

# 2020

## ANNUAL REPORT

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Astro Resources NL and Controlled Entities  
ABN: 96 007 090 904

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**Directors**

Mr Jacob Khouri  
(Non-Executive Chairman)

Mr Stephen Gemell  
(Non-Executive Director)

Mr Vincent Fayad  
(Executive Director)

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**Company Secretary**

Mr Vincent Fayad

**Auditor**

RSM Australia Partners  
Level 13, 60 Castlereagh Street  
SYDNEY NSW 2001

**ASX Code**

ARO

**Share Registry (Australia)**

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680 George Street  
SYDNEY SOUTH NSW 2000

**Home Exchange**

Australian Securities Exchange Limited  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Fellow Shareholders

It is with pleasure that I write to you in my third year as Chairman of Astro Resources NL ("**Astro**" or "**the Company**").

The financial 2020 financial year was probably one of the most difficult years for the Company, with low cash reserves and limited funding in place, together with the restrictions of Covid-19. Notwithstanding this, the Company managed to achieve the following two major milestones:

- undertaking a Mineral Resource upgrade for Governor Broome Mineral Sands Project, whereby 52 million tonnes of Indicated Resource was estimated following a drilling campaign in February and March 2020; and
- undertaking an 11-hole percussion drilling program on the Needles Project which produced results indicating that the project had "Round Mountain" model potential.

Unfortunately, no work was undertaken on the Company's East Kimberley Project was undertaken, mainly due to Covid-19 travel restrictions. In addition, no work was undertaken on the Farm-in Arrangement with Iluka Resources Limited.

The achievement of the JORC Indicated Resource for the Governor Broome South was indeed the most pleasing outcome for the year as it places the Company in an excellent position with respect of pursuing the economic viability of the Project. The work done during the year and consequent JORC Indicated Resource has resulted in an increased focus on the economics of the Governor Broome Project. The Company plans to capitalise on the previous work undertaken by consultants TZMI in relation to their Preliminary Study undertaken in 2018 and October 2019, once the JORC Resource estimate for the East and South areas of the Project has been upgraded from JORC Inferred to JORC Indicated category.

From the results from the drilling of the Needles Project it is very clear that the Needles property contains a very compelling and very large (> 4.5 sq. km) target with elemental signatures typical of low-sulphidation epithermal mineralisation and associated caldera style alteration (silica-sericite). The recent drilling is highly encouraging with the deepest holes ever drilled on the property intersecting the targets and justifying further deeper drilling.

The Company has also examined and evaluated all available previous exploration and independent consultant reports related to the Needles property. It has concluded that there is significant potential for the discovery of economic gold mineralisation within the property, in particular within the undrilled area to the west of the historical Arrowhead Mine. A program to pursue this potential in the coming financial year is being put into place and the Board is excited about the prospects of the Nevada Gold Project.

The above initiatives undertaken during the year were funded from debt facilities provided by Gun Capital Management Pty Ltd ("**Gun**"), an entity of which I am a director. Unfortunately, this was the only source of capital for the Company during year and as a result the debt increased significantly. Fortunately, the Company has been administered closely, with operating costs being approximately \$366,000 and, as a result, the Company has been able to maximise the funds advanced by Gun to be used for exploration activities.

Since the end of the financial year, the Company has managed to secure equity from various investors for the purposes of moving forward its projects. In addition, the Company has also obtained capital from two major parties, initially in the form of a Convertible Note, which is to be converted into ordinary shares sometime in October 2020. In addition, the Company will be seeking for shareholders to approve the issue of shares to a number of investors. On the basis that shareholders approve both of the above initiatives, the Company will be well positioned to move forward and free itself of debt, an issue which has been lingering for some time.

I am extremely excited about the year ahead and I would like to thank our technical people and the Board for their hard work and dedication in helping this Company achieve such significant milestones.

Finally, I again thank all shareholders for your continued support.

Yours sincerely



**Jacob Khouri**  
Chairman

Dated at Sydney this 28<sup>th</sup> day of September 2020.

## OPERATIONAL

### WESTERN AUSTRALIAN PROJECTS - Governor Broome Mineral Sands Project

Astro's two Western Australian mineral projects are the Governor Broome Mineral Sands Project, located in the south-west region of Western Australia, and the East Kimberley Diamond Project, located in the north-east region of WA – refer to Figure 1.

### MINERAL SANDS – GOVERNOR BROOME PROJECT

The location of the Heavy Mineral Resources identified in the Governor Broome Project Area is shown in Figure 1 – Western Australia Project Location. The project is located on the Scott River Coastal Plain, 70km south of Busselton and 50km southwest of Nannup. It is within the Nannup Shire Council area.

The Governor Broome Mineral Sands Project is in two parts. That portion within R70/53 is held 100% by Astro and the other portion, within R70/58 is subject to a Farm-in /Joint Venture arrangement with Iluka Resources Limited (“**Iluka**”) (see below for further details).



**Figure 1 – Western Australia Project Locations**

A map of the Governor Broome Project is presented in Figure 2. This map presents progress of resource delineation and presentation of the Heavy Mineral Resource estimates and reporting in accordance with the guidelines of the JORC Code. Other than the Mineral Resources within the Jack Track Deposit, which is in R70/58, the Mineral Resources were estimated by Mr John Doepel, of Continental Resource Management Pty Ltd (“**CRM**”), who was commissioned to re-estimate the Mineral Resources of Astro’s Governor Broome Heavy Mineral Deposit and to report them in accordance with the 2012 Edition of the JORC Code (ASX announcement 3 June 2020).

### R70/53

The 100% owned Mineral Resources, which are within the retention licence R70/53, cover the Governor Broome North, West, and South Deposits; and the western section of the East Deposit.

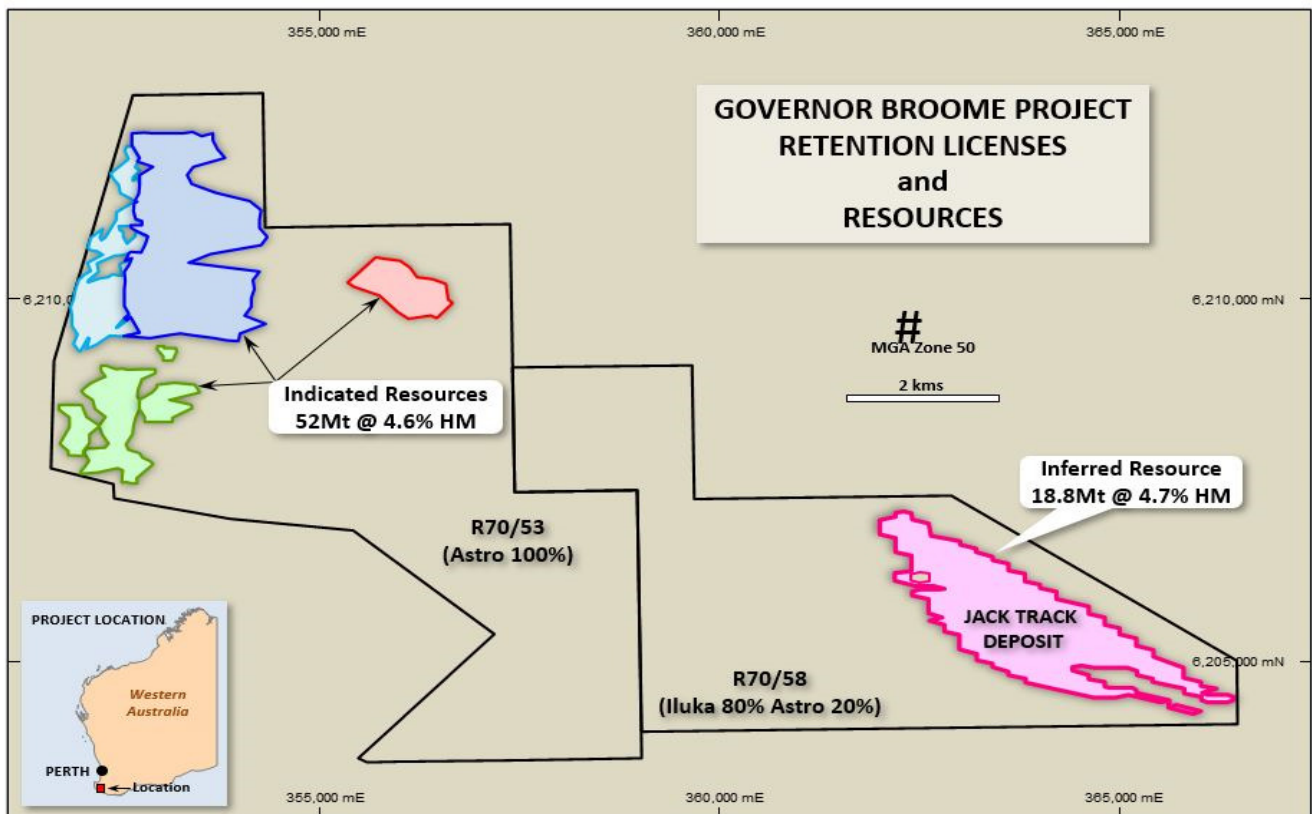
### R70/58

Retention Licence R70/58 contains the eastern section of the Governor Broome East Deposit and the Jack Track Deposit.

The mineralisation covered by R70/58 (formerly covered under E70/2464) is subject to a Farm-In and Exploration Joint Venture Agreement (“**Iluka JV**”) between Iluka Resources Limited (“**Iluka**”) and Governor Broome Sands Pty Ltd (“**GBS**”) a wholly owned subsidiary of the Company, which came into force on or around 23 December 2014. Under the Iluka JV, Iluka provides technical and financial capabilities to continue exploration of R70/58.

On the 1st June 2016, Iluka increased its ownership of the Iluka JV to 80% and GBS now holds 20%. GBS’ interest is now a participating interest, meaning that if it does not spend its proportionate amount it will dilute its interest.

Figure 2, below, is a map of the Governor Mineral Sands Broome Project and its Mineral Resources, as at 30 June 2020.



**Figure 2** – Governor Broome Project Retention Licences and Deposits (West: pale blue; North: blue, East: red, South: green)

### **Mineral Resources as at 30 June 2020 - Governor Broome Deposits within R70/53 – (Astro 100%)**

The Indicated Resources within the Governor Broome Project are summarised within Table 1, as reported on the 3<sup>rd</sup> June 2020).

**Table 1** Governor Broome Project Indicated Resources within R70/53 (Astro 100%)

| Deposit       | Million Tonnes | HM%        | Slimes    | Oversize   |
|---------------|----------------|------------|-----------|------------|
| South         | 11             | 4.6        | 15        | 11         |
| West          | 7.7            | 4.2        | 13        | 7.4        |
| East          | 3.5            | 4.2        | 12        | 3.7        |
| North         | 30             | 4.9        | 12        | 8.1        |
| <b>Totals</b> | <b>52</b>      | <b>4.6</b> | <b>13</b> | <b>8.4</b> |

Note: The above figures have been appropriately rounded

The Indicated Resources are reported in accordance with the 2012 Edition of the JORC Code.

### **Work undertaken**

During the year, the Company undertook extensive work to upgrade its Mineral Resources. A summary of the work undertaken is given below (full details can be found in ASX announcements 24 April 2020 and 3 June 2020):

#### *Drilling*

A total of 294 air-core holes were drilled during February and March. The drill holes included:

- West: 119 holes drilled into an unexplored area immediately to the west of the Governor Broome North Indicated Resource. Full results have been received and an Indicated Resource estimated;
- North: 9 holes drilled to fill gaps in previous results. Mineralisation was intersected and the results added to the database.

- East: 37 infill holes drilled into that part of Governor Broome East previously shown to contain significant mineralisation. Full results have been received and an Indicated Resource estimated;
- East: 23 infill holes drilled to check on potentially interesting results from earlier broad spaced drilling. Results have been received, but these new holes did not intersect significant mineralisation;
- South - a total of 106 vertical air-core holes were drilled during March 2020. The location of the holes is shown in Figures 1 and 2. The drill-holes infilled gaps in the previous 2005 and 2006 drill pattern, which had shown the presence of HM mineralisation across the area. The infill drilling enabled confidence in the continuity and grade of the mineralisation across the deposit and thus the estimation of Indicated Resources within four areas of the deposit.

### *Mineral Resource Estimation*

Following the drilling, Mineral Resource estimates were carried out for both the West and East Deposits by John Doepel of Continental Resource Management Pty Ltd. They are reported in accordance with the 2012 Edition of the JORC Code. The estimates employed Inverse Distance Squared (IS2) modelling to produce a block model of the HM mineralisation. The mineralisation was wireframed using minimum 2% HM and maximum 35% slimes limits. A maximum intersection limit of 20% slimes was also used.

The wireframed bodies of mineralisation are reported within areas that were restricted by significant ratios of contained mineralisation to depth of overburden.

**The newly estimated Indicated Resources, at a 2% HM lower block-cut-off grade, are:**

- **West Deposit: 7.7Mt @ 4.2% HM, 12.6% Slimes, and 7.4% Oversize;**
- **East Deposit: 3.5Mt @ 4.2% HM, 12.2% Slimes, and 3.7% Oversize;**
- **South Deposit 11Mt @ 4.5% HM, 15% Slimes, and 11% Oversize.**

The Mineral Resources are classified as Indicated, as the relatively close-spaced drilling has clearly defined both geological and grade continuity within both deposits.

### **Mineral Resources – Astro 20% Interest**

On the 26th April 2016, the Company announced a Maiden Inferred Mineral Resource of the Jack Track Project (of which the Company retains a 20% interest) of 18.8 Mt @ 4.7% HM (at a 3.0% HM lower cut-off grade) containing 890,000 tonnes of HM. The Mineral Resource was reported in accordance with the guidelines outlined in the JORC Code (2012) for the reporting of Exploration Results, Mineral Resources and Ore Reserves.

