



**and Controlled Entities**

**ABN 96 007 090 904**

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# **Half-Year Report**

31 December 2014

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## Director's Report

The Directors of Astro Resources NL, (the "Company") and its controlled entities (the "Group") submit herewith the financial report for the six months ended 31 December 2014 ("Half-Year").

### Directors

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

Mr Kris Knauer	Non-Executive Chairman
Mr Graham Libbesson	Non-Executive Director
Mr Michael Povey	Executive Director

### Review of Results and Operations

The Group reported a net loss of \$2,492,462 (2013: \$998,842) for the Half-Year.

### Objectives

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

### Income Statement

#### Revenue

Revenue is comprised of interest generated from bank deposits. Due to the reduction in the of the Group's cash balances, as a result of funding operations, the amount of interest revenue has also decreased.

#### Net Expenses and impairment

The following points are noted in relation to expenses for the Half-Year:

- administration costs have remained consistent for each period – \$254,003 (December 2013) compared to \$258,909 (December 2014);
- payment to the royalty holders for the reduction to their royalty entitlements in relation to tenement E70/2464 of \$140,000 (see statement of financial position section below); and
- interest expense has increased from \$65,268 (December 2013) to \$96,253 (December 2014) reflecting that convertible notes on issue for a part period only in the Half-year December 2013.

A provision for impairment of \$2,000,000 has been made for the Governor Broome Mineral Sands project. This provision takes into account:

- future outlook of mineral sands prices;
- the level of resources, as recently determined by the competent person;
- potential range of operating costs for the exploitation of the resources; and
- capital expenditure required.



Statement of financial position

During the Half-Year the following key items occurred:

- the cash balance decreased from \$281,439 at 30 June 2014 to \$34,864 at 31 December 2014, a decrease of \$246,575. The net decrease is after taking into account amounts received for the conversion of options (ASX code: AROOA) and the incurring of administrative and exploration costs of the Company;
- increase in the amount of trade creditors by \$368,513. Included in the 31 December 2014 trade creditors of \$633,757 are the following items which are likely to be capitalised into shares:
  - accrued interest payable of \$225,815 in relation to the convertible note;
  - accrued consulting and directors fees of \$89,400; and
  - recognition of settlement costs of \$140,000 to the royalty holders in relation to future income to be forgone in respect of the Joint Venture/Farm-in arrangement with Iluka Resources Limited ("Iluka") for tenement E70/2464.

Excluding the above, the amount for trade creditors would be \$178,542.

Cash Flow

The Half-Year cash flow to 31 December 2014 of the Group included:

- \$70,946 (2013: \$102,999) for exploration costs; and
- \$10,646 (2013: \$nil) for the proceeds from the conversion of options (AROOA).

**Operations**

The "Company" is an Australian-based mineral resources company focused on the commercial development and production of economically and environmentally sustainable mineral sands deposits.

During the Half-Year the following developments were made in the Company's projects:

Governor Broome, Mineral Sands

During the Half-Year, no exploration work was undertaken with respect to this project. However, key points to note are:

- as announced on the Australian Securities Exchange ("ASX") on 23 December 2014, a joint venture/farm-in and exploration joint venture agreement was entered into with Iluka Resources for tenement E70/2464. Under this agreement, Iluka is to act as manager in advancing the tenement and Astro will be free carried interest for the period up to the identification of a JORC for this tenement;
- an application for a retention licence in relation to tenement number E70/2372 was applied for. The purpose of this application was to allow the Company to apply for a mining lease when the price of mineral sands increases to a level that makes the project economically viable; and
- a competent persons report was prepared in connection with upgrading of the resource levels. As announced on the 12 February 2015, the Company announced the following resource estimate:

## Half-Year Report 2014

### Astro Resources NL and Controlled Entities



Figure 1 below set out a summary of the updated resource estimate, extracted from the report prepared by Continental Resource Management Pty Ltd ("CRM"):

