late 2010 by Venus Metals Ltd announcement of a JORC Inferred Resource of 17.9Mt at an average grade of 28cpt (carats per hundred tonnes) for potentially 5 Million carats (at a cut-off of 10 cpt) on its Smoke Creek Project. Venus's project lies within the boundaries of the Company's Lower Smoke Creek Project area (see Figure 5).

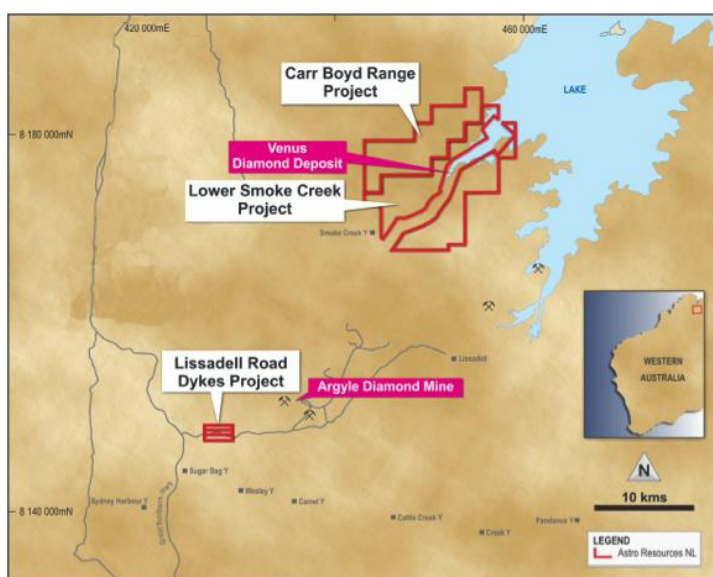


Figure 5 East Kimberley Diamond Location Map

Review of Operations and Tenements

Carr Boyd Range and Lower Smoke Creek

The Carr Boyd Range and Lower Smoke Creek Projects are two projects which surround Venus Metals Ltd JORC Inferred 5 million carat diamond resource.

Located 12km North of the Argyle Diamond Mine, Carr Boyd Range abuts the Lower Smoke Creek drainage area, the site of the original diamond finds that resulted in the discovery of the Argyle AK1 diamond pipe. The project is considered highly prospective for similar diamond intrusion.

The southern boundary of the Lower Smoke Creek project adjoins the Argyle Diamond Mine tenement that, prior to mining, was reported by Argyle Diamond Mine to contain an estimated overall resource of 14 million m³ (or approximately three million tonnes) of gravel at an average grade of 1 carat/m³ representing an estimated grade of 50-70 carats per hundred tonnes.

Lissadell Road Dykes

The Lissadell Road Dykes Project covers three Prospecting Licences covering 479 hectares immediately to the west of the Argyle Diamond Mine.

The area is considered highly prospective for diamonds and contains with a series of diamondiferous lamproite dykes that are intruded into west-northwest trending tension gashes within 6km of the Argyle Diamond Mine. The dykes may be the root zone of a second lamproite pipe that was emplaced at the same time as the Argyle pipe (circa 1200my). The postulated pipe may have been removed by erosion. However, the Lissadell Road Dykes have not been age-dated and a genetic link with Argyle pipe is not yet certain.

There is further potential for undiscovered diamond bearing dykes to occur below shallow alluvial cover to the southwest of the main dyke swarm and there is also considered to be moderate potential for the discovery of economic diamond bearing alluvial deposits derived from the dyke swarm

CORPORATE ACTIVITIES

Acquisition of the remaining 20% interest in Governor Broome

During the year, the Company completed the acquisition of the remaining 20% shareholding in the Governor Broome project and as a result this has given it 100% ownership of over this asset. This acquisition enables the Company to take control and deal with the project in an optimal manner. It also will result in cost savings to the Company.

The consideration was by way of a convertible loan note for the sum of \$750,000.

Funding

The Company also received funding of \$500,000 as a cash injection, from two parties, one of whom is a substantial shareholder.

Acquisition of Heavy Mineral Separation plant

The Company acquired a Heavy Mineral Separation (HMS) plant for \$150,000. Again, funding for this was by way of a convertible note.

Key terms of the Convertible Notes

The key terms of the Convertible Notes are as follows:

Acquisition of the 20% interest in Governor Broome

Maturity Date	14 months from completion of the Share Sale Agreement. If the note holder elects for any money owing on the Maturity Date to be repaid in cash, the Company can elect to extend this repayment obligation for a further 12 months, during which period all rights available under the note will remain available to the holder (Rollover Extension).
Interest Rate	12% per annum. 17% per annum during the Rollover Extension (if exercised).

Review of Operations and Tenements

Fees payable by the Company	An incentive fee equal to 5% of the conversion amount is payable on each occasion when a conversion notice is received by the Company. If the full Face Value of the note is converted into Shares, this would represent a total fee of \$12,500. A payment of \$8,500 is payable as a Rollover Consideration if the Company exercises the Rollover Extension.
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Convertible Note re cash funding:

Maturity Date	14 months from completion of the Convertible Note agreement. If the note holder elects for any money owing on the Maturity Date to be repaid in cash, the Company can elect to extend this repayment obligation for a further 12 months, during which period all rights available under the note will remain available to the holder (Rollover Extension).
Interest Rate	12% per annum. 17% per annum during the Rollover Extension (if exercised).
Fees payable by the Company	An incentive fee equal to 5% of the conversion amount is payable on each occasion when a conversion notice is received by the Company. If the full Face Value of the note is converted into Shares, this would represent a total fee of \$25,000. A payment of \$16,500 is payable as a Rollover Consideration if the Company exercises Rollover Extension.

Convertible Note re Plant and equipment:

Maturity Date	14 months from completion of the P&E Purchase Agreement. If the note holder elects for any money owing on the Maturity Date to be repaid in cash, the Company can elect to extend this repayment obligation for a further 12 months, during which period all rights available under the note will remain available to the holder (Rollover Extension).
Interest Rate	12% per annum.
Fees payable by the Company under each note	An amount of \$5,000 is payable as Rollover Consideration if the Rollover Extension is exercised.

The conversion of the notes into shares was passed by shareholders during the company's extraordinary general meeting (EGM) held on 20 November 2013.

Research and development

The Company successfully obtained research and development grant refund in relation to the technology for processing of mineral sands totalling approximately \$133,000.

RISKS

Astro is subject to a number of risks, including but not limited to the following:

- exploration risks – there is no guarantee that the exploration activities of the Company will result in the location of resource for sale;
- there is no guarantee that the Company will achieve JORC standard on its projects;
- technological risk – even if resource is found, there is no guarantee that the processing of the resource will be able to occur;
- sufficient volume for commercialisation – there is no guarantee that an economic level of resource will be found;
- changes in resource prices – there is no guarantee that the resource prices will remain at the current levels and as a result, a decline in prices, could affect the economic value of the Project;
- loss of key personnel – the loss of key personnel may affect the commercialisation of the project; and
- funding risk – the commercialisation of the project is dependent upon significant funding, none of which can be assured by the Company.

Kris Knauer

Chairman

Dated at Sydney this 29th day of September 2014.

Corporate Governance Statement

Astro Resource NL is committed to implementing the highest standards of Corporate Governance, in a manner in which is practical and efficient given the Company's size and operations.

The Company is pleased to advise that its practices are mostly consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd edition). Where the Company's Corporate Governance practices do not correlate with the practices recommended by the Council, the Company has provided an explanation as to why it does not consider that the practices are appropriate for the Company.

To illustrate where the Company has addressed each of the Council's recommendations, the following table identifies each recommendation, clearly states whether the Company has adopted the recommendation and provides cross-references to the sections of this report addressing that recommendation. Where the Company has not adopted a recommendation, refer to the identified section of this report for the Company's reasons for not adopting that recommendation. The table does not provide the full text of each recommendation, but rather a summary of the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website.

Recommendation	Adopted	Section
Principle 1 – Lay solid foundations for management and oversight		
1.1 Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Yes	1.1
1.2 Companies should disclose the process for evaluating the performance of senior executives.	No	1.2
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	1.1, 1.2
Principle 2 – Structure the board to add value		
2.1 A majority of the board should be independent directors.	Yes	2.1
2.2 The chair should be independent Director.	Yes	2.2
2.3 The Roles of the Chair and Executive Director should not be exercised by the same individual.	Yes	2.3
2.4 The board should establish a nomination committee.	No	2.4
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.	Yes	1.2
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	2.1, 2.2, 2.3, 2.4, 1.2
Principle 3 – Promote ethical and responsible decision-making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the Company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Yes	3.1
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to both the objectives and progress in achieving them.	Yes	3.2
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No	
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	No	
3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	3.1, 3.2

Corporate Governance Statement

Recommendation	Adopted	Section
Principle 4 – Safeguard integrity on financial reporting		
4.1 The board should establish an audit committee.	No	4.1
4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members. 	No	4.1, 4.2
4.3 The audit committee should have a formal charter.	Yes	4.3
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	4.1, 4.2, 4.3
Principle 5 – Make timely and balanced disclosures		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	5.1
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	5.1
Principle 6 – Respect the rights of shareholders		
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	6.1
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	6.1
Principle 7 – Recognise and manage risk		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	7.1, 7.2
7.3 The board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	7.3
Principle 8 – Remunerate fairly and Responsibly		
8.1 The board should establish a remuneration committee.	No	8.1
8.2 The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • Consists of a majority of independent directors; • Is chaired by an independent chair; and • Has at least three members. 		
8.3 Companies should clearly distinguish the structure of non-executive directors remuneration from that of executive directors and senior executives.	Yes	8.2
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.	No	8.1, 8.2

Corporate Governance Statement

Website Disclosure

A description of the Company's main Corporate Governance practices is set out below. Further information about the Company's corporate governance practices may be found on the Company's website – www.aro.com.au.