The Company is not aware of any new information or data that materially affects the information included in this announcement, and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in Table 2 continue (subject to rounding) to apply and have not materially changed.

Full details of the basis of the Mineral Resource estimate are set out in the year ended 30 June 2016 directors report. However, it is noted that the estimation of the tonnage and grade for the mineral resource was undertaken using a lower cut-off of 3.0% HM, and was based on the following:

- current operational practices for dry mining and concentrating HM strand mineralisation in Western Australia with a similar mineral assemblage and mineral quality;
- consideration of mineralisation grade and thickness compared to the depth of burial;
- the mineral being shallow and amenable to extraction using open cut mining methods; and
- the reasonable prospects for eventual economic extraction as determined by the Competent Person.

Part of the Governor Broome East Inferred Resources is within R70/58. This portion, in which the Company has a 20% interest, is 46Mt @ 3.6% HM, 11% slimes, and 4.9% oversize (at >2% HM and <30% slimes).

The summary of the Inferred Resources within R70/58 is presented in

Table 2 below:

**Table 2 – R70/58 Mineral Resources (Astro 20%)**

| <b>Area</b> | <b>Category</b> | <b>Tonnage<br/>(Mt)</b> | <b>HM<br/>(%)</b> | <b>Slimes<br/>(%)</b> |
|-------------|-----------------|-------------------------|-------------------|-----------------------|
| East        | Inferred        | 46.0                    | 3.6               | 11.0                  |
| Jack Track  | Inferred        | 18.8                    | 4.7               | 7.7                   |
|             | <b>Totals</b>   | <b>65.0</b>             | <b>3.9</b>        | <b>10.0</b>           |

### **Work undertaken - 20% interests**

No exploration work was undertaken on the Iluka-JV area during the financial year.

## **GOLD - NEEDLES**

### **Background**

On the 17th October 2017, the Company announced the 100% acquisition of the Needles Property.

The Needles Project is located in Nevada, which State has produced over 215Moz of gold since 1835. In 2018 the Nevada mining industry had over 14,500 direct employees.

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 or 9.45 km<sup>2</sup> within Federal Land.

Needles is approximately 100km southeast of the operating 15Moz Kinross Round Mountain open cut gold mine. The Needles licence area is located near the eastern margin of a mostly eroded shield-type volcano/caldera complex formed between ~32 million and ~19 million years ago, as part of extensive continental magmatism. The caldera measures approximately 15 kilometres in diameter.

The principal target type mineralisation sought in the Needles Property area is epithermal gold ( $\pm$  silver and base metals). The available information for the area indicates that structurally controlled, silver-antimony-gold-bearing epithermal quartz veins are the main deposit type. Quartz stock work replacement veins containing silver and arsenic-bearing sulphides characterize areas of high-grade gold-silver mineralization. Figure 3 below sets out a location map of the project:



## Work undertaken

### Drilling

ARO completed an IP/Resistivity ground geophysics survey after acquiring the property, in addition to a targeted mapping program focussed on a relatively small area near the historic Arrowhead and surrounding area. Surrounding the old mine shaft and waste dumps are a large number (> 30) of shallow pits where elevated gold and pathfinder elements (Ag, As, Te, Sb, Bi, Cu, Pb, Zn) were encountered, typical of epithermal gold-silver deposits.

The area shown in Figure 4 was then targeted for the maiden drilling campaign which consisted of 11 percussion drill holes, both angled and vertical, to an average depth of 550ft (165m). Its circular shape as shown in the resistivity survey was suggestive of a caldera rim, so warranted drilling, particularly at below 150m.



Figure 3: Nevada: Needles Project location and active gold mines

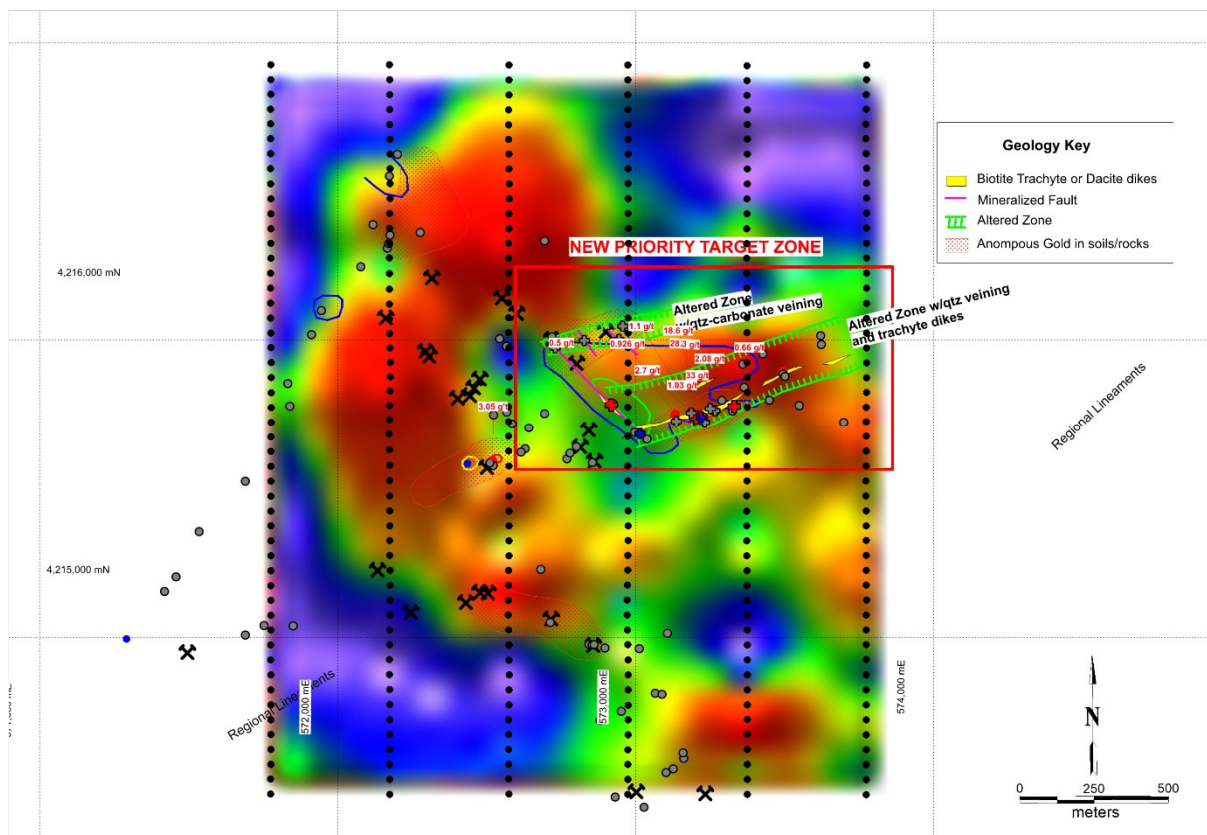


Figure 4: 200m-depth resistivity grid with gold in rocks and mapped alteration zone. Features identified in the chargeability and resistivity have been highlighted.

Table 3: Needles drill collars

| HoleID | UTM_East | UTM_North | Az_degree | Dip | UTM_Grid_ID | Purpose     | Tot_Depth_ft | Tot_Depth_m | Company |
|--------|----------|-----------|-----------|-----|-------------|-------------|--------------|-------------|---------|
| NRC001 | 572665.6 | 4215968.1 | 0         | -90 | WGS84 Z11N  | Exploration | 460          | 140.2       | CMM     |
| NRC002 | 572970.9 | 4215610   | 0         | -90 | WGS84 Z11N  | Exploration | 600          | 182.9       | CMM     |
| NRC003 | 573030.7 | 4215764.8 | 180       | -60 | WGS84 Z11N  | Exploration | 650          | 198.1       | CMM     |
| NRC004 | 573199.4 | 4215689.9 | 320       | -60 | WGS84 Z11N  | Exploration | 465          | 141.7       | CMM     |
| NRC005 | 573260.1 | 4215721.7 | 20        | -60 | WGS84 Z11N  | Exploration | 640          | 195.1       | CMM     |
| NRC006 | 573321.6 | 4215778   | 20        | -60 | WGS84 Z11N  | Exploration | 640          | 195.1       | CMM     |
| NRC007 | 573477.4 | 4215908.8 | 195       | -60 | WGS84 Z11N  | Exploration | 640          | 195.1       | CMM     |
| NRC008 | 573564.3 | 4215896.1 | 340       | -60 | WGS84 Z11N  | Exploration | 620          | 189.0       | CMM     |
| NRC009 | 573688   | 4215726.8 | 0         | -60 | WGS84 Z11N  | Exploration | 580          | 176.8       | CMM     |
| NRC010 | 573352.6 | 4215429.5 | 0         | -90 | WGS84 Z11N  | Exploration | 600          | 182.9       | CMM     |
| NRC011 | 573302.4 | 4215069.5 | 0         | -90 | WGS84 Z11N  | Exploration | 445          | 135.6       | CMM     |

The holes were designed to test the various geophysical targets as well as the general area to the north-east of the historic Arrowhead underground mine, which had never been previously drilled. The hypothesis was that the high-grade lode style, structural controlled gold-silver mineralisation is the upper portion of a large caldera-related epithermal system, likely occurring at depth.

The results from the 2019 drilling were positive in that they intersected a number of zones that had anomalous geochemistry associated with sericite-silica alteration, a typical signature for low sulphidation epithermal mineralisation.

Full details of the above can be found in the ASX announcement dated 19 December 2019.

#### *Further analysis*

Following on from the above work, the Company further examined and evaluated all available previous exploration and independent consultant reports related to the Needles property. The company concluded that there is significant potential for the discovery of economic gold mineralisation within the property, in particular within the undrilled area to the west of the historical Arrowhead Mine.

The mineralisation shown above assayed 2.57 g/t Au and 1,115 g/t Ag for an Au equivalent grade of 16.3 g/t (approximately ½ oz/ton).

The above exploration work is the subject of work to be undertaken during the financial year ending 30 June 2021.



**Figure 5:** Hand specimen from Arrowhead Mine site: steam-heated advanced argillic alteration & vuggy quartz

## **DIAMONDS**

### **East Kimberley Diamonds**

The Project tenement, E80/4120, has an area of 59km<sup>2</sup>. The tenement is held by East Kimberley Diamond Corporation Pty Ltd, which is a wholly owned subsidiary of Astro Resources NL

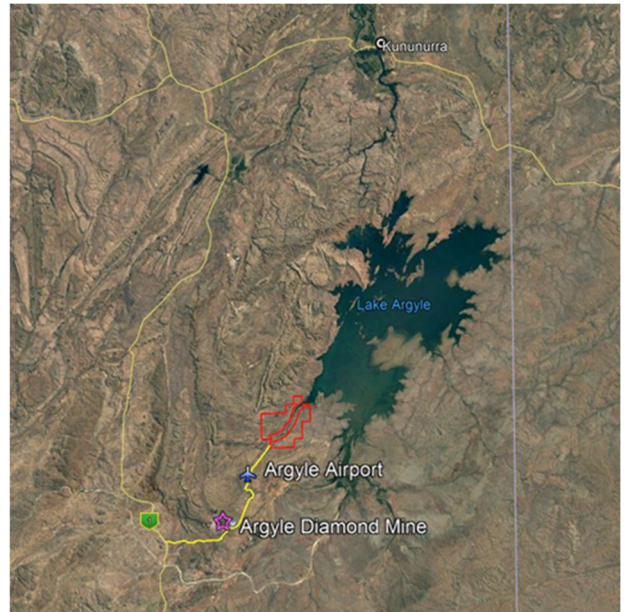
Astro's Lower Smoke Creek Diamond Project ("**LSC Project**") is located 200 km south of Kununurra in the Kimberley region of northern WA. It is 25 kilometres to the north east of the Rio Tinto owned Argyle Diamond Mine ("**AGD**"), adjacent to Lake Argyle.

The Argyle Diamond Mine is one of the world's largest. Discovered in 1979, it has operated as an open pit and more recently as an underground mine.

Alluvial diamonds derived from the AGD pipe are distributed down the Smoke Creek drainage below the pipe where they occur in older and younger alluvial terraces. These have been mined previously by ADM upstream of the LSC Project area.

Diamonds have been previously recorded within the LSC Project area in scattered prospecting pits.

The Company has engaged with the local Miriwong-Gajerrong Corporation ("**MG Corporation**"). representing the local native title holders. A framework agreement is in place concerning heritage appraisal.



### **Exploration activities**

#### *Exploration activities – generally*

Unfortunately, due to Covid-19 regulations, exploration work on ground during 2020 has been deferred for the season. The planned work includes:

- shallow drilling, to determine the distribution and depth of the terrace gravels;
- systematic pitting and stockpiling of the pit spoil;
- processing the stockpiled samples through the company's Dense Media Separation (DMS) plant;
- analysis of concentrates for diamonds; and
- rehabilitation of the pits.

The Company has invested heavily in its DMS plant and considers itself to be in a good position to move forward with the above activities.

### **MINERAL RESOURCES AND ORE RESERVES - CORPORATE GOVERNANCE STATEMENT**

Set out below is the following in relation to the Company's Mineral Resources and Ore Reserves:

#### **Summary of tenements and interests:**

| Lease    | Project           | Interest   |
|----------|-------------------|--|
| R70/58   | Governor Broome   | Iluka Resources Limited (80%), Governor Broome (20%) |
| E80/4120 | Lower Smoke Creek | 100%   |
| R70/53   | Governor Broome   | 100%   |
| Needles  | Needles Holdings  | 100%   |

#### **Summary of the results of the annual review of Mineral Resource and Ore Reserves**



The Company has no Ore Reserves, and has Mineral Resources only in relation to the Governor Broome mineral sands tenement. During the year, the Governor Broome Mineral Resources were revised.

