astro resources nl

and Controlled Entities

ABN 96 007 090 904

Half-Year Report

31 December 2018

Contents

Directors' Report

The Directors of Astro Resources NL, (**the "Company**") and its controlled entities (**the "Group**") submit herewith the financial report for the six months ended 31 December 2018 ("Half-Year").

Directors

The names of the Company's Directors in office during the Half-Year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated:

Mr Jacob Khouri	Non Executive Chairman
Mr Stephen Gemell	Non-Executive Director
Mr Vincent J Fayad	Executive Director

The Group reported a net loss of $358,938 (2017: $257,339) for the Half-Year.

Objectives

The Company's objective is to increase shareholder wealth through successful exploration activities and mining activities whilst providing a safe workplace and ensuring best practice in relation to its environmental obligations.

Operations

The principal activities of the Group during the half-year period were the exploration and development of mineral resources, principally in the areas of mineral sands, diamonds and gold.

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

Mineral Resources Operations Summary

During the Half-Year the following developments were made by the Group:

Needles

The Company announced on the 4th October 2017 the completion of the property located in Nevada, United States "Needles Property". The Needles Property is situated in northern Nye County, Nevada, approximately 127 kilometres (79 miles) by road east of Tonopah, approximately 336 road kilometres northwest of Las Vegas. The project area consists of mineral rights over one hundred thirteen (113) unpatented lode mining claims, covering approximately 2,335 acres.

Epithermal gold-silver deposits have been the largest producing deposits in northern Nye County since discovery of silver-rich veins in the Tonopah district in 1900, and numerous exploration programs for epithermal deposits are currently underway. The Round Mountain Mine is the largest producer in the district with over 20 million ounces of gold contained within the deposit and it has produced more than 373,000 kg (>12million ounces) of gold and 311,000 kg of silver since 1907.

On 10 August 2019, the Company announced the results of its ground geophysics (IP/resistivity) survey. The key highlights from this program were:

- IP/Resistivity Surveydilenated a circular feature interpreted to be a buried caldera;
- interpretation provides further strong evidence for bulk tonnage caldera style low sulphidation epithermal gold/silver minerlaition previously unidentified on the property; and
- coincident geochemistry, consisting of gold-silver-tellurium, with apparent edge of caldera feature strongly support the postulated deposit model analogous to the World Class Round Mountain Mine.

Following from the above, the Group began planning a 2,500m reverse circulation (RC) drilling program for the Needles Project in Nevada, USA. The drilling program is targeting high priority areas interpreted from the ground based geophysics program completed in 2018, which are coincident with previous mapping and sampling. The results from the geophysics survey strongly support the caldera style low sulphidation deposit model for the main target zone.

The key feature interpreted from the geophysics is a large circular feature 2km x 1.6km in size and is identified in both the resistivity and chargeability models which is postulated to be a collapsed caldera. This feature has coincident gold anomalism on its margins (Map 1), consistent with this deposit model. The gold/silver mineralisation and alteration identified by the Company's consultants (Centric Minerals Management Pty Ltd) occur on the south- eastern edge of the circular feature and as such the unmapped portions of this feature will be mapped and sampled as a priority during the March 2019 Quarter prior to drilling.

Given the coincident nature of these features plus the location of the gold mineralisation and alteration along the margins of the circular feature the hypothesized caldera style low sulphidation epithermal model has more credence and further exploration is warranted focussed in this part of the property.

Details of the proposed drilling program are expected to be detailed in the first quarter of 2019.