The recommendations are not prescriptions and are intended as guidelines only. The Board has sought to apply the revised recommendations to the extent relevant to the Company's size and scale of operations.

Recommendation 1.1: Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Most of the functions of management are undertaken by consultants under the supervision of the Executive Director who is responsible for management activities under delegated authority of the Board. The functions specifically reserved for the full Board are detailed in the Company's Board Charter which is available on the Company's website. In addition, the following functions are also carried out by the Board:

- (a) setting and monitoring of objectives, goals and strategic direction with a view to maximising shareholder value, consistent with ethical behaviour and acceptable risk parameters;
- (b) approving budgets and monitoring financial performance;
- (c) identifying significant business risks and ensuring that these are appropriately managed.
- (d) approval of any significant asset acquisitions or disposals;
- (e) selection and appointment of new Directors; and
- (f) appointment and removal of the Chief Executive Officer (if applicable).

Under the Company's Board Charter, senior management is responsible for supporting the Chief Executive Officer/executive directors and assisting the Chief Executive Officer/executive directors implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior management is responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the executive or, if the matter concerns the chief executive officer, then directly to the Chair or the lead independent director, as appropriate.

The Board has agreed on the following guidelines, set out in the Company's Board Charter, for assessing the materiality of matters:

- statement of financial position are material if they have a value of more than 5% of pro-forma net asset;
- statement of profit and loss or other comprehensive income items are material if they will have an impact on the current year operating result of 5% or more;
- items are also material if: (a) they impact on the reputation of the Company; (b) they involve a breach of legislation or may potentially breach legislation; (c) they are outside the ordinary course of business; (d) they could affect the Company's rights to its assets; (e) if accumulated they would trigger the quantitative tests; (f) they involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items; or (g) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%; and
- contracts will be considered material if: (a) they are outside the ordinary course of business; (b) they contain exceptionally onerous provisions in the opinion of the Board; (c) they impact on income or distribution in excess of the quantitative tests; (d) any default, should it occur may trigger any of the quantitative or qualitative tests; (e) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests; (f) they contain or trigger change of control provisions; (g) they are between or for the benefit of related parties; or (h) they otherwise trigger the quantitative tests.

Recommendation 1.2: Disclose the process of evaluating the performance of senior executives.

There is no Chief Executive Officer. Mr Michael Povey is at the Direction of the Board responsible for operational activities. The review of the performance of senior executive is confined to the board which is undertaken as disclosed below under Recommendation 2.5.

Corporate Governance Statement

Recommendation 2.1: A majority of the Board should be independent Directors.

Given the Company's background, the size and nature of its business and the current stage of its development, the board comprises of three directors – two of which are independent.

The Board has in place the arrangement whereby a Director can, with the approval of the Chairman, obtain independent professional advice in order for him to discharge his duties.

The experience and expertise held by each director and each director's period of office is disclosed in the Directors' Report.

The date of appointment of each director is disclosed in the Directors' Report.

Recommendation 2.2: The Chairperson should be an independent director.

The Chairman of the Company is an independent director.

Recommendation 2.3: The roles of Chair and Executive Director should not be exercised by the same individual.

The roles of the Chairman (Mr Kris Knauer) and the Executive Director (Michael Povey) are separate.

Recommendation 2.4: The Board should establish a nomination committee.

The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors and the identification of attributes required in new Directors. The board as a whole also reviews Board succession plans, appointment and re-election of Directors and the process for evaluation of the performance of the Board, its Members and management (as outlined under recommendation 2.5). Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.

New directors are selected by the Board in their capacity as both remuneration and nomination committee and their appointment voted by the Board. Each year, in addition to any Board members appointed to fill casual vacancies during the year, one third of the directors retire by rotation and are subject to re-election by shareholders at the Annual General Meeting

Should the Company's activities increase in size, scope and nature, the appointment of a nomination committee will be reviewed by the board and implemented if appropriate.

The full Board in its capacity as the Nomination Committee did not hold any meetings during the Reporting Period. Details of the directors' attendance at the meetings are set out in the Directors' Report.

To assist the Board to fulfil its duties, it has adopted a Nomination Committee Charter. A copy of the Company's Nomination Committee Charter can be viewed on the Company's Website.

Recommendation 2.5: Disclose the process for evaluating the performance of the board, its committees and individual directors.

The performance of all directors and senior management is reviewed periodically. The Board evaluates the performance of the Chairman and any other Director having regard to such things as:

- (a) the responsibility of the executive;
- (b) performance against budget;
- (c) any communicated key performance indicators; and
- (d) qualitative as well as quantitative measures.

No Director is involved with his or her own evaluation and the remainder of the Board evaluates such parties without such parties being present.

The evaluation is carried out by way of discussions.

Corporate Governance Statement

Recommendation 2.6: Selection and Re-selection of Appointment of Directors.

As the full Board participates in the appointment process for new directors, there is some informality in the appointment process. The Board is empowered to engage external consultants in its search for a new director, particularly as a means to increase the presentation of candidates which meet the requirements and targets set by the Board.

Recommendation 3.1: Establish a code of conduct and disclose the code of a summary of the code as to the:

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has adopted a Code of Conduct which can be accessed at the Company's website.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to both the objectives and progress in achieving them.

The Board has adopted a Diversity Policy which describes the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees, to enhance Company performance. Diversity may result from a range of factors including age, gender, ethnicity, cultural background or other personal factors. It can also address equal opportunities in the hiring, training, and career advancement of director's officers and employees. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Given the size of the Company and the extensive use of consultants the Company has not at this stage set measurable objectives for achieving gender diversity.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Given the size of the Company, there are currently no women staff or Directors on the Board. As and when the Company is able to grow, this issue will be addressed.

Recommendation 4.1: The Board should establish an audit committee.

The Board has not established an audit committee as it believes that, given the size of the board, no efficiencies are derived from a formal committee structure. Notwithstanding the non-existence of the audit committee, ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. All items that would normally be dealt with by an audit committee are dealt with at Board meetings. Such matters include:

- (a) establishment and review of internal control frameworks within the Company;
- (b) review of the financial statements, annual report and any other financial information distributed to shareholders or other external stakeholders;
- (c) review of audit reports and any correspondence from auditors, including comments on the company's internal controls;
- (d) nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual audit and half year review; and
- (e) monitoring compliance with the Corporations Act, ASX Listing Rules and any other regulatory requirements.

The full Board in its capacity as the Audit Committee addressed these matters at meetings during the reporting period. Details of the directors' attendance at the meetings are set out in the Directors' Report. However, given that the Board comprises of two out of three non-executive persons, it is believed that an appropriate balance of independence is in place for such a committee.

Details of each of the directors' qualifications are set out in the Directors' Report.

Corporate Governance Statement

Recommendation 4.2: The audit committee should be structured so that it:

- consists only of non-executive Directors;
- consists of a majority of independent Directors;
- is chaired by an independent Chairperson, who is not Chairperson of the Board; and
- has at least three members.

See comments under recommendation 4.1 above.

Recommendation 4.3: The audit committee should have a formal charter.

The Board has adopted an Audit and Risk Committee Charter.

The Company's Audit and Risk Committee Charter can be accessed at the Company's website.

Recommendation 5.1: establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has adopted a Code of Conduct and Policy of Continuous Disclosure Information Policy which sets out the procedure for:

- protecting confidential information from unauthorised disclosure;
- identifying material price sensitive information and reporting it to the Responsible Officer for review;
- ensuring the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules; and
- ensuring the Company and individual officers do not contravene the Corporations Act or ASX Listing Rules

The Company has obligations under Corporations Act and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities and to correct any material or misinformation in the market. The Company discharges these obligations by releasing information to the ASX in the form of an ASX release or disclosure in other relevant documents (e.g. the Annual Report).

The maintenance of confidentiality is also of paramount importance to the Company both to protect its trade secrets and to prevent any false market for the Company's shares and developing.

The Information Policy does not address policies for the directors and senior executives in buying and selling the Company's shares. These policies are set out in the Company's "Share Trading Policy".

Recommendation 6.1: Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.

The Company has a policy for effective communication with shareholders which is available on the Company's website.

Recommendation 7.1: Establish policies for the oversight and management of material business risk and disclose a summary of those policies.

The Company has established a Risk Management policy for the oversight and management of material business risks which is available on the Company's website. The policy sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Corporate Governance Statement

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to effectiveness of the Company's management of its material business risks.

The management of all business risks are the responsibility of the Board, and the Board believes the risk management and internal control systems designed and implemented by the Directors and the Chief Executive Officer are adequate given the size and nature of the Company's activities. The Board meets informally to report and discuss any risks that may have been identified, as well as reporting on matters that may have arisen from the Company's internal control procedures.

The objectives of the risk management strategy are to identify the risks to the Company, ensuring that the Company is in compliance with all regulatory requirements and there is a balance of risk to reward.

When evaluating potential acquisitions or investments, the Board undertakes a methodical investigation and due diligence review of the project.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board receives a sign-off from the Company Secretary that it has sound systems of internal controls.

