astro resources nl

and Controlled Entities

ABN 96 007 090 904

Half-Year Report

31 December 2015

Contents

	Page
Directors' Report	1
Operating Results and Review of Operations	1
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Cash Flows	8
Consolidated Statement of Changes in Equity	9
Notes to the Financial Statements	10
Directors' Declaration	20
Independent Auditor's Review Report	21

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 2015 ("Half-Year").

Directors

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

Mr Jacob Khouri (Appointed 19 August 2015)	Non-Executive Chairman
Mr Graham Libbesson	Non-Executive Director
Mr Michael Povey	Executive Director

During the Half-Year period, Mr Kris Knauer resigned as a Director on the 19 August 2015.

Review of Results and Operations

The Group reported a net loss of $368,087 (2014: $2,492,762) 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-Half Year:

- administration costs have decreased from $258,909 (December 2014) to $235,785 (December 2015); and

- interest expense has increased from $96,253 (December 2014) to $133,902 (December 2015). This increase is relates to the increased level of funding to the Company from its major shareholder, Mining Investments Limited ("**MIL"**).

A provision for impairment of $2,000,000 was made for the Governor Broome Mineral Sands project in December 2014. The Directors have considered any further impairment in the current period and have formed the view that none is required.

In addition to the above, included in the "other operating costs" during the period was an one-off expense for amount representing future royalties in respect of the tenement which relates to the Iluka Resources Limited Farm-in and joint venture arrangement ("**Iluka JV").**

Statement of financial position

During the Half-Year the following key items occurred:

- the cash balance decreased from $141,738 at 30 June 2015 to $5,150 at 31 December 2015;

- the trade and other payables balance increased from $39,426 at June 2015 to $159,241 at December 2015, an increase of $119,815; and

- a decrease in short term borrowings of $778,182, due to the conversion of convertible notes into equity by MIL. More details in relation to this conversion can be found under the 'Corporate' section of the directors report.

Cash Flow

The Half-Year cash flow to 31 December 2015 of the Group included:

- an increase in exploration costs from $70,946 at December 2014 to $193,336 at December 2015, mainly reflecting the work done for the East Kimberly Diamond project;
- a decrease in administrative costs from $186,275 at December 2014 to $143,251 at December 2015; and
- $200,000 (2014: $nil) from borrowings made by MIL and a Director related entity of Mr Jacob Khouri.

Operations

The "Company" is an Australian-based diversified mineral resources and is expected to be a fitness and well-being app company. A summary of the Company's operations for the Half Year can be found below.

Mineral Resources Operations Summary

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

Governor Broome, Mineral Sands

The key points to note in relation to exploration work undertaken for this project are:

- on 27 October 2015, Iluka advised the Company that it had undertaken the minimum level of expenditure required under the joint venture/farm-in and exploration joint venture agreement for tenement E70/2464 and as a result, the Iluka JV was established, with the Group holding a 49% interest and Iluka, a 51% share. Under the Iluka JV, 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;
- Iluka completed the first phase of exploration drilling on E70/2464 in the September 2015 quarter with 115 holes drilled for 1,881m on three traverses. Drilling intersected the target Pleistocene Warren Sands and for most holes, the drilling has confirmed the presence of low grade (<5.0% per cent HM) mineralisation on each traverse;
- Iluka drilled a further 46 holes in the December quarter, with assay results from these drills confirming low grade heavy mineral mineralisation. Ten mineralogical samples were submitted to Iluka laboratory in Capel for mineral assemblage and abundance studies with results expected in the following quarter; and
- consistent with a management strategy to reduce exploration overhead costs, the Company lodged an application for a retention licence (R70/53) covering the Governor Broome North, South, Southeast and that portion of the East resource within E70/2372 and P70/1583. The retention licence allows the Company to secure and develop the known resource without the financial commitments of an exploration licence.

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.

