ANNUAL REPORT 2011

ASTON RESOURCES

ASTON RESOURCES LIMITED

ABN 91 129 361 208

CONTENTS

ANNUAL GENERAL MEETING
Friday, 28 October 2011 10:00am
Brisbane Marriott Hotel 515 Queen Street, Brisbane QLD 4000

FORWARD LOOKING STATEMENTS

Some statements in this report relate to the future and are forward looking statements. Such statements may include, but are not limited to, statements with regard to intention, capacity, future production and grades, projections for sales growth estimates revenues and reserves, targets for cost savings, the construction cost of new projects, projected capital expenditures, the timing of new projects, future cash flow and debt levels, the outlook for minerals and metals prices, the outlook for economic recovery and trends in the trading environment and may be (but are not necessarily) identified by the use of phrases such as "will", "expect", "anticipate", "believe" and "envisage". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside Aston's control. Actual results and developments may differ materially from those expressed or implied in such statements because of a number of factors, including levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation. The production split of the project may vary as a function of geology, demand and other market conditions. Percentages given are indicative only.

Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements and intentions which speak only as at the date of the report. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this report will actually be achieved. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, Aston does not undertake any obligation to publicly release any updates or revisions to any forward looking statements contained in this report, whether as a result of any change in Aston's expectations in relation to them, or any change in events, conditions or circumstances on which any such statement is based.

CHAIRMAN'S LETTER

Dear Shareholders

We are pleased to report that Aston continued to make significant progress over the past year and is now well-positioned for the construction of the world-class Maules Creek Project and delivery of first commercial coal.

The Company's financial position has been transformed through a series of transactions over the last year. In August 2010, Aston successfully completed its IPO – raising $400 million in the largest coal IPO in Australian history. These proceeds were used both to pay down a proportion of the funding used for the acquisition of the Maules Creek Project and for appropriate working capital to progress the detailed engineering design. In December 2010, Aston agreed to sell a 15% stake in the Maules Creek Project to a wholly owned subsidiary of ITOCHU Corporation for $345 million. This sale was completed in May 2011 and these proceeds, together with a $350 million revolving credit facility from ANZ and Macquarie Bank, allowed Aston to retire the balance of the acquisition debt in July 2011. The revolving credit facility provides Aston with significant funding capacity and reduced funding costs. Aston finished the financial year with a strong net cash balance of $161.7 million.

Aston reported a net profit after tax of $242.9 million in Financial Year 2011, against a loss of $137.8 million in 2010. The reported net profit includes a one-off gain on the sale of the 15% interest in the Maules Creek project to ITOCHU and foreign exchange gains on US$ denominated debt.

During the year, Aston completed a comprehensive drilling program that led to an upgrade in the Maules Creek Project's coal resources and reserves. Total JORC resources now stand at 679 Mt and JORC recoverable reserves are 362 Mt. On a marketable reserves basis, Maules Creek is the seventh largest coal deposit in Australia. The coal quality testing from this comprehensive drilling program underpinned a significant upgrade in the expected production of semi-soft coking coal over the first 20 years of production. It is expected that metallurgical coal production will be up to 84% once at full production, with the balance being a low ash, high-energy thermal coal. With a strong outlook for future coking coal market demand, and constrained supply growth, this upgrade to a higher proportion of metallurgical coal should allow Aston to capitalise on expected higher prices, and margins, afforded to metallurgical coals. Aston has flexibility, both in coal quality and coal handling and preparation plant (CHPP) configuration, to tailor the production mix to suit future market conditions.

Aston made solid progress on securing the required environmental approvals and licenses to develop the mine, though not without some delays. The Company lodged its Environmental Application on schedule in February 2011. However, as with most industry participants, Aston subsequently encountered delays due to the NSW State election and the ensuing legislative changes to the planning system. These delays now appear to have been resolved and, in late August 2011, the Maules Creek application was placed on public exhibition and referred by the Minister for Planning and Infrastructure to a Planning Assessment Committee for review. The Planning Assessment Committee is required to provide its report to the Minister by 16 December 2011. Subject to this, all planning approvals are now expected in the first quarter of calendar 2012, and first commercial coal is still expected in mid 2013 – ramping up to 10.5 Mtpa by 2015.

The detailed engineering design program is nearing completion for the CHPP, surface infrastructure and rail spur. The project has been designed to be scalable to 15 Mtpa at low incremental capital cost (subject to planning approvals) – providing enhanced operating efficiencies and the potential to capitalise on growth in future demand. Critical long lead-time equipment for the CHPP has been ordered and tendering of steelwork, fabrication and subcontractors is expected in the coming months. The tendering process for contractors is well progressed and the appointment of preferred construction and operational contractors will occur progressively over the next six months.

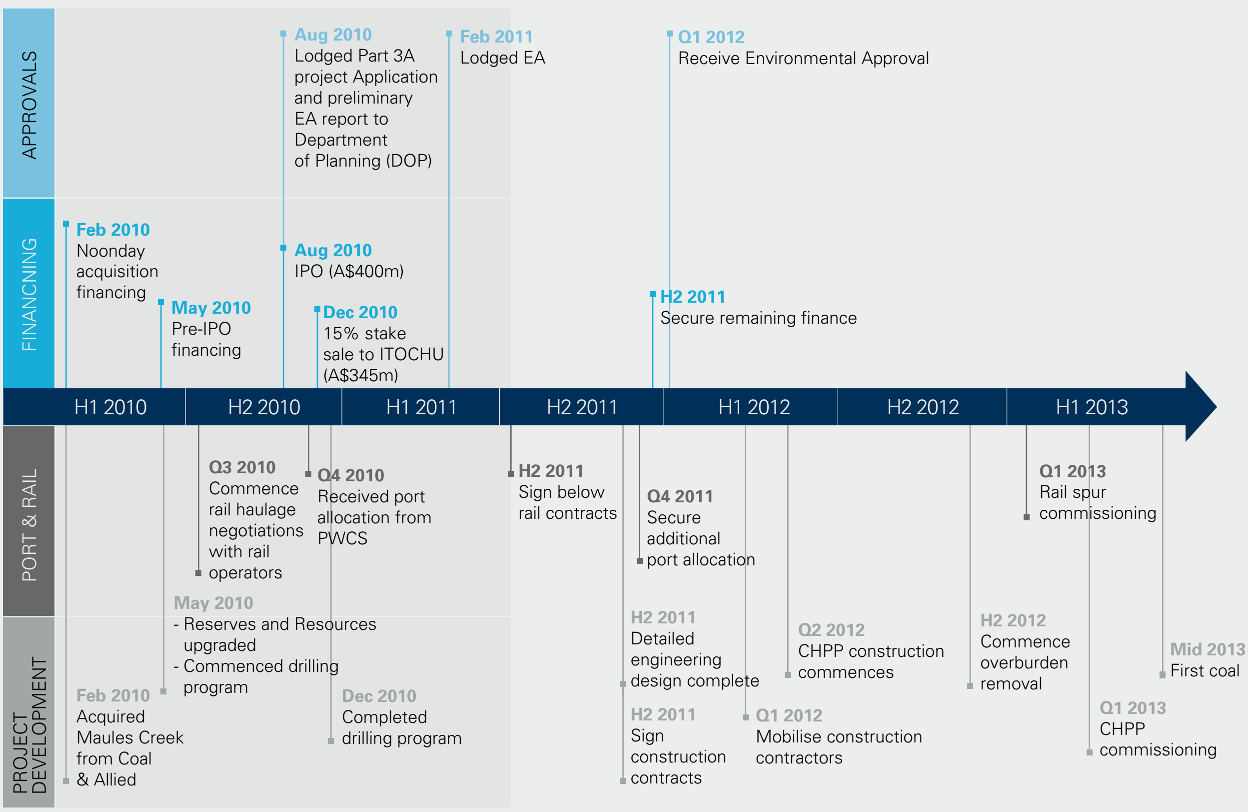
Aston made good progress in securing infrastructure access and remains confident that it will secure all rail and port access required for full production ramp-up. Last year the company secured 1.7 Mtpa of port capacity from 2013 at PWCS, increasing to 5 Mtpa from 2015 subject to the delivery of T4. This year, Aston nominated for additional port capacity from T4 and is in negotiations with other export producers to secure the balance of its port capacity.

On rail, Aston recently signed an access holder agreement with ARTC to secure 5 Mtpa of rail capacity from 2013 and will work to promptly secure the balance of capacity required. The majority of the requisite rail and port contracts are expected to be finalised by the end of 2011.

In summary, the team at Aston was successful in moving the Maules Creek Project through the planning system, progressing engineering design towards completion and securing a large component of the required rail and port infrastructure. The Company finished the year in a strong financial position and is now well positioned to fund the development of this world-class coal project. Aston is set to capitalise on the strong demand outlook for metallurgical and thermal coals and the management team remains singularly focused on exploiting this opportunity by accelerating the construction and commissioning of the Maules Creek Project. On behalf of the Directors, we would like to thank our employees for their dedication over the past year – their successful efforts delivered significant value for all shareholders.

The Hon. Mark Vaile
Chairman

TIMELINE TO FIRST COAL



CEO'S REPORT

In last year's report, I noted that Aston did not exclusively rely on an improving commodities cycle to offer significant upside for shareholders. What was key to value creation, and remains so, is the accelerated development of the world-class Maules Creek Project.

The team at Aston made excellent progress on many of the development targets that were set before our IPO – and the market progressively recognised these results over the course of the year. The execution of some of the more critical targets, in particular the successful re-financing activities and progress in securing infrastructure access, has set a solid foundation for the commencement of construction. These key events have been summarised elsewhere in this report, so I would like to focus on some of our priorities for the coming year.

Port Capacity

One of the key investment risks that Aston had to address was access to rail and port infrastructure. Aston has worked hard, with good results, to secure some of the required infrastructure capacity and aims to make significant progress in securing the remainder over the next twelve months.

Investment into new capacity at the NCIG and PWCS ports is well underway, and will ultimately lead to a near doubling of port capacity from approximately 100 Mtpa in 2010 to over 200 Mtpa in 2014. Our key thesis was that coal exports would not increase at the same rate as the capacity growth and that many of the NSW coal producers that contracted for the additional capacity would be exposed to significant take-or-pay liabilities, if they did not offload port capacity.

It is no surprise that, twelve months later, growth in coal exports has been lower than the port capacity growth rate and there is now a common view that there is currently excess port capacity at Newcastle. Our view remains that spare port capacity is likely to continue to grow as PWCS KCT MPC, NCIG Stage 2AA and 2F port expansion projects are commissioned over the next three years.

Aston has secured 1.7 Mtpa of port capacity from PWCS from 2013, increasing to 5 Mtpa from 2015 as T4 is commissioned. We have recently nominated for the balance of our expected export capacity requirements at PWCS T4 and believe that we will secure this capacity by December 2011. There are risks associated with the timing of T4 but there are also measures in the Capacity Framework Agreement that may protect T4 shippers in the event of a delay. We will continue to work with the NSW Government and the ACCC to ensure that access to port capacity is fair and rewards producers that meet their obligations.

We also remain focussed on securing the remainder of our port capacity requirements from producers that seek to trade port capacity where they cannot meet contracted take-or-pay commitments in the medium term. We expect these efforts to deliver results this year.

Planning Approvals

The Aston team was pleased to lodge the Maules Creek Project Environmental Application on schedule in February 2011. The subsequent delays that we experienced due to legislative changes in the planning system were disappointing, but we put the time to good use.

When it became clear that these delays would require time for resolution, we took the opportunity to progress our positive engagement with our local communities and secure wider support for the Maules Creek Project. We are pleased to have a strong working relationship with our local Shire, the Narrabri Shire Council, and are committed to making a positive and sustainable contribution to the development of this local government area. We are convinced that our investments in apprentice training and university scholarships for local students will pay dividends for the community and Aston Resources for years to come.

The local economies of Narrabri and Gunnedah are set to benefit significantly from the Maules Creek Coal Project, not only with our contributions to local infrastructure, but through the generation of employment, business revenue and taxes. There will be significant local and State economic stimulus. According to an independent KPMG economic report, this economic stimulus is estimated to include at least $1.9 Billion in annual direct and indirect output or business turnover and approximately 4,000 direct and indirect jobs.

The New South Wales Government is forecast to benefit from approximately $120 million each year in royalty revenue. Over the first 21 years of the project, over $2.8 Billion is expected to be paid in royalties to the NSW Government. On a National level, there will be an estimated $220 million per annum paid in corporate tax revenue. Compared to other undeveloped coal deposits in NSW, the Maules Creek Coal Project is one of the most significant, with the potential to be one of the most economically significant.

We are now in the final stages of the planning process and, subject to the Planning Assessment Committee submitting its report on 16 December 2011, we expect to receive all planning approvals in the first quarter of 2012. This is our highest priority for the coming year and we are well placed for a successful result.

Funding

Aston's robust financial position, with a net cash balance of $161.7 million at the end of the financial year and the recently secured $350 million revolving credit facility from ANZ and Macquarie Bank, gives us confidence on continuing to accelerate the development of the Maules Creek Project.

We are able to fully fund our share of the capital expenditure required for project development in the next financial year, currently expected to be around $174 million. Additional initiatives to secure the balance of the required funds for the capital expenditure through to first commercial coal are well progressed and we expect to deliver a favourable result in this area over the next twelve months.

Outlook

The outlook for next twelve months is very encouraging.

The short to medium term outlook for global seaborne coal markets remains strong. Thermal and metallurgical coal prices are currently higher than last year, and prices continue to be supported by sustained demand for coal in Asia and the ongoing tightness in new coal supply. As noted last year, there is potential that demand for coal could continue to surprise the market on the upside – as it has repeatedly over the last decade.

Aston currently expects to secure planning approvals by early calendar 2012 and, subject to this, the construction contractors will mobilise and commence construction shortly thereafter. Over the course of next year, we expect to secure the remaining funds required for capital through to first commercial coal and secure additional port and rail capacity.

The team at Aston will continue to prioritise the development of the Maules Creek Project and we expect to unlock additional shareholder value as a result.

I would like to thank the Board for their support, guidance and commitment over the last twelve months. Importantly, I would like to recognise the efforts of the Aston team – employees, consultants and our key suppliers – for making 2011 a successful year.

Todd Hannigan
Chief Executive Officer

MANAGEMENT REPORT

Financial Performance

For FY11, Aston's operating profit after income tax was $242,882,596, including a one-off gain from the sale of a 15% stake in the Maules Creek Project. At 30 June 2011, Aston had a strong net cash balance of A$161.7m.

In August 2010, Aston successfully raised $400 million at IPO and these proceeds were used to pay down a proportion of the acquisition funding and progress Project development.

In December 2010, Aston's wholly owned subsidiary agreed to sell a 15% stake in the assets constituting the Maules Creek Project to a wholly owned subsidiary of Japanese trading house ITOCHU Corporation. When the asset sale completed on 6 May 2011, the parties formed the Maules Creek Joint Venture and Aston received cash proceeds of A$345 Million.

In July 2011, Aston secured A$350m in revolving credit facilities from ANZ and Macquarie Bank. A corporate loan facility of A$175m and a bank guarantee facility of A$60m are available to be drawn as required. These facilities increase to A$250m and A$100m, respectively, upon satisfaction of further conditions precedent – primarily receipt of requisite environmental approval. These facilities materially reduce the cost of funding for Aston and, with a maturity of March 2014, extend the tenor beyond the maturity of the original acquisition funding.

With the additional source of financing secured, Aston fully repaid its original acquisition debt from cash reserves. The addition of the new facilities, together with the balance of the cash reserves, has greatly enhanced the capital position of Aston.

THE PROGRESS REPORT

- ✓ Lodged preliminary environmental application and environmental application with Department of Planning
- ✓ Completed drilling program
- ✓ Upgraded resources and reserves
- ✓ Coal quality upgrade
- ✓ Received port allocation from PWCS
- ✓ Secured rail capacity from ARTC
- ✓ Secured further funding for Maules Creek project
- ✓ Repaid acquisition funding
- ✓ Progressed engineering design to final stages
- ✓ Procurement of long lead time equipment
- ✓ Acquired properties for zone of affectation and biodiversity offsets
- ✓ Completed definitive feasibility study

MANAGEMENT REPORT (CONTINUED)

Planning

In February, Aston lodged its application under Part 3A of the *Environmental Planning and Assessment Act 1979* (NSW). The Part 3A "Repeal Act" was passed and the Maules Creek application will progress under the transitional arrangements. Aston faced some processing delays as a result of these transitional arrangements.

In August 2011, the Maules Creek application was placed on public exhibition and referred by the Minister to a Planning Assessment Committee for review (including a public hearing). The Planning Assessment Committee is required to provide its report by 16 December 2011. Assuming planning approval is received by first quarter 2012, first coal is expected in third quarter 2013 – ramping up to 10.5 Mtpa by 2015.

Aston prioritised the acquisition of land expected to be required for planning approvals and has now secured all property for these purposes. Additional purchases of property are expected once planning approval is secured.

Priority

LODGE ENVIRONMENTAL APPLICATION

The environmental application was lodged with the Department on 18 February 2011 – ensuring that it would be dealt with under Part 3A (as part of the transitional arrangements).

The application has been referred to a Planning Assessment Commission (PAC) for review and the PAC must finalise its report to the Minister by 16 December 2011.