Governor Broome, Mineral Sands

The key points to note in relation to exploration work undertaken for the Governor Broome Mineral Sands project are:

100% owned Governor Broome

- the Company undertook preparations to carry out an infill air-core drill programme at Governor Broome in order to enable the upgrade of the Southeast Deposit from Inferred Resource status to Indicated Resource status. An Inferred Resource of 32Mt @ 4.6% HM, 15% Slimes and 12% Oversize has previously been reported for the Southeast Deposit (ARO ASX Announcement 12 February 2015). The upgrade in the resource category follows the Company' positive feedback from the preliminary study conducted by TZMI;

- the drilling programme was expected to comprise of one hundred and sixty (160) 20m holes. The programme was to commence in mid to late November. However, after some delays, the work commenced in January 2019 with results being expected to be announced in the June 2019 quarter; and

- a programme of work has been lodged with the West Australian Department of Mines, Industry Regulation and Safety. In addition, the Company issued an Activity Notice has been issued to the South West Aboriginal Land and Sea Council.

20% interest in Jack Track

The Jack Track are is located on Retention licence - R70/58 and is in the SW region of Western Australia. It is the subject to Farm-In and Exploration Joint Venture Agreement ("**Iluka JV**") between Iluka Resources Limited (80%) and Governor Broome Sands Pty Ltd (20%), a wholly owned subsidiary of the Company. Exploration drilling by Iluka has delineated a heavy mineral ("HM") sands resource within the licence, in an area known as the "Jack Track" deposit.

The Company has previously announced a Maiden Inferred Mineral Resource of 18.8 Mt @ 4.7% HM at a 3.0% HM lower cut-off grade, a resource estimated in accordance with the guidelines outlined in the JORC Code (2012) for the reporting of Exploration Results, Mineral Resources and Ore Reserves.

No activity was undertaken during the half year for the Iluka JV.

Diamonds

The Group holds the Lower Smoke Creek (E80/4120) exploration licence that adjoins the Argyle and the former Bow River Diamond Mines within the East Kimberley region of Western Australia. Previous work arising from the completion of 57 km ground penetrating radar ("**GPR"**) survey for the Lower Smoke Creek licence area to detect and delineate palaeo-stream channels as potential targets for alluvial diamond deposits and that the GPR interpretation suggests the survey has been successful in identifying the near surface geology of the survey area a map of palaeo-channels showing their location surrounding known diamond areas found by previous bulk sampling and their extension south-westwards towards the Argyle mine.

Key highlights during the half year were:

- ongoing liaison with the local NTO group resulted in an expanded agreement the project area. Access for exploration reconnaissance work was agreed and date set for heritage survey over target areas of planned sampling work. The survey will occur during January;

- detailed plans were developed for the refurbishment of the Company's DMS plant early in the New Year. A team has been assembled, budgeting undertaken and highly experienced works consultant/manager engaged;

- preparatory field reconnaissance of area was undertaken for the commencement of the 2019 exploration program. Geotechnical data assembly was ongoing; and

- detailed development of the 2019 plan and budget included scoping of engineering works for sampling of GPR indicated paleochannels,

In addition to the above, as a result of the ongoing review and management of the Company's tenements, a decision was made subsequent to 31 December 2018 to surrender the lease at Carr Boyd Range E80/4316 (**Abandoned Tenement**). This lease was assessed to be non-productive. In addition, during the half year, the Group relinquished its interest in the Carr Boyd (E80/4316) exploration licence as it was assessed to be not viable.

Corporate

Capital raising

On 31 December 2018, the Company announced the completion of a raising of $905,800 before costs and expenses (**Placement**). The Company has paid an entity the amount of $21,607 by way of shares in the Company. As a result of the above, the Company issued a total of 386,419,463 of which 9,002,800 was used to pay an external consultant its fees fully-paid ordinary shares . The Placement was made under a Prospectus dated 12 December 2018 and was taken up by certain strategic investors identified by the Board and its adviser.

Debt funding

The Company continued to receive funding from Gun Capital Corporate Pty Ltd **(Gun),** an entity related to its major shareholder. Set out below is a summary of the existing facilities that are in place with Gun:

(i) Working capital facility - $600,000

Amount drawn to 31 December 2019	$513,137.31 (including capitalised interest)
Security	Unsecured loan
Interest rate	12% per annum. Interest to be accrued quarterly.
Repayment	Repayment is to be made by cash by: i. 13 months from the date of signing of the contract which or 31 October 2019; or ii. a further 13 months if agreed to by both parties.