During the Half-Year, the key points to note in relation to exploration work undertaken for this project are:

- Drilling commenced on the East Kimberly Diamond tenements. Results from the drilling program undertaken revealed that:
  - low tenor but significant base metal intersections with elevated copper and zinc values, one with – 2g/t Ag and trace Au is associated with a highly sulphidic massive biotite unit. The biotite indicates potassic alteration which is common in porphyry copper assemblages. The results warrant further investigation;

- no diamond indicator minerals were found in the drilled magnetic anomalies but additional targets remain in the project area. However, field observation of cemented outcropping conglomerates during the drilling programme indicates that they may be a potential source of alluvial diamonds in addition to the gravel beds at Lower Smoke Creek; and

- further test work is required to test for alluvial diamonds in the basal levels and deeper traps in the various Lower Smoke Creek gravel beds, Previous sampling has returned increasing grades with depth and a similar correlation was found in the mined gravels at the nearby Bow River mine (now closed).

More information in relation to the East Kimberley Diamond drill can be found in the Company's quarterly announcement released to the ASX on 28 January 2016.

Fitness App Operations Summary

On the 12th November 2015, the Company announced that it had entered into a non-binding heads of agreement for the proposed acquisition of 100% of Gymeny. Gymeny is a technology based company that is involved in the fitness and well-being sector that is positioned to become a leading global holistic wellbeing ecosystem and location based platform for health, fitness and lifestyle products services.

At the time of entering into the non binding heads of agreement, the expected purchase price was $17 million to be satisfied by way of issue of 885,416,667 shares in Astro, plus $2.5 million deferred consideration subject to certain performance hurdles. However, with the decline in the Company's share price, this value has been reduced. As part of the proposed transaction, the Company will also issue a prospectus and undertake re-compliance with Chapters 1 and 2 of the ASX Listing Rules. The Company also intends to seek further approval for a share consolidation of one new share for every 20 shares currently held.

The proposed transaction is subject to a number of conditions including due diligence and funding. These conditions including:

(a) due diligence and execution of a sale and purchase agreement;

(b) all necessary regulatory approvals;

(c) appropriate board and shareholder approvals, including the change of name to "Gymeny Ltd";

(d) appointment of two new board members;

(e) satisfaction by ARO of Chapters 1 and 2 of the ASX Listing Rules; and

(f) ARO issuing a Prospectus and having the document registered by ASIC; and

(g) a capital raising of a minimum of $3 million.

Corporate

Funding

During the Half-Year, the Company received notice from MIL and Mr David Gibbs to convert into shares the outstanding amount of their loans (including accrued interest and fees). As a result, the Company issued 75,463,818 shares to the above parties.

There still remains two convertible notes, plus interest and fees owing to MIL, at the Half-Year. However, as detailed in the events subsequent to the balance date, it is intended that these convertible notes are repaid from a forthcoming rights issue.

In addition, during the period, MIL provided an additional $100,000 in funding during the Half Year. This now brings the balance of the temporary facility owing to MIL to $600,000. The terms of the facility are as follows:

Loan Facility of $600,000 re cash funding

Security	Unsecured loan.
Interest Rate	10% per annum. Interest to be accrued quarterly.

Repayment	repayment is to be made by way of: I. cash; or II. capitalisation via the proposed Rights Issue.

An entity which is related to Mr Jacob Khouri also provided an additional $100,000 in funding. The terms of the facility are as follows:

Loan Facility of $100,000 re cash funding

Security	Unsecured loan.
Interest Rate	10% per annum and a 1% facility p.a. Interest to be accrued quarterly.
Repayment	repayment is to be made by way of: I. cash; or II. capitalisation via the proposed Rights Issue.

Events subsequent to balance date

The following matters have occurred since balance date:

(a) on 4 January 2016, the Company announced that it intends to undertake a renounceable rights issue for 2:1 at 1 cent plus one free attaching option with an exercise price of 1 cent and a three year expiry date ("Rights Issue") so as to raise funds to enable it to fund the transaction costs in relation to Gymeny, partly fund "Astro 2" (see below) and to repay various convertible notes. Additionally, a further rights issue of $3 million is also intended to be undertaken to fund the Gymeny operations going forward (assuming that it is approved by shareholders) and that rights issue will also be undertaken at a price of 1 cent plus a further free attaching option at 1 cent per share and a three year expiry date. However, due to the change in market conditions, the Company announced on the 18 February 2016, that it intends to re-price the Rights Issue;

(b) In addition, on the 18 February 2016, the Company announced that it intends to consider the purchase of additional businesses;

(c) on 4 January 2016, the Company also announced that it intends to effect a demerger of the various mineral assets, that is, Governor Broome and East Kimberly Diamond ("**Astro 2**"). It is proposed that Astro 2 will be an unlisted public company managed by the existing board; and

(d) on the 18 February 2016, the Company announced that it had received as an unsecured advance of $250,000 from MIL as part of its contribution to the Rights Issue.