Priority

EXECUTE LAND ACQUISITION STRATEGY

Prior to the environmental application being placed on public exhibition, Aston secured the properties identified as:

- directly affected by the Maules Creek Project; and
- forming part of its Biodiversity Offset Strategy.

Contracts have been entered into for properties identified as falling within these two categories.

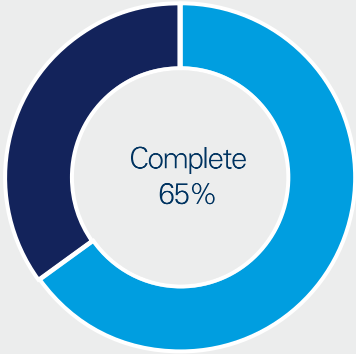
Planning and Engineering

Detailed design is nearing completion for the CHPP, surface infrastructure and rail spur. During the first half of 2011, A$40m of critical long lead time equipment was ordered and tendering of steelwork, fabrication and subcontractors is expected to occur in the second half of 2011. The tender package for rail construction was issued during the second quarter of calendar 2011 and appointment of the preferred contractor is expected during the final quarter of 2011. The project has been designed to be scalable to 15 Mtpa at low incremental capital cost (subject to planning approval) – providing enhanced operating efficiencies and the potential to capitalise on growth in demand.

Priority

DESIGN COMPLETION

As of July, the design for the CHPP and other on-site infrastructure was approximately 65% complete. Design for the CHPP and rail is over 85% complete whilst design for surface infrastructure is approximately 60% complete (with tendering of bulk earthworks expected to occur in H2 2011). Small scope changes have increased capacity of key CHPP elements and some cost escalation has been experienced due to industry-wide cost pressures.



Priority

SECURE INFRASTRUCTURE CAPACITY

In August 2011, Aston signed an access holder agreement with ARTC securing 5 Mtpa of below rail capacity from 2013. This complements the port allocation secured from PWCS in December 2010 (for 1.7 Mtpa from 2013, increasing to 5 Mtpa from 2015). Together with the 2011 nomination with PWCS, Aston is in negotiations with other export producers to secure the balance of its required port capacity. Rail and port contracts are expected to be substantially finalised by the end of 2011.

Community

Aston is committed to making a positive contribution to the Narrabri and Gunnedah local government areas and has started working with key stakeholders in advance of the Maules Creek Project commencing construction. In May 2011, Aston awarded its inaugural Aston Resources University Scholarship to a local high school student. The scholarship provides an annual contribution towards the student's ongoing university costs. In addition, in 2010 Aston successfully launched the Aston Resources Apprenticeship Program. In conjunction with New England North West Training Group and local businesses, Aston sponsors two full-time apprenticeship in electrical and heavy vehicle trades and two Gunnedah locals in the region's first mining sponsored schools-based apprenticeships.

Definitive Feasibility Study

Aston completed the Definitive Feasibility Study (DFS) in July 2011. The DFS updated the metallurgical to thermal coal production split, capital expenditure to first coal estimate, life of mine operating costs and established a revised project schedule.

The 2010 comprehensive coal quality drilling program and analysis confirmed a production profile over the first 20 years of up to 84% metallurgical coal. The DFS estimated Aston's share of the remaining development capital expenditure to first coal (including contingency) at A$553m and the first 20 year operating costs were forecast at A$62.9/t FOB (pre-royalties, using 2011 real numbers).

Resources and Reserves

In 2010, Aston completed a comprehensive drilling program consisting of 106 new holes including a combination of large diameter holes and HQ cored holes. The drilling program captured higher standard coal quality information to assess the potential to produce a higher proportion of metallurgical coal at Maules Creek. The drilling program also provided additional geological and coal quality data to assist in CHPP and mine plan design. The full results, analysis and conclusions from the coal quality testing were completed during the second quarter of calendar 2011.

The results from the drilling program were also incorporated into the geological model and an updated JORC Resource Statement was prepared by JB Mining in March 2011. Total JORC resources now stand at 679 Mt, a 69 Mt resource upgrade from the previous statement.

Maules Creek JORC Resources*

Mt	Resources
Measured	197 Mt
Indicated	244 Mt
Inferred	237 Mt
Total	**679 Mt**

**Notes: Coal Resources are reported inclusive of Coal Reserves (that is, Coal Reserves are not additional to Coal Resources). Numbers may not add due to rounding.*

Based on this data, Minarco-MineConsult (MMC) completed an independent estimate of the open cut coal reserves in April 2011. The updated reserves from this analysis are set out below.

Maules Creek JORC Reserves*

Mt	Recoverable Reserves	Marketable Reserves
Proved	171 Mt	141 Mt
Probable	191 Mt	188 Mt
Total	**362 Mt**	**329 Mt**

**Notes: Coal Resources are reported inclusive of Coal Reserves (that is, Coal Reserves are not additional to Coal Resources). Numbers may not add due to rounding.*

The 'economic pit shell' was also revised with the incorporation of the additional geological data. The total economic coal within this pit shell increased by 49 Mt to 517 Mt with an average strip ratio of 7.7 bcm/t ROM coal. The strip ratio over the first 21 years remains at a competitive 6.4:1.

The constraints of the 'economic pit shell' are physical (lease boundary, subcrop and lowest seam) rather than economic and this provides excellent scope for reserve upgrades with planned future drilling programs.

Priority

COMPLETE DRILLING PROGRAM

The drilling program was completed in the final quarter of 2010. The results were used for the coal quality, Resource and Reserves upgrade – as well as providing geotechnical data for the design process.

Priority

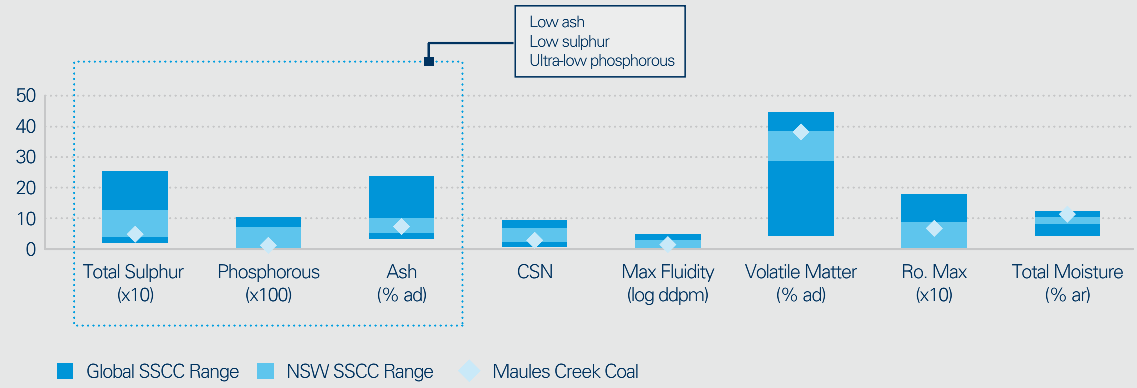
RESOURCE AND RESERVE UPGRADE

JB Mining prepared an updated JORC Resource Statement in March 2011 and Minarco-Mine Consult prepared an independent estimate of coal Reserves in April 2011.

Coal Quality

Following completion of the 2010 exploration program, Aston undertook a comprehensive seam-by-seam, ply-by-ply coal quality testing program to provide further data regarding the coal quality parameters of Maules Creek coal. This data was then analysed and independently verified by AB Mylec and ALS. In addition, speciality coke testing was performed on 7kg samples – yielding coke production in all 12 seams that were tested.

QUALITY PARAMETERS



The coal quality results confirm that Maules Creek will produce a high quality, low ash, low sulphur and low phosphorous semi-soft coking coal. The results of the drilling program and analysis confirmed that the production profile over the first 20 years will average 84% metallurgical coal. With 94% of ROM coal washed, the washing yield is expected to remain at 85% and the total mine yield is expected to be 86%.

The balance of production will be a premium low ash, high-energy thermal coal that will sell at a premium to the Newcastle benchmark. The low in-situ ash content drives the competitive 86% overall saleable mine yield – this is significantly above the 73% average for Hunter Valley coal operations[1].

> "The washed products should be readily marketable as semi-soft coking coals. Blended with coking coals having higher ash, higher rank, lower volatile matter, higher sulphur, higher phosphorus, inferior caking and fluidity properties, they may be capable of producing coking coal blends of near optimum quality."
>
> *QCC Report – Maules Creek: Preparation and Interpretation of a Coal Quality Data Base*

Competent Persons Statements

The information in this report that relates to Coal Reserves is based on reserve estimates compiled by Mr Doug Sillar, BE (Mining, Hons) MAusIMM. The estimates are based on information compiled and reviewed by Mr Westcott. He is an employee of MMC and has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity undertaken to qualify him as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2004 Edition)".

The information in this report that relates to Coal Resources is based on information compiled by Phillip Sides, a Senior Geologist and employee of JB Mining Services Pty Ltd, based on geological data provided electronically by Rio Tinto Coal Australia and Aston's own data. Phillip Sides is a qualified geologist with over 20 years experience in coal geology and over 15 years experience in resource evaluation. Phillip Sides is a member of The Australian Institute of Geoscientists and has the relevant experience in relation to the mineralisation being reported to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2004 Edition)".

1 *Data for Hunter Valley operations is based on FY2008 data as sourced from NSW Department of Primary Industries – 2009 NSW Coal Industry Profile. Saleable mine yield is calculated as saleable production divided by ROM production. The Hunter Valley yield is based on the FY2008 weighted average, in terms of saleable production.*

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2011

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Aston Resources Ltd (the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2011.

Directors

The following persons were directors of Aston Resources Ltd during the financial year and up to the date of this report:

- Philip Christensen
- Todd Hannigan
- Peter Hay
- Tom Todd
- Mark Vaile
- Nathan Tinkler (resigned 6 August 2010)

Directors were in office for the entire period unless otherwise stated.

Principal activities

The principal activities of the Group during the financial year consisted of investment in coal mining, exploration and development.

Review of operations

The operating profit after income tax amounted to $242,882,596 (2010 $137,774,603 loss) after subtracting income tax expense of $85,454,882 (2010 $Nil). This profit includes a one-off gain of $253,940,441 from the sale of a 15% stake in the Maules Creek Project to a wholly owned subsidiary of the Japanese resources and trading conglomerate ITOCHU Corporation (refer note 5(b)).

Maules Creek Project:

Maules Creek Project (the "Project") is located in the Gunnedah Basin of NSW, approximately 360km northwest of Newcastle. The Project contains reserves and resources of semi-soft coking coal and premium thermal coal.

In February 2011, the Company lodged an application under Part 3A of the *Environmental Planning and Assessment Act 1979* (NSW) for the Maules Creek Project. The Part 3A "Repeal Act" was passed and the Maules Creek application will progress under the transitional arrangements. The Maules Creek application has been referred to a Planning Assessment Committee for review. The Committee is required to finalise its report by 16 December 2011. Assuming planning approval is received by first quarter 2012, first coal is still expected in mid 2013 – ramping up to 10.5 Mtpa by 2015. There are risks associated with the timing of the approval as a consequence of these transitional arrangements which may impact on the delivery of first coal.

In March 2011, the results from the 2010 calendar year drilling program were incorporated into the geological model and an updated JORC Resource Statement was prepared by JB Mining. Total JORC resources now stand at 679 Mt, a 69 Mt resource upgrade from the previous statement. Based on the revised resource data, Minarco-MineConsult completed an independent estimate of the open cut coal reserves in April 2011. Total JORC recoverable reserves were upgraded to 362 Mt.

The 2010 drilling program also captured higher standard coal quality information to assess the potential to produce a higher proportion of metallurgical coal at Maules Creek and provided additional geological and coal quality data to assist in CHPP and mine plan design.

In July 2011, Aston completed a definitive feasibility study for the Maules Creek Project, confirming an upwardly revised metallurgical to thermal coal production split, capital expenditure to first coal forecast, life of mine operating costs and a revised project schedule. The latest comprehensive coal quality drilling program and analysis confirmed a forecast production profile over the first 20 years of approximately 84% metallurgical coal.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

On 17 August 2010 the company completed Australia's largest coal initial public offering on the Australian Securities Exchange ("IPO"), raising $400,000,000 through the issue of 67,114,094 shares at $5.96 per share. Of the proceeds from the IPO, $231,133,799 was used to repay debt, fully repaying Facility C of the Senior Facility Agreement ("SFA") and partially repaying Facility B. On repayment of Facility C, the guarantee of short term borrowings by Nathan Tinkler expired. An additional 1-year US$140m Facility had been made available under the SFA but expired on completion of the IPO.

Certain lenders under the SFA exercised the right to convert accrued interest to shares in the Company at the IPO offer price. On conversion, 3,245,344 shares were issued reducing accrued interest by $19,342,250.

Prior to the IPO, shares in the Company were split on a 3:1 basis and the warrants held by lenders under the SFA were exercised with 46,958,859 shares issued on a post-split basis.

In August 2010 the Company adopted an equity long term incentive plan to assist in the attraction, motivation and retention of employees (including Non-Executive Directors). The plan enables the Company to grant options and performance rights to participants. Each option and performance right is a conditional entitlement to one share, subject to the satisfaction of specified performance conditions. Shares issued under the plan on vesting and exercise (as applicable) of performance rights and options will rank equally with other issued shares. 9,750,503 options and 450,000 performance rights have been granted in the period to 31 December 2010 (of which 9,645,928 options and 450,000 performance rights were granted on the listing date in accordance with the prospectus).

In December 2010, Aston agreed to sell a 15% stake in the Maules Creek Project to a wholly owned subsidiary of the Japanese resources and trading conglomerate ITOCHU Corporation for A$345m. The transaction was completed on 6 May 2011 and Aston and ITOCHU formed the Maules Creek Joint Venture to continue development of the Maules Creek Project.

Dividends – Aston Resources Ltd

No dividends were paid or declared to members during the financial year.

Environmental regulation

Aston aims to minimise the impact on the environment which results from its operations. The company recognises the expectation of our staff, suppliers, customers and the community in relation to environmental protection and product quality.

Aston Resources believes that all employees, contractors, consultants and persons associated with the company have to be involved in achieving environmental objectives and targets.

Information on directors

Mark Vaile Non-Executive Chairman, appointed 16 November 2009

Mark is the Non-Executive Chairman of Aston, the Chairman of the Remuneration Committee and a member of the Audit, Business Risk and Compliance Committee. Mark brings significant experience as a company director and as a former senior government leader, including as Deputy Prime Minister and Minister for Trade in the Federal Government.

Mark is the Chairman of CBD Energy and a director of Virgin Blue Australia and Servcorp, each of which is listed on ASX. Mark is also a director of Stamford Land Corporation, which is listed on the Singapore Stock Exchange. Previously, in government, Mark led negotiations for Australia's Free Trade Agreements with the United States, Singapore and Thailand and helped to launch negotiations with China, Japan and ASEAN. Importantly, Mark also acted as Minister for Transport and Regional Services and was instrumental in the establishment of the ARTC as operator of the Hunter Valley Rail Network. As leader of the National Party from 2005 to 2007, Mark established an extensive network of contacts throughout regional Australia, particularly in Northern New South Wales.

Todd Hannigan Chief Executive Officer and Executive Director, appointed 4 January 2010

Todd Hannigan is the Chief Executive Officer of Aston. Todd has worked internationally in the natural resource sector for over 15 years and has held a wide variety of management, engineering and commercial positions with Xstrata Coal, Hanson, Lafarge, BHP Billiton and MIM. Before joining Aston, Todd worked for Xstrata Coal where he focussed on strategy, business development and mergers and acquisitions. Previously, he was Commercial Director of Hanson Aggregates UK where he was responsible for national sales, marketing and business development. Todd was also a director of Hanson Quarry Products Europe, Mendip Rail and United Marine Holdings.

A graduate of The University of Queensland, Todd holds a Bachelor of Engineering (Mining) with Honours, and an MBA from INSEAD.

Peter Hay Non-Executive Director, appointed 16 November 2009

Peter Hay is a Non-Executive Director, the Chairman of the Audit, Business Risk and Compliance Committee and a member of the Remuneration Committee. Peter brings extensive experience in coal and resources operations, with senior management roles with major companies including Sedgman, BHP Coal, Macarthur Coal, Utah Development Company Ltd and Pan Australian Mining Ltd. His experience spans a period of 28 years working in the resources sector. Peter retired as Managing Director of Sedgman in May 2008 after serving in this role since 1998. Sedgman is a leading provider of integrated engineering project delivery and operations services to the resources industry. Peter was integral in driving Sedgman's growth strategy, which culminated in Sedgman's listing on ASX in June 2006. Peter continued working with the company as a Non-Executive director until his retirement from the Sedgman board in November 2009.

A graduate of The University of Queensland, Peter holds a Bachelor of Engineering (Mining) and Bachelor of Commerce. He is a member of The Institute of Chartered Accountants in Australia.

Philip Christensen Non-Executive Director, appointed 1 May 2010

Philip Christensen is a Non-Executive Director and a member of the Audit, Business Risk and Compliance and Remuneration Committees. Philip has extensive experience in the mining and energy sector. Philip had over 30 years experience with leading law firm, Freehills, where his clients included Australian and international coal and mining companies. Philip was admitted to the Freehills partnership in 1988 where he remained a senior partner until commencing with Boardwalk Resources, where he is presently a Director. Boardwalk Resources has investments in the Queensland coal industry.