Governor Broome Resource	Category	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
North	Indicated	30	4.9	12	8.2
	Inferred	2	4.5	16	6.3
	<b>Total</b>	<b>31</b>	<b>4.9</b>	<b>12</b>	<b>8.0</b>
South	Inferred	26	5.0	14	10
East	Inferred	110	3.7	14	5.5
Southeast	Inferred	32	4.6	15	12
Totals*	Indicated	30	4.9	12	8.1
	Inferred	170	4.0	14	7.4
	<b>Total</b>	<b>200</b>	<b>4.2</b>	<b>14</b>	<b>7.5</b>
* Numbers may not total due to rounding					
<i>Figure 1: Governor Broome Resource – minimum 2% HM and maximum 30% slimes cut-off grades.</i>					

#### Diamonds

The Company holds the Carr Boyd/Lower Smoke Creek and Macphee projects adjoining the Argyle and Bow River Diamond Mines within the East Kimberley region of Western Australia. These granted lease areas lie in a region rich in diamond history where diamond production has reached 40% of the world's annual total, including, as reported, 90% of the world's rare and expensive pink diamonds.

The acquisition of the HMS plant enhances the Company's ability to undertake a targeted sampling programme on the diamondiferous gravels that are known to occur on the Company's tenure.

The Company announced in its December 2014 quarterly activities statement lodged on the ASX that It intended to undertake an exploration program prior to the final quarter of the financial year ending 30 June 2015.

## Corporate

#### Funding

During the Half-Year, the Company has successfully secured an extension of time for a further one year with all convertible note holders. The convertible note holders also agreed to waive their entitlement to a rollover fee.

Mining Investments Ltd ("MIL") has provided a temporary facility of up to \$500,000. Since balance date, the Company has received interim funding of \$200,000 from MIL. The facility is subject to interest and unsecured. More details relating to the above can be found in the Company's announcement to the ASX on 30 October 2014.

The Company has announced its intention to undertake a rights issue. At this stage, the rights issue is likely to be particularly underwritten by MIL. It is intended to deduct from the underwriting commitment advances received from MIL prior to the rights issue.

#### Acquisitions

Given the completion of the various activities relating to the Governor Broome Sands project, the Board is now focused on looking at acquisitions which are likely to be value accretive.

#### Board and management

There has been no change in the board and management of the Company since 30 June 2014.



### **Auditor's Independence Declaration**

The auditor's independence declaration for the Half-Year ended 31 December 2014 has been received and can be found on page 5 of the financial report.

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

A handwritten signature in black ink, appearing to be 'Kris Knauer', located below the text 'Mr Kris Knauer'.

Mr Kris Knauer  
**Chairman**

Dated 11 March 2015

**RSM Bird Cameron Partners**  
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### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Astro Resources NL for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

  
**RSM BIRD CAMERON PARTNERS**

**C J HUME**  
Partner

Sydney, NSW  
Dated: 11 March 2015



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

For the Half-Year Ended 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
<b>Continuing Operations</b>			
Revenue	5	2,816	25,016
Exploration expenditure written off	5	(2,000,116)	(672,047)
Other operating expenses	5	(140,000)	(32,540)
Interest paid		(96,253)	(65,268)
Administration expenses		(258,909)	(254,003)
		<b>(2,492,462)</b>	<b>(998,842)</b>
<b>(Loss) from continuing operations before income tax</b>			
Income tax expense		-	-
		<b>(2,492,462)</b>	<b>(998,842)</b>
<b>(Loss) from continuing operations after tax</b>			
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net Gain/(Loss) on Revaluation of Financial Assets Available for sale		(2,300)	600
		<b>(2,494,762)</b>	<b>(998,242)</b>
Total comprehensive (loss) for the period			
<b>(Loss) attributable to:</b>			
- Members of Astro Resources NL		(2,494,762)	(998,242)
- Non-controlling interest		-	-
		<b>(2,494,762)</b>	<b>(998,242)</b>
<b>Total comprehensive (loss) attributable to:</b>			
- Members of Astro Resources NL		(2,494,762)	(998,242)
- Non-controlling interest		-	-
		<b>(2,494,762)</b>	<b>(998,242)</b>
<b>Earnings per share (cents per share)</b>			
- basic; for loss for the Half-Year		(0.079)	(0.029)
- diluted; for loss for the Half-Year		(0.079)	(0.029)

The accompanying notes form part of these Financial Statements.