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.

Director: ....
Mr Jacob Khouri
Chairman

10 March 2016

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

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 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

RSM AUSTRALIA PARTNERS

C J HUME
Partner

Sydney, NSW
Dated: 10 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2015

	Note	31 December 2015 $	31 December 2014 $
Continuing Operations			
Revenue	5	**-**	2,816
Exploration expenditure written off		**-**	(2,000,116)
Other operating expenses		**-**	(140,000)
Interest paid		**(133,902)**	(96,253)
Administration expenses		**(235,785)**	(258,909)
(Loss) from continuing operations before income tax		**(369,687)**	(2,492,462)
Income tax expense		**-**	-
(Loss) from continuing operations after tax		**(369,687)**	(2,492,462)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net Gain/(Loss) on Revaluation of Financial Assets Available for sale		**1,600**	(2,300)
Total comprehensive (loss) for the period		**(368,087)**	(2,494,762)
(Loss) attributable to:			
- Members of Astro Resources NL		**(368,087)**	(2,494,762)
- Non-controlling interest		**-**	-
		(368,087)	(2,494,762)
Total comprehensive (loss) attributable to:			
- Members of Astro Resources NL		**(368,087)**	(2,494,762)
- Non-controlling interest		**-**	-
		(371,087)	(2,494,762)
Earnings per share (cents per share)			
- basic; for loss for the Half-Year		**(0.867)**	(0.079)
- diluted; for loss for the Half-Year		**(0.525)**	(0.079)

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	31 December 2015 $	30 June 2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**5,150**	141,738
Trade and other receivables		**74,788**	70,313
Inventories		**4,000**	4,000
Other current assets		**44,120**	35,879
TOTAL CURRENT ASSETS		**128,058**	251,930
NON-CURRENT ASSETS			
Available-for-sale investments		**5,600**	4,000
Plant and equipment		**150,000**	150,000
Exploration expenditure	6	**2,243,733**	2,024,623
TOTAL NON-CURRENT ASSETS		**2,399,333**	2,178,623
TOTAL ASSETS		**2,527,391**	2,430,553
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	**453,544**	309,126
Borrowings	8	**1,425,162**	2,203,344
TOTAL CURRENT LIABILITIES		**1,878,706**	2,512,470
NON-CURRENT LIABILITIES		-	-
TOTAL NON-CURRENT LIABILITIES		**-**	-
TOTAL LIABILITIES		**1,878,706**	2,512,470
NET ASSETS		**648,685**	(81,917)
EQUITY			
Issued capital		**10,357,729**	9,188,040
Reserves		**1,609,252**	1,678,652
Accumulated losses		**(11,318,296)**	(10,948,609)
TOTAL EQUITY		**648,685**	(81,917)

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2015

	31 December 2015 $	31 December 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	**(143,251)**	(189,091)
Interest received	**-**	1,300
Other income received	**-**	1,516
Net cash used in operating activities	**(143,251)**	(186,275)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for exploration	**(193,336)**	(70,946)
Net cash used in investing activities	**(193,336)**	(70,946)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	**200,000**	-
Proceeds from the conversion of options	**-**	10,646
Net cash provided by financing activities	**200,000**	10,646
Net decrease in cash and cash equivalents held	**(136,587)**	(246,575)
Cash and cash equivalents at beginning of year	**141,737**	281,439
Cash and cash equivalents at end of the Half-Year	**5,150**	34,864

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2015

	Ordinary shares $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2015	**9,188,040**	**1,678,652**	**(10,948,609)**	**(81,917)**
Loss for the period attributable to members of the parent entity	**-**	**-**	**(369,687)**	**(369,687)**
Conversion of convertible notes	**1,169,689**	**-**	**-**	**1,169,689**
Equity component on convertible notes	**-**	**(71,000)**	**-**	**(71,000)**
Other comprehensive income	**-**	**1,600**	**-**	**1,600**
Balance at 31 December 2015	**10,357,729**	**1,609,252**	**(11,318,296)**	**648,685**
Balance at 1 July 2014	9,188,040	1,683,352	(8,076,209)	2,795,183
Loss for the period attributable to members of the parent entity	-	-	(2,492,462)	(2,492,462)
Other comprehensive income	-	(2,300)	-	(2,300)
Balance at 31 December 2014	9,188,040	1,681,052	(10,568,671)	300,421

The accompanying notes form part of these Financial Statements.