A graduate of The University of New South Wales, Philip holds a Bachelor of Commerce with Merit and Bachelor of Laws. He is a solicitor admitted to practice in New South Wales. Philip is Aston Resources Investments Pty Ltd's nominee on the Board.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

Tom Todd Chief Financial Officer and Executive Director, appointed 16 November 2009

Tom Todd is the Chief Financial Officer of Aston. Tom brings extensive experience in project development and financing. Prior to joining Aston, Tom was Chief Financial Officer of Custom Mining, where his experience included the closing of the project acquisition and funding of project development for the Middlemount project and the sale to Macarthur Coal. Prior to Custom Mining, Tom was responsible for structured finance transactions in the equipment finance business of GE Commercial Finance. Tom spent four years with GE, ultimately as an Executive Director in the Energy Financial Services business, responsible for sourcing investments in the coal and oil and gas industries in Australia and New Zealand. Tom started his career with PricewaterhouseCoopers in London before moving to Sydney, working across industries within the audit, business recovery and transaction services businesses.

A graduate of Imperial College, Tom holds a Bachelor of Physics with first class Honours. He is a member of The Institute of Chartered Accountants in England and Wales and a graduate of the Australian Institute of Company Directors.

Nathan Tinkler Executive Director, resigned 6 August 2010

Nathan established Aston Resources Ltd in January 2008. He has experience in the development of coal mining services and coal mining exploration. Nathan was involved in several business acquisitions including the acquisition and development of the Middlemount project in Queensland in November 2006 through Custom Mining Ltd. Custom Mining Ltd was sold to Macarthur Coal Ltd in December 2007.

Company Secretary

Melissa Swain

Melissa is the Company Secretary and General Counsel of Aston. Before joining Aston, Melissa was part of the corporate group at leading law firm, Freehills. Melissa has significant experience in both public and private transactional work, predominantly in the coal sector. Melissa has been involved in advising a number of international and domestic mining companies on matters including joint ventures, farm-ins, takeovers and foreign investment. Melissa has also been involved in capital raisings and project finance across a range of industry sectors. In addition to her transactional experience, Melissa has previously worked onsite with a number of her clients assisting with corporate governance and company secretarial matters.

A graduate of The University of Queensland, Melissa holds a Bachelor of Science and a Bachelor of Laws with first class Honours and the University Medal.

Directors interests

Details of Directors relevant interests in shares of the company and rights or options over shares in the company are disclosed in Note 22 of the Financial Report.

Meetings of committees

The numbers of meetings of the Company's board of directors and of each board committee held during the period ended 30 June 2011, and the numbers of meetings attended by each director is set out in the table below.

	Directors' meetings		Remun-eration		Audit, business risk and compliance	
	A	B	A	B	A	B
Philip Christensen	21	20	3	2	1	1
Todd Hannigan	21	21	–	–	–	–
Peter Hay	21	18	3	3	1	1
Tom Todd	21	19	–	–	–	–
Mark Vaile	21	20	3	3	1	1
Nathan Tinkler (resigned 6 August 2010)	3	1	–	–	–	–

A = Number of meetings held during the time the director held office
B = Number of meetings attended

Matters subsequent to the end of the financial year

In July 2011, Aston Resources secured up to A$350m in revolving credit facilities from ANZ and Macquarie Bank. A corporate loan facility of A$175m and a bank guarantee facility of A$60m are available to be drawn as required. These facilities increase to A$250m and A$100m, respectively, upon satisfaction of further conditions precedent – primarily receipt of Part 3A approval. These facilities materially reduce the cost of funding for Aston and, with a maturity of March 2014, extend the tenor beyond the maturity of the acquisition funding.

In July 2011, subsequent to securing the credit facilities described above, Aston Resources repaid the outstanding balance of the Senior Facility Agreement (refer note 2(c)).

In August 2011, a subsidiary of the Company signed an Access Holder Agreement ("AHA") with the Australian Rail Track Corporation securing below rail capacity of 2 Mtpa from 1 April 2013, ramping up to 5 Mtpa from 1 July 2013. Under the terms of the AHA, a bank guarantee of $5.6m was provided.

In August 2011, a subsidiary of the Company submitted an increased nomination for port capacity at Port Waratah Coal Services ("PWCS") in Newcastle. A bank guarantee of $34,425,000 was provided to support the nomination.

Bank guarantees are secured by the Group's cash balances and are inclusive of the $18,750,000 in restricted cash at 30 June 2011 (refer note 8).

Other than as noted in the previous paragraphs, no other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial periods; or

(b) the results of those operations in future financial periods; or

(c) the Group's state of affairs in future financial periods.

Likely developments and expected results of operations

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Indemnification and insurance of officers and auditors

During the financial year, the Company paid premiums in respect of Directors' and Officers' liability insurance. The insurance contracts insure against certain liabilities (subject to exclusions) of persons who are or have been directors or officers of the company and controlled entities. A condition of the contract is that the nature of the liability indemnified and the premium payable shall not be disclosed.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor:

	Consolidated	
	2011 $	2010 $
Non-audit services		
Ernst & Young transaction support services	170,804	262,631
Ernst & Young taxation services	57,360	308,417
Total remuneration for non-audit services	**228,164**	**571,048**

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Todd Hannigan
Director

Brisbane
20 September 2011

REMUNERATION REPORT

The Directors of the Company present the Remuneration report prepared in accordance with section 300A of the Corporations Act for the Company and the consolidated entity for the year ended 30 June 2011.

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act. This Remuneration Report forms part of the Directors' Report.

Introduction

The Board is committed to clear and transparent disclosure of the Group's remuneration arrangements. The Group's remuneration policy is designed to attract, retain and motivate the highly talented individuals needed to deliver its development strategy and maximise value creation for all shareholders. The Group's remuneration policy is focused on the following key principles:

1	**Aligning executive and shareholder interests** Remuneration arrangements and performance criteria will be designed to support the Group's development, operational and financial objectives and to align with the interests of shareholders
2	**Attracting and retaining the right executive team** Total remuneration levels will be set to reflect the competitive market in which the Group operates, with the intention of positioning the Company within the top quartile for performance when measured against a peer group of mining companies and the ASX 200
3	**Encouraging the executive team to meet demanding performance targets** A high proportion of the remuneration should be 'at risk', with performance-related remuneration (short and long term incentives) making up at least 50% (and up to 66%) of the total potential remuneration of key management personnel

The Board and CEO intend to pursue ongoing improvements in the Group's remuneration policies over the coming years to ensure that they continue to align with the long-term interests of shareholders, regulatory requirements and market expectations and reward the executive team appropriately for delivering on performance criteria.

1 Remuneration Framework

1.1 Remuneration Governance Framework

The Board as a whole is ultimately responsible for the Group's remuneration arrangements and ensuring that they are aligned with the objectives of the Group and the long-term interests of shareholders. To assist the Board, a Remuneration Committee – consisting of Non-Executive Directors – has been established to attend to matters relating to the remuneration of the Directors, the CEO and to oversee remuneration packages for senior executives of the Group.

During FY11 the objectives of the Remuneration Committee were amended to add responsibility for oversight of gender diversity in recruitment and diversity generally.

The Remuneration Committee may obtain information from, and consult with, management and external advisers as it considers appropriate (refer to section 1.4 below for more information on the use of external advisers during the financial year).

1.2 Components of Executive Remuneration

The remuneration of the CEO and senior executives is comprised of:

- Base Salary – this is the only 'fixed' or guaranteed part of the remuneration package;
- Short Term Incentives (STI) – the STI provides an annual opportunity for an incentive award (currently in the form of a cash bonus) if certain company and individual objectives are met; and
- Long Term Incentives (LTI) – the LTI provides an annual opportunity for an equity award that aligns a significant proportion of overall remuneration to shareholder value over the longer term.

As executives gain seniority within the Group, the balance of fixed and variable remuneration shifts to a higher proportion of 'at risk' remuneration. For key management personnel (including the CEO), the "at risk" remuneration can be up to 67%, depending upon performance – that is, key management personnel have the ability to earn up to 100% of their Base Salary in the form of STI awards and 100% of their Base Salary in the form of LTI awards depending upon both the performance of the Group and their individual performance.

(a) Base Salary

Annual base salary is generally reviewed in August/September each year. Annual base salary can be structured as a cash benefit and/or non-cash benefit including salary sacrifice packaging and the fringe benefits tax applicable to the packaging.

Superannuation is paid at a fixed rate of 9% of Base Salary into individually nominated superannuation funds.

Salary increases for key management personnel (including the CEO) are approved by the Remuneration Committee (which is comprised of all Non-Executive Directors).

(b) Short Term Incentive

The CEO and senior executives are eligible to participate in the Short Term Incentive (STI) Plan. The STI Plan focuses on the achievement of annual objectives that align the short-term financial and operational performance of the Group with the creation of shareholder value. Cash bonuses are payable to eligible participants should the Group and individual participants exceed pre-determined targets. The cash bonuses are payable in September in respect of the preceding financial year. In future financial years, the Board and Remuneration Committee may evaluate the possibility of including equity awards in the Short Term Incentive Plan.

At the start of the year, Company, management team and individual performance criteria are set for each executive and are linked to the Group's overall strategy as well as each executive's respective area of responsibility.

At the end of the financial year, the total pool that is available for STI awards is calculated by the Remuneration Committee as a percentage of the sum of the Base Salaries of eligible employees. The applicable percentage (up to 100%) is determined based upon overall performance of the Group over the relevant year, having regard to a number of factors specified by the Committee.

Notwithstanding the Group's performance, the available bonus pool need not be fully utilised.

The STI awarded to each individual employee is then calculated as a percentage of their Base Salary (up to 100%) determined:

- in the case of the CEO and CFO, by the Remuneration Committee having regard to performance criteria established at the start of the year; and
- in the case of other senior executives, by the CEO having regard to performance criteria established at the start of the year,

provided that the sum of the STIs does not exceed the bonus pool assessed by the Committee for that relevant year. The Board retains an overall discretion on whether to pay all, a portion of, or no STI.

Details of the performance conditions applicable to the STI for FY11 are set out in section 2.2 below.

(c) Long Term Incentive Plan

A Long Term Incentive Plan (LTIP) was approved by shareholders and established upon listing of the Company in August 2010. The LTIP is an equity-based incentive plan designed to provide executives and other nominated senior management personnel with the incentive to deliver long-term growth in shareholder value. The CEO and senior management personnel nominated by the Board are eligible to participate in the LTIP.

The key terms of the Company's LTIP program are set out below:

Rights and Options	LTIP awards can be in the form of options or performance rights. Each option or performance right entitles the holder to one ordinary fully paid share in the Company. A performance right or option will vest and become exercisable (if applicable) to the extent that the applicable performance conditions specified at the time of the grant are satisfied. The Board has discretion under the Plan as to the terms on which it will offer performance rights and options under the Plan, including the performance conditions and waiver of any terms or conditions.
Consideration and exercise price	Unless the Board determines otherwise, performance rights and options will be granted for no consideration. Plan participants will be required to pay an exercise price on exercise of any options granted. No amount will be paid by participants upon vesting of performance rights. The option exercise price will be determined by the Board and will usually equal the volume weighted average price of Company shares over the week prior to the grant.
No transfer	Without the prior approval of the Board, performance rights and options may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered.

REMUNERATION REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

Expiry	Unless the Board determines otherwise, if a performance right or option has not lapsed earlier, it will lapse at the seventh anniversary of the date of grant.
Cessation of employment	If a Plan participant ceases employment at any time by reason of death, disability, total and permanent disablement, bona fide redundancy or other reason with the approval of the Board, all performance rights and options for which the applicable performance conditions have not been satisfied will remain 'on foot', subject to the original performance and vesting conditions. In the case of the CEO and CFO, it is an overriding condition of their employment agreements that, if they cease employment at any time by reason of death, disability, total and permanent disablement, bona fide redundancy, termination by the Company without cause, resignation in good faith or other reason with the approval of the Board, all performance rights and options for which the applicable performance conditions have not been satisfied will vest and become exercisable. If any Plan participant ceases employment for any other reason: • prior to the expiry of the two year minimum service period (from the date of the grant), unless the Board determines otherwise, all performance rights and options will immediately lapse, regardless of whether the applicable performance conditions are satisfied or not; or • after the expiry of the minimum two year service period, but before the satisfaction of one or more of the performance conditions, such rights will remain 'on foot', subject to the original performance and vesting conditions.
Change of control of Company	In the event of a change of control, unvested performance rights and options will vest automatically.

The Company made an initial grant of options and performance rights (LTIs) to the CEO and senior executives on the date the Company was listed on the ASX. These grants were linked to the listing of the Company and the performance criteria related to the delivery of first commercial coal and, in the case of the CEO and CFO, specific share price targets.

Details of the options and performance rights granted during FY11 are set out in section 2.3 below.

In respect of the initial grants of options to the CEO and CFO, the options will vest in accordance with the following vesting schedule:

Tranches	Vesting Conditions
1	Options will vest upon delivery of first coal within the 3 year period following completion of the IPO.
2	Options will vest if: • within the 5-year period following completion of the IPO, the Company reaches the threshold rate of saleable production at 8 Mtpa (adjusted for any amendment to sales mix); and • the closing share price exceeds double the offer price of $5.96 (for 20 consecutive trading days) at any time during the 5-year period.

In respect of the initial grants of options and performance rights to key management personnel, 100% of the securities will vest after delivery of first coal in calendar year 2012. If this delivery timing is not achieved, 80% will vest if the delivery of first coal is achieved in calendar year 2013. If first coal is achieved after calendar year 2013, LTIs will be forfeited.

In addition to the LTIP, the Company made an initial one-off grant of options and, in one case, performance rights, (Securities) to Non-Executive Directors on the date the Company was listed on the ASX. The key terms of the grants were detailed on page 217 of the Company's Prospectus. The performance criteria were specifically linked to the delivery of first commercial coal.

As for the key management personnel grants, 100% of the Securities will vest after delivery of first coal in 2012. If this delivery timing is not achieved, 80% will vest if the delivery of first coal is achieved in calendar year 2013. If first coal is achieved after calendar year 2013, the Securities will be forfeited.

These initial performance conditions were selected because the execution of the Maules Creek Project and the timing of delivery of first commercial coal were considered by the Board to be the key value drivers for shareholders. The performance conditions were designed to focus the Board and management team on the timetable for project execution and incentivise stakeholders towards a common goal.

The criteria for awarding LTIs in future years has been reviewed by the Board and is discussed further in section 1.4 below.

1.3 Hedging

As part of the Company's Trading Policy, the Company prohibits executives from limiting the risk attaching to equity instruments (commonly referred to as 'hedging') where those instruments are granted to them as part of their remuneration. Company securities must never be hedged prior to the vesting of those securities and they must never be hedged whilst they are subject to a holding lock or restriction on dealing under the terms of the LTIP. The Company treats compliance with the policy as a serious issue and any non-compliance will be regarded as serious misconduct, which may entitle the Company to take corrective disciplinary action.

1.4 Strategic Review

The Board consider that good corporate governance requires that it receive independent advice and appointed Ernst & Young as remuneration advisers to the Remuneration Committee. Ernst & Young did not provide any remuneration recommendations in their role as advisors to the Committee.

The strategic review conducted by Ernst & Young in conjunction with the Remuneration Committee will result in a change to the performance measures applied under the LTIP to align the measures with the objectives of the Group and the interests of shareholders. The main change will be that, for future LTI grants, the vesting of performance rights and options will be linked to total shareholder return (TSR).

The Board's intention is that, in future financial years (including the grants to be made in FY12), the extent to which LTIs will vest will be based on the Company's TSR (that is, share price growth and reinvested dividends) relative to the TSRs of companies in the ASX S&P 200 Accumulation Index and selected comparator group companies over a 3 year period.

The Board selected these performance measures for future LTI grants on the basis that they provide alignment between comparative shareholder return and reward for participants and a relative, external, market-based performance measure against similar comparator companies. In this way, the performance criteria for future LTI grants will be different to the performance criteria applicable to grants in FY11, which were largely focussed on a single Company-specific target.

The Board intends that TSR will be applied to assess future LTI grants in the following way:

Proportion of LTIs to which performance measure applies	Performance measure
25%	Total Shareholder Return (TSR) relative to companies in the ASX S&P 200 Accumulation Index
75%	TSR relative to specified comparator group companies

As outlined above, 25% of the LTIs granted to a participant will vest based on the Company's TSR, that is, share price growth and reinvested dividends, relative to the TSRs of companies in the ASX S&P 200 Accumulation Index (as at the start of the performance period) over the three year performance period. For the performance rights to vest in respect of this criteria, the condition will apply as follows:

Aston TSR performance over 3 year performance period relative to constituents of ASX S&P 200 accumulation index	Percentage of LTIs subject to TSR hurdle that vest
Less than the 50th percentile	Nil
At the 50th percentile	50%
Greater than the 50th percentile up to the 75th percentile	50% plus 2% for every one percentile increase in Aston's relative position
At or greater than the 75th percentile	100%

As outlined above, 75% of the LTIs granted to a participant will vest based on the Company's TSRs relative to the TSRs of a selected group of comparator companies over the three year performance period. The selected comparator group of companies is as follows: Bathurst Resources Limited (BTU), Coal & Allied Industries Limited (CNA), Cockatoo Coal Limited (COK), Gloucester Coal Ltd (GCL), Macarthur Coal Limited (MCC), New Hope Corporation Limited (NHC), White Energy Company Limited (WEC) and Whitehaven Coal Limited (WHC).