Recommendation 8.1: The Board should establish a remuneration committee.

The Board considers that, based on the Company's stage of development, no benefits or efficiencies are to be gained by delegating this function to a separate committee. The process for evaluating both executives and directors remuneration is explained under recommendation 1.2 above.

No meetings were held during the year to approve Board remuneration.

To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter. A copy of the Company's Remuneration Committee Charter can be viewed on the Company's Website.

Termination benefits paid to Directors are separately disclosed in the remuneration details, as set out in the Directors report.

Recommendation 8.2: Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors.

The structure of Executive and Non-Executive Director's remuneration is detailed in the remuneration report, which forms part of the Directors' Report in the Annual Report.

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Directors' Report

Your directors present their report, together with the financial statements of Astro Resources NL (**the Company**) and its controlled entities (**the Group**), for the financial year ended 30 June 2014.

DIRECTORS

At the date of this Directors' Report the following are the Directors' of the group:

Names

Mr Kris Knauer (Non Executive Chairman)

Mr Michael Povey (Executive Director)

Mr Graham Libbesson (Non Executive Director)

COMPANY SECRETARY

Mr Vincent John Fayad held position of Company Secretary at the end of the financial year. He was appointed as the Company Secretary on 25 March 2013.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Group during the financial year were the exploration and development of mineral resources.

There were no significant changes in the nature of the Group's principal activities during the financial year.

RESULTS AND REVIEW OF OPERATIONS

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$(1,148,949) (2013: \$803,120 loss).

The consolidated loss for the year has been impacted by the following:

- impairment of tenements of \$681,201, mainly relating to the relinquishment of the Macphee tenement – this amount being \$617,883;
- stamp duty on acquisition of Governor Broome Sands Pty Ltd (Governor Broome) of \$32,540;
- interest expense on convertible notes issued of \$154,686; and

In addition to the above, the net loss was reduced for the following:

- adjustment for the reduction in deferred consideration liability, due to the decline in the Company's share price – \$20,000; and
- research and development grant refund of \$133,097.

The net assets of the Group have decreased by \$1,123,154 from \$3,918,332 at 30 June 2013 to \$2,795,178 at 30 June 2014. This decrease was due to:

- writing off the carrying value of Uranium "Macphee" tenement; and
- interest accrued on convertible notes issued during 2014.

A full report in relation to the review of the operations has been set out on pages 5 to 10.

Directors' Report

DIVIDENDS PAID OR RECOMMENDED

The directors' recommend that no dividend be paid for the year ended 30 June 2014 (2013: nil).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of entities in the Group during the year.

FUTURE DEVELOPMENTS AND RESULTS

The Group intends to further explore and develop the Group's mineral projects and to actively seek new exploration and mining opportunities.

ENVIRONMENTAL ISSUES

The exploration activities of the Group are conducted in accordance with and controlled principally by Australian state and territory government legislation. The Group has exploration land holdings in Western Australia.

The Group employs a system for reporting environmental incidents, establishing and communicating accountability, and rating environmental performance. During the year, data on environmental performance was reported as part of the monthly exploration-reporting regime. In addition, as required under various state and territory legislation, procedures are in place to ensure that the relevant authorities are notified prior to the commencement of ground disturbing exploration activities.

The Group is committed to minimising the impact of its activities on the surrounding environment at the same time aiming to maximise the social, environmental and economic returns for the local community. To this end, the environment is a key consideration in our exploration activities and during the rehabilitation of disturbed areas. Generally rehabilitation occurs immediately following the completion of a particular phase of exploration. In addition, the Group continued to develop and maintain mutually beneficial relationships with the local communities affected by its activities. Rehabilitation initiatives include the extraction of all pegs and restoration of peg lines, plugging of all drill holes and the removal of plastic geological sample bags.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

Directors' Report

INFORMATION ON DIRECTORS & COMPANY SECRETARY

Mr Kris Knauer

Non-Executive Director and Chairman

Mr Knauer has a B.Sc. (Hons) in Geology and spent five years working in the Mining Industry as a geologist. He has subsequently worked in the Finance Industry for the past 15 years, initially as a Mining Analyst and more recently in the Corporate Advisory area. He is currently Executive Director of Equities at Novus Capital Limited and his key focus area is on small listed companies. He served on the Board of Citadel Resource Group Limited (ASX: CGG) and was instrumental in the acquisition and financing of Citadels Saudi Arabian Mining Projects.

Kris is currently serves the following roles:

- Executive Chairman of Esperance Minerals Limited;
- Non Executive Director of Greenvale Mining NL; and
- Executive Director of BioProspect Limited.

Kris brings a wealth of experience in project acquisition and evaluation in the resource sector.

Mr Michael Povey

Executive Director

Mr Povey is a mining engineer with over 34 years worldwide experience in the resource sector. This experience has encompassed a wide range of commodities and included senior management positions in mining operations and the explosives industry in Africa, North America and Australia. During this time he has been responsible for general and mine management, mine production, project evaluation, mine feasibility studies and commercial contract negotiations.

In the last 15 years he has held executive directorships with several Australian public companies, including positions as the Technical Director and Managing Director. In these roles he has led exploration programs, JV negotiations and a number of capital raisings.

Mr Povey is also a director of the entity who sold the shares in MacPhee Resources Pty Limited (project now relinquished).

Mr Povey is a Chartered Engineer, and holds several certificates of competency including Western Australian Mine Managers Certificate.

Mr Graham Libbesson

Mr Libbesson was a Chartered Accountant for over 30 years with experience in management, mergers and acquisitions, debt and equity transactions in various sectors including mining and exploration. He is an experienced Director, Chairman and advisor to a number of listed and unlisted companies, including various resources companies.

Directorships previous directorships in other listed entities were Comops Limited, Global Strategic Metals Limited (formerly known as East Coast Minerals NL) and Artemis Resources Limited.

Mr Vincent John Paul Fayad

Company Secretary

Mr Fayad is currently a Director of PKF Lawler Corporate Finance Pty Ltd and has had approximately 30 years of experience in Corporate Finance, Accounting and other advisory related services. He is a registered company auditor and tax agent,

Vince currently serves the following roles:

- Non Executive Director of Esperance Minerals Limited;
- Non Executive Chairman of BioProspect Limited
- Executive Director and Interim Chief Financial Officer of Ashley Services Group Limited.

Vince was a former Executive Director Global Strategic Metals (GSZ) and also a former Non Executive Chairman of Metalbank Limited (MBK). In addition, Vince is a former Director of Reliance Natural Resources Fund Pty Limited, whom the Company who was the vendor and part royalty owner of the Governor Broome Project during the financial year.

Directors' Report

MEETINGS OF DIRECTORS

During the financial year, two meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee ¹	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Kris Knauer	6	6	-	-
Mr Michael Povey	6	6	-	-
Mr Graham Libbesson	6	6	-	-

¹ Refer to Principle 4.1 of the Governance Statement which explains why the Company has not established an Audit Committee.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Group support and have adhered to the principles of Corporate Governance. The Group's corporate governance statement is contained in the Corporate Governance section of the financial report.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares of the Company as notified by the Directors to the Australian Securities Exchange in accordance with s.205G(1) of the *Corporations Act* at the date of this report is as follows:

	Ordinary Shares – Fully Paid	
	2014	2013
Mr Kris Knauer	-	-
Mr Michael Povey	-	-
Mr Graham Libbesson	-	-

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the financial year the Group paid a premium in respect of a contract insuring the directors of the Group, the Company Secretary, all executive officers of the Group and of any related body corporate against a liability incurred as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

Directors' Report

OPTIONS

At the date of this report, there are no unissued ordinary shares of Astro Resources NL and Controlled Entities.

On 15 July 2014, the Company announced on the ASX that 2,133,635 options had been exercised at a price of \$0.005 (AROOA). These options expired on 30 June 2014 and entitled each option holder to one ordinary share for every one option exercised.

The names of all the persons who currently hold options are entered on a Register maintained for the Company by Link Market Services Limited. In accordance with the Corporations Act 2001, this register may be inspected free of charge.

For details of options issued to directors and other key management personnel as remuneration, refer to the remuneration report.

No other options were exercised during the year.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company or the Group was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

During the year, RSM Bird Cameron were appointed as auditors of the Company (replacing Stantons International). RSM Bird Cameron also provided services relating to the research and development application (R&D) that was lodged to the Australian Taxation Office for the 2013 financial year. Apart from the above, RSM Bird Cameron has not performed any other services in addition to their statutory duties as the auditors. Fees paid or payable for these services in relation to the audit and review of the Group's financial report were \$28,000. In FY 2013, the fees of \$27,526 were paid to Stantons who retired as auditors of the Company at the Annual General Meeting of the Company.

The Directors are satisfied that the provision of services is compatible with the general standard of independence for the auditor as imposed by the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2014 has been received and can be found on page 28 of the financial report.

Directors' Report

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each key management personnel (**KMP**) of Astro Resources NL (the Company).

1. Remuneration policy

The remuneration policy of Astro Resources NL and Controlled Entities (the Group) has been designed to align key management personnel (**KMP**) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Astro Resources NL and Controlled Entities believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel 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 key management personnel of the Group is as follows:

- the remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board;
- non-executive directors received fees for their services as approved by shareholders; and
- executive directors can be employed by the Group on a consultancy basis, on board approval, with remuneration and terms stipulated in individual consultancy agreements.

The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. In addition external consultants may be used to provide analysis and advice to ensure the directors and senior executives' remuneration is competitive in the market place.