**Comparison of Mineral Resources and Ore Reserves holdings against that from the previous year**

There has been a reduction in the level of the Mineral Resources for the year ended 30 June 2019 to 30 June 2020, resulting from a decrease in tonnage and an increase in grade.

**Basis of mineral resources and exploration results and competent person sign-off**

All information contained in this report are based on work exploration and results that have been appropriately reviewed by the Competent persons listed and based on work programs approved and paid for by the Company. The Company has provided an advanced copy of the draft annual report to each Competent Person to review and make any comment necessary and adjustments that they feel necessary in relation to the Company's tenements.

## CORPORATE ACTIVITIES

### Capital raising

#### *Equity share issue*

During the year, the Company did not issue any shares.

Subsequent to the end of the year, the Company announced that it had successfully undertaken a capital raising totalling \$2.745 million (before costs). The capital raising is to take place over two separate events, being as follows:

- **Tranche 1** : 190,814,597 ordinary shares at \$0.0035 per share - raising \$667,851 before costs (mainly legal fees and regulatory costs and expenses). Such shares were issued under the Company's existing capacity under ASX Listing Rule 7.1; and
- **Tranche 2** : 593,781,159 applications were additionally received, which is subject to shareholder approval to be held in mid-October 2020.

More information concerning the above capital raising can be found under the 'Events After the End of the Reporting Period' note contained within the Directors' Report below.

#### *Convertible Note Facilities (occurring post balance date)*

As announced on 9 September 2020, the Company entered into a Convertible Note Subscription Agreement (**Convertible Note**) with HPG Urban Developments Pty Ltd (**HPG**) and Agam Nominees No. 1 Pty Ltd (**Agam**), subject to shareholder approval at the Company's upcoming general meeting to be held in mid-October 2020.

The Convertible Notes will raise \$AUD2,341,721.00. The proceeds of such Convertible Notes will be used to retire the existing debt facility owed to Gun (see below). More information concerning such Convertible Notes can be found under the 'Events After the End of the Reporting Period' note contained within the Directors' Report below.

### Debt

#### *Gun Capital Management – Loan Variation (September 2019)*

The Company announced on 30 September 2019 that it had secured an extension and variation to the terms of its loan facility with Gun Capital Management Pty Ltd ("**Gun**") - a Company associated with Chairman, Jacob Khouri. Under the previous terms of the loan agreement, the facility limit was \$1,800,000 and repayment of such a loan was to be made at the earlier of a capital raising or 31 October 2019.

The revised terms of the loan agreement, the previous facilities were consolidated into one facility. In addition, the facility limit was increased to \$2,600,000 and repayable on 31 October 2021, subject to Mr Jacob Khouri remaining on the Company's Board.

#### *Gun Capital Management – Loan Variation (March 2020)*

The Company subsequently announced on 12 March 2020 that the terms for the Gun loan facility had been further varied. Under the revised terms, the facility limit was increased to \$3,250,000 and remains subject to the same terms as the previously announced by the Company on 30 September 2019.

The increased facility limit enabled the Company used mainly to complete its JORC Resource upgrade to the Governor Broome Heavy Mineral Sands project as well as the work on the Needles Project.

**Summary of debt facilities**

**Table 4 – Gun Capital Management Pty Ltd - \$3,250,000**

| Purpose of funding  | Amount drawn to 30 June 2020, including capitalised interest | Amount owing 30 June 2019, including capitalised interest | Due date                |
|---|--|---|-------------------------|
| <p>This facility consolidated all previous loan facilities held by Gun.</p> <p>The purpose of the funding is as follows:</p> <ul style="list-style-type: none"> <li>a) Working capital of the Company;</li> <li>b) Acquisition and development of Needles Holdings Inc; and</li> <li>c) Resource upgrade of the Governor Broome Heavy Mineral Sands project.</li> </ul> | \$2,863,591  | \$1,458,719   | Refer to Table 5 below. |
| <b>Total amount owing prior to repayment</b>  | <b>\$2,863,591</b>   | <b>\$1,458,719</b>  |                         |

The terms of the loan are as follows:

**Table 5 – Key terms of the working capital facility**

|               |  |
|---------------|--|
| Security      | Unsecured  |
| Interest Rate | 15% per annum<br>Interest to be accrued quarterly.   |
| Repayment     | 31 October 2021 and subject to Jacob Khouri remaining on the Company's Board to the extent that repayment would in the opinion of the Board place the Company at risk of becoming insolvent. |

## Board Changes

There were no changes made to the Board's composition during the year.

## 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 projects;
- 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.

## Annual Report of Mineral Resources and Exploration Results

The Statement of Mineral Resources and Exploration Results presented in this Report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the JORC Code 2012). Astro is not aware of any new information or data that materially affects the information included in this Annual Statement and confirms that the all the material assumptions and technical parameters underpinning the Mineral Resource estimates and Exploration Results in the relevant market announcement(s) continue to apply and have not materially changed.

## **Competent Person Statement**

### **Governor Broome (excluding Iluka)**

The information in this report as it relates to Mineral Resources and Exploration Targets for the Governor Broome Deposit (excluding that of the Iluka JV) is based on information compiled by John Doepel, a Director of Continental Resource Management Pty Ltd (CRM), who is a member of the Australasian Institute of Mining and Metallurgy. Mr Doepel has sufficient experience in mineral resource estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Doepel consents to the inclusion in this announcement of the information in the form and context in which it appears.

### **Governor Broome – Jack Track Mineral Resource Iluka JV**

The information in this report as it relates to the Jack Track Mineral Resource estimate (Iluka JV) is based on information compiled by Shaun Seah under the review of Brett Gibson who is a member of The Australian Institute of Geoscientists and a fulltime employee of Iluka. Brett Gibson has sufficient experience which is relevant to this style of mineralisation to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and consents to the inclusion in the report of the information in the form and context in which it appears.

### **Needles Property**

The information in this report that relates to the Needles Property is based on information compiled by Richard Newport. Mr Newport, who is a member of the Australian Institute of Geoscientists, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Newport consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

### **East Kimberly Diamonds**

The information in this report as it relates to Exploration Results for the East Kimberley diamond deposits is based on information compiled by Greg Bromley who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Bromley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and are qualified as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Bromley consents to the inclusion in the report of the information in the form and context in which it appears.



**Jacob Khouri**

Chairman

Dated at Sydney this 28<sup>th</sup> day of September 2020.

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.

This Corporate Governance Statement of the Company has been prepared in accordance with the 4<sup>th</sup> Edition of the Australian Securities Exchange's ('**ASX**') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('**ASX Principles and Recommendations**').

This statement has been approved by the Company's Board of Directors and is current as at 28<sup>th</sup> September 2020. 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. Details of all the recommendations can be found on the ASX Corporate Governance Council's website.

| Recommendation   | Adopted | Section |
|--|---------|---------|
| <b>Principle 1 – Lay solid foundations for management and oversight</b>  |         |         |
| 1.1 A listed entity should have and disclose a board charter setting out:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management.  | Yes     | 1.1     |
| 1.2 A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.  | Yes     | 1.2     |
| 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.  | Yes     | 1.3     |
| 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.  | Yes     | 1.4     |
| 1.5 A listed entity should:<br>(a) have and disclose a diversity policy;<br>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and<br>(c) disclose in relation to each reporting period;<br>(1) the measurable objectives set for that period to achieve gender diversity;<br>(2) the entity's progress towards achieving those objectives;<br>and<br>(3) either;<br>(A) the respective proportion of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or<br>(B) if the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined in and published under the Act. | No      | 1.5     |
| 1.6 A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors;<br>and   | No      | 1.6     |



| <b>Recommendation</b>   | <b>Adopted</b> | <b>Section</b> |
|---|----------------|----------------|
| (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period   |                |                |
| 1.7 A listed entity should:   | Yes            | 1.7            |
| (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and  |                |                |
| (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.  |                |                |
| <b>Principle 2 – Structure the board to be effective and add value</b>  |                |                |
| 2.1 The board of a listed entity should:  | Yes            | 2.1            |
| (a) have a nomination committee which:  |                |                |
| (1) has at least three members, a majority of whom are independent directors; and   |                |                |
| (2) is chaired by an independent director, and disclose:  |                |                |
| (3) the charter of the committee;   |                |                |
| (4) the members of the committee; and   |                |                |
| (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or   |                |                |
| (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.                   |                |                |
| 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.   | Yes            | 2.2            |
| 2.3 A listed entity should disclose:  | Yes            | 2.3            |
| (a) the names of the directors considered by the board to be independent directors;   |                |                |
| (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and |                |                |
| (c) the length of service of each director.   |                |                |
| 2.4 A majority of the board of a listed entity should be independent directors.   | Yes            | 2.4            |
| 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.   | No             | 2.5            |
| 2.6 A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.   | No             | 2.6            |

| <b>Recommendation</b>   | <b>Adopted</b> | <b>Section</b> |
|---|----------------|----------------|
| <b>Principle 3 – Instil a culture of acting lawfully, ethically and responsibly</b>   |                |                |
| 3.1 A listed entity should articulate and disclose its values.  | Yes            | 3.1            |
| 3.2 A listed entity should:   |                |                |
| (a) have and disclose a code of conduct for its directors, senior executives and employees; and   | Yes            | 3.2            |
| (b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and  |                |                |
| (2) any other material breaches of that code that call into question the culture of the organisation.   | Yes            | 3.3            |
| 3.3 A listed entity should:   |                |                |
| (a) have and disclose a whistle-blower policy; and  |                |                |
| (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.   | Yes            | 3.4            |
| 3.4 A listed entity should:   |                |                |
| (a) have and disclose an anti-bribery and corruption policy; and  |                |                |
| (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.  |                |                |
| <b>Principle 4 – Safeguard integrity of corporate reports</b>   |                |                |
| 4.1 The board of a listed entity should:  | No             | 4.1            |
| (a) have an audit committee which:  |                |                |
| (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and   |                |                |
| (2) is chaired by an independent director, who is not the chair of the board,   |                |                |
| and disclose:   |                |                |
| (3) the charter of the committee;   |                |                |
| (4) the relevant qualifications and experience of the members of the committee; and   |                |                |
| (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or   |                |                |
| (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.   |                |                |
| 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | No             | 4.2            |
| 4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.  | Yes            | 4.3            |

| Recommendation  | Adopted | Section |
|---|---------|---------|
| <b>Principle 5 – Make timely and balanced disclosures</b>   |         |         |
| 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.  | Yes     | 5.1     |
| 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.   | Yes     | 5.2     |
| 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.   | Yes     | 5.3     |
| <b>Principle 6 – Respect the rights of security holders</b>   |         |         |
| 6.1 A listed entity should provide information about itself and its governance to investors via its website.  | Yes     | 6.1     |
| 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.   | No      | 6.2     |
| 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.  | Yes     | 6.3     |
| 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.   | Yes     | 6.4     |
| 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.                                    | Yes     | 6.5     |
| <b>Principle 7 – Recognise and manage risk</b>  |         |         |
| 7.1 The board of a listed entity should:  | Yes     | 7.1     |
| (a) have a committee or committees to oversee risk, each of which:  |         |         |
| (1) has at least three members, a majority of whom are independent directors; and   |         |         |
| (2) is chaired by an independent director and disclose:   |         |         |
| (3) the charter of the committee;   |         |         |
| (4) the members of the committee; and   |         |         |
| (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or                                     |         |         |
| (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.                           |         |         |
| 7.2 The board or a committee of the board should:   | Yes     | 7.1,7.2 |
| (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and |         |         |
| (b) disclose, in relation to each reporting period, whether such a review has taken place.  |         |         |
| 7.3 A listed entity should disclose:  | No      | 7.3     |
| (a) if it has an internal audit function, how the function is structured and what role it performs; or  |         |         |
| (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.    |         |         |
| 7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.                                     | Yes     | 7.4     |

| Recommendation   | Adopted | Section |
|--|---------|---------|
| <b>Principle 8 – Remunerate fairly and responsibly</b>   |         |         |
| 8.1 The board of a listed entity should:   | No      | 8.1     |
| (a) have a remuneration committee which: <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:               <ol style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </li> <li>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ol> |         |         |
| 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.   | Yes     | 8.2     |
| 8.3 A listed entity which has an equity-based remuneration scheme should:  | No      | 8.3     |
| (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and <ol style="list-style-type: none"> <li>(b) disclose that policy or a summary of it.</li> </ol>  |         |         |

### 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](http://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.

### Principle 1: Lay solid foundations for management and oversight

#### Recommendation 1.1 - A listed entity should disclose a board charter setting out:

- (a) the respective roles and responsibilities of its board and management; and  
 (b) those matters expressly reserved to the board and those delegated to management.

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 - A listed entity should:**

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and**
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.**

Directors are required to declare each year that they have not been disqualified from holding the office of director by the Australian Securities and Investments Commission ('ASIC').

An election of directors is held each year. A director that has been appointed during the year must stand for election at the next Annual General Meeting ('AGM').

The company provides to shareholders for their consideration information about each candidate standing for election or re-election as a director that the Board considers necessary for shareholders to make a fully informed decision. Such information includes the person's biography, which include experience and qualifications, details of other directorships, adverse information about the person that the Board is aware of including material that may affect the person's ability to act independently on matters before the Board, and whether the Board supports the appointment or re-election. This information can be found in the Directors Report section.

**Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.**

These letters and documents are in place.

**Recommendation 1.4 - The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.**

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors. The Company Secretary's role, in respect of matters relating to the proper functioning of the Board, includes:

- advising the Board and its Committees on governance matters;
- monitoring compliance of the Board and associated committees with policies and procedures;
- coordinating all Board business;
- retaining independent professional advisors;
- ensuring that the business at Board and committee meetings is accurately minute; and
- assisting with the induction and development of directors.

**Recommendation 1.5 - A listed entity should:**

- (a) **have and disclose a diversity policy;**
- (b) **through its board or a relevant committee of the board to set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and**
- (c) **disclose in relation to each reporting period:**
  - (1) **the measurable objectives set for that period to achieve gender diversity;**
  - (2) **the entity's progress towards achieving those objectives, and**
  - (3) **either:**
    - A. the respective proportion of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or**
    - B. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

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.

The policy aims to provide a work environment where employees have equal access to career opportunities, training and benefits. It also aims to ensure that employees are treated with fairness and respect and are not judged by unlawful or irrelevant reference to gender, age, ethnicity, race, cultural background, disability, religion, sexual orientation or caring responsibilities. This commitment enables the company to attract and retain employees with the best skills and abilities.

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. There are currently no women staff or Directors on the Board, however as and when the Company is able to grow, this issue will be addressed.

As no entity within the consolidated entity is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 on the basis that no entity employs 100 or more employees in Australia, there are no Gender Equality Indicators to be disclosed.

**Recommendation 1.6 - A listed entity should:**

- (a) **have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- (b) **disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

Given the size of the Company, there are currently no evaluations performed on the performance of the board. As and when the Company is able to grow, this issue will be addressed.

**Recommendation 1.7 - A listed entity should:**

- (a) **have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and**
- (b) **disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

There is no Chief Executive Officer. Mr Stephen Gemell 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.

**Principle 2: Structure the board to add value****Recommendation 2.1 - The board of a listed entity should:****(a) have a nomination committee which:**

- (1) **has at least three members, a majority of whom are independent directors; and**
- (2) **is chaired by an independent director,**  
**and disclose:**
  - (3) **the charter of the committee;**
  - (4) **the members of the committee; and**
  - (5) **as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

**(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

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 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.**

Below is a matrix of the Board's skills:

| Name of Director | Independent ? Y/N | Any relationship affecting independence?   | Skills and experience relevant to the position                               | Term of office  |
|------------------|-------------------|--|--|---|
| Jacob Khouri     | N                 | Yes, a related person to Mining Investments Limited and Gun Capital Management Pty Ltd, both of which are substantial shareholders and providers of credit to the Company. | Strategy, management and funding.  | 18 August 2015 to present   |
| Stephen Gemell   | Y                 | Non-Executive Director – Technical.  | Mining engineer with over 40 years of experience.                            | 31 March 2018 to present  |
| Vincent Fayad    | N                 | Mr Fayad provides accounting and secretarial services through a company that he is a director of – Vince Fayad and Associates.   | Financial, corporate matters and execution of mining exploration activities. | 10 October 2017 to present. Note, prior to becoming an Executive Director, he was also the Company secretary for approximately 4 years. |



The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. It is therefore used when recruiting new directors and assessing which skills need to be outsourced based on the attributes of the current Board members. The existence of each attribute is assessed by the Board as either, High, Medium or Low.

| Skill category         | Description of attributes required   | Level of importance | Existence in current Board |
|------------------------|--|---------------------|----------------------------|
| Risk and compliance    | Identification of key risks to the company related to each key area of operations. Monitoring of risks, satisfy compliance issues and knowledge of legal and regulatory requirements.  | High                | Medium                     |
| Financial and audit    | Analysis and interpretation of accounting and finance issues including assessment and resolution of audit and financial reporting risks, contribution to budgeting and financial management of projects and company, assessing and supervising capital management. | High                | Medium                     |
| Strategic              | Development of strategies to achieve business objectives, oversee implementation and maintenance of strategies, and identification and critical assessment of strategic opportunities and threats to the company.  | High                | Medium                     |
| Operating policies     | Key issue identification representing operational and reputational risks and development of policy responses and parameters within which the company should operate.   | Medium              | Medium                     |
| Information technology | Knowledge of IT governance including privacy, data management and security.  | Medium              | Medium                     |
| Executive management   | Performance assessments of senior executives, succession planning for key executives, setting of key performance hurdles, experience in industrial relations and organisational change management programmes.  | Medium              | Medium                     |
| Age and gender         | Board aims for equal gender representation and range of experienced individuals to contribute towards better Board outcomes.   | Medium              | Medium                     |

The Board currently believes that its membership adequately represents the required skills as set out in the matrix and therefore does not intend to seek any new or alternative candidates. External consultants may be brought in with specialist knowledge to address areas where this is an attribute deficiency in the Board.

In addition to the specific areas that are required at Board level identified in the matrix above, all members of the Board are assessed for the following attributes before they are considered an appropriate candidate.

| Board Member Attributes |   |
|-------------------------|---|
| Leadership              | Represents the company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts considered; leads others to action; proactive solution seeker  |
| Ethics and integrity    | Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation. |
| Communication           | Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.   |
| Negotiation             | Negotiation skills which engender stakeholder support for implementing Board decisions.   |
| Corporate governance    | Experienced director that is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks   |



**Recommendation 2.3 - A listed entity should disclose:**

- (a) *the names of the directors considered by the Board to be independent directors;*
- (b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and*
- (c) *the length of service of each director.*

The Board assesses annually the independence of each director to ensure that those designated as independent do not have any alliance to the interests of management, substantial shareholders or other relevant stakeholders. They must be free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the company and its security holders generally.

Details of the Board of directors, their appointment dated, length of service as independence status is as follows:

| Director's name | Appointment date | Length of service at reporting date | Independence status       |
|-----------------|------------------|-------------------------------------|---------------------------|
| Jacob Khouri    | 18 August 2015   | 5 years                             | Non-executive             |
| Stephen Gemell  | 31 March 2018    | 3 years                             | Independent Non-executive |
| Vincent Fayad   | 10 October 2017  | 3 years                             | Executive                 |

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.

Details of directors that the Board has declared as independent, but which maintain an interest or relationship that could be perceived as impairing independence, and the reason as to the Board's determination are as follows:

| Director's Name | Details of interest or relationship  | Board reasoning why director is independent  |
|-----------------|--|--|
| Jacob Khouri    | <ul style="list-style-type: none"> <li>300,545,772 ordinary shares in the Company are held through Mining Investments Ltd, an entity controlled by the Mr Khouri's father;</li> <li>Carkaho Holdings Pty Ltd, a company which Mr Khouri may have a potential interest in, has 46,330,750 ordinary shares; and</li> <li>Gun Capital Management Pty Ltd, which Mr Khouri holds and interest in, has a \$3.250 million loan facility to the Company.</li> </ul> | The shares belong to Mr Khouri's father and as such, Mr Khouri does not trade in the shares. |

As part of its independence assessment, the Board considers the length of time that the director has been on the Board, as a prolonged service period may also be seen to impair independence. The Board concludes that no non-executive director has been on the Board for a period which could be seen to compromise their independence. Such a period is generally considered to be in excess of 10 years. Being on the Board for a period in excess of 10 years does not however constitute an automatic deeming of non-independence.

Where it is determined that a non-executive director should no longer be considered independent, the company shall make an announcement to the market.

**Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.**

Having regard to the response to Recommendation 2.3 above, the Board at the reporting date were independent.

**Recommendation 2.5 - The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.**

Mr Jacob Khouri is Chair of the Board and is not considered to be an independent director of the company, by virtue of his relationship with Mining Investments Limited a substantial shareholder of the Company. Despite this fact and given the size of the Board and the fact that there are no employees, this arrangement is considered to be appropriate in the circumstances.

**Recommendation 2.6 - A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.**

Given the size of the Company, there are currently no programs for inducting new directors. As and when the Company is able to grow, this issue will be addressed.

### **Principle 3: Act ethically and responsibly**

#### **Recommendation 3.1**

**A listed entity should articulate and disclose its values.**

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

#### **Recommendation 3.2 - A listed entity should:**

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code; and
- (2) any material breaches of the code that call into questions the culture of the organisation.

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

#### **Recommendation 3.3 - A listed entity should:**

- (a) have and disclose a whistle-blower policy; and
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Company's whistle-blower policy can be accessed at the Company's website.

#### **Recommendation 3.4 - A listed entity should:**

- (c) have and disclose an anti-bribery and corruption policy; and
- (d) ensure that the board or a committee of the board is informed of any material breaches of that policy.

The Company's anti bribery policy can be accessed at the Company's website.

### **Principle 4: Safeguard integrity in corporate reporting**

#### **Recommendation 4.1 - The board of a listed entity should:**

- (a) have an audit committee which:
  - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
  - (2) is chaired by an independent director, who is not the chair of the board, and disclose:
    - (3) the charter of the committee;
    - (4) the relevant qualifications and experience of the members of the committee; and
    - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

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.

***Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.***

Not adopted, except to the extent required by the auditor.

***Recommendation 4.3 - A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.***

The engagement partner for the company's audit attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

**Principle 5: Make timely and balanced disclosure**

***Recommendation 5.1 - A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.***

Refer to the Company's response provided under Recommendation 5.3 below.

***Recommendation 5.2 - A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.***

Refer to the Company's response provided under Recommendation 5.3 below.

***Recommendation 5.3 - A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.***

Listing Rule 3.1 requires a listed entity, subject to certain exceptions, to disclose to ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. The company is committed to providing the market with complete and timely information about disclosure events in compliance with its continuous disclosure obligations and the Corporations Act 2001.

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".

**Principle 6: Respect the rights of security holders**

**Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.**

The company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

**Recommendations 6.2**

**A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**

Not adopted.

**Recommendations 6.3**

**A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.**

The company encourages shareholders to attend the company's AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to. Written transcripts of the meeting are made available on the company's website.

**Recommendation 6.4**

**A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.**

Refer to the Company's response provided under Recommendation 6.5 below. The Company has now adopted whereby all resolutions required under ASX listing rules are to be conducted by way of Poll and to the extent possible, all resolutions are to be conducted by way of a poll.

**Recommendation 6.5**

**A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.**

The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, at <https://www.linkmarketservices.com.au/corporate/home.html>.

**Principle 7: Recognise and manage risk**

**Recommendations 7.1 and 7.2**

**(7.1) The board of a listed entity should:**

**(a) have a committee or committees to oversee risk, each of which:**

- (1) has at least three members, a majority of whom are independent directors; and**
- (2) is chaired by an independent director,**

**and disclose:**

- (3) the charter of the committee;**
- (4) the members of the committee; and**
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

**(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.**

**(7.2) The Board or a committee of the Board should:**

**(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk and appetite set by the board; and**

**(b) disclose, in relation to each reporting period, whether such a review has taken place.**

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.

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 - A listed entity should disclose:**

- (a) if it has an internal audit function, how the function is structured and what role it performs; or**
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

Given the size of the Company, there is currently no internal audit department. As and when the Company is able to grow, this issue will be addressed.

**Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.**

Refer to 'Review of Operations' section of the report for a list of risks that management consider could adversely affect the company's future development.

Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework.

**Principle 8: Remunerate fairly and responsibly**

**Recommendation 8.1 - The board of a listed entity should:**

- (a) have a remuneration committee which:**
  - (1) has at least three members, a majority of whom are independent directors; and**
  - (2) is chaired by an independent director and disclose:**
    - (3) the charter of the committee;**
    - (4) the members of the committee; and**
    - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.**

The Board considers that the Company is not currently of a size to justify the formation of a nomination committee as mentioned in Recommendation 2.1 above.

**Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.**

Non-executive directors, executive directors and other senior executives are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees. The level of remuneration reflects the anticipated time commitments and responsibilities of the position.

Performance based incentives are not available to all directors as it could be perceived to impair their independence in decision making. For the same reason, equity based remuneration is limited to non-performance based instruments such as shares.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

***Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should:***

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and***
- (b) disclose that policy or a summary of it.***

The Company does not offer equity based remuneration. However, since the end of the financial year, the Company has provided a one off bonus that is to be approved by shareholders to Messrs Khouri and Fayad.

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 2020.

## **DIRECTORS**

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

### **Names**

The names of the Directors who held office during the year were as follows:

Mr Jacob Khouri (Non-Executive Chairman)

Mr Stephen Gemell (Non- Executive Director)

Mr Vincent Fayad (Executive Director)

## **COMPANY SECRETARY**

Mr Vincent John Fayad held the 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 \$700,581 (2019: loss of \$710,721).

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

- listing and regulatory costs of \$43,703; and
- interest expense incurred on loan facilities of \$334,873.

The residual of the operating loss of \$322,005 is made of general overheads in relation to the day to day running of the Company.

The net assets of the Group have decreased by \$702,781 from \$1,717,771 as at 30 June 2019 to \$1,014,990 as at 30 June 2020. This decrease was primarily due to capitalise interest accruing on the loan facility to Gun.

A full report in relation to the review of the operations has been set out on pages 5 to 14.

## **DIVIDENDS PAID OR RECOMMENDED**

The Directors' recommend that no dividend be paid for the year ended 30 June 2020 (2019: 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, except as disclosed throughout this report.

## **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 and Nevada, United States of America.

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

Since the end of the financial year, the following matter have arisen 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:

- (a) completed a capital raising of \$2.745 million (before costs) which is primarily to be used by the Company for the purposes of proceeding with the development of its mineral sands and gold projects.