(ii) Needles funding facility - $500,000

Amount drawn to 31 December 2019	$543,541.80 (including capitalised interest)
Security	Unsecured loan
Interest rate	12% per annum. Interest to be accrued quarterly.
Repayment	Repayment is to be made by cash by: i. 13 months from the date of signing of the contract which or 31 October 2019; or ii. a further 13 months if agreed to by both parties.

(iii) Additional working capital facility - $700,000

Amount drawn to 31 December 2018	$325,135.08 (including capitalised interest)
Security	Unsecured loan
Interest rate	15% per annum. Interest to be accrued quarterly.
Repayment	Repayment is to be made by cash by: i. 13 months from the date of signing of the contract which or 31 October 2019; or ii. a further 13 months if agreed to by both parties.

As noted from the above, all of the loans are due for repayment by 31 October 2019 and that it would be entitled to the proceeds from the Placement. However, the Company has received confirmation from GCM that:

- it will not require any of the proceeds from the Placement;
- despite the fact that the loan facilities are repayable in full on 31 October 2019, subject to Jacob Khouri remaining on the ARO Board, it will not call the repayment of all or any part of GCM's loans to the Company on their maturity date, to the extent the repayment of such amount (if made) would, in the opinion of the Board, acting in good faith, place the Company at risk of becoming insolvent; and
- it will continue to provide support to assist the Company in meeting its business plan, and in particular, not demand the repayment of its loans to the Company, subject to Jacob Khouri remaining on the board of the Company.

Further details of support have been outlined in the Half Yearly financial report.

Stamp duty

During the half year, the Company settled the matter with the Western Australia Office of State Revenue in relation to prior year's stamp duty relating to its acquisition of the Governor Broome project. The amount settled upon was in line with the estimate previously recorded has been fully paid in January 2019.

Outstanding director fees

The Company also settled its outstanding Directors fees with Mr Michael Povey and his related entity during the half year.

Review of financial results and financial position.

Income statement

Revenue - The Company derived interest income on its short-term interest-bearing deposits held during the Half-Year. With the exception of the above, there was no other income generated by the Company during the Half-Year.

Net Expenses and impairment - The following points are noted in relation to expenses for the Half Year:

- ongoing administration expenses have decreased from $211,464 at December 2017 to $160,772 at December 2018, mainly due a reduction in personnel costs and other administrative costs;
- impairment of tenements of $126,156, mainly relating to the Abondoned Tenment;
- interest expense of $75,052 (December 2017: $22,160) relates to the debt funding facility provided to the Company by Gun Capital Corporate Pty Limited ("**Gun"**).

The Directors have considered whether any further impairment for the Company's tenements is required for the current period. They have formed the view that none is required.

Statement of financial position

During the Half-Year the following key items occurred:

- cash increased from $5,658 at 30 June 2018 to $910,554 at 31 December 2018. The increase was primarily due to funding received from the Placement;

- trade and other payables increased from $417,070 at 30 June 2018 to $477,794 at 31 December 2018. The primary reason for this increase is due to the Messrs Khouri and Fayad and/or their related entities decision to continue defer payment of their fees until costs associated with the various exploration projects undertaken by the Company are completed; and

- an increase in borrowings of $386,113. The borrowings from Gun have been used to partially fund the Governor Broome resource upgrade and also to provide working capital. Further details in relation to the borrowings can be found under the ‘Corporate’ section of the director’s report.

Cash Flow

The Half-Year cash flow to 31 December 2018 of the Group included:

- an increase in exploration costs from $210,434 in December 2017 to $222,953 in December 2018, mainly reflecting the work done for the mineral sands and Needles project during the 2018 Half Year period;
- a decrease in administrative costs from $95,727 at December 2017 to $59,066 at December 2018, mainly reflected by the directors electing to ‘freeze’ their fees until such time that the Company’s exploration activities have been completed.