The board exercises its discretion in determining remuneration performance of executives. Given the size and nature of the entity the board does not deem it to be realistic to measure performance against defined criteria. As such remuneration and performance are not linked.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviewed their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Group. The directors are not required to hold any shares in the company under the Constitution of the Company; however, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group.

The board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

i. Remuneration Committee

During the year ended 30 June 2014, the Group did not have a separately established nomination or remuneration committee. Considering the size of the Group, the number of directors and the Group's early stages of its development, the directors are of the view that these functions could be efficiently performed with full board participation.

ii. Group Performance, Shareholder Wealth and Directors and Executives Remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Group performance except for options issued.

Directors' Report

2. Key Management Personnel

Name	Position Held
Mr Kris Knauer	Non-Executive Chairman
Mr Michael Povey	Executive Director
Mr Graham Libbesson	Non-Executive Director
Mr Vincent John Paul Fayad	Company Secretary

3. Remuneration details for the year ended 30 June 2014

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the KMP of the Group and, to the extent different, the three Group executives and three Company executives receiving the highest remuneration:

	Cash salary/fees \$	Termination payments \$	Share based payments \$	Total \$
2014				
Executive Directors				
Mr Michael Povey	48,000	-	-	48,000
Non-Executive Directors				
Mr Kris Knauer	36,000 ¹		-	36,000
Mr Graham Libbesson	36,000	-	-	36,000
KMP				
Mr Vincent John Paul Fayad	195,530 ²	-	-	195,530
	315,530	-	-	315,530

¹ No payment for Mr Knauer's directors fees have been made during the financial year. Payment is likely to be made by way of issuing shares in the Company, subject to shareholder approval.

² Mr Fayad is a Director of PKF Lawler Corporate Finance Pty Limited (LCF). Both LCF and its related entity, PKF Lawler Partners Pty Limited (LP) provides provision of accounting, taxation, secretarial and registered office services to Astro and the Group. LCF and LP invoice Astro accordingly.

Directors' Report

2013	Cash salary/fees \$	Termination payments \$	Share based payments \$	Total \$
Executive Directors				
Mr Peter Jermyn (resigned 25/03/2013)	40,000 ³	67,500	-	107,500
Mr Robert Hyndes (resigned 25/03/2013)	55,000	22,500	-	77,500
Mr Michael Povey (appointed 20/12/2012)	29,290	-	-	29,290
Non-Executive Directors				
M Kris Knauer (appointed 25/03/2013)	9,000	-	-	9,000
Mr Graham Libbesson	45,923	-	-	45,923
	179,213	90,000	-	269,213
KMP				
Mr Lynton McCreery (resigned 25/03/2013)	25,000	-	-	25,000
Ms Lucy Oborn (resigned 25/03/2013)	70,082 ⁴	-	-	70,082
Mr Vincent John Paul Fayad (appointed 25/03/2013)	67,122 ⁵	-	-	67,122
	162,204	-	-	162,204
	341,417	90,000	-	431,417

There were no other KMP during the year.

There were no performance related payments made to the directors or executive during the year and the prior year.

i. Short-term non-monetary benefits:

During the financial year the Group paid a premium of \$18,469 (2013: \$17,723), being \$4,617 per person (2013: \$4,410) in respect of a contract ensuring the directors, company secretary and all executive officers of the Group and of any related body corporate against liabilities incurred as a director, secretary or executive officer.

ii. Cash bonuses:

There were no cash bonuses paid during the year.

iii. Options issued as part of remuneration for the year:

There were no options issued as part of remuneration package for the year ended 30 June 2014 (2013: Nil options were issued).

No options have been granted since the end of the financial year.

³ The retirement payment represents settlement for past services rendered and expenses.

⁴ The amount paid to Ms Oborn includes consulting fees paid following her resignation to assist in the transition in the affairs of the Company.

⁵ Mr Fayad is a Director of PKF Lawler Corporate Finance Pty Limited (**LCF**). Both LCF and its related entity, PKF Lawler Partners Pty Limited (**LP**) provides provision of accounting, taxation, secretarial and registered office services to Astro and the Group. LCF and LP invoice Astro accordingly.

Directors' Report

4. Description of options granted as remuneration

There were no options granted as remuneration to Directors and those key management personnel and executives during the year.

5. Share Holdings of Key Management Personnel

	Balance at start of year or date of appointment	Granted as compensati on	On exercise of options	Other changes	Balance at end of year or date of resignation
2014					
Directors					
Mr Michael Povey	-	-	-	-	-
Mr Kris Knauer	-	-	-	-	-
Mr Graham Libbesson	-	-	-	-	-
KMP					
Mr Vince Fayad	-	-	-	-	-
	-	-	-	-	-

	Balance at start of year or date of appointment	Granted as compensati on	On exercise of options	Other changes	Balance at end of year or date of resignation
2013					
Directors					
Mr Michael Povey	-	-	-	-	-
Mr Kris Knauer	-	-	-	-	-
Mr Graham Libbesson	-	-	-	-	-
KMP					
Mr Vince Fayad	-	-	-	-	-
	-	-	-	-	-

6. Service Agreements

As noted above, Mr Fayad provides his services via LCF and LP.

Mr Kris Knauer provided services to the Group through his controlled entity Greenfield Securities Pty Limited.

Mr Michael Povey provided services to the Group through his controlled entity MGF Povey Pty Limited.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Kris Knauer
Director

Dated at Sydney this 29th day of September 2014.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Astro Resources NL for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM BIRD CAMERON PARTNERS



C J Hume
Partner

Sydney, NSW

Dated: 29 September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Note	2014 \$	2013 \$
Continuing Operations			
Other income	3	27,719	76,424
Impairment of capitalised exploration expenditure	4	(681,201)	(245,282)
Interest expense		(154,686)	-
Other expenses	4	(473,878)	(864,223)
Loss before income tax		(1,282,046)	(1,033,081)
Income tax benefit	5	-	-
Research and development tax grant			
Research and development grant	5	133,097	229,961
Loss from continuing operations		(1,148,949)	(803,120)
Members of the parent entity		(1,148,949)	(803,120)
Non-controlling interest		-	-
		(1,148,949)	(803,120)
Other comprehensive income			
Items that will not be reclassified to the profit or loss		-	-
Items that may be reclassified subsequently to the profit or loss		5,100	(600)
Other comprehensive income for the year		5,100	(600)
Total comprehensive loss for the year		(1,143,849)	(803,720)
Total comprehensive loss attributable to:			
Members of the parent entity		(1,143,849)	(803,720)
Non-controlling interest		-	-
		(1,143,849)	(803,720)
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	6	(0.033)	(0.023)
Diluted earnings per share (cents)	6	(0.033)	(0.023)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	281,439	347,541
Trade and other receivables	8	84,664	34,956
Inventories	9	4,000	4,000
Other assets	11	19,798	23,155
TOTAL CURRENT ASSETS		389,901	409,652
NON-CURRENT ASSETS			
Financial assets	10	8,700	3,600
Property, plant and equipment	13	150,000	-
Exploration, evaluation and development assets	12	3,828,821	3,680,748
TOTAL NON-CURRENT ASSETS		3,987,521	3,684,348
TOTAL ASSETS		4,377,422	4,094,000
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	126,027	155,668
Borrowings	15	139,217	-
TOTAL CURRENT LIABILITIES		265,244	155,668
NON-CURRENT LIABILITIES			
Borrowings	15	1,317,000	20,000
TOTAL NON-CURRENT LIABILITIES		1,317,000	20,000
TOTAL LIABILITIES		1,582,244	175,668
NET ASSETS		2,795,178	3,918,332
EQUITY			
Issued capital	16	9,188,040	9,177,372
Reserves	17	1,683,352	1,595,252
Accumulated losses		(8,076,214)	(6,927,265)
Total equity attributable to equity holders of the Company		2,795,178	3,845,359
Non-controlling interest		-	72,973
TOTAL EQUITY		2,795,178	3,918,332

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(413,630)	(1,020,886)
Stamp duty		(32,540)	-
Interest received		7,583	24,533
Government grant		133,097	229,961
Other income		136	-
Net cash used in operating activities	20	(305,354)	(766,392)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment	-		1,705
Payments for exploration expenditure - capitalised		(193,457)	(473,700)
Net cash used by investing activities		(193,457)	(471,995)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Capital raising costs		(64,791)	-
Borrowing costs associated with convertible note		(2,500)	-
Proceeds from issue of convertible notes		500,000	-
Net cash provided by financing activities		432,709	-
Net decrease in cash and cash equivalents held		(66,102)	(1,238,387)
Cash and cash equivalents at beginning of year		347,541	1,585,928
Cash and cash equivalents at end of financial year	7	281,439	347,541

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Ordinary Shares \$	Retained Earnings \$	Reserves \$	Sub Total \$	Non-cont rolling Interests \$	Total \$
Balance at 1 July 2013	9,177,372	(6,927,265)	1,595,252	3,845,359	72,973	3,918,332
Loss attributable to members of the parent entity	-	(1,148,949)	-	(1,148,949)	-	(1,148,949)
Options exercised (AROOA 30 June 2014)	10,668	-	-	10,668	-	10,668
Acquisition of subsidiary (Governor Broome)	-	-	-	-	(72,973)	(72,973)
Equity portion of convertible notes	-	-	83,000	83,000	-	83,000
Movement for the year	-	-	5,100	5,100	-	5,100
Balance at 30 June 2014	9,188,040	(8,076,214)	1,683,352	2,795,178	-	2,795,178
Balance at 1 July 2012	9,177,372	(6,124,145)	1,595,852	4,649,079	72,973	4,722,052
Loss attributable to members of the parent entity	-	(803,120)	-	(803,120)	-	(803,120)
Loss attributable to non-controlling interests	-	-	-	-	-	-
Movement for the year	-	-	(600)	(600)	-	(600)
Balance at 30 June 2013	9,177,372	(6,927,265)	1,595,252	3,845,359	72,973	3,918,332

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

This financial report includes the consolidated financial statements and notes of Astro Resources NL and Controlled Entities (the 'Group'). The financial statements were authorised for issue by the Board of Directors on 29 September 2014.