The capital raising is broken up into two parts:

- i. issue of 190,814,597 ordinary shares at \$0.0035, which was completed under the Company's capacity under Listing Rule 7.1 (**Tranche 1**); and
- ii. commitments of 593,781,159 ordinary shares at \$0.0035, which is subject to shareholder approval at a proposed general meeting to be held in late October 2020 (**Tranche 2**).

The capital raising was assisted by several underwriters, who received a cash fee of 6.00% plus 100 million unlisted options (term 18 months and exercise price of \$0.01 per option) in exchange for their services. More information concerning the capital raising can be found within the Company's announcement to the ASX on 26 August 2020;

- (b) entered into Convertible Note Deed Poll (**Convertible Note**) with HPG Urban Developments Pty Ltd (**HPG**) and Agam Nominees No. 1 Pty Ltd (**Agam**). The proceeds received from the Convertible Notes are to be used for the purposes of extinguishing (in part) the existing loan facility to Gun Capital Management Pty Ltd (**Gun**).

The terms of the Convertible Notes are as follows:

- i. Face Value : 2,341,721 Convertible Notes, each with a \$1.00 Face Value;
  - ii. Interest rate : 15.00% per annum;
  - iii. Term : six months (being 11 March 2021); and
  - iv. Conversion price : \$0.0035 per Convertible Note; and
- (c) proposed to issue director bonuses of \$300,000.00 for services provided that are over and above the roles required. Such bonuses are subject to shareholder approval and are to be satisfied by way of 50% issue of ordinary shares and 50% payment in cash.



## INFORMATION ON DIRECTORS & COMPANY SECRETARY

### Mr Jacob Khouri

Non-Executive Director and Chairman

Mr Khouri is the founder and operator of a successful mechanical engineering business. He also has a broad range of corporate experience, having served as a director of Gun Capital Corporate Pty Ltd and Gun Capital Management Pty Ltd. Having served this role, Mr Khouri has a solid understanding of new market trends and sustainability issues.

Mr Khouri is currently serves as a Non-Executive Director of Mooter Media Limited (unlisted public company).

Mr Khouri has been a Director of other listed entities.

### Mr Stephen Gemell

Non-Executive Director

Mr Gemell has more than 40 years' experience in the mining industry, having worked throughout Australasia and in Africa, North and South America, Asia, Eastern and Western Europe. He has been Principal of Gemell Mining Engineers, an independent multi-discipline consultancy, since its formation in Kalgoorlie in 1984. As a consultant, he specialises in mineral property assessment and strategic studies.

Mr Gemell previously served as a Non Executive Director of Greenvale Energy Limited (ASX: GRV). He has also previously served on other listed entities boards.

Mr Gemell is a Fellow of the AusIMM, a Chartered Professional (Mining), a member of the VALMIN Committee and VALMIN's representative on, and Chairman of, the IMVAL (International Mining Valuation) Committee. He is also a Member of the American Institute of Mining, Metallurgical and Petroleum Engineers.

### Mr Vincent John Paul Fayad

Executive Director and Company Secretary

Mr Fayad is currently a currently a Director of Vince Fayad and Associates Pty Ltd and has had approximately 35 years of experience in Corporate Finance, Accounting and other advisory related services. He is a registered company auditor and tax agent.

Mr Fayad currently serves an Executive Director and Company Secretary of Greenvale Energy Limited (ASX: GRV). He has also previously served on other listed entities boards.

## MEETINGS OF DIRECTORS

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

|                   | Directors' Meetings       |                 | Audit Committee <sup>1</sup> |                 |
|-------------------|---------------------------|-----------------|------------------------------|-----------------|
|                   | Number eligible to attend | Number attended | Number eligible to attend    | Number attended |
| Mr Jacob Khouri   | 3                         | 3               | -                            | -               |
| Mr Stephen Gemell | 3                         | 2               | -                            | -               |
| Mr Vincent Fayad  | 3                         | 3               | -                            | -               |

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:

|                   | <b>Ordinary Shares – Fully Paid</b> |             |
|-------------------|-------------------------------------|-------------|
|                   | <b>2020</b>                         | <b>2019</b> |
| Mr Jacob Khouri   | 46,330,750                          | 46,330,750  |
| Mr Stephen Gemell | -                                   | -           |
| Mr Vincent Fayad  | 25,000,000                          | 25,000,000  |

## **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.

## **OPTIONS**

There were no options held or exercised in the Company during the financial 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**

RSM Australia Partners is the appointed auditors of the Company.

RSM Australia Partners 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 \$22,615 (2019: \$19,000).

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 2020 has been received and can be found on page 69 of the financial 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 2020, the Company 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.

## 2. Key Management Personnel

| <b>Name</b>                | <b>Position Held</b>                     |
|----------------------------|--|
| Mr Jacob Khouri            | Non-Executive Chairman                   |
| Mr Stephen Gemell          | Non-Executive Director                   |
| Mr Vincent John Paul Fayad | Executive Director and Company Secretary |

## 3. Key person remuneration entitlement

At the 2019 Annual General Meeting (**AGM**), 78.74% of the eligible votes received supported the adoption of the remuneration report of the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

| <b>Key Management Personnel</b> | <b>Position Held as at 30 June 2020</b>  | <b>Contract Details<sup>1</sup></b>  | <b>Remuneration</b>   | <b>Incentives</b> |
|---------------------------------|--|--|---|-------------------|
| Mr Jacob Khouri                 | Non-Executive Chairman                   | -  | \$50,000 per annum.   | n/a               |
| Mr Stephen Gemell               | Non-Executive Director                   | -  | \$36,000 per annum.   | n/a               |
| Mr Vincent Fayad                | Executive Director and Company Secretary | Contract is ongoing. Contract may be terminated at anytime, with four months' notice of termination. | \$90,000 per annum for the accounting and services of company secretary, excluding one off matters. No fees are payable for director's services provided. | n/a               |

1. Non-executive directors were appointed by a letter of appointment. Directors can retire in writing as set out in the Constitution.

## 4. Remuneration details for the year ended 30 June 2020

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:

|                                | <b>Cash salary/fees</b> | <b>Termination payments</b> | <b>Share based payments</b> | <b>Total</b> |
|--------------------------------|-------------------------|-----------------------------|-----------------------------|--------------|
| <b>2020</b>                    | <b>\$</b>               | <b>\$</b>                   | <b>\$</b>                   | <b>\$</b>    |
| <b>Executive Directors</b>     |                         |                             |                             |              |
| Mr Vincent Fayad               | -                       | -                           | -                           | -            |
| <b>Non-Executive Directors</b> |                         |                             |                             |              |
| Mr Jacob Khouri                | 50,000                  | -                           | -                           | 50,000       |
| Mr Stephen Gemell              | 36,000                  | -                           | -                           | 36,000       |
| <b>KMP</b>                     |                         |                             |                             |              |
| Mr Vincent John Paul Fayad     | 90,000                  | -                           | -                           | 90,000       |
|                                | 176,000                 | -                           | -                           | 176,000      |

|                                | Cash<br>salary/fees<br>\$ | Termination<br>payments<br>\$ | Share based<br>payments<br>\$ | Total<br>\$ |
|--------------------------------|---------------------------|-------------------------------|-------------------------------|-------------|
| <b>2019</b>                    |                           |                               |                               |             |
| <b>Executive Directors</b>     |                           |                               |                               |             |
| Mr Vincent Fayad               | -                         | -                             | -                             | -           |
| <b>Non-Executive Directors</b> |                           |                               |                               |             |
| Mr Jacob Khouri                | 50,000                    | -                             | -                             | 50,000      |
| Mr Stephen Gemell              | 36,000                    | -                             | -                             | 36,000      |
| <b>KMP</b>                     |                           |                               |                               |             |
| Mr Vincent John Paul Fayad     | 90,000                    | -                             | -                             | 90,000      |
|                                | 176,000                   | -                             | -                             | 176,000     |

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 \$14,905 (2019: \$13,549), being \$3,726 per person (2019: \$3,387) 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 2020 (2019: Nil).

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

## 5. 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.

## 6. Share Holdings of Key Management Personnel

|                                | Balance at start<br>of year or date<br>of appointment | Granted as<br>compensation | On<br>exercise of<br>options | Other    | Balance at<br>end of year<br>or date of<br>resignation |
|--------------------------------|---|----------------------------|------------------------------|----------|--|
| <b>2020</b>                    |   |                            |                              |          |  |
| <b>Executive Directors</b>     |   |                            |                              |          |  |
| Mr Vincent Fayad               | 25,000,000  | -                          | -                            | -        | 25,000,000   |
| <b>Non-Executive Directors</b> |   |                            |                              |          |  |
| Mr Jacob Khouri <sup>1</sup>   | 46,330,750  | -                          | -                            | -        | 46,330,750   |
| Mr Stephen Gemell              | -   | -                          | -                            | -        | -  |
|                                | <u>71,330,750</u>                                     | <u>-</u>                   | <u>-</u>                     | <u>-</u> | <u>71,330,750</u>                                      |
| <b>2019</b>                    |   |                            |                              |          |  |
| <b>Executive Directors</b>     |   |                            |                              |          |  |
| Mr Vincent Fayad               | 25,000,000  | -                          | -                            | -        | 25,000,000   |
| <b>Non-Executive Directors</b> |   |                            |                              |          |  |
| Mr Jacob Khouri <sup>1</sup>   | 46,330,750  | -                          | -                            | -        | 46,330,750   |
| Mr Stephen Gemell              | -   | -                          | -                            | -        | -  |
|                                | <u>71,330,750</u>                                     | <u>-</u>                   | <u>-</u>                     | <u>-</u> | <u>71,330,750</u>                                      |

<sup>1</sup>Mr Khouri's father holds shares and options in the Company through Mining Investments Ltd. In addition, Mr Khouri is a potential beneficiary of Carakho Holdings Pty Ltd in its capacity of the KFC Family Trust. - refer to the Directors report for more particulars of this shareholding.

## 7. Service Agreements

As noted above, Mr Fayad provided his services via Vince Fayad and Associates Pty Ltd.

Mr Stephen Gemell provided services to the Group through his controlled entity Gemell Mining Services Pty Ltd.

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



**Jacob Khouri**  
Director

Dated at Sydney this 28<sup>th</sup> day of September 2020.

**RSM Australia Partners**

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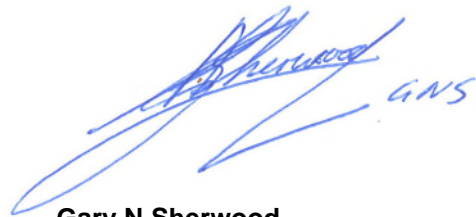
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Astro Resources NL for the year ended 30 June 2020, 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.

A handwritten signature in blue ink that reads 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink that reads 'GNS'.

**Gary N Sherwood**  
Partner

Sydney, NSW

Dated: 28 September 2020

**ASTRO RESOURCES NL**  
**A.B.N. 96 007 090 904**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2020**

|  |   | 2020<br>\$       | 2019<br>\$       |
|--|---|------------------|------------------|
| <b>Continuing Operations</b>                                       |   |                  |                  |
| Income   | 3 | 283              | 11,143           |
| Interest expense   |   | (334,873)        | (161,956)        |
| Impairment of capitalised exploration expenditure                  | 4 | -                | (257,871)        |
| Other expenses   | 4 | (365,991)        | (302,037)        |
| <b>Loss before income tax</b>                                      |   | <b>(700,581)</b> | <b>(710,721)</b> |
| Income tax benefit   | 5 | -                | -                |
| <b>Loss from continuing operations</b>                             |   | <b>(700,581)</b> | <b>(710,721)</b> |
| Members of the parent entity                                       |   | (700,581)        | (710,721)        |
| Non-controlling interest   |   | -                | -                |
|  |   | <b>(700,581)</b> | <b>(710,721)</b> |
| <b>Other comprehensive income</b>                                  |   |                  |                  |
| Items that may be reclassified subsequently to the profit or loss: |   |                  |                  |
| Loss on revaluation of investment                                  |   | (2,200)          | (2,200)          |
| <b>Other comprehensive (loss) for the year</b>                     |   | <b>(2,200)</b>   | <b>(2,200)</b>   |
| <b>Total comprehensive loss for the year</b>                       |   | <b>(702,781)</b> | <b>(712,921)</b> |
| Total comprehensive loss attributable to:                          |   |                  |                  |
| Members of the parent entity                                       |   | (702,781)        | (712,921)        |
| Non-controlling interest   |   | -                | -                |
|  |   | <b>(702,781)</b> | <b>(712,921)</b> |
| <b>Loss per share</b>  |   |                  |                  |
| From continuing operations:  |   |                  |                  |
| Basic loss per share (cents)                                       | 6 | (0.05)           | (0.07)           |
| Diluted loss per share (cents)                                     | 6 | (0.05)           | (0.07)           |