Dividends

No dividends have been paid or declared during the half year (2017: Nil)
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Events subsequent to balance date

Apart from the above, 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.

Auditor's Independence Declaration

The auditor's independence declaration for the Half-Year ended 31 December 2018 has been received and can be found on page 6 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Director: ....
Mr Jacob Khouri
Chairman

11 March 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Astro Resources NL Limited for the half year ended 31 December 2018, 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

C J HUME
Partner

Sydney, NSW
Dated: 11 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2018

	Note	31 December 2018 $	31 December 2017 $
Continuing Operations			
Revenue		**3,042**	-
Acquisition costs		**-**	(23,715)
Interest paid		**(75,052)**	(22,160)
Administration expenses		**(160,772)**	(211,464)
Impairment of exploration expenditure for relinquished tenements		**(126,156)**	-
(Loss) from continuing operations before income tax		**(358,938)**	(257,339)
Income tax expense		**-**	-
(Loss) from continuing operations after tax	5	**(358,938)**	(257,339)
Other comprehensive income			
Items that will not be subsequently reclassified subsequently to profit and loss			
Equity instruments at FVTOCI – fair value changes		**(1,700)**	(1,400)
Total comprehensive (loss) for the period		**(360,638)**	(258,739)
(Loss) attributable to:			
- Members of Astro Resources NL		**(360,638)**	(258,739)
- Non-controlling interest		**-**	-
		(360,638)	(258,739)
Total comprehensive (loss) attributable to:			
- Members of Astro Resources NL		**(360,638)**	(258,739)
- Non-controlling interest		**-**	-
		(360,638)	(258,739)
Earnings per share (cents per share)			
- basic; for loss for the Half-Year		**(0.041)**	(0.029)
- diluted; for loss for the Half-Year		**(0.041)**	(0.029)

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	31 December 2018 $	30 June 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**910,554**	5,658
Trade and other receivables		**19,174**	28,560
Inventories		**4,000**	4,000
Other current assets		**48,626**	54,402
TOTAL CURRENT ASSETS		**982,354**	92,620
NON-CURRENT ASSETS			
Investments accounted for using the equity method		**3,600**	5,300
Plant and equipment		**105,039**	110,555
Exploration expenditure	6	**2,829,091**	2,751,063
TOTAL NON-CURRENT ASSETS		**2,937,730**	2,866,918
TOTAL ASSETS		**3,920,084**	2,959,538
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	**399,795**	417,070
Borrowings	8	**1,449,814**	985,701
TOTAL CURRENT LIABILITIES		**1,849,609**	1,402,771
TOTAL LIABILITIES		**1,849,609**	1,402,771
NET ASSETS		**2,070,475**	1,556,767
EQUITY			
Issued capital	10	**14,140,955**	13,266,609
Reserves		**1,595,252**	1,596,952
Accumulated losses		**(13,665,732)**	(13,306,794)
TOTAL EQUITY		**2,070,475**	1,556,767

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2018

	31 December 2018 $	31 December 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	**70**	-
Payments to suppliers and employees	**(59,066)**	(95,727)
Net cash used in operating activities	**(58,996)**	(95,727)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for exploration	**(222,953)**	(210,434)
Acquisition of Needles Holdings Inc.	**-**	(399,673)
Net cash used in investing activities	**(222,953)**	(610,107)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	**312,500**	770,000
Proceeds from rights issue	**905,800**	-
Payments for rights issue costs	**(31,455)**	-
Net cash provided by financing activities	**1,186,845**	770,000
Net increase in cash and cash equivalents held	**904,897**	64,166
Cash and cash equivalents at beginning of year	**5,658**	7,155
Cash and cash equivalents at end of the Half-Year	**910,555**	71,321