Condensed Notes to the Financial Accounts

For the Half-Year Ended 31 December 2015

1 CORPORATE INFORMATION

The financial report of Astro Resources NL (**the 'Company'**) for the Half-Year ended 31 December 2015 was authorised for issue in accordance with a resolution of the Directors on 10 March 2016.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Half-Year financial report should be read in conjunction with the Annual Financial Report of Astro Resources NL as at 30 June 2015.

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 2015 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 liabilities in the normal course of business.

The consolidated statement of profit or loss and other comprehensive income reflects a total comprehensive loss for the period of $368,087 and the Group had net cash out flows from operating and investing activities of $143,251 and $193,336 respectively for the half year ended 31 December 2015. The Group has net current liabilities of $1,750,648 as at that date. The Group will need to raise additional capital or source alternative funding in order to continue as a going concern.

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 the consolidated entity will be able to continue as going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report after consideration of the following factors:

- the Company has entered into a Joint Venture Agreement with Iluka Resources in relation to its Governor Broome tenement – tenement number E70/2464. This will have the effect of reducing cash outflow for the Company;
- as disclosed in Note 6, the Company has applied for a retention licence in relation to its other major Governor Broome tenement- E70/2372. If successful, this application will reduce the level of expenditure for this tenement;

- the Company has announced its intention of a $2.2million rights issue, which is expected to be fully underwritten and the Company's major shareholder, Mining Investment Limited will participate in this Rights Issue;
- the Company has announced it will acquire a company called Gymeny Pty Ltd. As part of this acquisition, there is expected to be a second rights issue for $3 million and it is envisaged that Gymeny should be able to generate revenues in the foreseeable future;
- the Company has received an advance for the rights issue of $250,000 from its major shareholder, Mining Investment Limited ("MIL"). The advance is an interest free advance and will be applied against MIL's entitlement of the rights issue; and
- the administrative cost overheads of the Group have been restructured to achieve a reasonable level.

Should the Company be unsuccessful in the above, there is significant uncertainty as to whether the Company would be able to continue as 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.

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

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 2015.

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 2015 (2014: 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 2015 (2014: Nil).

Segment Information

	Diamond $	Heavy minerals $	Unallocated $	Total $
Six months ended 31 December 2015				
Revenue				
Other revenue from external customers	-	-	-	-
Inter-segment revenue	-	-	-	-
Total segment revenue	-	-	-	-
Result				
Segment result	(352)	(179)	(369,156)	(369,687)
(Loss) before income tax and non-controlling interests	(352)	(179)	(369,156)	(369,687)
Income tax expense	-	-	-	-
Net (loss) for the six months as Statement of Comprehensive Income	(352)	(179)	(369,399)	(369,930)
Other segment information				
Interest revenue	-	-	-	-
Other income	-	-	-	-
Assets and Liabilities				
Segment assets				
- Exploration Expenditure	449,768	1,285,715	-	1,735,483
- Interest in Joint Venture	-	508,250	-	508,250
- Plant and Equipment	150,000	-	-	150,000
- Inventories	4,000	-	-	4,000
	603,768	1,793,965	-	2,397,733
Unallocated assets				
- Available for sale assets	-	-	5,600	5,600
- Cash and cash equivalents	-	1,812	3,338	5,150
- Trade and other receivables	-	-	9,997	9,997
- Borrowing costs	-	-	64,791	64,791
- Other assets	9,256	19,332	15,532	44,120
Total assets as per the Statement of Financial Position	613,024	1,815,109	99,258	2,527,391
Segment and unallocated liabilities				
- Trade and other payables	-	-	967,702	967,702
- Borrowings	-	140,000	700,000	840,000
Total liabilities as per the Statement of Financial Position	-	140,000	1,667,702	1,807,702