Astro Resources NL and Controlled Entities is a for profit Company domiciled in Australia.

The separate financial statements and notes of the parent entity, Astro Resources NL, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. Parent entity summary is included in note 27.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Going concern

The company and Group's consolidated statement of profit or loss and other comprehensive income reflected a net loss of \$644,661 (2013:\$780,872) and \$1,148,949 (2013:\$803,720) respectively. The Group's consolidated statement of cash flows also reflected net cash used in operations of \$305,354 (2013:\$766,392) and net cash used investing activities of \$193,457 (2013:\$471,995) for the year ended 30 June 2014. The company will need to raise additional capital in order to meet its scheduled exploration expenditure requirements.

The Directors believe that the Group is a going concern on the basis that:

- the ability of the Company to raise further capital to enable them to meet expenditure requirements. The company intends to raise approximately \$750,000 within the next 12 months;
- the Group has net working capital of \$124,657 of net assets of \$2,795,178;
- the ability of the Group to sell assets, as and when required;
- As disclosed in note 15, if the convertible note holder elects for any money owing on the maturity date to be repaid in cash, the Company can elect to extend this repayment obligation for a further 12 months, during which period all rights available under the note will remain available to the holder;
- a major shareholder has provided a letter of intent to support the Company up to \$500,000; and;
- the ability to reduce discretionary spending.

However, should the Company be unsuccessful in the above, there is significant uncertainty as to whether the Company and the Group would be able to continue as going concerns and therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity and parent be unable to continue as a going concern

(c) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a consolidated statement of financial position as at the beginning of the earliest comparative period will be presented.

(d) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Astro Resources NL at the end of the reporting period. A controlled entity is any entity over which Astro Resources NL has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 23 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Notes to the Financial Statements

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

The Group did not hold any held-to-maturity investments in the current or comparative financial year.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period.

Notes to the Financial Statements

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Group assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the consolidated statement of profit or loss and other comprehensive income.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options for immediate are recognised as a deduction from equity, net of any tax effects.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(h) Impairment of non-financial assets (excluding capitalised exploration costs)

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets (excluding exploration assets) with indefinite lives – refer Note 1(p).

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

Notes to the Financial Statements

(j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(l) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to the Financial Statements

(m) Revenue and other income

Financial Income comprises interest income. Interest income is recognised in profit or loss as it accrues, using the effective interest rate method.

Other income is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

All revenue is stated net of the amount of goods and services tax (GST).

(n) 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.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Exploration and development expenditure

Exploration and evaluation costs are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as both tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a licence is relinquished or a project abandoned, the related costs are recognised in the profit or loss immediately.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and/or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units consistent with the determination of reportable segments.

Upon determination of proven reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets.

Amortisation is not charged on exploration and evaluation assets until they are available for use.

Pre-licence costs are recognised in profit or loss as incurred. Expenditure deemed unsuccessful is recognised in profit or loss immediately.

(q) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Notes to the Financial Statements

Key judgement - exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

(r) Adoption of new and revised accounting standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Astro Resources NL and Controlled Entities.

Standard Name	Impact
AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	The adoption of this standard has not changed the reported financial position and performance of the entity, however the presentation of items in other comprehensive income has changed.
AASB 112 Income Taxes	There has been no impact on the reported financial position and performance
AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	There has been no impact due the entity not being a government department

(s) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.
AASB 2011-2 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence – Reduced Disclosure Requirements	30 June 2014	Highlights the disclosures not required in AASB 1054 for entities applying the RDR.	The entity is not adopting the RDR and therefore this standard is not relevant.

Notes to the Financial Statements

Standard Name	Effective date for entity	Requirements	Impact
AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments	30 June 2014	<p>AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess.</p> <p>AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice.</p> <p>AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.</p>	<p>The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated.</p> <p>All joint ventures of the group are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11.</p> <p>Additional disclosures will be required under AASB 12 but there will be no changes to reported position and performance.</p>
AASB 13 Fair Value Measurement.	30 June 2014	<p>AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted.</p> <p>There are a number of additional disclosure requirements.</p>	<p>Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required.</p> <p>The entity has not yet determined the magnitude of any changes which may be needed.</p> <p>Some additional disclosures will be needed.</p>
AASB 2011-8 – Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	30 June 2014	<p>Highlights the disclosures not required in AASB 1054 for entities applying the RDR.</p>	<p>The entity is not adopting the RDR and therefore this standard is not relevant.</p>
AASB 2011-2 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence – Reduced Disclosure Requirements	30 June 2014		

Notes to the Financial Statements

Standard Name	Effective date for entity	Requirements	Impact
AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments	30 June 2014	<p>AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess.</p> <p>AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice.</p> <p>AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.</p>	<p>The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated.</p> <p>All joint ventures of the group are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11.</p> <p>Additional disclosures will be required under AASB 12 but there will be no changes to reported position and performance.</p>
AASB 13 Fair Value Measurement.	30 June 2014	<p>AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted.</p> <p>There are a number of additional disclosure requirements.</p>	<p>Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required.</p> <p>The entity has not yet determined the magnitude of any changes which may be needed.</p> <p>Some additional disclosures will be needed.</p>
AASB 2011-8 – Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	30 June 2014	<p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards - Reduced Disclosure Requirements.</p>	<p>Since the entity does not comply with the Reduced Disclosure Regime there is no impact on the adoption of this standard.</p>
AASB 2011-6 – Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]	30 June 2014	<p>This standard provides many consequential changes due to the release of the new consolidation and joint venture standards.</p>	<p>The impact of this standard is expected to be minimal.</p>
AASB 2011-7 – Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	30 June 2014		

Notes to the Financial Statements

Standard Name	Effective date for entity	Requirements	Impact
AASB 119 Employee Benefits (September 2011)	30 June 2014	The main changes in this standard relate to the accounting for defined benefit plans and are as follows: - elimination of the option to defer the recognition of gains and losses (the 'corridor method'); - requiring measurements to be presented in other comprehensive income; and - enhancing the disclosure requirements.	Since the entity does not have a defined benefit plan, the adoption of these standards will not have any impact.
AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	30 June 2014	Makes amendments to AASB 1	No impact since the entity is not a first-time adopter of IFRS.
AASB 2010-10 – Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	30 June 2014	Adds exception to retrospective application of Australian Accounting Standards for first time adopters.	No impact as these are not the first time adoption accounts for the entity.
AASB 2012-4 – Amendments to Australian Accounting Standards – Government Loans [AASB 1]	30 June 2014	AASB 1 – this standard clarifies that an entity can apply AASB 1 more than once. AASB 101 – clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments. AASB 116 – clarifies the classification of servicing equipment. AASB 132 and Interpretation 2 – Clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes AASB 134 – provides clarification about segment reporting.	No expected impact on the entities financial position or performance.
AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20	30 June 2014	Allows transitional provisions for stripping costs in accordance with Interpretation 20.	There will be no impact as entity is still in exploration phase.
AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	30 June 2014	Removes reference to withdrawn Interpretation 1039.	No impact on the financial statements.
AASB 1055 – Budgetary Reporting AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements	30 June 2015	This standard specifies the nature of budgetary disclosures and circumstances for inclusion in the financial statements.	No impact as the entity is not a public sector entity.
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard.	There will be no impact to the entity as there are no offsetting arrangements currently in place.

Notes to the Financial Statements

2 Operating Segments

Segment information

Identification of reportable segments

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

An operating segment is a component of the Group that engage in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment results are regularly reviewed by the Group's Board of Directors to make decisions about resources allocated to the segment and assess its performance and for which discrete financial information is available.

The operating segments are identified by the Board of Directors based on the type of exploration being conducted by the Group. Detailed financial information about each of these operating businesses is reported to the Board of Directors on at least a quarterly basis.

The Group operated in three operating segments being heavy minerals, diamond and uranium exploration industry in the geographical location, being Australia.

Types of products and services by reportable segment

(i) Heavy minerals

The Group is currently conducting exploration upon tenements considered prospective for mineral sands. No income has been derived from the recovery of mineral sands during the year ended 30 June 2014 (2013: nil).

(ii) Diamond exploration

The Group is currently conducting exploration upon tenements considered prospective for diamonds. No income has been derived from the recovery of diamonds during the year ended 30 June 2014 (2013: nil).

(iii) Uranium exploration

The Group has relinquished its exploration licence for uranium during the year and impaired the remaining value of the capitalised exploration costs. No income has been derived from the recovery of uranium during the year ended 30 June 2014 (2013: nil).

Accounting policies adopted

Unless stated below, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Notes to the Financial Statements

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- interest revenue;
- income tax benefit;
- cash and cash equivalents;
- plant and equipment; and
- trade debtors and creditors.