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2018

	Note	Issued capital $	Reserves $	Equity FVTOCI reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2018		13,266,609	1,596,952	-	(13,306,794)	1,556,767
Loss for the period attributable to members of the parent entity		-	-	-	(358,938)	(358,938)
Equity Instruments at FVCTOI		-	15,700	(15,700)	-	-
Current year FVCTOI		-	-	(1,700)	-	(1,700)
Net proceeds from rights issue		874,346	-	-	-	874,346
Balance at 31 December 2018		14,140,955	1,581,252	(17,400)	(13,665,732)	2,070,475
Balance at 1 July 2017		13,255,606	1,597,252		(12,343,101)	2,509,757
Loss for the period attributable to members of the parent entity		-	-		(257,339)	(257,339)
Other comprehensive income		-	(1,400)		-	(1,400)
Balance at 31 December 2017		13,255,606	1,595,852		(12,600,440)	2,251,018

The accompanying notes form part of these Financial Statements.

Condensed Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

1 CORPORATE INFORMATION

The financial report of Astro Resources NL (**the 'Company'**) for the Half-Year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 11 March 2019.

The Company is incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Half-Year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The Half-Year financial report should be read in conjunction with the Annual Financial Report of Astro Resources NL as at 30 June 2018.

It is also recommended that the Half-Year financial report be considered together with any public announcements made by Astro Resources NL and its controlled entities during the Half-Year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The Half-Year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirement of the Corporations Act 2001 and Australian Accounting Standards, including AASB 134 "Interim Financial Reporting". Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

For the purpose of preparing the Half-Year financial report, the Half-Year has been treated as a discrete reporting period.

(b) Going Concern

The consolidated entity incurred a loss of $358,938 and had cash outflows from operating and investing activities of $58,996 and $222,953 respectively for the Half Year ended 31 December 2018. Additionally, as at 31 December 2018, the Company had cash of $910,555 compared to trade and other creditors of $417,070. However, it also has surplus of net assets of $2,070,477, principally representing interests in exploration assets as at that date.

Notwithstanding the above, the Directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe this to be appropriate for the following reasons:

i. the Company has a $1.8 million loan facility with Gun Capital Corporate Pty Ltd (**Gun**), a related party of Mr Jacob Khouri. As at 31 December 2018, there was an amount of $418,185 undrawn on the facility;

ii. as stated in note 6 below, Gun will not agree to call its loan whilst Jacob Khouri remains a Director;

iii. a letter of offer for an additional $250,000 has been provided by Gun, should the Company require such a facility;

iv. the ability of the Company to raise money from the open market; and

v. the ability to sell assets.

Having regard to the above factors the Directors are of the opinion that the basis upon which the financial statements are presented is appropriate in the circumstances.

(c) Basis of consolidation

The Half-Year consolidated financial statements comprise the financial statements of Astro Resources NL and its controlled subsidiaries (the "**Group"**).

(d) New Accounting Standards and Interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current Half-Year.

AASB 9 Financial Instruments (2014) became mandatorily effective on 1 January 2018. The adoption of AASB 9 has affected the measurement of equity investments in other listed entities for the Company. Such investments were classified as available-for-sale under AASB 139 previously, with the Company having chosen to make the irrevocable election on transition to classify these investments as Equity FVTOCI (as permitted by AASB 9).

The table below shows the reclassification of each class of financial asset under AASB 139 and AASB 9 for the Company at 31 December 2018:

	Previous Classification (AASB 139)	**New Classification (AASB 9)**	**Carrying Value (AASB 139) $**	**Carrying Value (AASB 9) $**
Financial Assets				
Listed Shares	Available for sale	Equity FVTOCI	3,600	3,600

The effect of the above classification change to the Company's equity balance is as follows:

	Available for Sale Reserve $	**Debt FVTOCI Reserve $**	**Equity FVTOCI Reserve $**	**Retained Earnings $**
Opening balance under AASB 139	17,400	-	-	-
Reclassified from AFS to Equity FVTOCI	(17,400)	-	17,400	-
Opening Balance under AASB 9	-	-	17,400	-

With the exception of the above, there have been no new and revised Standards and amendments thereof and interpretations effective for the current Half-Year that are relevant to the Group.