	Diamond	Uranium	Heavy minerals	Unallocated	Total
	$	$	$	$	$
Six months ended 31 December 2014					
Revenue					
Other revenue from external customers	-	-	-	2,816	2,816
Inter-segment revenue	-	-	-	-	-
Total segment revenue	-	-	-	2,816	2,816
Result					
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)
Income tax expense	-	-	-	-	-
Net (loss) for the six months as Statement of Comprehensive Income	(698)	(1,684)	(2,006,324)	(483,756)	(2,492,462)
Other segment information					
Interest revenue	-	-	-	1,516	1,516
Other Income	-	-	-	1,300	1,300
Assets and Liabilities					
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
- Borrowing costs	-	-	-	64,791	64,791
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

5 REVENUE, INCOME AND EXPENSES FROM CONTINUING OPERATIONS

Revenue

	31 December 2015 $	31 December 2014 $
Finance revenue	-	2,816
Total revenue	-	2,816

Breakdown of finance revenue

Interest - Other entity	-	1,516
Other Income	-	1,300
	-	2,816

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 2015 $	30 June 2015 $
Exploration Expenditure (at cost)	**6,133,643**	5,914,533
Less: Impairment	**(3,889,910)**	(3,889,910)
Total	**2,399,333**	2,024,623

Impairment

Included in the capitalised exploration costs is the Governor Broome Sands (that is, heavy minerals project), tenement number E70/2372. 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.

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:

(a) future outlook of mineral sands prices;

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

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

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

7

Information about the farm in Joint Venture arrangment

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 year?????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.

On 26 October 2015, the Company announced that Iluka had undertaken the minimum level of expenditure under the terms of the arrangement. Accordingly, the investment and expenditure associated with this Property has been deconsolidated and recognised as an "equity investment".

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	
			2015 %	2014 %		2015 $000	2014 $000
Governor Broome Sands Pty Ltd	Associate	Perth, Australia	49	100	Equity Method	508,250	-

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.

7 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Current trade and other payables of $453,544 is comprised of the following:

		31 December 2015 $	30 June 2015 $
Trade Creditors		**159,244**	39,426
Accrued Consulting Costs and Directors Fees		**154,300**	129,700
Royalty Payable	(a)	**140,000**	140,000
Total		**453,544**	309,126

Notes

(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.

8 CURRENT LIABILITIES – BORROWINGS

Current borrowings of $1,425,162 comprises of the following:

		31 December 2015 $	30 June 2015 $
Pure Steel (now owned by MIL)	(a)	**250,000**	250,000
Reliance Natural Resource Fund (now owned by MIL)	(a)	**250,000**	250,000
David Gibbs		**-**	150,000
Mining Investments Ltd	(b)	**-**	750,000
Equity consideration on above convertible notes		**(12,000)**	(83,000)
Accrued Rollover Extension Fees on Convertible Notes		**55,000**	55,000
Interest accrued on Convertible Notes		**144,844**	331,344
Loan Facility – MIL	(b)	**600,000**	500,000
Loan Facility - Carakho Holdings Pty Limited	(b)	**100,000**	-
Interest accrued on Loan Facilities		**37,318**	-
Total		**1,425,162**	2,203,344

Notes

(a) These notes have been transferred 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.

(b) Set out below are the terms of the above Convertible Notes and unsecured loan:

Acquisition of the 20% interest in Governor Broome - $250,000 – ex Reliance Natural Resource Fund Pty Limited

Maturity Date	14 months from completion of the Share Sale Agreement. If the note holder elects for any money owing on the Maturity Date to be repaid in cash, the Company can elect to extend this repayment obligation for a further 12 months, during which period all rights available under the note will remain available to the holder (**Rollover Extension**).
Interest Rate	12% per annum. 17% per annum during the Rollover Extension.
Fees payable by the Company	An incentive fee equal to 5% of the conversion amount is payable on each occasion when a conversion notice is received by the Company. If the full Face Value of the note is converted into Shares, this would represent a total fee of $12,500. A payment of $8,500 as a Rollover Consideration was paid as the Rollover Election Notice was provided on 15 October 2014.
Conversion into ordinary shares of the Company	Approval has been given for the conversion of this note into ordinary shares. However, during the financial year, Mining Investments Limited **(“MIL**”) acquired from another party its notes with a face value of $250,000. One the basis that MIL is likely to be a shareholder with more than 20%, the conversion of the $250,000 would require it to make a full takeover offer for the Company.