In relation to this criteria, performance rights will vest as follows:

Aston TSR performance over 3 year performance period relative to comparator companies	Percentage of LTIs subject to TSR hurdle that vest
Less than the 25th percentile	0%
At the 25th percentile but less than 50th percentile	50%
Greater than the 50th percentile up to the 75th percentile	75%
At or greater than the 75th percentile	100%

1.5 Key Management Personnel for FY11

This Remuneration Report sets out the compensation arrangements in place for the Company's Directors and senior executives who are the Key Management Personnel of the Company and Group for the purposes of the *Corporations Act 2001* (Cth) and the Accounting Standards. They include the five highest remunerated executives of the Company and the Group for FY11. The senior executives and the Non-Executive Directors are listed below

T Hannigan	Chief Executive Officer, Aston Resources Limited, Executive Director, appointed 4 January 2010
T Todd	Chief Financial Officer, Aston Resources Limited, Executive Director, appointed 16 November 2009
D Syme	Chief Operating Officer, Aston Resources Limited, appointed 21 June 2010
L Muir	General Manager Maules Creek, Maules Creek Coal Pty Limited, appointed 1 December 2009
C Foot	General Manager Mining, Aston Resources Limited, appointed 13 December 2009
R Brims	General Manager Technical, Aston Resources Limited, appointed 4 January 2010
M Vaile	Non-Executive Chairman, Aston Resources Limited, appointed 16 November 2009
P Hay	Non-Executive Director, Aston Resources Limited, appointed 16 November 2009
P Christensen	Non-Executive Director, Aston Resources Limited, appointed 1 May 2010

Nathan Tinkler was also a Non-Executive Director until his resignation on 6 August 2010. He did not receive any fees or other form of remuneration for his services during the financial year.

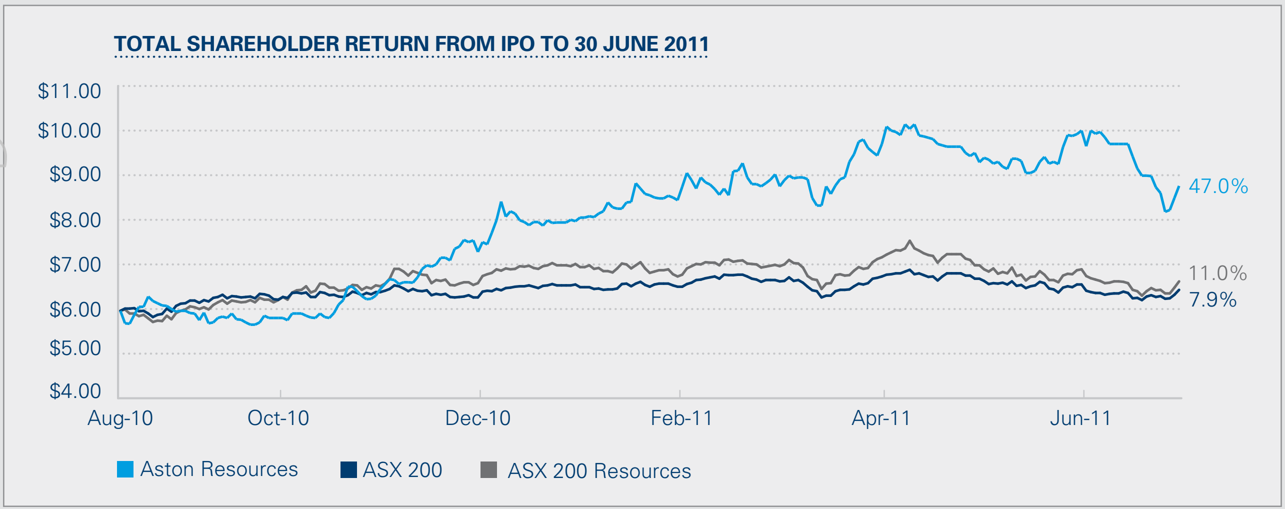
2 Performance Alignment

The amount of remuneration earned by an individual is ultimately dependent upon the performance of the Group and the individual concerned.

The Company's share price on listing was $5.96 and on 30 June 2011 it closed at $8.76. The table below summarises the Company's TSR over the period from listing to 30 June 2011 in comparison to the ASX S&P 200 Accumulation Index and selected comparator group companies.

This performance criteria was only one of the factors used by the Board is assessing performance for FY11. The Group's performance against other key development milestones (as well as individual performance) was also considered by the Board. Some of these development milestones are noted in section 2.2 below.

Share Price										
	ASX 200	AZT	BTU	CNA	COK	GCL	MCC	NHC	WEC	WHC
16 August 2010	31,703.9	$5.96	$0.18	$93.58	$0.49	$12.26	$12.55	$4.66	$3.39	$6.09
30 June 2011	34,200.7	$8.76	$1.03	$105.50	$0.37	$8.49	$10.75	$5.22	$1.83	$5.83
Dividends										
Paid during period	–	–	–	588.0	–	–	41.0	23.8	–	6.1
TSR										
16 August 2010	31,704	$5.96	$0.18	$93.58	$0.49	$12.26	$12.55	$4.66	$3.39	$6.09
Dividend adj.	34,201	$8.76	$1.03	$111.38	$0.37	$8.49	$11.36	$5.46	$1.83	$5.86
TSR	7.9%	47.0%	455.0%	19.0%	(24.6%)	(30.7%)	(9.5%)	17.0%	(46.2%)	(3.3%)



2.1 FY11 Base Salaries

Notwithstanding the Company's and the Group's performance over the financial year, the Board elected not to increase Base Salaries and Non-Executive Directors' fees.

2.2 FY11 Short Term Incentives

The table below sets out the average proportion of the maximum STI bonus that senior executives were awarded for FY11:

Percentage Base Salary applied by Remuneration Committee to calculate available Bonus Pool	80%
Average Percentage STI actually awarded to CEO and senior executives	52%
Range of STI percentages awarded to CEO and senior executives	30%-70%

The purpose of the STI Plan is to ensure a proportion of a senior executive's remuneration is subject to meeting various targets linked to the Company's business objectives. At the start of the financial year, the Remuneration Committee, in conjunction with the CEO and CFO, identified a number of criteria that would be used to assess STI grants. These criteria were broadly divided into two categories:

1. Company performance as assessed by an external marker (i.e. TSR since IPO); and
2. Company performance as assessed by the achievement of key development milestones.

Relevant development milestones included:

- financing of the Maules Creek Project, including:
  - signing and completion of a joint venture sell-down;
  - refinancing of the acquisition funding; and
  - refinancing of the bridge funding; and
- performance against key project milestones, including:
  - lodgement of Preliminary Environmental Assessment and Environmental Assessment;
  - design of Project infrastructure;
  - execution of land acquisition strategy;
  - execution of stakeholder engagement strategy;
  - completion of Definitive Feasibility Study; and
  - completion of the exploration program and coal quality upgrade.

These STI performance conditions were selected to ensure a strong and definite link between executive remuneration and company results.

Having regard to the above criteria, in particular:

- the top quartile TSR, as shown in the table above; and
- satisfaction of a high proportion of the development milestones identified as key to delivery of first commercial coal,

the Remuneration Committee determined that the available STI bonus pool should be set at 80% of the aggregate of applicable Base Salaries.

Once the base STI pool was set, the performance of each individual was assessed to determine the extent to which they contributed to the Group's achievement of the key development milestones – to the extent such milestones were relevant to their respective areas of responsibility. The Remuneration Committee also had regard to each individual's commitment to the Group's values and demonstrated leadership qualities.

Following this assessment, the available STI pool was not fully utilised. This is because not all specified development milestones for FY11 were met and, where met, some were delayed from their original target dates.

The percentage STI awarded to the CEO and senior executives is set out in the table below.

Name	Maximum available STI (as a percentage of Base Salary)[a]	STI awarded (as a percentage of Base Salary)	STI awarded	STI forfeited (as a percentage of Base Salary)
T Hannigan	100%	60%	$540,000	40%
T Todd	100%	70%	$350,000	30%
D Syme	100%	60%	$255,000	40%
L Muir	100%	60%	$240,000	40%
C Foot	100%	30%	$95,000	70%
R Brims	100%	30%	$95,000	70%

(a) The minimum potential value of the STI awards was nil.

2.3 FY11 Long Term Incentives

As noted above, LTI awards are made through the LTIP (in addition to a one-off discretionary grant made to Non-Executive Directors at IPO). The LTIP provides the CEO and senior executives additional motivation to improve the overall return to shareholders and aligns remuneration with the long-term value created for shareholders.

The table below summarises the options and performance rights granted during FY11 under the terms of the LTIP (as outlined above). No options or performance rights have vested, or were exercised, forfeited or lapsed during FY11.

Name	Number granted	Grant date[1]	Fair value of option at grant date	Exercise price[2]	First test date[3]	Expiry date
T Hannigan[4]	2,180,232 options	17.08.10	$2.69	$5.96	17.08.12	17.08.15
	2,180,232 options	17.08.10	$2.50	$8.94	17.08.12	17.08.16
T Todd[4]	2,180,232 options	17.08.10	$2.69	$5.96	17.08.12	17.08.15
	2,180,232 options	17.08.10	$2.50	$8.94	17.08.12	17.06.16
D Syme[3]	200,000 options	17.08.10	$2.69	$5.96	17.08.12	17.08.15
	65,359 options	10.11.10[5]	$3.05	$6.29	10.11.12	10.11.15
L Muir[3]	100,000 performance rights	17.08.10	n/a	n/a	17.08.12	17.08.15
	100,000 options	17.08.10	$2.69	$5.96	17.08.12	17.08.15
C Foot[3]	100,000 performance rights	17.08.10	n/a	n/a	17.08.12	17.08.15
	100,000 options	17.08.10	$2.69	$5.96	17.08.12	17.08.15
R Brims[3]	100,000 performance rights	17.08.10	n/a	n/a	17.08.12	17.08.15
	100,000 options	17.08.10	$2.69	$5.96	17.08.12	17.08.15
M Vaile[3]	100,000 options	17.08.10	$2.69	$5.96	17.08.12	17.08.15
P Hay[3]	100,000 options	17.08.10	$2.69	$5.96	17.08.12	17.08.15
P Christensen[3]	100,000 performance rights	17.08.10	n/a	n/a	17.08.12	17.08.15
	100,000 options	17.08.10	$2.69	$5.96	17.08.12	17.08.15

1 This is the fair value of the instrument calculated using a Black Scholes valuation method for all options other than the second tranche of options granted to T Hannigan and T Todd (which were valued using a Tri-Nomial Lattice Model).

2 The exercise price was calculated based on the IPO issue price (for options granted on 17.08.10) and based on the VWAP over 5 trading days up to and including the grant date (for options granted on 10.11.10). For the second tranche of options granted to T Hannigan and T Todd, the strike price is 1.5 times the IPO price. Performance rights have a nil strike price.

3 For LTIs granted to T Hannigan and T Todd, refer to footnote 4. For all other LTIs, the instruments can vest after 2 years dependent upon the delivery of first coal.

4 The first tranche of options issued to T Hannigan and T Todd can vest after 2 years dependent upon the delivery of first coal during the 3 year performance period. The second tranche of options can vest after 2 years dependent upon the Maules Creek Project reaching production level of 8 Mtpa and a share price of over $11.92, which is greater than 2 times the listing price (of $5.96) during the 5 year performance period.

5 A second tranche of options was granted to D Syme following the annual 2010 performance review process.

3 Executive Remuneration In Detail

3.1 Executive employment contracts

The remuneration and other terms of employment for executives are formalised in employment contracts. Each of these agreements provide for payment of performance-related bonuses under the STI program (as discussed above), other benefits (including car allowances) and participation in the Company's LTIP (as discussed above).

The employment contracts (with the Directors and senior executives) are "evergreen" (that is, have no fixed term). Other than the provisions relating to vesting of LTI grants in certain circumstances (which are noted in section 1.2(C) above and approved by shareholders prior to the company's listing), the employment contracts contain no termination benefits other than payments in lieu of notice and redundancy payments. The notice periods and redundancy payments vary for the individuals and depending upon the period of service. These are set out in the table below.

Name	Notice period[1]	Redundancy Entitlement
T Hannigan	6 months	26 weeks (plus 2 weeks for every 2 years of continuous service)
T Todd	6 months	26 weeks (plus 2 weeks for every 2 years of continuous service)
D Syme	12 weeks	As per applicable legislation
L Muir	16 weeks	52 weeks until 30 November 2011 and as per applicable legislation thereafter
C Foot	16 weeks	As per applicable legislation
R Brims	16 weeks	As per applicable legislation

3.2 Remuneration paid to executives for FY11

Details of the CEO and senior executive remuneration for FY11, prepared in accordance with statutory obligations and accounting standards, are set out below.

Amounts actually received by the CEO and other senior executives in FY11 are substantially lower than the amounts shown in the remuneration table. This is because the full remuneration table includes amounts in respect of benefits which did not deliver value to executives in FY11. It includes accounting values for current year's LTI grants which have not been and may never be realised as they are dependent on market and performance hurdles being met in future years.

Name	Cash Salary and fees	Non Monetary Benefits[1]	Long Service Leave	Super-annuation	Termi-nation Benefits	STI cash bonus[2]	LTI[3]	Total Remun-eration	Proportion of Remuneration comprising options/ performance rights
T Hannigan	$876,346	$9,589	–	$78,871	–	$540,000	$2,927,122	$4,431,928	66%
T Todd	$479,707	$9,589	–	$43,174	–	$350,000	$2,927,122	$3,809,592	77%
D Syme	$425,000	$121,120	–	$38,250	–	$255,000	$174,397	$1,013,767	17%
L Muir	$400,000	$11,902	$10,800	$36,000	–	$240,000	$215,274	$913,976	24%
C Foot	$318,620	$9,589	–	$27,341	–	$95,000	$215,274	$665,824	32%
R Brims	$321,100	$9,589	–	$28,899	–	$95,000	$215,274	$669,862	32%

1 Includes the value of fringe benefits and other allowances (e.g. business car allowance).

2 Paid in September 2011 in respect of FY11.

3 In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options and performance rights granted under the LTIP that remained unvested as at 30 June 2011). The fair value of equity instruments is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options and performance rights at the date of their grant has been determined in accordance with AASB 2.

4 Non-Executive Director Arrangements

Non-Executive Directors receive a base fee for being a Director and may receive additional fees for either chairing or being a member of a committee, working on special committees and/or serving on a subsidiary board. No additional fees have been paid during the financial year. Non-Executive Directors are also entitled to be reimbursed for business-related expenses (e.g. travel).

The Group does not currently have any retirement benefit schemes in operation other than superannuation. Superannuation is paid at a fixed rate of 9% into individually nominated superannuation funds. It is included in (and not additional to) the base fee.

The maximum Non-Executive Director fee pool as approved by shareholders is $750,000. In line with the salary freeze for senior executives, the Board determined that no increase in Non-Executive Director fees should occur during FY11.

The current remuneration of Non-Executive Directors is set out in the table below. Note that for this financial year, it includes a proportion of the value of equity compensation granted to the Non-Executive Directors as part of the one-off grant on listing of the Company as outlined in section 1.2(c) and 2.3 above. The amount included as remuneration is not related to or indicative of the benefit (if any) that the Non-Executive directors may ultimately realise should the equity instruments vest.

Director	Base Fee (includes super annuation)[1]	Committee Fees	Non-Monetary Benefits	Termination Benefits	Share Based Payment	Total Remun-eration	Percentage comprising options/ performance rights
Mark Vaile (Chairman)	$120,000	–	–	–	$66,946	$186,946	36%
Peter Hay	$80,000	–	–	–	$66,946	$146,946	46%
Philip Christensen	$80,000	–	–	–	$215,274	$295,274	73%

1 From a current Non-Executive Director Fee Pool of $750,000.

FINANCIAL REPORT

These financial statements cover the consolidated financial statements for the Consolidated entity consisting of Aston Resources Ltd and its subsidiaries. The financial statements are presented in Australian Dollars.

Aston Resources Ltd is a listed public company, incorporated and domiciled in Australia. On 25 June 2010 the company changed its type from a proprietary company to an unlisted public company. On 17 August 2010 the company completed an initial public offering and listed on the Australian Securities Exchange (ASX:AZT).

Its registered office and principal place of business is:
Aston Resources Ltd
Level 10 AMP Place
10 Eagle St
BRISBANE, QLD 4000

A description of the nature of the Consolidated entity's operations and its principal activities is included in the review of operations in the directors' report on page 10.