*The accompanying notes form part of these financial statements.*



**ASTRO RESOURCES NL**  
**A.B.N. 96 007 090 904**

**Consolidated Statement of Financial Position**  
**As at 30 June 2020**

|  | <b>Note</b> | <b>2020</b><br><b>\$</b> | <b>2019</b><br><b>\$</b> |
|--|-------------|--------------------------|--------------------------|
| <b>ASSETS</b>                                  |             |                          |                          |
| <b>CURRENT ASSETS</b>                          |             |                          |                          |
| Cash and cash equivalents                      | 7           | 27,222                   | 199,479                  |
| Trade and other receivables                    | 8           | 27,491                   | 30,948                   |
| Inventories                                    | 9           | 4,000                    | 4,000                    |
| Other assets                                   | 11          | 24,343                   | 37,643                   |
| <b>TOTAL CURRENT ASSETS</b>                    |             | <b>83,056</b>            | <b>272,070</b>           |
| <b>NON-CURRENT ASSETS</b>                      |             |                          |                          |
| Other Financial assets                         | 10          | 900                      | 3,100                    |
| Property, plant and equipment                  | 13          | 269,411                  | 262,096                  |
| Exploration, evaluation and development assets | 12          | 3,901,601                | 3,016,960                |
| <b>TOTAL NON-CURRENT ASSETS</b>                |             | <b>4,171,912</b>         | <b>3,282,156</b>         |
| <b>TOTAL ASSETS</b>                            |             | <b>4,254,968</b>         | <b>3,554,226</b>         |
| <b>LIABILITIES</b>                             |             |                          |                          |
| <b>CURRENT LIABILITIES</b>                     |             |                          |                          |
| Trade and other payables                       | 14          | 349,387                  | 281,736                  |
| Borrowings                                     | 15          | -                        | 1,458,719                |
| <b>TOTAL CURRENT LIABILITIES</b>               |             | <b>349,387</b>           | <b>1,740,455</b>         |
| <b>NON-CURRENT LIABILITIES</b>                 |             |                          |                          |
| Trade and other payables                       | 14          | 27,000                   | 96,000                   |
| Borrowings                                     | 15          | 2,863,591                | -                        |
| <b>TOTAL NON-CURRENT LAIBILITIES</b>           |             | <b>2,890,591</b>         | <b>96,000</b>            |
| <b>TOTAL LIABILITIES</b>                       |             | <b>3,239,978</b>         | <b>1,836,455</b>         |
| <b>NET ASSETS</b>                              |             | <b>1,014,990</b>         | <b>1,717,771</b>         |
| <b>EQUITY</b>                                  |             |                          |                          |
| Issued capital                                 | 16          | 15,562,728               | 15,562,728               |
| Reserves                                       | 17          | (20,100)                 | (17,900)                 |
| Accumulated losses                             |             | (14,527,638)             | (13,827,057)             |
| <b>TOTAL EQUITY</b>                            |             | <b>1,014,990</b>         | <b>1,717,771</b>         |

*The accompanying notes form part of these financial statements.*

**ASTRO RESOURCES NL****A.B.N. 96 007 090 904****Consolidated Statement of Cash Flow****As at 30 June 2020**

|   | <b>Note</b> | <b>2020</b><br><b>\$</b> | <b>2019</b><br><b>\$</b> |
|---|-------------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>              |             |                          |                          |
| Payments to suppliers and employees                       |             | <b>(197,757)</b>         | (269,643)                |
| Net cash used in operating activities                     | 20          | <b>(197,757)</b>         | (269,643)                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>              |             |                          |                          |
| Payments for plant and equipment                          |             | <b>(17,679)</b>          | (149,171)                |
| Payments for mining bonds                                 |             | <b>(13,018)</b>          | -                        |
| Payments for exploration expenditure                      |             | <b>(908,803)</b>         | (539,076)                |
| Net cash used in investing activities                     |             | <b>(939,500)</b>         | (688,247)                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>              |             |                          |                          |
| Repayment of borrowings                                   |             | -                        | (34,715)                 |
| Proceeds from loan facility                               |             | <b>965,000</b>           | 312,500                  |
| Proceeds from share/options issue                         |             | -                        | 873,926                  |
| Net cash provided by financing activities                 |             | <b>965,000</b>           | 1,151,711                |
| Net increase/(decrease) in cash and cash equivalents held |             | <b>(172,257)</b>         | 5,658                    |
| Cash and cash equivalents at beginning of year            |             | <b>199,479</b>           | 193,821                  |
| Cash and cash equivalents at end of financial year        | 7           | <b>27,222</b>            | 199,479                  |

*The accompanying notes form part of these financial statements.*

**ASTRO RESOURCES NL**
**A.B.N. 96 007 090 904**
**Consolidated Statement of Change in Equity**
**For the year ended 30 June 2020**

|   | <b>Issued<br/>Capital</b> | <b>Accumulated<br/>Losses</b> | <b>Reserves</b> | <b>Sub Total</b> | <b>Non-contr<br/>olling<br/>Interests</b> | <b>Total</b>     |
|---|---------------------------|-------------------------------|-----------------|------------------|---|------------------|
|   | <b>\$</b>                 | <b>\$</b>                     | <b>\$</b>       | <b>\$</b>        | <b>\$</b>                                 | <b>\$</b>        |
| <b>Balance at 1 July 2019</b>                     | <b>15,562,728</b>         | <b>(13,827,057)</b>           | <b>(17,900)</b> | <b>1,717,771</b> | <b>-</b>                                  | <b>1,717,771</b> |
| Loss attributable to members of the parent entity | -                         | (700,581)                     | -               | (700,581)        | -   | (700,581)        |
| Revaluation of investments                        | -                         | -                             | (2,200)         | (2,200)          | -   | (2,200)          |
| Shares issued (rights issue less costs)           | -                         | -                             | -               | -                | -   | -                |
| <b>Balance at 30 June 2020</b>                    | <b>15,562,728</b>         | <b>(14,527,638)</b>           | <b>(20,100)</b> | <b>1,057,692</b> | <b>-</b>                                  | <b>1,014,990</b> |
| Balance at 1 July 2018                            | 13,266,609                | (13,306,794)                  | 1,596,952       | 1,556,767        | -   | 1,556,767        |
| Loss attributable to members of the parent entity | -                         | (710,721)                     | -               | (710,721)        | -   | (710,721)        |
| Reclassification of reserves                      | 1,422,194                 | 190,458                       | (1,612,652)     | -                | -   | -                |
| Revaluation of investments                        | -                         | -                             | (2,200)         | (2,200)          | -   | (2,200)          |
| Share issued (options exercised)                  | 873,925                   | -                             | -               | 873,925          | -   | 873,925          |
| Balance at 30 June 2019                           | 15,562,728                | (13,827,057)                  | (17,900)        | 1,717,771        | -   | 1,717,771        |

*The accompanying notes form part of these 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 28 September 2020.

Astro Resources NL and Controlled Entities is a company for the purposes of making a profit, 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 29.

## **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 financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$700,581 and had net cash outflows from operating and investing activities of \$1,137,257 for the year ended 30 June 2020. As at that date the consolidated entity had net current liabilities of \$266,331.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- the Company has an undrawn additional working capital facility with Gun Capital Management Pty Ltd ("**Gun**") via entering a working capital facility, refer to note 15 for further details. The working capital facility is undrawn by approximately \$385,000 as at 30 June 2020;
- the capital raising initiatives set out in note 26; and
- the ability to reduce discretionary spending.

### **(c) Comparative figures**

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

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.

**(d) Principles of consolidation (continued)**

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 the diamonds includes direct materials, direct labour and an appropriate portion of variable and fixed overheads associated with their extraction. 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 property, plant and equipment, 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.

The depreciation rate used by the Group for property plant and equipment was 10%.

**Depreciation - Improvements**

Improvements carried out on the plant and equipment are measured at cost. Improvements are deemed to extend the future economic benefits embodied in an asset and therefore its useful life. The useful life of an asset is defined in terms of an assets expected utility to the Company.

The depreciation of an asset begins when it is available for use, that is when it is in the location and necessary condition for it to be capable of operating in the manner intended by management. The depreciation rate used by the Company for improvements for plant and equipment was 0% as the asset was not available for use during the refurbishment period.

**(g) Financial instruments****Classification**

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Impairment**

From 1 January 2018, the Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(h) 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.

**(i) 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.

**(j) 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

**(j) Impairment of non-financial assets (excluding capitalised exploration costs) (continued)**

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).

**(k) 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.

**(l) 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.

**(m) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**(n) Farm-in and joint venture arrangement**

Farm-ins generally occur in the exploration or development phase and are characterised by the transferor giving up future economic benefits, in the form of reserves, in exchange for reduced future funding obligations. In the exploration phase the Group accounts for farm-ins on a historical cost basis. As such no gain or loss is recognised. In the development phase, the Group accounts for farm-ins as an acquisition at fair value when the Group is the transferee and a disposal at fair value when the Group is the transferor of a part of an oil and gas property. The fair value is determined by the costs that have been agreed as being borne by the transferee.

**(o) 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.



**(p) 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.

**(q) 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 its received or when the right to receive the payment is established.

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

**(r) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**(s) 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.

**(t) 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.

**(u) 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.

**(v) 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.

*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.

**(w) 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   |

**(x) 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 | 1 January 2018            | Changes to the classification and measurement requirements for financial assets and financial liabilities.<br><br>New rules relating to derecognition of financial instruments. | Financial assets and liabilities of the company are required to be valued at fair value. |

## **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 2020 (2019: 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 2020 (2019: nil).

##### *(iii) Gold exploration*

The Group is currently conducting exploration upon tenements considered prospective for gold. No income has been derived from the recovery of gold during the year ended 30 June 2020 (2019: 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.

*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; and
- trade debtors and creditors.

## Notes to the Financial Statements

### (a) Segment performance

|                                       | Mineral Sands |           | Diamond |           | Gold      |         | Unallocated |           | Total     |           |
|---------------------------------------|---------------|-----------|---------|-----------|-----------|---------|-------------|-----------|-----------|-----------|
|                                       | 2020          | 2019      | 2020    | 2019      | 2020      | 2019    | 2020        | 2019      | 2020      | 2019      |
|                                       | \$            | \$        | \$      | \$        | \$        | \$      | \$          | \$        | \$        | \$        |
| <b>REVENUE</b>                        |               |           |         |           |           |         |             |           |           |           |
| Other revenue from external customers | -             | -         | -       | 420       | -         | -       | 263         | 10,174    | 263       | 10,594    |
| Interest revenue                      | -             | -         | -       | -         | -         | -       | 20          | 549       | 20        | 549       |
| <b>Total segmented revenue</b>        | -             | -         | -       | 420       | -         | -       | 283         | 10,723    | 283       | 11,143    |
| Segment result                        | (953)         | (132,666) | (267)   | (125,129) | (12,350)  | (1,674) | (687,011)   | (451,252) | (700,581) | (710,721) |
| Research & development grant          | -             | -         | -       | -         | -         | -       | -           | -         | -         | -         |
| Loss for the year                     | (953)         | (132,666) | (267)   | (125,129) | (12,350)  | (1,674) | (687,011)   | (451,252) | (700,581) | (710,721) |
| <b>Other segment information</b>      |               |           |         |           |           |         |             |           |           |           |
| Depreciation and amortisation         | -             | -         | (9,709) | (10,755)  | -         | -       | -           | -         | (9,709)   | (10,755)  |
| <b>Segment assets and liabilities</b> |               |           |         |           |           |         |             |           |           |           |
| <b>Segment assets</b>                 |               |           |         |           |           |         |             |           |           |           |
| Exploration expenditure               | 2,274,677     | 1,897,402 | 623,467 | 570,781   | 1,003,457 | 548,777 | -           | -         | 3,901,601 | 3,016,960 |
| Inventories                           | -             | -         | 4,000   | 4,000     | -         | -       | -           | -         | 4,000     | 4,000     |
| Other assets                          | 37,448        | 58,911    | 271,027 | 262,930   | 17,607    | 4,004   | 23,285      | 207,421   | 349,367   | 533,266   |
|                                       | 2,312,125     | 1,956,313 | 898,494 | 837,711   | 1,021,064 | 552,781 | 23,285      | 207,421   | 4,254,968 | 3,554,226 |
| <b>Segment liabilities</b>            | -             | -         | -       | -         | 370,000   | 370,000 | 2,869,978   | 1,466,455 | 3,239,978 | 1,836,455 |
| <i>Other assets are made up of:</i>   |               |           |         |           |           |         |             |           |           |           |
| Investments held for sale             | -             | -         | -       | -         | -         | -       | 900         | 3,100     | 900       | 3,100     |
| Cash and cash equivalents             | 26,549        | 20,521    | 462     | 462       | -         | -       | 211         | 178,495   | 27,222    | 199,478   |
| Plant and equipment                   | -             | -         | 269,411 | 262,096   | -         | -       | -           | -         | 269,411   | 262,096   |
| Prepayments and other receivables     | 10,899        | 38,390    | 1,154   | 372       | 17,607    | 4,004   | 22,174      | 25,826    | 51,834    | 68,592    |
|                                       | 37,448        | 58,911    | 271,027 | 262,930   | 17,607    | 4,004   | 23,285      | 207,421   | 349,367   | 533,266   |

**3 Income**

|                 | 2020<br>\$ | 2019<br>\$    |
|-----------------|------------|---------------|
| Interest income | 20         | 546           |
| Other income    | 263        | 10,597        |
|                 | <b>283</b> | <b>11,143</b> |

**4 Result for the Year**

| 2020<br>\$ | 2019<br>\$ |
|------------|------------|
|------------|------------|

The result for the year includes the following specific expenses

|   |                |                |
|---|----------------|----------------|
| Impairment of exploration expenditure – abandoned tenements | -              | 257,871        |
| <b>Net impairment expense</b>                               | <b>-</b>       | <b>257,871</b> |
| <b>Other expenses:</b>                                      |                |                |
| - Directors' and related entities consulting fees           | 176,000        | 163,713        |
| - Administration expenses                                   | 167,376        | 119,324        |
| - Auditors remuneration for audit services                  | 22,615         | 19,000         |
|   | <b>365,991</b> | <b>302,037</b> |

**5 Income Tax**

| 2020<br>\$ | 2019<br>\$ |
|------------|------------|
|------------|------------|

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

|  |           |           |
|--|-----------|-----------|
| Prima facie tax benefit on loss from ordinary activities before income tax at 27.5%<br>(2019: 27.5%) | (192,660) | (195,448) |
| Add tax effect of:   |           |           |
| - deferred tax assets and liabilities not recognised   | 192,660   | 195,448   |
| Income tax   | -         | -         |

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

|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Tax losses                          | 14,980,316        | 14,192,917        |
| Capital losses                      | 122,480           | 122,480           |
| Capitalised exploration expenditure | (1,220,790)       | (1,102,552)       |
|                                     | <b>13,882,006</b> | <b>13,212,845</b> |

The above deferred tax assets will only be obtained if:

- i. future assessable income is derived of a nature and an amount sufficient to enable utilize the benefit; and
- ii. 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.