Notes to the Financial Statements

(a) Segment performance

	Mineral Sands		Diamond		Uranium		Gold		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE												
Other revenue from external customers	-	-	-	-	-	-	-	-	20,136	51,891	20,136	51,891
Interest revenue	-	-	-	-	-	-	-	-	7,583	24,533	7,583	24,533
Total segmented revenue	-	-	-	-	-	-	-	-	27,719	76,424	27,719	76,424
Segment result	(34,616)	(173,163)	(20,864)	(70,769)	(617,883)	(1,324)	-	(37,207)	(636,402)	(750,618)	(1,309,765)	(1,033,081)
Research & development grant	-	-	-	-	-	-	-	-	133,097	229,961	133,097	229,961
Loss for the year	(34,616)	(173,163)	(20,684)	(70,769)	(449,368)	(1,324)	-	(37,207)	(503,305)	(520,657)	(1,148,949)	(803,120)
Other segment information												
Depreciation and amortisation	-	-	-	-	-	-	-	-	3,928	5,963	3,928	5,963
Segment assets and liabilities												
Segment assets												
Exploration expenditure	3,575,068	2,853,572	253,753	232,889	-	594,287	-	-	-	-	3,828,821	3,680,748
Inventories	-	-	4,000	4,000	-	-	-	-	-	-	4,000	4,000
Other assets	150,000	-	-	-	-	-	-	-	394,601	409,252	544,601	409,252
	3,725,068	2,853,572	257,753	236,889	-	594,287	-	-	394,601	409,252	4,377,422	4,094,000
Segment liabilities	-	-	-	-	-	-	-	-	1,582,244	175,668	1,582,244	175,668
<i>Other assets are made up of:</i>												
Investments held for sale									8,700	3,600		
Cash and cash equivalents									281,439	347,541		
Trade and other receivables									104,462	58,111		
									394,601	409,252		

Notes to the Financial Statements

3 Revenue and Other Income

	2014 \$	2013 \$
Other Income		
- Finance revenue	7,583	24,533
- Sundry income	20,136	51,891
	27,719	76,424

4 Result for the Year

The result for the year includes the following specific expenses

	2014 \$	2013 \$
Impairment of exploration expenditure	681,201	600,282
Reduction in deferred consideration liability	-	(355,000)
Net impairment expense	681,201	245,282
Other expenses:		
- Directors' and related entities consulting fees	120,000	352,256
- Consultants fees	195,530	218,641
- Administration expenses	130,348	259,838
- Auditors remuneration for audit services	28,000	27,525
- Depreciation	-	5,963
	473,878	864,223

5 Income Tax Benefit

(a) The components of tax benefit comprise:

	2014 \$	2013 \$
Current tax		
Research and development tax grant	(133,097)	(229,961)
	(133,097)	(229,961)

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2014 \$	2013 \$
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2013: 30%)	(384,374)	(309,924)
Add tax effect of:		
- deferred tax assets and liabilities not recognised	384,374	309,924
- other permanent differences	-	-
- research and development tax grant not previously recognised	(133,097)	(229,961)
Income tax benefit	(133,097)	(229,961)

Notes to the Financial Statements

Net deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility occur:

	2014 \$	2013 \$
Temporary difference	-	58,382
Write down of investment	-	-
Tax losses	11,833,573	13,379,624
Capital losses	61,200	61,200
Capitalised exploration expenditure	(1,634,605)	(1,104,224)
	10,260,168	12,394,982

The above deferred tax assets will only be obtained if:

- future assessable income is derived of a nature and an amount sufficient to enable the benefit; and
- the conditions for deductibility imposed by tax legislation continue to be complied with and no changes in the tax legislation adversely affect the company in realising the benefit.

There are no deferred tax liabilities at 30 June 2014 (2013: nil).

6 Earnings per Share

Basic earnings per share

(a) Reconciliation of earnings to loss from continuing operations

	2014 \$	2013 \$
Loss from continuing operations	(1,148,949)	(803,120)
Loss attributable to non-controlling equity interest in respect of continuing operations	-	-

(b) Earnings used to calculate overall earnings per share

Earnings used to calculate overall earnings per share	(1,148,949)	(803,120)
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(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	3,488,068,170	3,488,062,324

Diluted earnings per share

Share options are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the net loss per share.

7 Cash and Cash Equivalents

	2014 \$	2013 \$
Cash at bank and in hand	281,439	347,541

Notes to the Financial Statements

8 Trade and Other Receivables

	2014 \$	2013 \$
CURRENT		
GST recoverable	8,133	12,906
Other receivables	10,668	-
Non trade receivables	-	70,260
Less: Impairment	-	(48,210)
Borrowing costs	69,791	-
Less: Accumulated amortisation	(3,928)	-
	84,664	34,956

Other receivables

Cheques relating to the expiry of option (AROOA) received prior to 30 June 2014, however were deposited in early July 2014.

Credit risk

Non trade receivables consist of recoverable outgoings, bond in respect of the former corporate premises other debtors. No credit terms apply to these debtors. No receivables are in a foreign currency receivables during the year (2013: nil).

None of the Group's receivables are past due (2013: nil). The ageing of the Group receivables was not past due (2013: nil). Based on historic default rates, apart from that included above, the Group believes that no further impairment allowance is necessary in respect of receivables not past due.

9 Inventories

	2014 \$	2013 \$
CURRENT		
At cost:		
Uncut diamonds	4,000	4,000

10 Other Financial Assets

Available-for-sale financial assets

	2014 \$	2013 \$
CURRENT		
Shares in listed corporations	8,700	3,600

The Group's equity investments are listed on the Australian Securities Exchange, at market value.

11 Other Assets

	2014 \$	2013 \$
CURRENT		
Prepayments	19,798	23,155

Notes to the Financial Statements

12 Exploration, evaluation and development assets

NON-CURRENT

	2014 \$	2013 \$
Areas in exploration phase:		
- At cost and net of impairment	3,828,821	3,680,748

(a) Composition of exploration assets

	2014 \$	2013 \$
Capitalised exploration	5,718,585	4,889,311
Impairment	(1,889,764)	(1,208,563)
Balance at end of the year	3,828,821	3,680,748

(b) Movements

	2014 \$	2013 \$
(i) <i>Exploration assets at cost</i>		
Opening Balance	4,889,311	4,849,472
Add:		
- Expenditure capitalised	829,274	473,700
- Capitalised depreciation costs	-	829
Less:		
- Joint venture project abandoned – previously provided for in full	-	(219,843)
- Abandonment of tenement and consequent write-off in costs	-	(214,847)
Closing balance	5,718,585	4,889,311
(ii) <i>impairment</i>		
Opening Balance	1,208,563	1,042,971
Add:		
- Current year impairment charge	681,201	600,282
Less		
- Reduction in provision for abandoned tenements - no longer required	-	(214,847)
- Provision for impairment of abandoned interest in joint venture- no longer required	-	(219,843)
Closing Balance	1,889,764	1,208,563

13 Property, Plant and Equipment

	2014 \$	2013 \$
Plant and equipment ¹		
At cost	150,000	655
Accumulated depreciation	-	(655)
	150,000	-

¹ Note: the plant and equipment has not been used for operations since the date of acquisition. Accordingly, no provision for amortisation has been provided for.

Notes to the Financial Statements

(a) Movements in Carrying Amounts

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

	2014 \$	2013 \$
Balance at the beginning of year	-	41,333
Additions	150,000	-
Disposals - written down value	-	(35,370)
Depreciation expense	-	(5,963)
Balance at end of the year	150,000	-

14 Trade and Other Payables

	2014 \$	2013 \$
CURRENT		
Unsecured liabilities		
Trade payables ^(a)	126,027	155,668
NON-CURRENT		
Unsecured liabilities		
Other payables ^(b)	-	20,000

- (a) Included in the payables is an amount for \$15,469 (2013: nil) which relates to PAYG withheld on interest owed to convertible note holders.
- (b) Under the sale and purchase agreement for the MacPhee tenement, there was to be 10,000,000 Astro shares issued upon commencement of drilling on the E80/3243 tenement (Tranche B shares) and 10,000,000 Astro shares issued upon achieving an inferred JORC resource of 5 million pounds (Tranche C shares). During the financial year it was decided by the directors of Astro to abandon the MacPhee tenement. Subsequently this liability was reduced to \$nil (2013:\$20,000).

15 Borrowings

	2014 \$	2013 \$
CURRENT		
Unsecured liabilities		
Convertible Notes ^(a)	139,217	-
NON-CURRENT		
Unsecured liabilities		
Convertible Notes ^(b)	1,400,000	-
Less: Equity component of Convertible Notes ^(c)	(83,000)	-
Total Non-Current Liabilities	1,317,000	-

- (a) Amount due within twelve months and relates to interest payable on the unsecured Convertible Notes.
- (b) A breakdown of the Convertible Notes and there terms is as follows:

	2014 \$	2013 \$
Acquisition of the 20% shareholding in Governor Broome	750,000	-
Heavy Separation Plant	150,000	-
Cash funding	500,000	-
Balance at end of the year	1,400,000	-

Notes to the Financial Statements

Details of the terms of the Convertibles Notes is as follows:

Acquisition of the 20% interest in Governor Broome

Maturity Date	14 months from completion of the Share Sale Agreement and this date is 15 October 2014. If the note holder elects for any money owing on the Maturity Date to be repaid in cash, the Company can elect to extend this repayment obligation for a further 12 months, during which period all rights available under the note will remain available to the holder (Rollover Extension).
Interest Rate	12% per annum. 17% per annum during the Rollover Extension (if exercised).
Fees payable by the Company	An incentive fee equal to 5% of the conversion amount is payable on each occasion when a conversion notice is received by the Company. If the full Face Value of the note is converted into Shares, this would represent a total fee of \$12,500. A payment of \$8,500 is payable as a Rollover Consideration if the Company exercises the Rollover Extension.