## Consolidated Statement of Financial Position

As at 31 December 2014

	Note	31 December 2014 \$	30 June 2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		34,864	281,439
Trade and other receivables		79,021	84,664
Inventories		4,000	4,000
Other current assets		67,298	19,798
<b>TOTAL CURRENT ASSETS</b>		<b>185,183</b>	<b>389,901</b>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments		6,400	8,700
Plant and equipment		150,000	150,000
Exploration expenditure	6	1,434,908	3,828,821
Interest in Associate	7	474,687	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,065,995</b>	<b>3,987,521</b>
<b>TOTAL ASSETS</b>		<b>2,251,178</b>	<b>4,377,422</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	633,757	265,244
Borrowings	9	1,317,000	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,950,757</b>	<b>265,244</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		-	1,317,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>1,317,000</b>
<b>TOTAL LIABILITIES</b>		<b>1,950,757</b>	<b>1,582,244</b>
<b>NET ASSETS</b>		<b>300,421</b>	<b>2,795,178</b>
<b>EQUITY</b>			
Issued capital		9,188,040	9,188,040
Reserves		1,681,052	1,683,352
Accumulated losses		(10,568,671)	(8,076,214)
Parent interest		300,421	2,795,178
Non-controlling interest		-	-
<b>TOTAL EQUITY</b>		<b>300,421</b>	<b>2,795,178</b>

The accompanying notes form part of these Financial Statements.



## Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2014

	31 December 2014 \$	31 December 2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Payments to suppliers and employees	(189,091)	(317,506)
Other (Stamp duty paid on acquisition of 20% stake in Governor Broome)	-	(32,540)
Interest received	1,300	4,758
Other income received	1,516	-
Net cash used in operating activities	<u>(186,275)</u>	<u>(345,288)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payment for exploration	(70,946)	(102,999)
Net cash used in investing activities	<u>(70,946)</u>	<u>(102,999)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital raising costs	-	(64,792)
Borrowing costs associated with convertible note	-	(2,500)
Proceeds from the issue of convertible note	-	500,000
Proceeds from the conversion of options	10,646	-
Net cash provided by financing activities	<u>10,646</u>	<u>432,708</u>
Net decrease in cash and cash equivalents held	(246,575)	(15,579)
Cash and cash equivalents at beginning of year	281,439	347,540
Cash and cash equivalents at end of the Half-Year	<u>34,864</u>	<u>331,961</u>

The accompanying notes form part of these Financial Statements.



## Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2014

	Ordinary shares \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
<b>Balance at 1 July 2014</b>	<b>9,188,040</b>	<b>1,683,352</b>	<b>(8,076,209)</b>	<b>-</b>	<b>2,795,183</b>
Loss for the period attributable to members of the parent entity	-	-	(2,492,462)	-	(2,492,462)
Other comprehensive income	-	(2,300)	-	-	(2,300)
<b>Total comprehensive income for the Half-Year</b>	<b>-</b>	<b>(2,300)</b>	<b>(2,492,462)</b>	<b>-</b>	<b>(2,494,762)</b>
<b>Balance at 31 December 2014</b>	<b>9,188,040</b>	<b>1,681,052</b>	<b>(10,568,671)</b>	<b>-</b>	<b>300,421</b>
<b>Balance at 1 July 2013</b>	<b>9,177,372</b>	<b>1,595,252</b>	<b>(6,927,260)</b>	<b>72,973</b>	<b>3,918,337</b>
Loss for the period attributable to members of the parent entity	-	-	(998,842)	-	(998,842)
Other comprehensive income	-	600	-	-	600
<b>Total comprehensive income for the Half-Year</b>	<b>-</b>	<b>600</b>	<b>(998,842)</b>	<b>-</b>	<b>(998,242)</b>
<b>Transactions with owners in their capacity as owners</b>					
Non-controlling interest	-	-	-	(72,973)	(72,973)
<b>Balance at 31 December 2013</b>	<b>9,177,372</b>	<b>1,595,852</b>	<b>(7,926,102)</b>	<b>-</b>	<b>2,847,122</b>

The accompanying notes form part of these Financial Statements.