The financial statements were authorised for issue by the directors on 20 September 2011. The directors have the power to amend and reissue the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

		Consolidated	
		2011	2010
	Notes	**$**	$
ASSETS			
Current assets			
Cash and cash equivalents	8	341,859,364	3,156,168
Trade and other receivables	9	1,709,801	97,159
Prepayment and other assets	10	1,685,296	2,814,144
Total current assets		**345,254,461**	**6,067,471**
Non-current assets			
Plant and equipment	11	413,804	594,987
Mining tenements	12	545,434,326	538,588,817
Land	12	29,148,057	6,300,000
Intangibles	12	2,907,696	3,000,001
Total non-current assets		**577,903,883**	**548,483,805**
Total assets		**923,158,344**	**554,551,276**
LIABILITIES			
Current liabilities			
Trade and other payables	13	10,983,552	8,517,671
Borrowings	14	35,550	151,027,998
Provisions	15	342,455	182,453
Income tax payable	7	40,331,680	–
Total current liabilities		**51,693,237**	**159,728,122**
Non-current liabilities			
Trade and other payables	16	7,372,313	1,798,831
Borrowings	17	180,145,961	401,869,683
Provisions	18	357,000	–
Deferred tax liabilities	7	38,487,612	
Total non-current liabilities		**226,362,886**	**403,668,514**
Total liabilities		**278,056,123**	**563,396,636**
Net assets		**645,102,221**	**(8,845,360)**
EQUITY			
Contributed equity	19	543,205,928	26,175,872
Warrants	19	–	113,170,850
Reserves	20	7,205,779	–
Retained earnings	20	94,690,514	(148,192,082)
Total equity		**645,102,221**	**(8,845,360)**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDING 30 JUNE 2011

		Consolidated	
		2011	2010
	Notes	**$**	$
Other income	5	6,895,674	16,951,476
Gain on sale	5	253,940,441	2,342,691
Employee benefits expense		(10,401,874)	(3,757,208)
Depreciation and amortisation expense	6	(145,990)	(44,858)
Other expenses		(3,892,768)	(10,509,316)
Foreign exchange gains/(losses)	6	81,983,205	(29,580,076)
Finance costs	6	(41,210)	(6,462)
Revaluation of warrants		–	(113,170,850)
Profit/(loss) before income tax		**328,337,478**	**(137,774,603)**
Income tax expense	7	(85,454,882)	–
Profit/(loss) for the period	20	**242,882,596**	**(137,774,603)**
Total comprehensive income for the period		**242,882,596**	**(137,774,603)**
Total comprehensive income for the year is attributable to:			
Owners of Aston Resources Ltd		242,882,596	(137,774,603)
		242,882,596	(137,774,603)
Net profit per share – basic and diluted	**30**	**1.27**	**(2.76)**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDING 30 JUNE 2011

Attributable to owners of Aston Resources Ltd

Consolidated	Contributed Equity	Warrants	Reserves	Retained Earnings	Other equity	Total equity
	$	$	$	$	$	$
Balance at 1 July 2009	1	–	5,000	(10,417,479)	10,321,898	(90,580)
Total comprehensive income for the period	–	–	–	(137,774,603)	–	(137,774,603)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	14,678,098	–	–	–	–	14,678,098
Transfer to contributed equity	10,321,898	–	–	–	(10,321,898)	–
Share based payments	1,175,875	–	–	–	–	1,175,875
Share based payments vested	–	–	(5,000)	–	–	(5,000)
Valuation of warrants	–	113,170,850	–	–	–	113,170,850
	26,175,871	113,170,850	(5,000)	–	(10,321,898)	129,019,823
Balance at 30 June 2010	**26,175,872**	**113,170,850**	**–**	**(148,192,082)**	**–**	**(8,845,360)**
Balance at 1 July 2010	26,175,872	113,170,850	–	(148,192,082)	–	(8,845,360)
Total comprehensive income for the period	–	–	–	242,882,596	–	242,882,596
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	403,859,206	–	–	–	–	403,859,206
Conversion of warrants to ordinary shares	113,170,850	(113,170,850)	–	–	–	–
Share based payments	–	–	7,205,779	–	–	7,205,779
	517,030,056	(113,170,850)	7,205,779	–	–	411,064,985
Balance at 30 June 2011	**543,205,928**	**–**	**7,205,779**	**94,690,514**	**–**	**645,102,221**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2011

		Consolidated	
		2011	2010
	Notes	**$**	$
Cash flows from operating activities			
Receipts from customers		455,416	9,898
Payments to suppliers and employees		(6,971,024)	(8,980,191)
Interest received		6,224,636	48,626
Interest paid		(34,927)	(6,462)
Net cash (outflow) inflow from operating activities	29	**(325,899)**	**(8,928,129)**
Cash flows from investing activities			
Payments for plant and equipment		(65,495)	(454,469)
Payments for mining tenements, land and intangibles		(48,163,500)	(508,660,185)
Payments for security deposits		–	(262,214)
Proceeds on sale of mining investments		345,000,000	–
Other investment expenditure		–	–
Net cash (outflow) inflow from investing activities		**296,771,005**	**(509,376,868)**
Cash flows from financing activities			
Issued share capital		377,881,366	14,678,098
Related parties transactions		–	16,892,866
Proceeds from external borrowings		–	494,448,284
Payment of external borrowings		(338,312,431)	–
Payments of finance lease liabilities		(32,353)	(5,102)
Payments for costs relating to external debt		–	(4,564,997)
Net cash inflow (outflow) from financing activities		**39,536,582**	**521,449,149**
Net increase (decrease) in cash and cash equivalents		335,981,688	3,144,152
Net foreign exchange differences		2,721,508	–
Cash and cash equivalents at the beginning of the financial period		3,156,168	12,016
Cash and cash equivalents at end of period	8	**341,859,364**	**3,156,168**

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Aston Resources Ltd and its subsidiaries.

(a) Basis of preparation

These financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Compliance with IFRS

The consolidated financial statements of the Aston Resources Ltd Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern

The Group's financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the discharge of liabilities and commitments in the ordinary course of business. The Group's financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group is unable to continue as a going concern.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Aston Resources Ltd (''company'' or ''parent entity'') as at 30 June 2011 and the results of all subsidiaries for the year ended. Aston Resources Ltd and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

For the purpose of preparing consolidated accounts, Aston Resources Ltd is considered the "controlling parent" of the Group.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Joint ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a jointly controlled asset have been incorporated in the financial statements under the appropriate headings. Details of the Consolidated Entity's interests in joint ventures are shown in note 27.

(c) Segment reporting

Operating segments are reported 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.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Aston Resources Ltd's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in net income, except when they are deferred in equity as qualifying cash flow hedges.

(e) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue is recognised for the major business activities as follows:

(i) Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset) to the net carrying amount of the financial asset.

(ii) Management fees

Revenue from management fees are recognised in the accounting period in which the services are rendered.

(f) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

(i) when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(ii) when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except:

(i) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(ii) when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Consolidated tax group

Aston Resources Ltd and its wholly owned Australian controlled entities form part of Aston Resources Ltd's tax consolidated group.

As a consequence, Aston Resources Ltd, as the head entity in the tax consolidated group, recognises current tax amounts and tax losses relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Deferred tax balances are allocated to tax consolidated entities in accordance with UIG 1052 *Tax Consolidation Accounting*.

1 Summary of significant accounting policies continued

Amounts receivable or payable under a tax contribution arrangement with the tax consolidated entities are recognised separately as tax related amounts receivable or payable. Expenses and revenues arising under the tax contribution arrangement are recognised as a component of income tax expense (revenue). Under the tax contribution arrangement tax consolidated entities contribute an amount equivalent to 30% of taxable income.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in net income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in net income.

(h) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

Indefinite life intangible assets will be reviewed for impairment on an annual basis or when indicators of impairment exist.

(i) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

(j) Trade receivables

Trade and other receivables are stated at their invoiced amount less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

(j) Trade receivables continued

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in net income within other expenses.

(k) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(l) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 9) in the statement of financial position.

Financial assets – reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in net income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between its carrying amount and the sum of the consideration received is recognised in net income.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to net income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in net income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in net income as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in net income, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 2.

1 Summary of significant accounting policies continued

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in net income – is reclassified from equity and recognised in the net income as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through net income.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in net income.

(m) Warrants

Warrant instruments issued by the company that contained certain features which have required the Company to settle the value of warrants for cash are classified as "financial liabilities". When the obligation to settle the instruments in cash ceased and the warrants become equity settled only, the instruments were reclassified as equity in the statement of financial position. At reclassification date the financial liability was measured and re-stated to fair value immediately prior to reclassification.

(n) Plant and equipment

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

– Office equipment	3-5 years
– Leasehold improvements	Shorter of lease or 40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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 (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in net income.

(o) Exploration and evaluation expenditure

Exploration and evaluation costs, net of revenue representing recoupment of such costs, are accumulated in respect of each separate area of interest. Such costs are carried forward where they are expected to be recouped through successful development and exploitation of the area of interest or where activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

The ultimate recoupment of costs related to areas of interest in the exploration and/or evaluation phase is dependent on the successful development and commercial exploitation or sale of the relevant areas.

Where it is decided to abandon an area of interest, costs carried forward in respect of that area are written off in full in the year in which the decision is taken.

Upon commencement of development, any accumulated costs are transferred from exploration and evaluation costs, and carried forward as mine development costs to the extent that recoupment, through successful exploration or the sale of the property is reasonably assessed.

If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the net income in the period when the new information becomes available.

(p) Mining tenements, land and intangibles

Mine tenements represent the accumulation of all development costs, including mineral reserves, rights, properties and tenements acquired for consideration in relation to areas of interest in which development of a mineral resource has commenced.

Where further development costs are incurred in respect of an area of interest after the commencement of production, such costs are carried forward only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of cost of production.

Mine development costs and mineral reserves are amortised over the life of an area of interest based on the rate of depletion of economically recoverable reserves.

Land and buildings are shown at cost. Land is not depreciated.

Intangible assets include water licenses. Intangible assets are measured on initial recognition at cost, which comprises purchase price plus any directly attributable costs of preparing the asset for its intended use. Water licenses are considered to have an indefinite life and are therefore not subject to amortisation.

(q) Non-current assets (or disposal groups) held-for-sale and discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held-for-sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

(r) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to related parties are carried at the principal amount. The amounts are unsecured and are usually paid within 30 days of recognition.

(s) Employee benefits

(i) Wages, salaries, annual leave, sick leave and non monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the end of the reporting period, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as, workers compensation insurance and payroll tax.

(ii) Long term service benefits

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to directors and employees. Information relating to these schemes is set out in note 31.

The fair value of equity instruments granted under the plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the instruments granted, which includes any non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of instruments that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in net income, with a corresponding adjustment to equity.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(u) 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 net income over the period of the borrowings using the effective interest method.

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 date.

(v) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(w) Financing costs

Financing costs include interest payable on borrowings, calculated using the effective interest rate method, finance charges in respect of leases, exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest costs and differences relating to the unwinding of the discount of assets and liabilities measured at amortised costs.

Financing costs are recognised as an expense in the period in which they are incurred, unless they relate to a qualifying asset. Financing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Financial income is recognised as it accrues taking into account the effective yield on the financial asset.

1 Summary of significant accounting policies continued

(x) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in net income and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(y) Earnings per share

Basic and diluted net profit/loss per share has been calculated by dividing net profit/loss attributed to members of the parent, excluding any costs of servicing equity (other than dividends) by the weighted average number of ordinary shares outstanding during the period.

(z) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(aa) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ab) New accounting standards and interpretations

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2010.

(i) AASB Interpretation 19 Extinguishing financial liabilities with equity instruments

AASB Interpretation 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.

(ii) AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvement Project

The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments relate to terminology and editorial changes. None of the amendments have a significant effect on the Group's financial position, financial performance or disclosures.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

(ab) New accounting standards and interpretations continued

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods and have not yet been applied in the financial report. Adoption of the new standards and interpretations listed below is not expected to have a significant impact on the Group's financial position, financial performance or disclosures.

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	1 Jan 2013	1 Jul 2013
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9	These amendments arise from the issuance of AASB 9 Financial Instruments that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This Standard shall be applied when AASB 9 is applied.	1 Jan 2013	1 Jul 2013
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.	1 Jan 2011	1 Jul 2011
AASB 2009-12	Amendments to Australian Accounting Standards	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	1 Jan 2011	1 Jul 2011
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.	1 Jul 2013	1 Jul 2013
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures.	1 Jul 2011	1 Jul 2011
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.	1 Jan 2011	1 Jul 2011
AASB 2010-5	Amendments to Australian Accounting Standards	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.	1 Jan 2011	1 Jul 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets	The amendments increase the disclosure requirements for transactions involving transfers of financial assets.	1 Jul 2011	1 Jul 2011

1 Summary of significant accounting policies continued

(ab) New accounting standards and interpretations continued

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value attributable to changes in credit risk are presented in other comprehensive income (OCI) and the remaining change is presented in profit or loss.	1 Jan 2013	1 Jul 2013
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.	1 Jan 2012	1 Jul 2012
AASB 2011-1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project	This Standard amendments many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.	1 Jul 2011	1 Jul 2011
AASB 2011-2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime	This Standard makes amendments to the application of the revised disclosures to Tier 2 entities that are applying AASB 1053.	1 Jul 2013	1 Jul 2013
AASB 10	Consolidated Financial Statements	IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities.	1 Jan 2013	1 Jul 2013
AASB 11	Joint Arrangements	IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.	1 Jan 2013	1 Jul 2013
AASB 12	Disclosure of Interests in Other Entities	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities.	1 Jan 2013	1 Jul 2013
AASB 13	Fair Value Measurement	IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities.	1 Jan 2013	1 Jul 2013

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.
The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Risk management is carried out by senior management. They identify, evaluate and hedge financial risks in close co-operation with the Group's operating units.

The Group hold the following financial instruments:

	Consolidated	
	2011	2010
	$	$
Financial assets		
Cash and cash equivalents	341,859,364	3,156,168
Trade and other receivables	1,709,801	97,159
	343,569,165	3,253,327
Financial liabilities		
Trade and other payables	18,355,865	10,316,502
Loans	180,559,255	567,174,044
Finance lease	138,041	170,394
	199,053,161	577,660,940

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	2011		2010	
	USD	**AUD**	USD	AUD
	$	**$**	$	$
Assets				
Cash and cash equivalents	181,691,472	169,188,446	–	–
Liabilities				
Interest withholding tax payable	(1,025,373)	(954,812)	(1,871,202)	(2,195,473)
Borrowings	(193,902,584)	(180,559,255)	(483,402,438)	(567,174,044)
Net foreign currency risk exposure	**(13,236,485)**	**(12,325,621)**	(485,273,640)	(569,369,517)

Group sensitivity

At 30 June 2011, US dollar denominated financial instruments as detailed in the above table were translated to Australian dollars at the AUD:USD exchange rate of 1.0739. Based on those financial instruments, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's pre-tax profit for the period and equity at the end of the period would have been $1,369,514 lower/$1,120,511 higher (2010 – $63,263,280 lower/$51,760,865 higher), mainly as a result of foreign exchange gains/losses on translation to Australian dollars.

2 Financial risk management continued

(a) Market risk continued

(ii) Cash flow and fair value interest rate risk

The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7. Trade and other payables are non-interest bearing.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

(c) Liquidity risk

Financing arrangements

The Group had no undrawn borrowing facilities at the end of the reporting period. Subsequent to 30 June 2011, the Group entered a A$350m revolving credit facility and repaid the outstanding balance of the Senior Facility Agreement (refer note 28).

On 17 February 2010 Noonday Global Management and associated funds ("Noonday") provided senior secured debt facilities to a subsidiary, Aston Coal 2 Pty Ltd, for the purpose of acquiring the Maules Creek Project assets. The senior facility agreement was amended and restated on 12 May 2010, 18 May 2010, 20 July 2010 and 6 August 2010. Three facilities had been made available to Aston Coal 2 Pty Ltd prior to 30 June 2010, comprising a 90-day US$120,000,000 facility (Facility A), a 3-year US$336,600,000 facility (Facility B), and a 75-day US$131,500,000 facility (Facility C). On 18 May 2010, Facility A was fully repaid with the proceeds of the utilisation of Facility C. Facility B and Facility C were fully drawn at 30 June 2010. Facility C was extended until 31 August 2010 and an extension fee of US$2,808,096 was paid. Facility C was fully repaid and a partial repayment of Facility B of US$73,200,000 was made on 17 August 2010 from the proceeds of the IPO (refer note 19(b)). A further partial repayment of Facility B of US$100,000,000 was made on 13 May 2010 from the proceeds of the sale of a 15% interest in the Maules Creek Project (refer note 5(b)).

As part of the provision of these facilities, 15,652,953 warrants were issued by the Company to Noonday. Subject to a pre-determined period of time in order to seek the necessary Foreign Investment Review Board approval pursuant to the *Foreign Acquisitions and Takeovers Act 1975* ("FATA"), the warrants were exercisable at any time with a nil exercise price. If exercised with Foreign Investment Review Board approval then the warrants were to be settled by the issuance of the equivalent number of shares in the Company. If exercised after this pre-determined period of time, but where the Foreign Investment Review Board had not provided the necessary approval, then the warrants would have been cash-settled at a valuation based on the share value at the time of exercise. Up to 8,131,403 additional warrants may have had to be issued to Noonday subject to the occurrence of certain events. Holders of these additional warrants, if issued and if exercised, would have been issued with an equivalent number of shares. The warrant deed was terminated on 6 August 2010 and no additional warrants were issued.

The warrants issued in connection with the provision of debt facilities were initially classified as a liability due to certain features potentially requiring the Warrants to be cash settled described above. The initial fair value of those warrants was determined by an independent valuer to be nil. The warrant holders received approval pursuant to FATA on 2 June 2010 and the obligation to settle the warrants in cash ceased on that date. Accounting standards require the fair value of the warrants, initially classified as a liability, be assessed and any increase in fair value be expensed in net income. The fair value of the warrants upon receipt of approval under the FATA was determined by the independent valuer as $113,170,850 which was expensed in net income and transferred to equity in Shareholders' Funds.