Apart from the exploration development costs which has been netted off against the carried losses, there are no deferred tax liabilities at 30 June 2020 (2019: nil).



**6 Earnings per Share**

|  | 2020<br>\$    | 2019<br>\$    |
|--|---------------|---------------|
| <b>Basic earnings per share</b>  |               |               |
| (a) Reconciliation of earnings to loss from continuing operations  |               |               |
| Loss from continuing operations  | (700,581)     | (710,721)     |
| (b) Earnings used to calculate overall earnings per share  |               |               |
| Earnings used to calculate overall earnings per share  | (700,581)     | (710,721)     |
| (c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS |               |               |
|  | 2020<br>No.   | 2019<br>No.   |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS     | 1,272,097,315 | 1,078,358,242 |

**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**

|                          | 2020<br>\$ | 2019<br>\$ |
|--------------------------|------------|------------|
| Cash at bank and in hand | 27,222     | 199,479    |

**8 Trade and Other Receivables**

|                 | 2020<br>\$ | 2019<br>\$ |
|-----------------|------------|------------|
| CURRENT         |            |            |
| GST recoverable | 27,491     | 30,948     |
|                 | 27,491     | 30,948     |

*Credit risk*

There is no material credit risk or currency risk within the Trade and Other Receivables balance.

**9 Inventories**

|                | 2020  | 2019  |
|----------------|-------|-------|
|                | \$    | \$    |
| <b>CURRENT</b> |       |       |
| At cost:       |       |       |
| Uncut diamonds | 4,000 | 4,000 |

**10 Other Financial Assets**

|  | 2020 | 2019  |
|--|------|-------|
|  | \$   | \$    |
| <b>Available-for-sale financial assets</b> |      |       |
| <b>CURRENT</b>                             |      |       |
| Shares in listed corporations              | 900  | 3,100 |

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

**11 Other Assets**

|                | 2020   | 2019   |
|----------------|--------|--------|
|                | \$     | \$     |
| <b>CURRENT</b> |        |        |
| Prepayments    | 24,343 | 37,643 |

**12 Exploration, Evaluation and Development Assets**

|   | 2020        | 2019        |
|---|-------------|-------------|
|   | \$          | \$          |
| <b>NON-CURRENT</b>                                  |             |             |
| in exploration phase:                               |             |             |
| - At cost and net of impairment                     | 3,901,601   | 3,016,960   |
| <b>(a) Composition of exploration assets</b>        |             |             |
| Capitalised exploration – wholly owned              | 5,028,052   | 4,143,411   |
| <sup>1</sup> Capitalised exploration – partly owned | 561,370     | 561,370     |
| Impairment  | (1,687,821) | (1,687,821) |
| Balance at end of the year                          | 3,901,601   | 3,016,960   |

<sup>1</sup>On the 23 December 2014, the Company entered into a Farm-in and joint venture arrangement ("**Arrangement**") with Iluka. The arrangement relates to the Governor Broome project, tenement number R70/58 (formerly E70/2464) ("**Property**"). This tenement is part of the Governor Broome project, which is a mineral sands project located in southern Western Australia.

Under the terms of the Arrangement, Iluka is to spend a minimum of \$160,000 over a two period; this would result in it owning a 51% interest in the Property. Moreover, upon the further spending of another \$160,000 Iluka would have the right to earn a further 29%, taking it to 80%. Upon the issue of the "Maiden Resource" by Iluka, thereafter, the Group will have a participating interest in the Property.

**12 Exploration, Evaluation and Development Assets (continued)**

On the 27 October 2015, Iluka fulfilled its initial requirements resulting in it having a 51% interest in the Project. On the 1<sup>st</sup> June 2016, Iluka further advised the Company that it meet the requirements to achieve its 80% interest. The Maiden Resource was issued on the 26<sup>th</sup> April 2016.

**(b) Movements**

|  | 2020<br>\$ | 2019<br>\$ |
|--|------------|------------|
| (i) Exploration assets at cost                                 |            |            |
| Opening Balance (wholly and partially owned)                   | 4,704,781  | 4,751,061  |
| Add:   |            |            |
| - Expenditure capitalised                                      | 884,641    | 523,769    |
| Less:  |            |            |
| - Expenditure impaired to the profit and loss                  | -          | (257,871)  |
| - Impairment adjustment for R70/53 South East deposit          | -          | (312,178)  |
| Closing balance  | 5,589,422  | 4,704,781  |
| (ii) Impairment  |            |            |
| Opening Balance  | 1,687,821  | 1,999,999  |
| Add/(Less):  |            |            |
| - Current year impairment adjustment R70/53 South East deposit | -          | (312,178)  |
| Closing Balance  | 1,687,821  | 1,687,821  |

**(c) Discussion on impairment**

In the 2019 financial year, the Board has formed the view that following the results for the Southeast area of the Governor Broome Minerals Sands Project proving to be sub-economic, that such portion should be impaired. The Board has impaired all capitalised costs, including that part of the acquisition.

**13 Property, Plant and Equipment**

|                                      | 2020<br>\$ | 2019<br>\$ |
|--------------------------------------|------------|------------|
| Plant and equipment <sup>1</sup>     |            |            |
| At cost                              | 150,000    | 150,000    |
| Refurbishment equipment <sup>2</sup> | 179,322    | 162,297    |
| Accumulated depreciation             | (59,911)   | (50,201)   |
|                                      | 269,411    | 262,096    |

- Note: the plant and equipment was continued to be used in the activities in the year ended 30 June 2019. The depreciation rate applied on the plant is 10.00% per annum.
- Note: significant refurbishment was carried out on the plant and equipment during the year ended 30 June 2020. Due to the nature of the work required, the Company believes that in accordance with the relevant Accounting Standards, such amounts are required to be capitalised and depreciated over the useful life of the plant.

**13 Property, Plant and Equipment (continued)**

**(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:

|                                   | 2020<br>\$     | 2019<br>\$     |
|-----------------------------------|----------------|----------------|
| Balance at the beginning of year  | 262,096        | 110,555        |
| Additions                         | 17,024         | 162,297        |
| Depreciation expense              | (9,709)        | (10,756)       |
| <b>Balance at end of the year</b> | <b>269,411</b> | <b>262,096</b> |

**14 Trade and Other Payables**

|                                       | 2020<br>\$     | 2019<br>\$     |
|---------------------------------------|----------------|----------------|
| <b>CURRENT</b>                        |                |                |
| Unsecured liabilities                 |                |                |
| Trade payables                        | 336,737        | 268,736        |
| Other payables                        | 12,650         | 13,000         |
| <b>Total Trade and Other Payables</b> | <b>349,387</b> | <b>281,736</b> |

(a) Trade payables consists of amounts owing to directors. At balance date, such amounts were as follows:

|                 |                |                |
|-----------------|----------------|----------------|
| Jacob Khouri    | 120,854        | 70,855         |
| Vincent J Fayad | 190,075        | 143,759        |
| <b>Total</b>    | <b>310,929</b> | <b>214,614</b> |

Both Mr Khouri and Mr Fayad have agreed not to take most of their Directors fees until such time as the Company sufficient financial resources to pay these amounts.

**NON CURRENT**

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Unsecured liabilities                 |               |               |
| Other payables (a)                    | 27,000        | 96,000        |
| <b>Total Trade and Other Payables</b> | <b>27,000</b> | <b>96,000</b> |

- (a) Other payables comprise of \$27,000 (2019: \$96,000) of accrued consulting fees to Mining Investments Limited (**MIL**) – the ultimate parent company of Astro. During the financial year, MIL has agreed to not recall this debt until such time that in the opinion of the Company's Board, payment of such a debt would not place the Company at risk of becoming insolvent.

## 15 Borrowings

|   | 2020<br>\$ | 2019<br>\$ |
|---|------------|------------|
| <b>CURRENT</b>  |            |            |
| Unsecured borrowings  |            |            |
| Loan Facility – Gun Capital Management Pty Ltd (novated Mining Investments Ltd) | -          | 920,000    |
| Loan Facility – Gun Capital Management Pty Ltd (additional drawdown facility)   | -          | 312,500    |
| Interest payable  | -          | 226,219    |
| <b>Total Current Borrowings</b>   | -          | 1,458,719  |
| <b>NON CURRENT</b>  |            |            |
| Unsecured borrowings  |            |            |
| Loan Facility – Gun Capital Management Pty Ltd                                  | 2,314,100  | -          |
| Interest payable  | 549,291    | -          |
| <b>Total Non Current Borrowings</b>   | 2,863,591  | -          |

### *Gun Capital Management Pty Ltd - \$3,250,000*

| Purpose of funding   | Amount drawn to 30 June 2020, including capitalised interest | Amount owing 30 June 2019, including capitalised interest | Due date   |
|--|--|---|------------|
| This facility consolidated all previous loan facilities held by Gun.   | \$2,863,591  | \$1,458,719   | See below. |
| The purpose of the funding is as follows:  |  |   |            |
| <ul style="list-style-type: none"> <li>a) Working capital of the Company;</li> <li>b) Acquisition and development of Needles Holdings Inc; and</li> <li>c) Resource upgrade of the Governor Broome Heavy Mineral Sands project.</li> </ul> |  |   |            |
| <b>Total amount owing prior to repayment</b>   | <b>\$2,863,591</b>   | <b>\$1,458,719</b>  |            |

The terms of the loan are as follows:

#### **Key terms of the consolidated facility**

|               |  |
|---------------|--|
| Security      | Unsecured  |
| Interest Rate | 15% per annum<br>Interest to be accrued quarterly.   |
| Repayment     | 31 October 2021 and subject to Jacob Khouri remaining on the Company's Board to the extent that repayment would in the opinion of the Board place the Company at risk of becoming insolvent. |

## 16 Issued Capital

### Movement Reconciliation

|   | 2020              | 2019              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| 1,272,097,315 (2019: 1,272,097,315) Ordinary shares | 16,214,510        | 16,214,510        |
| Share issue costs written off against share premium | (651,782)         | (651,782)         |
| <b>Total</b>  | <b>15,562,728</b> | <b>15,562,728</b> |

#### (a) Ordinary shares

|   | No.                  | No.                  |
|---|----------------------|----------------------|
| At the beginning of the reporting period 1 July | 1,272,097,315        | 885,677,852          |
| Shares issued under Offer 31 December 2018      | -                    | 386,419,463          |
| <b>At the end of the reporting period</b>       | <b>1,272,097,315</b> | <b>1,272,097,315</b> |

#### (b) Ordinary shares – excluding share issue costs

|  | \$                | \$                |
|--|-------------------|-------------------|
| At the beginning of the reporting period 1 July                          | 16,214,510        | 13,990,897        |
| Shares issued under Offer 31 December 2018                               | -                 | 905,800           |
| Reallocation from option premium reserve and share based payment reserve | -                 | 1,317,813         |
| <b>At the end of the reporting period</b>                                | <b>16,214,510</b> | <b>16,214,510</b> |

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.

#### (c) Options

|   | No.      | No.      |
|---|----------|----------|
| At the beginning of the reporting period  | -        | -        |
| Shares issued under Offer                 | -        | -        |
| Options exercised under Offer             | -        | -        |
| Options lapsed under Offer                | -        | -        |
| <b>At the end of the reporting period</b> | <b>-</b> | <b>-</b> |

## 17 Reserves

|                                       | 2020            | 2019            |
|---------------------------------------|-----------------|-----------------|
|                                       | \$              | \$              |
| Available for sale investment reserve | (20,100)        | (17,900)        |
|                                       | <b>(20,100)</b> | <b>(17,900)</b> |

**17 Reserves (continued)****(a) Movement in reserves**

|  | 2020<br>\$      | 2019<br>\$      |
|--|-----------------|-----------------|
| <b>Financial assets at fair value through other comprehensive income reserve</b> |                 |                 |
| Opening balance  | (17,900)        | (15,700)        |
| Loss on revaluation of investment  | (2,200)         | (2,200)         |
|  | <b>(20,100)</b> | <b>(17,900)</b> |

**(b) Financial assets at fair value through other comprehensive income reserve**

Represents cumulative gains/ losses arising on the evaluation of 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.

**18 Share Based Payments Reserve**

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 2020 (2019: 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**

|                              | 2020<br>\$     | 2019<br>\$       |
|------------------------------|----------------|------------------|
| <b>Financial assets</b>      |                |                  |
| Cash and cash equivalents    | 27,222         | 199,479          |
| Trade and other receivables  | 27,491         | 30,948           |
| Other financial assets       | 4,000          | 4,000            |
|                              | <b>58,713</b>  | <b>234,427</b>   |
| <b>Financial liabilities</b> |                |                  |
| Trade and other payables     | 349,387        | 281,736          |
| Borrowings                   | -              | 1,458,719        |
|                              | <b>349,387</b> | <b>1,740,455</b> |



## 19 Financial Risk Management (continued)

### (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.

#### *Other 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 (2019: nil). The ageing of the Group other receivables was not past due (2019: 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 \$180 after tax (2019: \$620); an equal change in the opposite direction would have decreased equity by \$180 after tax (2019: \$620).

### (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.

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

- trade and other payables,
- unsecured interest bearing loan facilities from a Director related entity; and
- unpaid Director fees.