## Condensed Notes to the Financial Accounts

### For the Half-Year Ended 31 December 2014

#### 1 CORPORATE INFORMATION

The financial report of Astro Resources NL (the 'Company') for the Half-Year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 11 March 2015.

Astro Resources NL is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Half-Year financial report should be read in conjunction with the Annual Financial Report of Astro Resources NL as at 30 June 2014.

It is also recommended that the Half-Year financial report be considered together with any public announcements made by Astro Resources NL and its controlled entities during the Half-Year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

##### (a) Basis of Preparation

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

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

##### (b) Going Concern

The 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.

The consolidated entity incurred a loss of \$2,492,462 and had cash outflows from operating and investing activities of \$186,275 and \$70,946 respectively for the half year ended 31 December 2014. Additionally as at 31 December 2014, the Company had net current liabilities of \$1,765,574. These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- the corporate and administrative cost overheads of the Group have been restructured;
- the Company has entered into a Joint Venture arrangement with Iluka Resources in relation to its Governor Broome tenement – tenement number E70/2464. This will have the effect of reducing the cash outflow for the Company. In addition to the above, the Company has also applied for a retention licence in relation to its other major Governor Broome tenement – E70/2372. Again, if successful, this application will reduce the level of expenditure for this tenement;
- the Company has received since balance date the amount of \$200,000 from a major shareholder, Mining Investments Limited, MIL. This amount is part of a total facility of up to \$500,000; and



- the Company has announced its intention of a rights issue, which is to be partially sub-underwritten by MIL. Any shortfall will extinguish the amount owing to MIL as a result of the advances.

Having regard to the above factors the Directors are of the opinion that the basis upon which the financial statements are presented is appropriate in the circumstances. In the event that further capital cannot be raised, there may be significant uncertainty whether the consolidated entity will be able to continue as a going concern and may be required to realise its assets and extinguish its liabilities other than in the normal course of the business and at amounts different from those stated in the financial statements.

The financial statements do not include adjustments, if any, relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

**(c) Basis of consolidation**

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

**(d) Investment in Associate**

An associate is entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the entity or unincorporated joint venture but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted for the post-acquisition change in the Group's share net assets of the associate entity. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

On 23 December 2014, the Company entered into an arrangement with Iluka Resources Limited (“Iluka”) in relation to a tenement which was previously subject to the control of the Group. However, as set out in note 7, the Company has relinquished control of this tenement in favour of Iluka and that such relinquishment is via the contractual rights given to Iluka under the terms of the agreement. Further details of the relationship with Iluka are set out in note 7.

**(e) New Accounting Standards and Interpretations**

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

There have been no new and revised Standards and amendments thereof and interpretations effective for the current Half-Year that are relevant to the Group.

**3 FINANCIAL RISK MANAGEMENT**

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2014.

**4 SEGMENT INFORMATION**

**Identification of reportable segments**

**Operating Segments**

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

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

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



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

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

### **Types of Products and Services**

#### *Heavy mineral Exploration*

The Company is currently conducting exploration upon tenements considered prospective for heavy minerals. No income has been derived from the recovery of mineral sands in period ending 31 December 2014 (2013: Nil).

#### *Diamond exploration*

The Company is currently conducting exploration upon tenements considered prospective for diamonds. No income has been derived from the recovery of diamonds in the period ending 31 December 2014 (2013: Nil).

#### *Uranium exploration*

In 2013, the Company has abandoned its uranium licence. No income has been derived from the recovery of uranium in period ending 31 December 2014 (2013: Nil).