Cash funding of $250,000 – ex Pure Steel Limited

Maturity Date	14 months from completion of the Convertible Note agreement. If the note holder elects for any money owing on the Maturity Date to be repaid in cash, the Company can elect to extend this repayment obligation for a further 12 months, during which period all rights available under the note will remain available to the holder (Rollover Extension). The Rollover Election Notice was provided on 15 October 2014.
Interest Rate	12% per annum. 17% per annum during the Rollover Extension (if exercised).
Fees payable by the Company	An incentive fee equal to 5% of the conversion amount is payable on each occasion when a conversion notice is received by the Company. If the full Face Value of the note is converted into Shares, this would represent a total fee of $25,000. A payment of $16,500 is payable as a Rollover Consideration if the Company exercises Rollover Extension.

Loan Facility of $600,000 re cash funding – ex MIL

Security	Unsecured loan.
Interest Rate	10% per annum. Interest to be accrued quarterly.
Repayment	repayment is to be made by way of: I. cash; or II. the Rights Issue.

Loan Facility of $100,000 re cash funding – ex Jacob Khouri, a Director related entity

Security	Unsecured loan.
Interest Rate	10% per annum and a 1% facility p.a. Interest to be accrued quarterly.
Repayment	repayment is to be made by way of: I. cash; or II. capitalisation from Rights Issue.

9 ACQUISITION

2015

Apart from the announcement of the intention to acquire Gymeny, there were no acquisitions during the Half-Year ended 31 December 2015.

2014

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

10 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	**181,740**	303,740
	181,740	303,740

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

	31 December 2015 $	30 June 2015 $
East Kimberley Diamond Corporation Pty Ltd	**32,000**	174,000
Governor Broome Sands Pty Ltd	**149,740**	129,740
	181,740	303,740

11 CONTRIBUTED EQUITY

		31 December 2015 $	30 June 2015 $
Ordinary shares	(i)	**10,357,729**	9,188,040
		10,357,729	9,188,040

(i) Ordinary shares

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

Movement in ordinary shares on issue

Date	Details		No.	$
1 July 2015	Opening balance		34,902,097	9,188,040
14 December 2015	Conversion of convertible notes	(a)	75,463,818	1,169,689
31 December 2015			110,365,915	10,357,729

Note

(a) During the Half-Year, the Company received notice from two convertible note holders, MIL and Mr David Gibbs to convert into shares the outstanding amount of their loans (including accrued interest and fees). As a result, the Company issued 75,463,818 shares to the above parties.

(ii) Options

There are currently no listed options held in the Company.

12 EVENTS AFTER THE BALANCE SHEET DATE

The following matters have occurred since balance date:

(a) on 4 January 2016, the Company announced that it intends to undertake renounceable rights issue for 2:1 at 1 cent plus one free attaching option with an exercise price of 1 cent and a three year expiry date ("Rights Issue") so as to raise funds to enable it to fund the transaction costs in relation to Gymeny, partly fund "Astro 2" (see below) and to repay various convertible notes. Additionally, a further rights issue of $3 million is also intended to be undertaken to fund the Gymeny operations going forward (assuming that it is approved by shareholders) and that rights issue will also be undertaken at a price of 1 cent plus a further free attaching option at 1 cent per share and a three year expiry date. However, due to the change in market conditions, the Company announced on the 18 February 2016, that it intend to re-price the Rights Issue;

(b) In addition, on the 18 February 2016, the Company also announced that it intended to consider the purchase of additional businesses;

(c) on 4 January 2016, the Company also announced that intended to effect a demerger of the various mineral assets, that is, Governor Broome and East Kimberly Diamond ("**Astro 2**"). It is proposed that Astro 2 will be an unlisted public company managed by the existing board; and

(d) on the 18 February 2016, the Company announced that it had received as an unsecured advance of $250,000 from MIL as part of its contribution to the Rights Issue.

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 2015 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.

Director ....

Mr Jacob Khouri
Chairman

Dated 10 March 2016

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ASTRO RESOURCES NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Astro Resources NL which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of Astro Resources NL*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Astro Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 $368,087 and had net cash outflows from operating activities and investing activities of $143,251 and $193,336 respectively for the half year ended 31 December 2015. Additionally, as at 31 December 2015 the Company had net current liabilities of $1,750,648. 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 AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 10 March 2016