The warrants were exercised on 6 August 2010 and 15,652,953 shares issued (refer note 19). Following exercise, the warrant deed was cancelled and no additional warrants may be issued.

An option deed was also entered into at the time of the provision of the Noonday senior secured facilities. The option deed gave Noonday the right to subscribe for a certain amount of shares in Aston Resources Ltd, or convert a proportion of the senior secured debt facilities outstanding at that time, into shares in Aston Resources Ltd in the event that certain conditions were not met. The option deed was terminated on 6 August 2010 and no options or shares may be issued pursuant to the option deed.

(c) Liquidity risk continued

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings as follows:

(a) based on their contractual maturities:

(i) all non-derivative financial liabilities, and

(ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows; and

(b) based on the remaining period to the expected settlement date:

(i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of the cash flows

The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Within 1 year	Within 2 – 5 years	After 5 years	Total
Contractual maturities	**$**	**$**	**$**	**$**
Trade and other payables	10,983,552	7,372,313	–	18,355,865
Noonday facility B	–	230,722,521	–	230,722,521
Finance leases	35,550	102,491	–	138,041
Total	**11,019,102**	**238,197,325**	**–**	**249,216,427**

Risk management

Senior management monitors and manages cash at the Group level and defines the maximum cash level at affiliate level. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funds through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund development capital expenditure for the Maules Creek project is dependent on the Group being successful in securing additional funding, including by way of a part disposal of its participating interest in the Maules Creek Joint Venture or raising debt or equity funding, in each case, on appropriate terms.

(d) Fair Value

A valuation of the warrants and options as at the date of issue (17 February 2010) was undertaken by an independent valuer with reference to the value of the underlying shares in the Group. The primary valuation method used by the independent valuer to value the underlying shares was the Orderly Realisation of Net Assets (ORNA) method, which is calculated by reference to the amount that would be distributed to the shareholders after the assets of the Group were realised and its liabilities paid upon the orderly winding-up of the company. The ORNA method was deemed appropriate because at the valuation date the Group held assets but did not trade. The inputs into the ORNA method are based on assessments of the fair values of the underlying assets and liabilities. In some instances the fair values of the underlying assets and liabilities are estimated using the Level 3 method which uses inputs that are not based on readily observable market data, but are based on established valuation techniques, considering various factors such as the recent purchase price of the tenement (which was arrived at after a tender process and consideration of estimates of long-term coal prices), estimates of economically recoverable reserves, profitability of future operations, and discount rates.

A revaluation of the warrants immediately prior to the reclassification to equity (2 June 2010) was undertaken by an independent valuer with reference to the value of the underlying shares in the Group, including the subsequent initial public offering price. The ORNA method continued to be used by the independent valuer as primary valuation method as the company held assets but did not trade. The increase in fair value of the warrants was expensed in net income and transferred from a financial liability to equity in Shareholders Funds, in accordance with applicable accounting standards.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Exploration and Evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Warrants and options

A valuation of the warrants and options as at the date they were issued (on 17 February 2010) was undertaken by an independent valuer. The valuation ascribed a nil fair value to the warrants and options as at the date they were issued.

A revaluation of the warrants immediately prior to the reclassification to equity (2 June 2010) was undertaken by an independent valuer. The valuation ascribed a fair value of $113,170,850 to the warrants at that date.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using either the Black-Scholes formula or a trinomial lattice model. The related assumptions are detailed in note 31.

4 Segment information

(a) Description of segments

The Group operates in one segment being investing in coal mining, exploration and development.

5 Income

(a) Other Income

	Consolidated	
	2011	2010
	$	$
Management fees	–	9,898
Interest income	6,441,257	48,626
Debt forgiven[1]	–	16,892,866
Rental income	72,017	–
Water licence income	372,098	–
Other income	10,301	86
	6,895,673	**16,951,476**

1 On 31 March 2010 the amounts payable by the Group (and Company) to entities related to Nathan Tinkler were forgiven.

(b) Gain on sale

	Consolidated	
	2011	2010
	$	$
Gain on sale of 15% interest in Maules Creek project [1]	253,940,441	–
Gain on sale of Dingo project	–	2,342,691
	253,940,441	**2,342,691**

1 On 8 December 2010 Aston Coal 2 Pty Ltd ("AC2"), a wholly owned subsidiary of the Company, executed a sale and purchase agreement with ICRA MC Pty Ltd ("ICRA MC"), a wholly owned subsidiary ITOCHU Corporation from Japan, to sell a 15% interest in certain assets and liabilities associated with the Maules Creek project for $345,000,000, subject to certain conditions precedent. The sale was completed and purchase price paid on 6 May 2011.

6 Expenses

	Consolidated 2011 $	Consolidated 2010 $
Depreciation		
Office equipment	4,824	5,782
Computer equipment	117,592	32,507
Motor vehicle	26,946	5,484
Leasehold improvements	97,316	1,085
Less: Capitalised to qualifying assets	(85,585)	–
Less: Contribution joint venture partner	(15,103)	–
Total depreciation	**145,990**	**44,858**
Finance costs		
Interest and finance charges	59,408,112	39,054,891
Less: Capitalised to qualifying assets	(59,366,902)	(39,048,429)
Finance costs expensed	**41,210**	**6,462**
Share-based payment expense	7,205,779	1,170,875
Service fees	–	2,867,586
Exploration expenses	–	5,179,548
Foreign exchange (gains)/losses		
Realised	(27,899,593)	5,924,924
Unrealised	(54,083,612)	23,655,152
Total foreign exchange gain loss	**(81,983,205)**	**29,580,076**
Rental expense relating to operating leases		
Minimum lease payments	348,461	270,974
Total rental expense relating to operating leases	**348,461**	**270,974**

7 Income tax expense

(a) Income tax expense

	Consolidated 2011 $	Consolidated 2010 $
Current tax	40,331,680	–
Deferred tax	45,123,202	–
Adjustments for current tax of prior periods	–	–
	85,454,882	**–**

7 Income tax expense continued

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 2011 $	2010 $
Profit from continuing operations before income tax expense	328,337,479	(137,774,603)
Profit from discontinuing operations before income tax expense	–	–
Tax at the Australian tax rate of 30% (2010 – 30%)	**98,501,244**	**(41,332,381)**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments (equity settled)	2,161,734	–
Utilisation of prior year losses	(21,497,064)	
Prior year net deferred tax liabilities recognised in the current year	6,273,085	–
Other	15,883	–
Debt forgiven – Aston Copper	–	(4,500,000)
Debt forgiven – Aston Resources Trust	–	(567,860)
Revaluation of warrants	–	33,951,255
Gain on sale of subsidiary	–	(702,807)
Tax benefit of temporary differences not recognised	–	7,502,545
Tax benefit of losses not recognised	–	5,649,248
	85,454,882	**–**
Deferred income taxes:		
Interest capitalised	–	(6,586,420)
Borrowing cost	–	(1,479,113)
Depreciation – Mining licence	–	(1,292,891)
Dingo exploration expenditure	–	(1,500,000)
Tax losses	**–**	**10,858,424**
	–	–
Income tax expense	**85,454,882**	**–**

(c) Recognised deferred tax liabilities

	Consolidated 2011 $	2010 $
Temporary Differences:		
Charged to income	45,123,202	–
Share issue costs in equity	(6,635,590)	–
Net deferred tax liability	**38,487,612**	**–**
Net deferred tax liability relates to the following:		
Deferred tax assets		–
Share issue costs	5,163,172	–
Provision for annual leave	102,737	–
Provision for restoration	107,100	–
	5,373,009	**–**
Deferred tax liabilities		
Unrealised exchange gain	9,128,538	–
Capitalised interest	25,591,134	–
Depreciation	9,140,949	–
	43,860,621	
Net deferred tax liability	**38,487,612**	**–**

(d) Tax losses

The Group had tax losses of $ 55,025,577 at 30 June 2010 for which no deferred tax asset was recognised on the statement of financial position. The Group had no carried forward tax losses at 30 June 2011.

(e) Unrecognised temporary differences

	Consolidated	
	2011	2010
	$	$
The Group has unrecognised temporary differences at reporting date:		
Unrealised foreign exchanges losses	–	7,096,546
Share-based payments	–	351,263
Provision for annual leave	–	54,736
	–	**7,502,545**

(f) Tax consolidation legislation

Aston Resources Ltd and its wholly owned Australian controlled entities form part of Aston Resources Ltd's tax consolidated group.

As a consequence, Aston Resources Ltd, as the head entity in the tax consolidated group, recognises current tax amounts and tax losses relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Deferred tax balances are allocated to tax consolidated entities in accordance with AASB Interpretation 1052 *Tax Consolidation Accounting*.

8 Current assets – Cash and cash equivalents

	Consolidated	
	2011	2010
	$	$
Cash at bank and in hand	131,630,757	3,156,168
Short term deposits (1)	210,228,607	–
	341,859,364	**3,156,168**

(1) Short-term deposits include $18,750,000 held as a security by ANZ Banking Corporation in providing a financial guarantee for port capacity allocation.

(a) Reconciliation to cash at the end of the period

The above figures are reconciled to cash at the end of the financial period as shown in the statement of cash flows as follows:

	Consolidated	
	2011	2010
	$	$
Balances as above	341,859,364	3,156,168
Balances per statement of cash flows	341,859,364	3,156,168

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

9 Current assets – Trade and other receivables

	Consolidated 2011 $	2010 $
Trade receivables	335,148	–
Trade receivables – Maules Creek Joint Venture	270,360	447
GST Receivable	1,104,293	96,712
	1,709,801	**97,159**

(a) Past due but not impaired

As at 30 June 2011, trade receivables of $Nil (2010 – $Nil) were past due but not impaired.

(b) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

10 Current assets – Prepayment and other assets

	Consolidated 2011 $	2010 $
Prepayments	177,179	120,263
Security deposits	272,214	272,214
Deferred IPO costs	–	2,421,667
Deposits	821,409	–
Accrued income	216,621	–
Other	197,873	–
	1,685,296	**2,814,144**

11 Non-current assets – Plant and equipment

Consolidated	Office equipment $	Computer equipment $	Motor vehicle $	Leasehold improvements $	Total $
Period ended 30 June 2011					
Opening net book amount	18,803	239,728	170,012	166,444	594,987
Additions	5,634	–	58,408	1,453	65,495
Disposals	–	–	–	–	–
Depreciation charge	(4,824)	(117,592)	(26,946)	(97,316)	(246,678)
Closing net book amount	**19,613**	**122,136**	**201,474**	**70,581**	**413,804**
At 30 June 2011					
Cost or fair value	25,997	272,000	233,904	167,897	699,798
Accumulated depreciation	(6,384)	(149,864)	(32,430)	(97,316)	(285,994)
Net book amount	**19,613**	**122,136**	**201,474**	**70,581**	**413,804**

11 Non-current assets – Plant and equipment continued

	Consolidated				
	Office equipment	Computer equipment	Motor vehicle	Leasehold improvements	Total
	$	$	$	$	$
Period ended 30 June 2010					
Opening net book amount	–	–	–	–	–
Additions	91,318	275,245	175,496	272,036	814,095
Other adjustments	(4,131)	–	–	–	(4,131)
Disposals	(62,602)	(3,010)	–	(104,507)	(170,119)
Depreciation charge	(5,782)	(32,507)	(5,484)	(1,085)	(44,858)
Closing net book amount	**18,803**	**239,728**	**170,012**	**166,444**	**594,987**
At 30 June 2010					
Cost or fair value	20,363	272,000	175,496	166,444	634,303
Accumulated depreciation	(1,560)	(32,272)	(5,484)	–	(39,316)
Net book amount	**18,803**	**239,728**	**170,012**	**166,444**	**594,987**

12 Non-current assets – Mining tenements, land and intangibles

Maules Creek

	Consolidated			
	Tenements[1] $	Land[2] $	Intangibles[3] $	Total $
Period ended 30 June 2011				
Carrying amount at start of period	538,588,817	6,300,000	3,000,001	547,888,818
Additions	36,788,240	24,101,960	403,718	61,293,918
Borrowing costs capitalised	59,366,902	–	–	59,366,902
Disposals[4]	(89,309,633)	(1,253,903)	(496,023)	(91,059,559)
Carrying amount at end of period	**545,434,326**	**29,148,057**	**2,907,696**	**577,490,079**

	Consolidated			
	Tenements[1] $	Land[2] $	Intangibles[3] $	Total $
Period ended 30 June 2010				
Carrying amount at start of period	–	–	–	–
Additions	499,540,388	6,300,000	3,000,001	508,840,389
Borrowing costs capitalised	39,048,429	–	–	39,048,429
Carrying amount at end of period	**538,588,817**	**6,300,000**	**3,000,001**	**547,888,818**

1 Tenements consist of the following:

Coal Lease CL375: A mining lease for open-cut and underground mining for coal and petroleum minerals in the tenement area. CL375 was granted in June 1991 under the Mining Act 1992 (NSW) and is due to expire in June 2012; and

Authorisation A346: An exploration licence was first issued in 1984 and last renewed in August 2006. A further renewal of A346 was lodged in January 2011 and is pending.

2 Land consists of interest in surface land in the Maules Creek area.

3 Intangibles relate to water licences, primarily Water Access Licence 13050, obtained as part of the mining tenements acquired. The licence is considered to have an indefinite life as the licence was granted for an unlimited duration. The intangible asset will be assessed for impairment in line with the accounting policy 1(h).

4 On 8 December 2010, AC2 agreed to sell 15% of certain assets and liabilities associated with the Maules Creek Project to ICRA MC Pty Ltd, subject to certain conditions precedent. The sale was completed on 6 May 2011 (see note 5 (b)).

13 Current liabilities – Trade and other payables

	Consolidated	
	2011	2010
	$	$
Trade payables	449,524	1,082,393
Payroll related liabilities	161,826	244,789
Accrued development costs	5,709,922	6,786,540
Deferred land acquisition payments	4,661,280	
Interest withholding tax payable	–	396,642
Other payables	1,000	7,307
	10,983,552	**8,517,671**

(a) Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 2.

14 Current liabilities – Borrowings

	Consolidated	
	2011	2010
	$	$
Secured		
Noonday loan	–	150,995,645
Finance lease	35,550	32,353
Total secured current borrowings	35,550	151,027,998
Total current borrowings	35,550	151,027,998

Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 2.

Refer to note 17 for details of securities held under the loan agreement.

15 Current liabilities – Provisions

	Consolidated	
	2011	2010
	$	$
Employee related provisions (a)	342,455	182,453
	342,455	182,453

(a) Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes annual leave. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement of this obligation.

16 Non-current liabilities – Trade and other payables

	Consolidated	
	2011	2010
	$	$
Deferred land acquisition payments	6,417,500	–
Interest withholding tax payable	954,813	1,798,831
	7,372,313	**1,798,831**

(a) Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 2.

17 Non-current liabilities – Borrowings

	Consolidated	
	2011	2010
	$	$
Secured		
Noonday loan	180,043,470	401,731,642
Finance lease	102,491	138,041
Total non-current borrowings	**180,145,961**	**401,869,683**

Fair value

The carrying amounts and fair values of borrowings at the end of reporting period are:

	2011		2010	
Group	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Non-traded financial liabilities				
Noonday loan	180,043,470	180,559,255	552,727,287	567,174,044
Finance lease	138,041	138,041	170,394	170,394
	180,181,511	**180,697,296**	**552,897,681**	**567,344,438**

The security held under the loans are as follows:

a) First ranking security interest over all of the shares of the Borrower; and

b) Second ranking security interest over all assets relating to the Maules Creek Project, including but not limited to all the related tenements, land and lease agreements (subordinate to a deed of cross charge and cross mortgage in favour of ICRA MC Pty Ltd, the Borrower's JV partner).

18 Non-current liabilities – Provisions

	Consolidated	
	2011	2010
	$	$
Asset rehabilitation provision (a)	357,000	–
	357,000	**–**

(a) Asset rehabilitation provision

The Group makes full provision for the future cost of rehabilitating the mine site on a discounted basis at the time of developing the mine.

The rehabilitation provision represents the present value of the rehabilitation costs relating to the mine site. This provision has been created based on the Group's internal estimates. These estimates are reviewed regularly to take into account any material changes. No rehabilitation expenses have been incurred during the period.

19 Contributed equity

(a) Share capital

	Consolidated 2011 Shares	Consolidated 2010 Shares
Ordinary shares		
Fully paid	204,527,604	87,209,307

Total contributed equity

On 6 August 2010 shares in the Company were split on a 3:1 basis. All shares have been adjusted retrospectively.

(b) Movements in ordinary share capital:

Date	Details	Number of shares	$
1 July 2009	Opening Balance	1	1
	Share issue	14,678,100	14,678,098
	Transfer to contributed equity	10,321,900	10,321,898
	Share based payments	4,069,768	1,175,875
30 June 2010	Balance	29,069,769	26,175,872
1 July 2010	Opening Balance	29,069,769	26,175,872
	Exercise of warrants	15,652,953	113,170,850
	Share split (3:1)	89,445,444	–
	Share issue	67,114,094	400,000,000
	Conversion of accrued interest to share	3,245,344	19,342,250
	Less transaction costs arising from share issue	–	15,483,044
30 June 2011	Balance	204,527,604	543,205,928

Initial Public Offering

On 17 August 2010 the Company issued 67,114,094 shares at $5.96 per share as part of an initial public offering on the Australian Securities Exchange ("IPO") raising $378,813,020 net of costs.