**Segment Information**

	<b>Diamond</b>	<b>Uranium</b>	<b>Heavy minerals</b>	<b>Unallocated</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Six months ended 31 December 2014					
<b>Revenue</b>					
Other revenue from external customers	-	-	-	2,816	2,816
Inter-segment revenue	-	-	-	-	-
Total segment revenue	-	-	-	2,816	2,816
<b>Result</b>					
Segment result	(698)	(1,684)	(2,006,324)	(483,756)	(2,492,462)
(Loss) before income tax and non-controlling interests	(698)	(1,684)	(2,006,324)	(483,756)	(2,492,462)
					(1,023,859)
Income tax expense	-	-	-	-	-
Net (loss) for the six months after tax as per Statement of Comprehensive Income	(698)	(1,684)	(2,006,324)	(483,756)	(2,492,462)
<b>Other segment information</b>					
Interest revenue	-	-	-	1,516	1,516
Other income	-	-	-	1,300	1,300
<b>Assets and Liabilities</b>					
Segment assets					
- Exploration Expenditure	273,168	-	1,636,427	-	1,909,595
- Plant and Equipment	150,000	-	-	-	150,000
- Inventories	4,000	-	-	-	4,000
	427,168	-	1,636,427	-	2,063,595
Unallocated assets					
- Available for sale assets	-	-	-	6,400	6,400
- Cash and cash equivalents	-	-	-	34,864	34,864
- Trade and other receivables	-	-	-	78,998	78,998
- Other assets	-	-	-	67,321	67,321
Total assets as per the Statement of Financial Position	427,168	-	1,636,427	187,583	2,251,178
Segment and unallocated liabilities					
- Trade and other payables	25,350	-	125,544	482,863	633,757
- Borrowings	150,000	-	750,000	417,000	1,317,000
Total liabilities as per the Statement of Financial Position	175,350	-	875,544	899,863	1,950,757

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### Astro Resources NL and Controlled Entities



Six months ended 31 December  
2013

#### Revenue

	Diamond \$	Uranium \$	Heavy minerals \$	Unallocated \$	Total \$
Other revenues from external customers	-	20,000	-	5,016	25,016
Inter-segment revenue	-	-	-	-	-

Total segment revenue	-	20,000	-	5,016	25,016
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#### Result

Segment result	(7,104)	(588,700)	(2,0034,900)	(368,138)	(988,842)
(Loss) before income tax and non-controlling interests	(7,104)	(588,700)	(34,900)	(368,138)	(988,842)
Income tax expense	-	-	-	-	-
Net (loss) for the six months after tax as per Statement of Comprehensive Income	(7,104)	(588,700)	(34,900)	(368,138)	(988,842)

Interest Revenue	-	-	-	5,016	5,016
Depreciation	-	20,000	-	-	20,000

#### Assets and Liabilities

Segment assets					
- Exploration Expenditure	244,703	-	3,531,469	-	3,776,172
- Plant and Equipment	150,000	-	-	-	150,000
- Inventories	4000	-	-	-	4000
	398,703	-	3,531,469	-	3,930,152

Unallocated assets					
- Available for sale assets	-	-	-	4,200	4,200
- Cash and cash equivalents	-	-	-	331,961	331,961
- Trade and other receivables	-	-	-	73,036	73,036
- Other assets	-	-	-	36,211	36,211

Total assets as per the Statement of Financial Position	398,703	-	3,531,469	449,516	4,379,688
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Segment and unallocated liabilities					
- Trade and other payables	7,104	-	34,900	90,561	132,565
- Other creditors	150,000	-	750,000	500,000	1,400,000

Total liabilities as per the Statement of Financial Position	157,104	-	784,900	590,561	1,532,566
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## 5 REVENUE, INCOME AND EXPENSES FROM CONTINUING OPERATIONS