3 FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2018.

4 SEGMENT INFORMATION

Identification of reportable segments

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the "chief operating decision maker". The "chief operating decision maker", which 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 engages 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.

Operating segments are identified and segment information disclosed on the basis of internal reports that are provided to, or revised by, the Company's chief operating decision maker which, for the Company, is the Board of Directors.

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

The Group now operates in four operating segments being heavy minerals, diamond and uranium exploration industries in one geographical location, being Australia.

Types of Products and Services

Gold and silver exploration

The Company is currently conducting exploration upon tenements considered prospective for its Needles project. Since the date of acquisition, no income has been derived from the Needles project in the period ending 31 December 2018 (2017: Nil).

Heavy mineral Exploration

The Company is currently conducting exploration upon tenements considered prospective for heavy minerals. No income has been derived from the recovery of mineral sands in period ending 31 December 2018 (2017: Nil).

Diamond exploration

The Company is currently conducting exploration upon tenements considered prospective for diamonds. No income has been derived from the recovery of diamonds in the period ending 31 December 2018 (2017: Nil).

Segment Information

	Diamond $	Heavy minerals $	Gold $	Unallocated $	Total $
Six months ended 31 December 2018					
Revenue					
Other revenue from external customers	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-
Total segment revenue	-	-	-	-	-
Result					
Segment result	(124,501)	(2,254)	-	(232,183)	(358,938)
(Loss) before income tax and non-controlling interests	(124,501)	(2,254)	-	(232,183)	(358,938)
Income tax expense	-	-	-	-	-
Net (loss) for the six months as Statement of Comprehensive Income	(124,501)	(2,254)	-	(232,183)	(358.938)
Assets and Liabilities					
Segment assets					
- Exploration Expenditure	514,346	1,221,950	533,520	-	2,269,816
- Interest in Joint Venture	-	559,275	-	-	559,275
- Plant and Equipment	105,039	-	-	-	105,039
- Inventories	4,000	-	-	-	4,000
	623,385	1,781,225	533,520	-	2,938,130
Unallocated assets					
- Investments accounted for using the equity method	-	-	-	3,600	3,600
- Cash and cash equivalents	33	894	-	909,627	910,554
- Trade and other receivables	-	3,605	-	15,569	19,174
- Other assets	7,755	16,947	16,020	7,904	48,626
	7,788	21,446	16,020	936,700	981,954
Total assets as per the Statement of Financial Position	631,173	1,802,671	549,540	936,700	3,920,084
Segment and unallocated liabilities					
- Trade and other payables	-	-	-	477,795	477,795
- Borrowings	-	-	370,000	1,001,814	1,371,814
Total liabilities as per the Statement of Financial Position	-	-	370,000	1,479,609	1,849,609

	Diamond	Heavy minerals	Gold	Unallocated	Total
	$	$	$	$	$
Six months ended 31 December 2017					
Revenue					
Other revenue from external customers	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-
Total segment revenue	-	-	-	-	-
Result					
Segment result	**(254)**	**(120)**	**(23,715)**	**(233,250)**	**(257,339)**
(Loss) before income tax and non-controlling interests	**(254)**	**(120)**	**(23,715)**	**(233,250)**	**(257,339)**
Income tax expense	-	-	-	-	-
Net (loss) for the six months as Statement of Comprehensive Income	**(254)**	**(120)**	**(23,715)**	**(233,250)**	**(257,339)**
Assets and Liabilities					
Segment assets					
- Exploration Expenditure	**602,572**	**1,415,896**	**466,715**	-	**2,485,183**
- Interest in Joint Venture	-	**553,583**	-	-	**553,583**
- Plant and Equipment	**116,360**	-	-	-	**116,360**
- Inventories	**4,000**	-	-	-	**4,000**
	722,932	**1,969,479**	**466,715**	-	**3,159,126**
Unallocated assets					
- Investments accounted for using the equity method	-	-	-	**4,200**	**4,200**
- Cash and cash equivalents	-	**669**	-	**70,652**	**71,321**
- Trade and other receivables	**300**	**186**	-	**10,480**	**10,966**
- Other assets	**7,495**	**17,418**	**14,839**	**8,883**	**48,635**
	7,795	**18,273**	**14,839**	**94,215**	**135,122**
Total assets as per the Statement of Financial Position	**730,727**	**1,987,752**	**481,554**	**94,215**	**3,294,248**
Segment and unallocated liabilities					
- Trade and other payables	-	-	-	**253,286**	**253,286**
- Borrowings	-	-	-	**789,944**	**789,944**
Total liabilities as per the Statement of Financial Position	-	-	-	**1,043,230**	**1,043,230**