Convertible Note re Plant and equipment:

Maturity Date	14 months from completion of the P&E Purchase Agreement. This date is 25 November 2014. Of the note holder elects for any money owing on the Maturity Date to be repaid in cash, the Company can elect to extend this repayment obligation for a further 12 months, during which period all rights available under the note will remain available to the holder (Rollover Extension).
Interest Rate	12% per annum.
Fees payable by the Company under each note	An amount of \$5,000 is payable as Rollover Consideration if the Rollover Extension is exercised.

Convertible Note re cash funding:

Maturity Date	14 months from the date of the agreement. This date is 18 October 2014. If the note holder elects for any money owing on the Maturity Date to be repaid in cash, the Company can elect to extend this repayment obligation for a further 12 months, during which period all rights available under the note will remain available to the holder (Rollover Extension).
Interest Rate	12% per annum. 17% per annum during the Rollover Extension (if exercised).
Fees payable by the Company	An incentive fee equal to 5% of the conversion amount is payable on each occasion when a conversion notice is received by the Company. If the full Face Value of the note is converted into Shares, this would represent a total fee of \$25,000. A payment of \$16,500 is payable as a Rollover Consideration if the Company exercises Rollover Extension.

Convertible Note re Plant and equipment:

Maturity Date	14 months from completion of the Plant & Equipment Purchase Agreement and this date is 25 November 2014. If the note holder elects for any money owing on the Maturity Date to be repaid in cash, the Company can elect to extend this repayment obligation for a further 12 months, during which period all rights available under the note will remain available to the holder (Rollover Extension).
Interest Rate	12% per annum.
Fees payable by the Company under each note	An amount of \$5,000 is payable as Rollover Consideration if the Rollover Extension is exercised.

The conversion of the notes into shares was passed by shareholders during the company's extraordinary general meeting (EGM) held on 20 November 2013.

(c) Critical assumptions:

Notes to the Financial Statements

Set out below are the following assumptions used to determine the equity portion of the convertible notes issued by the Company in August – November 2013:

- 20% commercial interest rate;
- 100% likelihood of the Convertible Note converting into ordinary shares and rollover occurring at the end of the 12 months; and
- 20% discount factor used to calculate Net Present Value (NPV).

16 Issued Capital

	2014 No.	2013 No.
3,490,195,959 (2013: 3,488,062,324) Ordinary shares	9,719,959	9,709,291
Share issue costs written off against share premium	(531,919)	(531,919)
Total	9,188,040	9,177,372

(a) Ordinary shares

	No.	No.
At the beginning of the reporting period	3,488,062,324	1,730,034,572
Shares issued during the year		
Issue on acquisition of Governor Broome Sands	-	200,000,000
Placement	-	250,000,000
Exercise of options	2,133,635	7,009
Rights issue	-	1,308,020,743
At the end of the reporting period	3,490,195,959	3,488,062,324

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. In the event of winding up of the company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Notes to the Financial Statements

The Company does not have authorised capital or par value in respect of its shares.

(b) Options

	2014 No.	2013 No.
Options on issue	-	786,998,210

- (i) For information relating to the Astro Resources NL and Controlled Entities employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 18 Share-based payments.

- (ii) Options on issue:

As at 30 June 2013 there were 739,505,210 listed options are on issue at an exercise price of \$0.005. These options lapsed on 30 June 2014 and 2,133,635 options were exercised.

17 Reserves

	2014 No.	2013 No.
Option reserve	1,255,912	1,255,912
Share based payment reserve	356,740	356,740
Available for sale investment reserve	(12,300)	(17,400)
Share premium reserve	83,000	-
	1,683,352	1,595,252

(a) Movement in reserves

	2014 No.	2013 No.
Option premium reserve		
Opening balance	1,255,912	1,255,912
	1,255,912	1,255,912
Share based payment reserve		
Opening balance	356,740	356,740
	356,740	356,740
Available for sale investment reserve		
Opening balance	(17,400)	(16,800)
Loss on revaluation of investment	5,100	(600)
	(12,300)	(17,400)
Share premium reserve		
Opening balance	-	-
Equity component on convertible notes	83,000	-
	83,000	-
	1,683,352	1,595,252

(b) Option reserve

Contains amounts contributed for the future right to acquire shares at a pre-determined price.

Notes to the Financial Statements

(c) Share based payment reserve

Represents the accumulated amortisation of the fair value of services provided with respect to employee share options issued, payment for tenement and settlement of fund raising fees.

(d) Available for sale investment reserve

Represents cumulative gains/ losses arising on the evaluation of available for sale financial assets that have been recognised in other comprehensive income net at the amount reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

(e) Share premium reserve

This reserve records the equity portion of the convertible bonds issued between August and November 2013.

18 Share-based Payments

At the 2005 annual general meeting, the Group established the Astro Resources NL 2005 Share Option Plan which allows employees, directors, officers or consultants of the Group or an associated body corporate and such other persons nominated by the directors to participate in the plan.

There were no options under the Share Option Plan on issue as at 30 June 2014 (2013: nil).

19 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk.

This note presents information about The Group's exposure to each of the above risks, their objective, policies and processes for measuring and managing risk, and the management of capital and quantitative disclosures.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limited. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through their training and management standards and procedures, aim to develop a disciplined and constructive control environment.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Categories of financial instruments

	2014 \$	2013 \$
Financial assets		
Cash and cash equivalents	281,439	347,541
Trade and other receivables	84,664	34,956
Other financial assets	8,700	3,600
	374,803	386,097
Financial liabilities		
Trade and other payables	126,027	155,668
Borrowings	1,456,217	20,000
	1,582,244	175,668

The carrying amounts reflected above represent the Group's maximum exposure to credit risk for such loans and receivables.

Notes to the Financial Statements

(b) Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits of other stockholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of cash and cash equivalents, deposits in respect of bank guarantee and equity attributable to equity holders of the company, comprising issued capital, reserves and accumulated losses.

There are no externally imposed capital requirements. None of the Group's entities are subject to externally imposed capital requirements.

The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the statement of financial position plus net debt.

The Board reviews the capital structure on an annual basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. High gearing ratio will be expected as the Group enters into its development stage and more debts are required to fund the operation and development activities.

There have been no changes in the strategy adopted by management during the year.

(c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables and investments.

Non trade receivables

Receivables consist of GST recoverable and other debtors. No credit terms apply to these debtors. No receivables are in a foreign currency receivables during the year (2013: nil). None of the Group's receivables are past due (2013: nil). The ageing of the Group non trade receivables was not past due (2013: nil).

Investments

The Group limits its exposure to credit risk by investing in liquid listed securities. The Group's equity investments are listed on the Australian Securities Exchange. For such investments classified as available for sale, a 20% increase in the ASX 200 at the reporting date would have increased equity by \$1,740 after tax (2013: \$720); an equal change in the opposite direction would have decreased equity by \$1,740 after tax (2013: \$720).

(d) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages liquidity risk by monitoring forecast cash flows for the possible need to obtain debt or equity finance. The Group successfully raised funds of \$1,400,000 in the year through the issue of convertible notes. Only part of that raising has assisted in improving the liquidity of the Group.

The available funds to the Group are discussed in note 20.

Cash flows required to settle the Group's financial liabilities consist of:

- trade and other payables,
- convertible notes issued, and
- interest accrued on convertible notes issued

All financial liabilities – with the exception of convertible notes issued, are due within 12 months. The total value of cash flows required to settle the Group's financial liabilities as at 30 June 2014 is \$265,244 (2013: \$155,668).

Notes to the Financial Statements

(e) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

i. Interest rate risk

The Group is exposed to interest rate risk in Australia. To minimise the effects of reducing interest income that the Group may receive, the Board plans to invest the excess cash position in the near future to avoid any adverse effects of future interest rates. There is no written internal policy on interest rate management.

Changes in market interest rates affect the interest income of non-derivative variable interest financial instruments and are based on both historical trends and the perceived market interest to 30 June 2014. The Group have determined that the effects of changes in these interest rates based upon forward looking rates would not have a material effect on the Group for 2014 or 2013. Therefore, no Group interest rate sensitivity analysis is disclosed as interest rate risk is not considered to have a material impact on the result or equity of the Group for 2014 and 2013.

ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group has no significant exposure to foreign exchange risk as there are effectively no foreign currency deals outstanding (2013: nil).

iii. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximise investment returns. The Group does not enter into commodity contracts.

Net fair values

The Group's financial assets and liabilities that are recorded on the balance sheet are carried at amounts that approximate net fair values.

Fair value estimation

Net fair values of financial assets and liabilities are determined by the Group on the following basis:

i. Cash and cash equivalents

The carrying amount approximates fair value because of their short-term to maturity.

ii. Receivables and payables

The carrying amount approximates fair value because of their short-term to maturity.

iii. Available for sale investments and other financial assets

For available for sale investments, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment.