On 17 August 2010 certain lenders under the senior facilities agreement exercised the right to convert accrued interest to shares in the Company at the IPO offer price. On conversion, 3,245,344 shares were issued reducing accrued interest by $19,342,250.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On 6 August 2010 shares in the company were split on a 3:1 basis.

(d) Movements in warrants:

Date	Details	Number of shares	$
1 July 2009	Opening Balance	–	–
	Transfer to warrants from liabilities to equity	15,652,953	113,170,850
30 June 2010	Balance	15,652,953	113,170,850
1 July 2010	Opening Balance	15,652,953	113,170,850
	Exercise of warrants	(15,652,953)	(113,170,850)
30 June 2011	Balance	–	–

(e) Warrants

Each warrant entitled the holder to subscribe for 1 share of Aston Resources Limited. Warrants were exercisable at any time with a nil exercise price.

The warrants were issued in connection with the provision of debt facilities and were initially classified as a liability due to certain features potentially requiring the warrants to be cash settled. The initial fair value of those warrants was determined by an independent valuer to be nil. The warrant holders received approval pursuant to FATA on 2 June 2010 and the obligation to settle the warrants in cash ceased on that date. Accounting standards required the fair value of the warrants, initially classified as a liability, be assessed and any increase in fair value be expensed in net income. The fair value of the warrants upon receipt of approval under the FATA was determined by the independent valuer as $113,170,850 which was expensed in net income and transferred to equity in Shareholders' Funds in the 2010 financial year.

On 6 August 2010 all warrants were exercised with 15,652,953 shares issued and $113,170,850 transferred to other equity. Following exercise, the warrant deed was cancelled and no additional warrants may be issued.

(f) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Refer to note 2 for further details.

20 Reserves and retained earnings

(a) Reserves

	Consolidated	
	2011	2010
	$	$
Share-based payments	7,205,779	–
	7,205,779	**–**

	Consolidated	
	2011	2010
	$	$
Movements:		
Share-based payments		
Opening Balance	–	5,000
Shares issued to directors and employees	–	65,937
Shares vesting during the period	–	(70,937)
Options and performance rights expense	7,205,779	–
Closing balance	**7,205,779**	**–**

Share-based payments

The share-based payments reserve is used to recognise:

- The grant date fair value of options issued to employees but not exercised
- The grant date fair value of shares issued to employees

20 Reserves and retained earnings continued

(b) Retained earnings

Movements in retained earnings were as follows:

	Consolidated	
	2011	2010
	$	$
Balance 1 July	(148,192,082)	(10,417,479)
Net profit for the period	242,882,596	(137,774,603)
Balance 30 June	**94,690,514**	**(148,192,082)**

21 Dividends

No dividends were paid or declared to members during the financial period.

22 Key management personnel disclosures

The key management personnel of the Group are the directors of Aston Resources Ltd and those executives who have authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly.

(a) Key management personnel compensation

	Consolidated	
	2011	2010
	$	$
Directors		
Directors' fees	280,000	112,325
Cash salary	1,356,053	653,409
Cash bonus	890,000	–
Non-monetary benefits	19,178	7,412
Superannuation	122,045	72,610
Share-options and shares issued	6,203,411	1,170,875
	8,870,687	**2,016,631**
Key management		
Cash salary	1,464,720	844,774
Cash bonus	685,000	–
Non-monetary benefits	152,200	4,287
Long service leave	10,800	–
Superannuation	130,490	75,808
Share-options and shares issued	820,219	–
	3,263,429	**924,869**

(b) Option holdings of key management personnel (consolidated)

30 June 2011	Balance at 1 July 10	Granted as remuneration	Options exercised	Total	Exercisable	Not Exercisable
Directors						
Philip Christensen	–	200,000	–	200,000	–	200,000
Todd Hannigan	–	4,360,464	–	4,360,464	–	4,360,464
Peter Hay	–	100,000	–	100,000	–	100,000
Tom Todd	–	4,360,464	–	4,360,464	–	4,360,464
Mark Vaile	–	100,000	–	100,000	–	100,000
Nathan Tinkler (2)	–	–	–	–	–	–
Key management						
Ross Brims	–	200,000	–	200,000	–	200,000
Cameron Foot	–	200,000	–	200,000	–	200,000
Lance Muir	–	200,000	–	200,000	–	200,000
Douglas Syme	–	265,359	–	265,359	–	265,359
Total	**–**	**9,986,287**	**–**	**9,986,287**	**–**	**9,986,287**

(c) Share holdings of key management personnel (consolidated)

	Shares held in Aston Resources Limited (number)			
30 June 2011	Balance at 1 July 10	Purchased During the period	Sold during the period	Total
Directors				
Philip Christensen	–	9,225	–	9,225
Todd Hannigan	4,360,464	203,433	–	4,563,897
Peter Hay	1,744,188	–	(200,000)	1,544,188
Tom Todd	4,360,464	–	–	4,360,464
Mark Vaile	1,744,188	7,000	–	1,751,188
Nathan Tinkler (2)	71,645,799	–	–	71,645,799(3)
Total (1)	**83,855,103**	**219,658**	**(200,000)**	**83,874,761**

	Shares held in Aston Resources Limited (number)				
30 June 2010	Balance at 1 July 09	Granted during the period	Options exercised	Net off-market movements	Total
Directors					
Philip Christensen	–	–	–		–
Todd Hannigan	–	4,360,464	–		4,360,464
Peter Hay	–	1,744,188	–		1,744,188
Tom Todd	–	610,464	3,750,000		4,360,464
Mark Vaile	–	1,744,188	–		1,744,188
Nathan Tinkler (2)	3	–	–	71,645,796	71,645,799
Total (1)	**3**	**8,459,304**	**3,750,000**	**71,655,796**	**83,855,103**

(1) On 6 August 2010 shares in the Company were split on a 3:1 basis. All shares have been adjusted retrospectively.

(2) Resigned 6 August 2010

(3) Balance at date of resignation

All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

23 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the Parent entity:

	Consolidated	
	2011	2010
	$	$
Audit and other assurance services		
Audit and review of financial statements	224,353	129,700
Taxation services		
Ernst & Young taxation services	57,360	308,417
Other services		
Transaction support	170,804	262,631
Total remuneration of Ernst & Young	452,517	700,748
Total auditors' remuneration	**452,517**	**700,748**

24 Commitments

(a) Capital commitments

	Consolidated	
	2011	2010
	$	$
Commitments in relation to future capital development activities are payable as follows:		
Within one year	10,751,650	–
Later than one year but not later than five years	–	–
Later than five years	–	–
	10,751,650	**–**

(b) Take or pay allocation

	Consolidated	
	2011	2010
	$	$
Commitments in relation to a take or pay port capacity allocation from Port Waratah Coal services:		
Within one year	–	–
Later than one year but not later than five years	37,523,250	–
Later than five years	134,601,750	–
	172,125,000	**–**

(c) Lease commitments: Group as lessee

	Consolidated	
	2011	2010
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	347,665	385,608
Later than one year but not later than five years	42,331	401,032
Later than five years	–	–
	389,996	**786,640**

(c) Lease commitments: Group as lessee continued

	Consolidated	
	2011	2010
	$	$
Commitments for minimum lease payments in relation to non-cancellable finance leases are payable as follows:		
Within one year	35,550	32,353
Later than one year but not later than five years	102,491	138,041
Later than five years	–	–
	138,041	**170,394**

The leased assets are all motor vehicles financed under finance leases with a term of 36 months. Lease payments are payable monthly. The lease agreements have options to purchase by payment of a residual amount at expiry.

(d) Minimum spending

The following conditions are placed on the Company with regards to tenement CL375:

Minimum employment: 167 competent people; or

Minimum expenditure: $2,922,500 per annum

25 Related party transactions

(a) Parent entity

The Parent entity within the Group is Aston Resources Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) Key management personnel

Disclosure relating to key management personnel are set out in note 22.

(d) Transactions with related parties

The following transactions occurred with related parties:

- Service fees charged at cost to the Maules Creek Joint Venture ("MCJV") by Aston Resources Ltd and subsidiaries – $3,238,983 (2010: Nil). 85% (the Groups participating interest in MCJV) of these fees are eliminated on consolidation.
- Service fees charged to Aston Resources Ltd by Tinkler Group Holdings Administration Pty Ltd* – Nil (2010: $2,867,586).
- In the period ending June 2010 a conversion of a loan from Aston Resources Investments Pty Ltd* to Aston Resources Ltd to ordinary shares – $10,321,898.
- In the period ending June 2010 amounts payable by Aston Resources Ltd to the following entities were forgiven:

Aston Copper Pty Ltd*	$15,000,000
Aston Resources Investments Pty Ltd*	$1,892,866

* Entity related to Nathan Tinkler

25 Related party transactions continued

(e) Loans to/from related parties

	Consolidated	
	2011	2010
	$	$
Loans to (from) other related parties		
Beginning of the period	–	(1,043,251)
Loans advanced	–	–
Loan repayments received/made	–	1,043,251
Interest charged	–	–
Interest received	–	–
End of period	**–**	**–**

The loan was payable to Tinkler Group Holdings Administration Pty Ltd, a company related to Nathan Tinkler.

The loan carried no interest and had no fixed repayment terms.

(f) Guarantees

The following guarantees have been made:

- The short term borrowings (refer to note 14) were guaranteed by Nathan Tinkler, Executive Director (resigned 6 August 2010). The guarantee expired on 17 August 2010 when the short term borrowings were repaid.

(g) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties.

Outstanding balances are unsecured and are repayable in cash.

26 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

			Equity holdings (1)	
Name of entity	**Country of incorporation**	**Class of shares**	**2011 %**	2010 %
Aston Coal 2 Pty Ltd	Australia	Ordinary	100	100
Maules Creek Coal Pty Ltd (formerly Aston Coal 2 Management Pty Ltd)	Australia	Ordinary	100	100
Maules Creek Marketing Pty Ltd (formerly Aston Coal 2 Marketing Pty Ltd) (2)	Australia	Ordinary	85	100
Aston Coal 3 Pty Ltd	Australia	Ordinary	100	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

(2) 15% of the ordinary shares in Maules Creek Marketing Pty Ltd were sold to ICRA Pty Ltd for $15 as part of the sale of certain assets and liabilities associated with the Maules Creek Project. Refer note 5(b).

27 Interests in Joint Ventures

On 8 December 2010, AC2 agreed to sell 15% of certain assets and liabilities associated with the Maules Creek project to ICRA MC, subject to certain conditions precedent. The sale was completed on 6 May 2011 (see note 5 (b)). Following the sale, AC2 and ICRA MC (collectively the "Participants") created the Maules Creek Joint Venture ("MCJV") by contributing their respective interests in those assets and liabilities dealt with in the sale.

The respective interests in MCJV are AC2 85% and ICRA MC 15%. The effective date of the joint venture creation was 1 January 2011 and the Participants have reflected their interests in the joint venture assets, liabilities, revenue and expenses from that date.

	Consolidated	
	2011	2010
	$	$
Share of capital commitments in note 24(a)	10,635,693	–
Share of take or pay commitments in note 24(b)	172,125,000	–

28 Events occurring after the reporting period

In July 2011, Aston Resources secured A$350m in revolving credit facilities from ANZ and Macquarie Bank. A corporate loan facility of A$175m and a bank guarantee facility of A$60m are available to be drawn as required. These facilities increase to A$250m and A$100m, respectively, upon satisfaction of further conditions precedent – primarily receipt of Part 3A approval. These facilities materially reduce the cost of funding for Aston and, with a maturity of March 2014, extend the tenor beyond the maturity of the acquisition funding.

In July 2011, subsequent to securing the credit facilities described above, Aston Resources repaid the outstanding balance of the Senior Facility Agreement (refer note 2(c)).

In August 2011, a subsidiary of the Company signed an Access Holder Agreement ("AHA") with the Australian Rail Track Corporation securing rail transport capacity of 2 Mtpa from 1 April 2013, ramping up to 5 Mtpa from 1 July 2013. Under the terms of the AHA, a bank guarantee of $5.6m must be provided with 30 days.

In August 2011, a subsidiary of the Company submitted an increased nomination for port capacity at Port Waratah Coal Services ("PWCS") in Newcastle. A bank guarantee of $34,425,000 was provided to support the nomination.

Bank guarantees are secured by the Group's cash balances and are inclusive of the $18,750,000 in restricted cash at 30 June 2011 (refer note 8).

29 Reconciliation of profit after income tax to net cash flows from operating activities

	Consolidated	
	2011	2010
	$	$
Gain/(Loss) for the period	242,882,596	(137,774,603)
Depreciation and amortisation	145,990	44,858
Debt forgiven: Aston Copper	–	(15,000,000)
Debt forgiven: Aston Resources Trust	–	(1,892,866)
Revaluation of warrants	–	113,170,850
Service fees	–	2,867,586
Share based payments	7,205,779	1,170,875
Management fees	–	–
Foreign exchange (gain)/loss	(81,983,205)	29,580,076
Gain on disposal of tenement	(253,940,441)	–
Gain on disposal of subsidiary	–	(2,342,691)
Costs written off	–	60,655
Change in operating assets and liabilities:		
(Increase)/decrease in prepayments and deposits	(367,962)	(2,519,557)
(Increase)/decrease in trade and other receivables	(32)	393,171
(Increase)/decrease in related party receivables	–	447
(Increase)/decrease in income tax payable	40,331,680	–
(Increase)/decrease in deferred tax liabilities	45,123,202	–
Increase/(decrease) in trade and other payables	116,492	4,003,748
Increase/(decrease) in provisions	160,002	182,453
Increase/(decrease) in related party payables	–	(873,131)
Net cash inflow (outflow) from operating activities	**(325,899)**	**(8,928,129)**

30 Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

(a) Earnings used in calculating earnings per share

	Consolidated	
	2011	2010
	$	$
Basic earnings per share		
Net gain/(loss) from continuing operations attributable to ordinary equity holders of the parent	242,882,596	(137,774,603)
Diluted earnings per share		
Net gain/(loss) from continuing operations attributable to ordinary equity holders of the parent	242,882,596	(137,774,603)

(b) Weighted average number of shares

	2011	2010
	Number of Shares	Number of Shares
Weighted average number of ordinary shares for basic earnings per share	190,514,643	49,902,839
Effect of dilution	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	190,514,643	49,902,839

9,750,503 options and 450,000 performance rights have been excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they include performance-based vesting criteria that have not been satisfied at the end of the period.

31 Share-based payments

(a) Recognised share-based payment expenses

The expense recognised for director and employee services received during the year is set out below:

	2011	2010
	$	$
Expense arising from equity-settled share-based payment transactions	7,205,779	1,175,875
Total expense arising from share-based payment transactions	**7,205,779**	**1,175,875**

(b) Ordinary shares issued to Directors and Executives

	2011	2010
	No.	No.
Ordinary shares issued to Directors as compensation	–	8,459,298
Ordinary shares issued on exercise of options[1]	–	3,750,000
	–	**12,209,298**

1 All options held by Directors were exercised during the year ended 30 June 2010 and the balance of options held at 30 June 2011 was nil. The exercise price for the options was $nil.

The weighted average fair value of ordinary shares issued during the year was Nil (2010: $0.415). As there was no observable market price for the shares issued in the year ended 30 June 2010, fair value was determined by an independent valuer using the Orderly Realisation of Net Assets method.

(c) Long Term Incentive Plan (LTIP)

On 6 August 2010 the Company adopted the LTIP to assist in the attraction, motivation and retention of employees (including Executive Directors). The plan enables the Company to grant options and performance rights to participants. Each option and performance right is a conditional entitlement to one share, subject to the satisfaction of specified performance conditions. Shares issued under the plan on vesting and exercise (as applicable) of performance rights and options will rank equally with the other issued shares. 9,750,503 options and 450,000 performance rights have been issued during the half-year ending 31 December 2010.

1,029,575 options and 450,000 performance rights were granted to Non-Executive directors and employees and 100% will vest on delivery of first coal in 2012 and expire on 17 August 2015. If this delivery timing is not achieved, 80% may vest if delivery of first coal is achieved in calendar year 2013. If first coal is not achieved by the later timing, options will not vest and will be cancelled.

31 Share-based payments continued

(c) Long Term Incentive Plan (LTIP) continued

Two tranches of 2,180,232 options were granted each to the CEO and CFO in connection with the initial public offering. Each tranche of options will vest in accordance with the following vesting conditions and be exercisable:

Tranche	Vesting Conditions
1	Options will vest upon delivery of first coal within the 3 year period following completion of the initial public offering.
2	Options will vest if: • within the 5-year period following completion of the initial public offering, the Company reaches the threshold rate of saleable production at 8 Mtpa (adjusted for any amendment to sales mix); and • the closing share price exceeds double the initial public offered price (for 20 consecutive trading days) at any time during the 5-year period (share target price).

Tranche 1 will expire on 17 August 2015 and tranche 2 will expire on 17 August 2016.