### Revenue

	31 December 2014 \$	31 December 2013 \$
Finance revenue	2,816	25,016
Total revenue	2,816	25,016
<i>Breakdown of finance revenue</i>		
Interest - Other entity	1,516	5,016
Other Income	1,300	-
Write back of deferred consideration	-	20,000
	2,816	25,016

### Expenses

Impairment – Exploration expenditure	2,000,000	-
Prepaid royalty expenses	140,000	-
	2,140,000	-

## 6 NON CURRENT ASSETS – EXPLORATION EXPENDITURE

The carrying cost of exploration expenditure is as follows:

	31 December 2014 \$	30 June 2014 \$
Exploration Expenditure (at cost)	5,324,818	5,718,585
Less: Impairment	(3,889,910)	(1,889,764)
Total	1,434,908	3,828,821

### Impairment

Included in the capitalised exploration costs is the Governor Broome Sands (that is, heavy minerals project), tenement number E70/2372. Since balance date, the Group has applied for this tenement to be converted into a “retention licence” on the basis that no further meaningful exploration work can be undertaken. If successful, the Group will not be subject to any minimum expenditure commitments for this tenement. More importantly, a retention licence will enable the Group to hold this hold this tenement until such time as heavy mineral sands prices reach a point of making this tenement economical

In view of the above, the Board has formed a view that an additional provision for impairment of \$2,000,000 is required. The additional provision is believed to reduce the carrying value of the exploration asset to fair value. In determining the fair value, the Board has had regard for the following:

- future outlook of mineral sands prices;
- the level of resources, as recently determined by the competent person;
- potential range of operating costs for the exploitation of the resources; and
- capital expenditure required.

The Board has formed the view that other key capitalised exploration asset namely, the diamond project does not require impairment.



## 7 NON CURRENT ASSETS – INTEREST IN ASSOCIATE

### Information about the Associate

On the 23 December 2014, the Company entered into a Farm-in and joint venture arrangement (“**Arrangement**”) with Iluka Resources Limited (“**Iluka**”). The arrangement relates to the Governor Broome project, tenement number E70/2464 (“**Property**”). 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 with Iluka, 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. Iluka has the right to withdraw from the joint venture at any time, if it wishes. Moreover, upon the further spending of another \$160,000 Iluka would have the right to earn a further 29%, taking it to 80%. Thereafter, the Group will have a free carried interest in the Property until such time as the maiden resource is announced.

Despite the fact that Iluka has not earned its interest under the terms of the Arrangement, there is a contractual relationship in place which provides for control of the Property in favour of Iluka. This contractual right recognises Iluka’s incoming controlling interest and the need to establish the necessary protocols before commencing the spending of the funds required to achieve its initial 51% interest in the Arrangement. The loss of control is recognised as a result of the management agreement which is in place from the commencement of the Arrangement and particularly, Iluka’s right to be the manager responsible for the Arrangement.

A summary of the Arrangement is as follows:

Name	Classification	Place of Business/ Incorporation	Proportion of Ordinary Share Interests/ Participating Share		Measurement Method	Carrying Amount	
			2014 %	2013 %		2014 \$000	2013 \$000
Governor Broome Sands Pty Ltd	Associate	Perth, Australia	100	100	Equity Method	474,687	443,181

### Commitments in Respect of Associates

Until the point in time whereby the Group loses control of the Property, it remains liable for all commitments of the associate up to the point in time when Iluka earns its interest.

## 8 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Current trade and other payables of \$633,757 is comprised of the following:

	31 December 2014	30 June 2014
	\$	\$
Trade Creditors	178,542	86,427
Interest Payable	225,815	139,217
Accrued Consulting Costs and Directors Fees	89,400	39,600
Royalty Payable	(a) 140,000	-
Total	633,757	265,244

(a) This relates to consideration payable to the royalty holders, Reliance Natural Resource Fund Pty Limited and MIL for the reduction of their royalty interest in tenement E70/2464.