5 REVENUE, INCOME AND EXPENSES FROM CONTINUING OPERATIONS

	31 December 2018 $	31 December 2017 $
Income		
Interest income	**68**	-
Other income	**2,974**	-
	3,042	-
Expenses		
Depreciation	**5,515**	6,110
	5,515	6,110

6 NON CURRENT ASSETS – EXPLORATION EXPENDITURE

The carrying cost of exploration expenditure is as follows:

	31 December 2018 $	30 June 2018 $
Exploration Expenditure (at cost)	**6,159,696**	6,084,245
Capitalised exploration – partly owned	**559,275**	556,698
Less: Impairment	**(3,889,880)**	(3,889,880)
Total	**2,829,091**	2,751,063

Impairment

Included in the capitalised exploration costs are to the Heavy Mineral Sands exploration project:

- the Governor Broome Sands (that is, heavy minerals project), tenement number E70/2372, now known as Retention Licence R70/53.which is not be subject to any minimum expenditure commitments; and

- the Iluka Joint Venture – see below.

The Board has previously formed a view that a provision for impairment of $3.889 million was required. The considers that this provision is still adequate having regard to the following:

(a) future outlook of mineral sands prices;

(b) the level of resources, as recently determined by the competent person; and

(c) potential range of operating costs for the exploitation of the resources and capital expenditure.

The above factors were also considered in a study undertaken by TZMI and announced in June 2018.

The Board has formed the view that other key capitalised exploration asset namely, the diamond project does not require impairment and continue to actively pursue this exploration asset.

Information about the farm in Joint Venture arrangement

On the 23 December 2014, the Company entered into a Farm-in and joint venture arrangement ("**Arrangement**") with Iluka Resources Limited ("**Iluka**"). The arrangement relates to the Governor Broome project, tenement number E70/2464 ("**Property**") and this tenement is subject to an application for retention licence. This tenement is part of the Governor Broome project, which is a mineral sands project located in southern Western Australia.

As previously announced, Iluka have satisfied all of their milestones which results in them having an 80% interest and the Group a 20% interest in the Property.

A summary of the Arrangement is as follows:

Name	Classification	Place of Business/ Incorporation	Proportion of Ordinary Share Interests/Participating Share 2018 %	2017 %	Measurement Method	Carrying Amount 2018 $000	2017 $000
Governor Broome Sands Pty Ltd	Associate	Perth, Australia	20	20	Equity Method	559,275	556,698

Commitments in Respect of Associates

Until the point in time whereby the Group loses control of the Property, that means that Iluka takes legal possession over the title of the Property, the Group remains liable for all commitments of the associate up to the point in time when Iluka take up its interest.

7 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	31 December 2018 $	30 June 2018 $
Trade Creditors	**140,031**	242,200
Accrued Consulting Costs and Directors Fees	**259,764**	174,870
Total	**399,795**	417,070

8 CURRENT LIABILITIES – BORROWINGS

		31 December 2018 $	30 June 2018 $
Loan Facility – Gun Capital Management Pty Ltd (novated from Mining Investments Limited)	(a)	**1,232,500**	920,000
Interest payable		**139,314**	65,701
Accrued consulting fees - Mining Investments Ltd		**78,000**	-
Total		**1,449,814**	985,701

(a) The terms of the facility are as follows:

(i) Working capital facility - $600,000

Amount drawn to 31 December 2019	$513,137.31 (including capitalised interest)
Security	Unsecured loan
Interest rate	12% per annum. Interest to be accrued quarterly.
Repayment	Repayment is to be made by cash by: i. 13 months from the date of signing of the contract which or 31 October 2019; or ii. a further 13 months if agreed to by both parties.