Notes to the Financial Statements

20 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2014 \$	2013 \$
Loss for the year	(1,148,949)	(803,120)
Non-cash flows in profit:		
- depreciation/amortisation	3,928	4,472
- loss on disposal of property, plant and equipment	-	16,881
- impairment of exploration assets	681,201	600,282
- non cash payments	-	17,450
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- increase in trade and other receivables	6,675	114,468
- decrease in employee entitlements	-	(16,647)
- decrease in other liability	177,353	(465,000)
- decrease in trade and other payables	(25,562)	(235,178)
Cashflow from operations	(305,354)	(766,392)

(b) Non-cash financing and investing activities

	2014 \$	2013 \$
Purchase of 20% interest in Governor Broome Sands Pty Limited using convertible notes	750,000	-
Purchase of Heavy Mineral Sands (HMS) plant and equipment using convertible note	150,000	-

21 Capital and Leasing Commitments

(a) Exploration expenditure commitments

The Group has to perform minimum exploration work and expend minimum amount of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Group's tenement portfolio management through expenditure exemption approvals, and expenditure reductions through relinquishment of part or the whole of tenements deemed not prospective. Should the Group wish to preserve interest in its current tenements the amount which may be required to be expended is as follows:

	2014 \$	2013 \$
Payable:		
- no later than 1 year	320,861	353,994
- between 1 year and 5 years	1,283,445	1,415,976
	1,604,307	1,769,970

Notes to the Financial Statements

22 Contingent Liabilities and Contingent Assets

Contingent Liabilities

The Group has no contingent liabilities to report

23 Controlled Entities

(a) Controlled entities

	Country of Incorporation	Percentage Owned (%) [*] 2014	Percentage Owned (%) [*] 2013
Parent Entity:			
Astro Resources NL			
Subsidiaries:			
HM Sands Pty Limited (formerly Astro Bow River Mines Pty Limited)	Australia	100	100
Boldhill Holdings Pty Limited	Australia	100	100
East Kimberley Diamond Corporation Pty Limited	Australia	100	100
Governor Broome Sands Pty Limited ¹	Australia	100	80
MacPhee Resources Pty Limited ²	Australia	100	100
North Doolgunna Metals Pty Limited	Australia	100	100

^{*} Percentage of voting power is in proportion to ownership.

¹ The Group acquired the remaining 20% during the financial year – refer to note 15.

² Mr Michael Povey is a director of the entity who was the seller of the shares in MacPhee Resources Pty Limited.

24 Related Party Transactions

Related Parties

(a) The Group's main related parties are as follows:

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 25: Interests of Key Management Personnel (KMP) and the remuneration report in the Directors' Report.

Other transactions with KMP and their related entities are shown below.

Notes to the Financial Statements

(ii) Subsidiaries:

The consolidated financial statements include the financial statements of Astro Resources NL and the following subsidiaries:

Name of subsidiary	% ownership interest	% ownership interest
	2014	2013
HM Sands Pty Limited	100	100
Boldhill Holdings Pty Limited	100	100
East Kimberley Diamond Corporation Pty Limited	100	100
Governor Broome Sands Pty Limited	100	80
MacPhee Resources Pty Limited	100	100
North Doolgunna Metals Pty Limited	100	100

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

25 Interests of Key Management Personnel

The totals of remuneration paid to key management personnel of the Company and the Group during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	315,529	341,417
Termination payments ¹	-	95,000
	315,529	436,417

¹ Includes settlement of past claims for services rendered and expenses.

Detailed remuneration disclosures are included in the Director's Report. The relevant information can be found in The Remuneration Report on pages 23 – 26.

26 Auditors' Remuneration

Remuneration of the auditor of the parent entity, RSM Bird Cameron (2013:Stantons International) for:

	2014	2013
	\$	\$
- auditing or reviewing the financial statements	28,000	27,526
- other services	-	-
	28,000	27,526

27 Events after the end of the Reporting Period

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

Notes to the Financial Statements

28 Parent entity

The following information has been extracted from the books and records of the parent, Astro Resources NL and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Astro Resources NL has been prepared on the same basis as the consolidated financial statements:

Statement of Financial Position

	2014	2013
	\$	\$
Assets		
Current assets	2,500,962	2,467,755
Non-current assets	2,646,031	1,811,583
Total Assets	5,146,993	4,279,338
Liabilities		
Current liabilities	265,239	148,691
Non-current liabilities	1,317,000	20,000
Total Liabilities	1,582,239	168,691
Net Assets	3,564,754	4,110,647
Equity		
Issued capital	9,188,040	9,177,372
Accumulated losses	(7,306,638)	(6,661,977)
Reserves	1,683,352	1,595,252
Total Equity	3,564,754	4,110,647
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	(644,661)	(780,872)
Other comprehensive income	5,100	(600)
Total comprehensive income	(639,561)	(781,472)

Contingent liabilities

Contingent liabilities included at note 22 relate to the parent entity, Astro Resources NL.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2014 or 30 June 2013.

29 Company Details

The registered office of and principal place of business of the company is:

Astro Resources NL and Controlled Entities
Level 9, 1 O'Connell St
SYDNEY NSW 2000

Directors' Declaration

The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 29 to 61, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Company and consolidated group;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.

Kris Knauer
Director

Dated 29th September 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASTRO RESOURCES NL

Report on the Financial Report

We have audited the accompanying financial report of Astro Resources NL, which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the

directors of Astro Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Astro Resources NL is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company and consolidated entity incurred losses of \$644,661 and \$1,148,949 respectively and the consolidated entity had net cash outflows from operating activities of \$305,354 and for exploration expenditure of \$193,457 for the year ended 30 June 2014. The ability of the company and consolidated entity to continue as going concerns is dependent on a number of factors, the most significant of which is the ability to source sufficient capital to fund its future exploration and operational activities. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report


We have audited the Remuneration Report included in pages 23 to 26 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Astro Resources NL for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.



RSM BIRD CAMERON PARTNERS



C J Hume
Partner

Sydney, NSW

Date: 30 September 2014

Schedule of Tenements

Lease	Lease Status	Project	Holders
E70/2372	Granted	Governor Broome	Governor Broome
E70/2464	Granted	Governor Broome	Governor Broome
E70/3681	Granted	Governor Broome	Governor Broome
E70/4418	Granted	Governor Broome	Governor Broome
E80/4120	Granted	Lower Smoke Creek	East Kimberley Diamond Mines
E80/4316	Granted	Carr Boyd Range	East Kimberley Diamond Mines
P70/1583	Granted	Governor Broome	Governor Broome
P70/1584	Granted	Governor Broome	Governor Broome
P70/1639	Application	Governor Broome	Governor Broome
P70/1640	Application	Governor Broome	Governor Broome
P80/1615	Granted	Argyle Dykes	East Kimberley Diamond Mines
P80/1616	Granted	Argyle Dykes	East Kimberley Diamond Mines
P80/1617	Granted	Argyle Dykes	East Kimberley Diamond Mines

ASX Additional Information

As at 5 September 2014 the following information applied:

1 Substantial Shareholders

Substantial shareholders disclosed in substantial shareholder notices to the Company:

	No. of Shares Held	% Held
Mining Investment Limited	575,000,000	16.48
Soaraway Development Pty Ltd	207,422,609	5.95

2 Securities

(a) Fully paid ordinary shares

The number of holders of fully paid shares in the Company is 3,488,117,956. On a show of hands every holder of fully paid ordinary shares present or by proxy, shall have one vote. Upon a poll, each fully paid ordinary share shall have one vote. The distribution of holders of fully paid ordinary shares is as follows:

	No. of Shares Held	% Held
1 – 1,000	15,870	-
1,001 – 5,000	69,166	-
5,001 – 10,000	56,717	-
10,001 – 100,000	12,327,984	0.4
100,001 and over	3,475,648,219	99.6
	3,488,062,324	100.0
Number holder less than a marketable parcel	99,907,710	2.9

The Company's fully paid ordinary shares are quoted on the Australian Securities Exchange using the cod ARO.

Top 20 Shareholders

	No. of Shares Held	% Held
MINING INVESTMENTS LIMITED	575,000,000	16.48
SOARAWAY DEVELOPMENT PTY LTD	207,422,609	5.95
RELIANCE NATURAL RESOURCE FUND PTY LTD	120,000,000	3.44
RELIANCE NATURAL RESOURCE FUND PTY LTD	80,000,000	2.29
DENTOST PTY LTD	70,000,000	2.01
J P MORGAN NOMINEES AUSTRALIA LIMITED	65,390,144	1.87
MR DAVID WAYNE AUSTIN & MRS CHRISTINA YIT LING AUSTIN	55,250,000	1.58
SYNERGY HOLDINGS PTY LTD	50,000,000	1.43
MR LIN CHENG	48,000,000	1.38
NEWMONT CAPITAL PTY LTD	44,047,608	1.26
HEATHCOTE PTY LTD	39,865,894	1.14
PARKHOUSE ENTERPRISES PTY LTD	36,905,777	1.06
MR ARTHUR ARIDAS & MRS TANIA LEIGH ARIDAS	34,800,000	1.00
AMPASAND PTY LTD	30,400,000	0.87
SOUTH BANC GROUP PTY LTD	30,244,743	0.87
MRS ANNA TASCONE	30,000,000	0.86
PERSHING AUSTRALIA NOMINEES PTY LTD	29,063,906	0.83
BELLAROSE ENTERPRISES PTY LTD	25,000,000	0.72
PARETO NOMINEES PTY LTD	25,000,000	0.72
VECTOR NOMINEES PTY LIMITED	23,811,554	0.68
	1,642,361,735	47.08