## 9 CURRENT LIABILITIES – BORROWINGS

Current borrowings of \$1,317,000 comprises of the following:

		31 December 2014	30 June 2014
		\$	\$
Pure Steel	(a)	250,000	-
Reliance Natural Resource Fund	(a)	250,000	-
David Gibbs		150,000	-
Mining Investments Ltd		750,000	-
Equity consideration on above convertible notes		(83,000)	-
Total		<u>1,317,000</u>	<u>-</u>

Each of the above convertible notes are unsecured and have the following terms:

- interest rate: 12% per annum.
- repayable in cash or convertible into Company shares at the election of the lender based on an issue price which is the lower of ten cents per share or 80% of the 30 day average trading volume weighted share price;
- term of Loan: 12 months from 30 October 2014; and
- an establishment fee of \$12,500 is payable in respect of the loan notes for the cash issue to Mining Investments Limited and Pure Steel Limited, totalling \$500,000.

### Notes

- (a) Since balance date, these notes have been sold to MIL. The notes cannot be converted into shares without shareholder approval, given MIL's shareholding in the Company. Shareholder approval has been obtained in respect of the original notes issued to MIL.

## 10 ACQUISITION

### 2014

There were no acquisitions during the Half-Year ended 31 December 2014.

### 2013

On 15th August 2013, the Company announced that it had entered into an agreement to acquire the remaining 20% shareholding in Governor Broome Sands that it does not own. The purchase price was \$750,000 and is funded by a convertible note.

Set out below is the accounting treatment of the acquisition:

	31 December 2014	30 June 2014
	\$	\$
Fair value of the acquisition purchase price	-	750,000
Less: acquisition of the outside equity interest in the subsidiary – Governor Broome	-	(72,973)
Exploration expenditure (Governor Broome)	<u>-</u>	<u>677,027</u>



## 11 COMMITMENTS AND CONTINGENCIES

### Exploration

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

No later than one year	<b>212,594</b>	320,861
	<b>212,594</b>	<b>320,861</b>

The contingent liabilities in relation to minimum expenditure on tenements held by the group are:

	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
East Kimberley Diamond Corporation Pty Ltd	<b>90,752</b>	100,672
Governor Broome Sands Pty Ltd	<b>121,842</b>	220,189
	<b>212,594</b>	<b>320,861</b>

## 12 CONTRIBUTED EQUITY

	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Ordinary shares (i)	<b>9,188,040</b>	9,188,040
	<b>9,188,040</b>	<b>9,188,040</b>

### (i) Ordinary shares

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

Movement in ordinary shares on issue

<b>Date</b>	<b>Details</b>	<b>No.</b>	<b>\$</b>
1 July 2014	Opening balance	3,488,062,324	9,188,040
12 December 2014	Share consolidation (1:100) (Note a)	<b>(3,455,307,603)</b>	
31 December 2014		<b>34,902,097</b>	<b>9,188,040</b>

(a) The shareholders approved at the annual general meeting of the Company to consolidate the ordinary shares at the rate of for every 100 shares, one share.

### (ii) Options

There are currently no listed options held in the Company.



### **13 EVENTS AFTER THE BALANCE SHEET DATE**

Since balance date, the Company received \$200,000 in funding from MIL. These funds were used to pay creditors and maintain working capital.

Except for the above, no other matters or circumstances have arisen since the end of the financial Half-Year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.



## Director's Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2014 and of its performance for the Half-Year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to be 'Kris Knauer', located below the declaration text.

Mr Kris Knauer  
**Chairman**

Dated 11 March 2015

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE MEMBERS OF**  
**ASTRO MINERALS NL**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Astro Minerals NL and its controlled entities which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Astro Minerals NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Astro Minerals NL, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Emphasis of Matter*

Without qualifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a loss of \$2,492,462 and had net cash outflows from operating activities and investing activities of \$186,275 and \$70,976 respectively for the half year ended 31 December 2014. Additionally as at 31 December 2014, the Company had net current liabilities of \$1,765,574. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

  
**RSM BIRD CAMERON PARTNERS**

**C J Hume**  
Partner

Sydney, NSW  
Dated: 11 March 2015