(ii) Needles funding facility - $500,000

Amount drawn to 31 December 2019	$543,541.80 (including capitalised interest)
Security	Unsecured loan
Interest rate	12% per annum. Interest to be accrued quarterly.
Repayment	Repayment is to be made by cash by: i. 13 months from the date of signing of the contract which or 31 October 2019; or ii. a further 13 months if agreed to by both parties.

(iii) Additional working capital facility - $700,000

Amount drawn to 31 December 2019	$325,135.08 (including capitalised interest)
Security	Unsecured loan
Interest rate	15% per annum. Interest to be accrued quarterly.
Repayment	Repayment is to be made by cash by: i. 13 months from the date of signing of the contract which or 31 October 2019; or ii. a further 13 months if agreed to by both parties.

As noted from the above, all of the loans are due for repayment by 31 October 2019 and that it would be entitled to the proceeds from the Placement. However, the Company has received confirmation from GCM that:

- it will not require any of the proceeds from the Placement;
- despite the fact that the loan facilities are repayable in full on 31 October 2019, subject to Jacob Khouri remaining on the ARO Board, it will not call the repayment of all or any part of GCM's loans to the Company on their maturity date, to the extent the repayment of such amount (if made) would, in the opinion of the Board, acting in good faith, place the Company at risk of becoming insolvent; and
- it will continue to provide support to assist the Company in meeting its business plan, and in particular, not demand the repayment of its loans to the Company, subject to Jacob Khouri remaining on th board of the Company.

9 COMMITMENTS AND CONTINGENCIES

Exploration

The Company has to perform minimum exploration work and expend minimum amounts of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Company's tenement portfolio management through expenditure exemption approvals, and expenditure reductions through relinquishment of parts of the whole of tenements deemed non-prospective. Should the Company wish to preserve interests in its current tenements the amount which may be required to be expended as follows:

	31 December 2018 $	30 June 2018 $
No later than one year	**153,150**	143,624
Between one to five years	**612,602**	140,000
	765,752	283,624

The contingent liabilities in relation to minimum expenditure on tenements held by the group for no longer than one year are:

	31 December 2018 $	30 June 2018 $
East Kimberley Diamond Corporation Pty Ltd	**48,109**	100,000
Governor Broome Sands Pty Ltd	**83,041**	21,624
Needles Holdings Inc	**22,000**	22,000
	153,150	143,624

10 CONTRIBUTED EQUITY

	31 December 2018 $	30 June 2018 $
Ordinary shares - Note (i)	**14,140,955**	13,266,609
	14,140,955	13,266,609

(i) Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	No.	No.
	1,272,097,315	885,677,852
Number of ordinary shares on issue at 31 December	1,272,097,315	885,677,852

On 31 December 2018, the Company successfully completed a placement of shares pursuant to a Prospectus dated 12 December 2018 issuing 386,419,463 ordinary shares and raising the amount of $905,800 (before costs).

11 ACQUSITION OF CONTROLLED ENTITY

On 10 October 2017, the Company completed the acquisition of 100% of the issued capital of Needles Holdings Inc, company which holds the 113 claims in Nevada, United States of America. Set out below is the details of the acquisition:

	Fair Value $000
Purchase consideration:	
Cash paid	370,000
Identifiable assets acquired, and liabilities assumed	
Exploration Assets	370,000

12 EVENTS AFTER THE BALANCE SHEET DATE

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’ Declaration

In the directors' opinion:

1. the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

2. the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and

3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

D

irector ....
Mr Jacob Khouri
Chairman

Dated 11 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ASTRO RESOURCES NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Astro Resources NL which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of Astro Resources NL*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Astro Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Astro Resources NL is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 11 March 2019