Excluding the unsecured loans under Note 14 to the Director related entity, all financial liabilities are due within 12 months. The total value of cash flows required to settle the Group's financial liabilities as at 30 June 2020 is \$349,387 (2019: \$281,736).

## **19 Financial Risk Management (continued)**

### **(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 2020. 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 2019 or 2018. 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 2020 and 2019.

#### *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 (2019: 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.

## 20 Cash Flow Information

### (a) Reconciliation of result for the year to cash flows from operating activities

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

|   | 2020      | 2019      |
|---|-----------|-----------|
|   | \$        | \$        |
| Loss for the year   | (700,581) | (710,721) |
| Non-cash flows in loss:   |           |           |
| - depreciation/amortisation   | 9,709     | 10,755    |
| - impairment – other  | -         | 257,871   |
| - interest  | 334,873   | 161,956   |
| - other income  | -         | (2,975)   |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries: |           |           |
| - decrease/(increase) in trade and other receivables  | 29,775    | 16,999    |
| - decrease in other liability   | -         | (45,100)  |
| - increase in trade and other payables  | 128,467   | 41,572    |
| Cash flow used in operating activities  | (197,757) | (269,643) |

## 21 Capital and Leasing Commitments

### Exploration expenditure commitments

The Group is required 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:

|                              | 2020    | 2019    |
|------------------------------|---------|---------|
|                              | \$      | \$      |
| Payable:                     |         |         |
| - no later than 1 year       | 154,772 | 118,848 |
| - between 1 year and 5 years | 619,087 | 545,394 |
|                              | 773,859 | 664,242 |

## 22 Contingent Liabilities and Contingent Assets

### Contingent Liabilities

The Group has been issued with a penalty notice of US\$50,000 plus interest for the late lodgement of its 2017- and 2018-income tax returns from the United States Internal Revenue Service Office (IRS).

The Company is currently in the process of defending itself against such claims and believes that its defence will be successful. More information concerning the Company's objection can be found within its announcement to the ASX on 25 June 2020.

## 23 Controlled Entities

### (a) Controlled entities

|   | Country of Incorporation | Percentage<br>Owned (%) <sup>*</sup><br>2020 | Percentage<br>Owned (%) <sup>*</sup><br>2019 |
|---|--------------------------|--|--|
| <b>Parent Entity:</b>   |                          |  |  |
| Astro Resources NL  |                          |  |  |
| <b>Subsidiaries:</b>  |                          |  |  |
| 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                                 | Australia                | 100  | 100  |
| MacPhee Resources Pty Limited <sup>1</sup>                        | Australia                | 100  | 100  |
| Needles Holdings Inc <sup>2</sup>                                 | United States            | 100  | 100  |
| North Doolgunna Metals Pty Limited                                | Australia                | 100  | 100  |

<sup>1</sup> Percentage of voting power is in proportion to ownership. Also, refer to Note 12 interest in Arrangement held via Governor Broome Sands Pty Limited.

<sup>2</sup> Needles Holdings Inc. was acquired on 10 October 2017.

## 24 Related Party Transactions

### Related Parties

#### (a) Parent company

The Parent Company of Astro Resources is a company called Mining Investments Limited (**MIL**). MIL owns approximately 23.65% of the issued capital of Astro. Mr Jacob Khouri is related to the ultimate beneficial owner of MIL. Mr Jacob Khouri is also a potential beneficiary of the company Gun Capital Management Pty Ltd, which is a debt provider and also a shareholder of the Company.

#### (b) Transactions with the parent entity

The following transactions occurred with related parties:

- unsecured loans from MIL and Gun Capital Management – refer to Note 15; and
- MIL is entitled to a monthly management fee in relation to the provision of advisory services to the Board.

#### 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 KMP.

For details of remuneration disclosures relating to KMP, refer to the remuneration report in the Directors' Report.

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

**24 Related Party Transactions (continued)**

## (ii) Director related entities

Refer to note 14(a) for amounts owing to Directors and their related entities in relation to outstanding Directors fees.

## (iii) Subsidiaries

Refer to Note 23 (a) for the subsidiaries included in the financial statements.

## (iv) 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.

**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:

|                              | 2020    | 2019    |
|------------------------------|---------|---------|
|                              | \$      | \$      |
| Short-term employee benefits | 176,000 | 176,000 |
|                              | 176,000 | 176,000 |

**26 Events after the end of the Reporting Period**

Since balance date, the Company has:

- (a) completed a capital raising of \$2.745 million (before costs) which is primarily to be used by the Company for the purposes of proceeding with the development of its mineral sands and gold projects.

The capital raising is broken up into two parts:

- (i) issue of 190,814,597 ordinary shares at \$0.0035, which was completed under the Company's capacity under Listing Rule 7.1 (Tranche 1); and
- (ii) commitments of 593,781,159 ordinary shares at \$0.0035, which is subject to shareholder approval at a proposed general meeting to be held in late October 2020 (Tranche 2).

The capital raising was partly assisted by several underwriters, who received a cash fee of 6.00% plus 100 million unlisted options (term 18 months and exercise price of \$0.01 per option) in exchange for their services.

More information concerning the capital raising can be found within the Company's announcement to the ASX on 26 August 2020.

- (b) entered into Convertible Note Deed Poll (**Convertible Note**) with HPG Urban Developments Pty Ltd (**HPG**) and Agam Nominees No. 1 Pty Ltd (**Agam**). The proceeds received from the Convertible Notes are to be used for the purposes of extinguishing (in part) the existing loan facility to Gun Capital Management Pty Ltd (**Gun**).

The terms of the Convertible Notes are as follows:

- (i) Face Value : 2,341,721 Convertible Notes, each with a \$1.00 Face Value;
- (ii) Interest rate : 15.00% per annum;
- (iii) Term : six months (being 11 March 2021).

- (c) proposed to issue director bonuses of \$300,000.00 for services provided that are over and above the roles required.

Such bonuses are subject to shareholder approval and are to be satisfied by way of 50% issue of ordinary shares and 50% payment in cash.

## 27 Auditor's Remuneration

Remuneration of the auditor of the parent entity, RSM Australia Partners for:

|  |               |        |
|--|---------------|--------|
| - auditing or reviewing the financial statements | <b>22,615</b> | 19,000 |
| -other services                                  | -             | -      |
|  | <b>22,615</b> | 19,000 |

## 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:

## 28 Parent entity (continued)

### Statement of Financial Position

|                         | 2020                | 2019         |
|-------------------------|---------------------|--------------|
|                         | \$                  | \$           |
| Assets                  |                     |              |
| Current assets          | <b>3,723,328</b>    | 2,995,763    |
| Non-current assets      | <b>90,969</b>       | 102,899      |
| Total Assets            | <b>3,814,298</b>    | 3,098,662    |
| Liabilities             |                     |              |
| Current liabilities     | <b>349,387</b>      | 1,370,453    |
| Non-current liabilities | <b>2,520,591</b>    | 96,000       |
| Total Liabilities       | <b>2,869,978</b>    | 1,466,453    |
| Net Assets              | <b>944,320</b>      | 1,632,209    |
| Equity                  |                     |              |
| Issued capital          | <b>15,562,728</b>   | 15,562,728   |
| Accumulated losses      | <b>(14,598,308)</b> | (13,912,618) |
| Reserves                | <b>(20,100)</b>     | (17,900)     |
| Total Equity            | <b>944,320</b>      | 1,632,210    |

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

|                            |                  |             |
|----------------------------|------------------|-------------|
| Total loss for the year    | <b>(685,690)</b> | (1,233,226) |
| Other comprehensive income | <b>(2,200)</b>   | (2,200)     |
| Total comprehensive income | <b>(687,890)</b> | (1,235,426) |

### **Contingent liabilities**

Apart from the minimum expenditure requirements, as set out in Note 21 and the contingent liability set out in note 22 , there are no other contingent liabilities.

### **Contractual commitments**

The parent entity did not have any commitments as at 30 June 2020 or 30 June 2019.

## **29 Company Details**

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

Suite 6, Level 5, 189 Kent Street  
SYDNEY NSW 2000



## Directors' Declaration

The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 44 to 75, 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 2020 and of the performance for the year ended on that date of the Company and consolidated group;
2. the Company Secretary has 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. based on the comments outlined in Note 1(b) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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.



**Jacob Khouri**  
Director

Dated 28<sup>th</sup> September 2020

**INDEPENDENT AUDITOR'S REPORT  
To the Members of Astro Resources NL**

Level 13, 60 Castlereagh Street Sydney NSW 2000

GPO Box 5138 Sydney NSW 2001

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[www.rsm.com.au](http://www.rsm.com.au)**Opinion**

We have audited the financial report of Astro Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter  | How our audit addressed this matter  |
|---|--|
| <b>Carrying value of capitalised exploration and evaluation</b><br>Refer to Note 12 in the financial statements   |  |
| <p>As disclosed in note 12, the Group held capitalised exploration and evaluation expenditure of \$3,901,601 as on 30 June 2020 which represents a significant asset of the Group.</p> <p>The carrying value of exploration and evaluation assets is subjective based on Group's ability, and intention, to continue to explore the asset. The carrying value may also be impacted by the mineral reserves and resources may not be commercially viable for extraction. This creates a risk that the amounts stated in the financial statements may not be recoverable.</p> | <p>Our audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> <li>• Considering the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as obtaining independent searches of the company's tenement holdings;</li> <li>• Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included an assessment of the Group's future cash flow forecasts and enquired of management and the Board of Directors as to the intentions and strategy of the Group;</li> <li>• Assessing recent exploration activity in a given exploration license area to determine if there are any negative indicators that would suggest a potential impairment of the capitalized exploration and evaluation expenditure;</li> <li>• Assessing the ability to finance any planned future exploration and evaluation activity.</li> </ul> |

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf).

This description forms part of our auditor's report.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 35 to 38 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Astro Resources NL, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

#### *Responsibilities*

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.



**RSM Australia Partners**



**Gary N Sherwood**

Sydney, NSW  
28 September 2020

**ASTRO RESOURCES NL**  
**A.B.N. 96 007 090 904**

**Independent Auditors' Report**

| <b>Lease</b>          | <b>Lease Status</b> | <b>Project</b>    | <b>Holders</b>                                       |
|-----------------------|---------------------|-------------------|--|
| R70/58 <sup>1,3</sup> | Application         | Governor Broome   | Iluka Resources Limited (80%), Governor Broome (20%) |
| E80/4120              | Granted             | Lower Smoke Creek | East Kimberley Diamond Mines                         |
| R70/53 <sup>2</sup>   | Application         | Governor Broome   | Governor Broome                                      |
| Needles               | Granted             | Needles Holdings  | Needles Holdings Inc                                 |

<sup>1</sup> Subject to the Farm-in and Joint venture arrangement with Iluka Resources Limited

<sup>2</sup> E70/2372 was subject to s.70B conversion to R70/53 which was granted on 4/07/16

<sup>3</sup> E70/2464 was subject to s.70B conversion to R70/58 which was granted on 8/08/18

## ASX Additional Information

As at 19 September 2020 the following information applied:

### 1 Substantial Shareholders

Substantial shareholders disclosed in substantial shareholder notices to the Company:

|                            | No. of Shares Held | % Held |
|----------------------------|--------------------|--------|
| Mining Investments Limited | 300,545,772        | 20.54% |

### 2 Securities

#### (a) Fully paid ordinary shares

The number of holders of fully paid shares in the Company is 1,462,911,912. 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                                   | 98,066               | 0.01          |
| 1,001 – 5,000                               | 909,343              | 0.06          |
| 5,001 – 10,000                              | 1,175,174            | 0.08          |
| 10,001 – 100,000                            | 17,018,789           | 1.16          |
| 100,001 and over                            | 1,443,710,540        | 98.69         |
|   | <b>1,462,911,912</b> | <b>100.00</b> |
| Number holder less than a marketable parcel | 11,018,075           | 0.75          |

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

#### Top 20 Shareholders

|   | No. of Shares Held | % Held       |
|---|--------------------|--------------|
| HSBC Custody Nominees (Australia) Limited   | 500,677,313        | 34.22        |
| HPG Development Holdings Pty Limited        | 52,083,333         | 3.56         |
| Fourwinds Nominees Pty Limited              | 50,000,000         | 3.42         |
| Carkaho Holdings Pty Limited                | 46,330,750         | 3.17         |
| Donnybrook Superannuation Fund Pty Limited  | 42,000,000         | 2.87         |
| National Nominees Limited                   | 41,666,667         | 2.85         |
| BAN Investments Group Pty Limited           | 41,666,667         | 2.85         |
| Kafta Enterprises Pty Limited               | 25,000,000         | 1.71         |
| Zarsi Pty Limited                           | 25,000,000         | 1.71         |
| Nakava Group Pty Limited                    | 20,833,333         | 1.42         |
| Pasquale Garofalo and Karen Viedra Garofalo | 20,833,333         | 1.42         |
| T Productions Pty Limited                   | 20,833,333         | 1.42         |
| Comsec Nominees Pty Limited                 | 18,666,986         | 1.28         |
| Gideon Mbogo Mwaura                         | 15,000,000         | 1.03         |
| Mr Johnny Traian                            | 13,158,416         | 0.90         |
| REW Consulting Pty Ltd                      | 12,500,000         | 0.85         |
| John Fazzalori                              | 12,500,000         | 0.85         |
| Nick Tsitsos                                | 10,833,333         | 0.74         |
| Lorna King Services Pty Limited             | 10,416,667         | 0.71         |
| Olive Swimwear Pty Ltd                      | 10,416,666         | 0.71         |
|   | <b>990,416,797</b> | <b>67.69</b> |