(d) Summary of options and performance rights granted

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued during the year:

	2011	2011	2010	2010
	No.	WAEP	No.	WAEP
Outstanding at beginning of year	–	–	–	–
Granted during year	9,750,503	7.30	3,750,000	Nil
Forfeited during year	–	–	–	–
Exercised during year	–	–	3,750,000	Nil
Expired during year	–	–	–	–
Outstanding at end of year	9,750,503	7.30	–	–
Exercisable at end of year	–	–	–	–

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, performance rights issued during the year:

	2011	2011	2010	2010
	No.	WAEP	No.	WAEP
Outstanding at beginning of year	–	–	–	–
Granted during year	450,000	Nil	–	–
Forfeited during year	–	–	–	–
Exercised during year	–	–	–	–
Expired during year	–	–	–	–
Outstanding at end of year	450,000	Nil	–	–
Exercisable at end of year	–	–	–	–

(e) Weighted average remaining contractual life

The weighted average remaining contractual life for the options and performance rights outstanding at 30 June 2011 is 4.58 years (2010: Nil) and 4.13 years (2010: Nil) respectively.

(f) Range of exercise price performance rights granted under LTIP

The range of exercise prices for options outstanding at 30 June 2011 is $5.96 – $8.94 (2010: Nil).

(g) Weighted average fair value

The weighted average fair value of options and performance rights granted during the year was $2.60 (2010: Nil) and $5.96 (2010: Nil) respectively.

(h) Pricing model

The fair value of Options is estimated as at the date of grant using a black-scholes option valuation model. Where vesting conditions for a grant include market based conditions (applicable to tranche 2 of the CEO and CFO grants during the period, refer note 31 (b)), a trinomial lattice-based option valuation model was used. The significant assumptions used in the valuation models are disclosed below. As Aston was listed on 17 August 2010, there was insufficient historical price information to directly estimate expected volatility. As a result, average historical volatility of a basket of peer companies was used to estimate expected volatility.

	2011	2010
Expected volatility (%)	55.0	–
Risk-free rate (%)	4.68 – 5.11	–
Dividend yield	0.0	–
Underlying share price at grant date ($)	5.96 – 6.57	–
Expected life (years)	3.5 – 5.1	–
Exercise price ($)	5.96 – 8.94	–

Performance rights have no exercise price and as such are valued at the market price for the underlying shares on the date of issue.

32 Parent Entity Information

The parent entity in the group is Aston Resources Ltd. Information relating to Aston Resources Ltd is set out below:

	Parent	
	2011	2010
	$	$
Current assets	102,623,014	26,516,142
Total assets	509,432,429	26,811,775
Current liabilities	41,590,436	3,265,425
Total liabilities	80,078,048	5,119,233
Issued capital	543,205,932	26,175,876
Accumulated losses	(121,057,330)	(117,654,184)
Warrants	–	113,170,850
Share based payment reserve	7,205,779	–
Total shareholders equity	**422,718,791**	**21,692,542**
Profit or (Loss) of the parent entity	**(3,403,146)**	**(107,253,148)**
Total comprehensive income of the parent entity	**(3,403,146)**	**(107,253,148)**

DIRECTORS' DECLARATION

30 JUNE 2011

In accordance with a resolution of the directors of Aston Resources Ltd, I state that:

1. In the opinion of the directors:

    (a) The financial statements and notes of Aston Resources Ltd for the financial year ended 30 June 2011 are in accordance with the *Corporations Act 2001*, including

    (i) Giving a true and fair view of its financial position as at 30 June 2010 and the performance for the year ended on that date

    (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*

    (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(a).

    (c) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2011.

On behalf of the board

Todd Hannigan
Director

Brisbane
20 September 2011

ERNST & YOUNG

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Independent auditor's report to the members of Aston Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Aston Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of financial performance, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Aston Resources Limited is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

    ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 22 of the directors' report for the year ended 30 June 2011. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Aston Resources Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

[redacted]

Ernst & Young

[redacted]

Mark Hayward
Partner
Brisbane
20 September 2011

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ASTON RESOURCES LTD

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Aston Resources Limited

In relation to our audit of the financial report of Aston Resources Limited for the financial year ended 30 June 2011 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

[redacted]

Ernst & Young

[redacted]

Mark Hayward
Partner
20 September 2011

CORPORATE GOVERNANCE STATEMENT

The Board of Aston Resources Limited (the **Company**) is committed to maximising performance, generating appropriate levels of Shareholder value and financial return and sustaining the growth and success of the Company and the Maules Creek Project.

In conducting business with these objectives, the Board is concerned to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance.

Accordingly, the Board has adopted corporate governance policies and practices (the majority of which are in accordance with ASX's Corporate Governance Principles and Recommendations, 2nd edition (**ASX Recommendations**)) designed to promote the responsible management and conduct of the Company. Where the Company's practices do not correlate with the ASX Recommendations, the alternative approach has been disclosed and explained below. The Company is working towards compliance but does not consider that all practices are appropriate for the size and scale of the Company's operations. The Board is of the view that, with the exception of the departures set out below, it otherwise complies with the ASX Recommendations.

Details of the Company's key policies and practices and charters for the Board and each of its committees (as referred to throughout this statement) are available at www.astonresources.com.

Principle 1 – Lay solid foundations for management and oversight

The Board has a formal Board Charter which sets out the responsibilities, structure and composition of the Board. The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

The Charter sets out the responsibilities that are specifically reserved for the Board and these include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer (CEO) and the CEO's direct reports;
- contributing to and approving management's development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- responsibility for administering the Company's Diversity Policy; and
- developing and reviewing corporate governance principles and policies.

The Board delegates day-to-day management of the Company's resources to management, under the leadership of the CEO, to deliver strategic direction and goals determined by the Board.

On an annual basis, the Board reviews its performance, and the performance of individual committees. During the Financial Year, the Board documented delegations of authority between the Board and management which outline functions reserved to the Board and those delegated to management.

To ensure Directors clearly understand the Company's expectations of them, all Directors receive a letter of appointment which ensures that they obtain a detailed understanding of Aston, its objectives and their role. Each senior executive has a contract of employment with the Company. Further information regarding these employment contracts is contained in the Remuneration Report.

Principle 1 – Lay solid foundations for management and oversight continued

The Chairman, in conjunction with the Remuneration Committee conducts the performance assessment of the CEO and CFO, having regard to objectives set the previous year, and the discussion includes setting objectives for the coming year. The CEO conducts the performance assessment for each senior executive, having regard to the operational and financial responsibilities of the executive and the contribution by the executive to the management and leadership of the business. This performance review process was conducted during the Financial Year and is disclosed in more detail in the Remuneration Report.

There have been no departures from Recommendations 1.1, 1.2 or 1.3.

Principle 2 – Structure the Board to add value

The Board currently comprises three Non-Executive Directors and two executive Directors. Current Board members are described on page 11. Based on the criteria identified in the ASX Recommendations, Mark Vaile and Peter Hay are considered by the Board to be independent.

The Company did not comply with recommendation 2.1 of the ASX Recommendations during the 2010 financial year as a majority of the Board are not considered to be independent. Notwithstanding this, the Board considers that the existing Board structure is appropriate for the Company's current operations and stage of development. The Board periodically assesses the appropriate mix of skills, experience and expertise required on the Board and assesses the extent to which the required skills and experience are represented on the Board.

The Board's policy for the nomination and appointment of Directors, along with the procedure for the selection and appointment of new Directors and the re-election of incumbent Directors can be found on the Company's website.

The Board's policy for the evaluation of the performance of the Board is contained on the Company's website. An evaluation was completed this financial year and the directors considered the composition of the Board as part of this process.

Board Committees

The Board discharges its duties in relation to certain specific functions through the following committees of the Board:

- Audit, Business Risk and Compliance Committee; and
- Remuneration Committee.

The Board has determined that, given its small size and the stage of development of the Company, no additional benefit will be derived from adopting a formal nomination committee structure as outlined in recommendation 2.4. The Board has processes in place which deal with issues that would otherwise be considered by a nomination committee. The Board attends to matters including succession planning, recruitment and the appointment of the Directors and the CEO.

Audit, Business Risk and Compliance Committee

The purpose of the Audit, Business Risk and Compliance Committee is to review and monitor the effectiveness of the Company's controls in the areas of operational and balance sheet risk, legal and regulatory compliance and financial reporting.

The current members of the committee are:

- Peter Hay (Chairman)
- Mark Vaile; and
- Philip Christensen.

The committee's charter provides that the committee will comprise at least three members, all Non-Executive Directors, a majority of whom are independent and chaired by an independent Director who is not chair of the Board. In accordance with the committee charter, it is intended that all members of the committee should be financially literate and have familiarity with financial management and at least one member should have relevant qualifications and experience.

Remuneration Committee

The purpose of the Remuneration Committee is to attend to matters relating to the remuneration of the Directors and the CEO, and to oversee remuneration packages for management and employees of the Group.

The current members of the committee are:

- Mark Vaile (Chairman)
- Peter Hay; and
- Philip Christensen

There have been no departures from Recommendations 2.2, 2.3 or 2.5.

Principle 3 – Promote ethical and responsible decision making

The Company has a Code of Conduct and a Trading Policy. The purpose of these policies is to provide Directors and Employees with guidelines on what is considered to be acceptable behaviour, including in relation to dealings in the Company's Shares. All Directors, executives and employees are required to comply with the Code of Conduct and the Trading Policy, and to bring to the attention of senior management or the Board instances of unethical practices. The Code of Conduct and Trading Policy are available on the Company's website.

In June, the Company adopted a Diversity policy and this policy is disclosed on the Company's website. The Board Charter was amended at the same time to give the Board responsibility for administering the Diversity Policy and reviewing and reporting upon the Company's performance against a set of measurable objectives. The following measurable objectives were adopted to assess the ways in which diversity is fostered by the Company:

- ensure that, where a vacancy on the Board arises, the shortlist of candidates recommended to the Board for recruitment includes one or more females (as appropriate);
- subject to the availability of suitable candidates, seek to retain or better the existing proportion of women currently in senior management;
- ensure that contractors to the company are selected on merit and having due regard to the commitment of the contractor to a diverse workplace; and
- provide, as part of the Company's scholarship program, a scholarship to assist indigenous people to develop careers in the mining industry.

In the next financial year, the Company will, as required report on its performance against these objectives and the proportion of women employed.

There have been no departures from the recommendations on Principle 3.

Principle 4 – Safeguard integrity in financial reporting

The Company has established an Audit, Business Risk and Compliance Committee (the members of which are listed above). The committee discharges its responsibilities by:

- overseeing the adequacy of the controls established by senior management to identify and manage areas of potential risk and to safeguard the assets of the Company;
- overseeing the Company's relationships with its external auditor and the external audit function generally; and
- evaluating the processes in place to ensure that accounting records are properly maintained in accordance with statutory requirements and financial information provided to investors and the Board is accurate and reliable.

The Charter of the Audit, Business Risk and Compliance Committee is available on the Company's website.

There have been no departures from Recommendations 4.1, 4.2, 4.3 or 4.4.

Principle 5 – Make timely and balanced disclosure

The Company has adopted a Disclosure Policy to ensure compliance with the ASX Listing Rules and Corporations Act continuous disclosure requirements. The policy requires timely disclosure through the ASX companies announcement platform of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's Shares. The Board is responsible for determining disclosure obligations.

There have been no departures from Recommendations 5.1 or 5.2.

Principle 6 – Respect the rights of Shareholders

The Board recognises the importance of ensuring that Shareholders are kept informed of major developments affecting the Company. Information is communicated to shareholders through a variety of methods, including the following:

- regular announcements to the Australian Securities Exchange, in accordance with the Company's Disclosure Policy;
- making all announcements available on the Company's website;
- the Company's Annual Report (which is delivered to all shareholders who have elected to receive it); and
- through participation at the Company's annual general meeting.

Information regarding each of these methods is available on the Company's website and in the Disclosure Policy.

There have been no departures from Recommendations 6.1 or 6.2.

Principle 7 – Recognise and manage risks

The Company is committed to identifying and managing key business risks, to ensure that it can achieve its strategic and operational objectives. The Company has in place processes to identify and measure business risk and the Audit, Business Risk and Compliance Committee is charged with oversight of this process.

The Company regularly undertakes reviews of its risk management procedures which include implementation of a system of internal sign-offs (including the annual CEO/CFO sign-off required under the Corporations Act) to ensure not only that the Company complies with its legal obligations but that the Board, and ultimately Shareholders, can take comfort that an appropriate system of checks and balances is in place regarding those areas of the business which present financial and operational risk.

The Company also has in place a system whereby management is required to report to the Audit, Business Risk and Compliance Committee as to the effectiveness of the Company's risk and compliance management framework and the management of material business risks.

There have been no departures from Recommendations 7.1, 7.2, 7.3 or 7.4.

Principle 8 – Remunerate fairly and responsibly

As noted above, the Company has a Remuneration Committee, which is to attend to matters relating to the remuneration of the Directors and the CEO, and to oversee remuneration packages for management and employees of the Group.

The objectives of the committee include assisting the Board in determining appropriate remuneration policies (including short and long term incentive plans) for the CEO. The committee may obtain information from, and consult with, management and external advisers, as it considers appropriate.

The committee charter is available on the Company's website. Further information on the Company's remuneration policy and specific remuneration data is also contained in the Remuneration Report.

The Company's remuneration framework is designed to create and enhance value for all Aston stakeholders and to ensure there is strong alignment between the short and long term interests of Shareholders and executives. To achieve this, the remuneration of the CEO and the senior executives is comprised of:

- fixed pay – this is the only guaranteed part of the remuneration package;
- short term incentive (STI) – the STI provides an annual opportunity for an incentive award if certain company and individual objectives are met and there has been no inappropriate behaviour or risk/compliance/audit breaches; and
- long term incentive (LTI) – the LTI provides an annual opportunity for an equity award that aligns a significant portion of overall remuneration to shareholder value over the longer term.

Non-Executive Directors receive a base fee for being a Director and may receive additional fees for either chairing or being a member of a committee, working on special committees and/or serving on a subsidiary board. Non-Executive Directors also received a one-off grant of long term incentives upon listing of the Company. The Company does not currently have any retirement benefit schemes in operation, other than superannuation, for Non-Executive Directors.

There have been no departures from Recommendations 8.1, 8.2, 8.3 or 8.4.

ADDITIONAL SHAREHOLDING INFORMATION

Substantial shareholders

As at 31 August 2011 the number of Shares held by substantial shareholders and their associated entities advised in substantial shareholder notices to the Company are set out below:

Shareholder	Percentage of capital held	Number of ordinary shares held
Aston Resources Investments Pty Limited as trustee for the Aston Resources Trust	31.61%	64,645,799
Burlingham International Limited	6.63%	13,555,154
Wellington Management Company LLP	5.79%	11,834,507
Farallon Credit Sidecar Master I, LP	5.81%	11,892,177

Voting rights

The rights attaching to Shares are:

- set out in the Constitution; and
- in certain circumstances, regulated by the Corporations Act, Listing rules, ASTC Settlement Rules and the general law.

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and one vote on a poll for each fully paid Share held (with adjusted voting rights for partly paid shares). Where there are two or more joint holders of a Share and more than one joint holder tenders a vote, the vote of the holder named first in the register who tenders the vote will be accepted to the exclusion of the votes of the other joint holders. Voting at any meeting of Shareholders is by show of hands unless a poll is demanded. A poll may be demanded by at least five Shareholders entitled to vote on the resolution, Shareholders with at least 5% of the votes that may be cast on the resolution on the poll, or the chairperson. If votes are equal on a proposed resolution, the chairperson has a casting vote on a show of hands or on a poll.

Distribution of Shareholders

As at 31 August 2011, the distribution of Shareholders in Aston was as follows:

Category	Number of equity security holders
1-1,000	441
1,001-5,000	324
5,001-10,000	67
10,001-100,000	59
100,001 and over	38

17 shareholders held less than a marketable parcel of Aston Shares.

Twenty largest shareholders

As at 31 August 2011, the 20 largest Shareholders in Aston were as follows:

Name	Number of shares held	Percentage of shares held
HSBC Custody Nominees (Australia) Limited – Goodman Securities Finance	44,852,847	21.93
Credit Suisse AG Singapore Branch <EMPIRE II A/C>	33,673,983	16.46
HSBC Custody Nominees (Australia) Limited-GSCO ECA	22,296,802	10.90
AUST Executor Trustees NSW Ltd <EMPIRE IV (ASTON RES IV)>	13,418,228	6.56
AUST Executor Trustees NSW Ltd <EMPIRE III ASTON RES III)>	12,081,679	5.91
National Nominees Limited	9,397,736	4.59
Citicorp Nominees Pty Limited	9,217,616	4.51
JP Morgan Nominees Australia Limited	8,941,479	4.37
HSBC Custody Nominees (Australia) Limited A/C 2	6,223,726	3.04
ITOCHU Minerals & Energy of Australia Pty Ltd	5,536,912	2.71
Kuok Investments Pty Ltd	5,483,979	2.68
AUST Executor Trustees NSW Ltd <EMPIRE IV (ASTON RES IV) 2>	5,471,909	2.68
UOB KAY HIAN (Hong Kong) Limited <CLIENTS A/C>	5,274,437	2.58
JP Morgan Nominees Australia Limited <Cash Income A/C>	3,020,786	1.48
Berwick Pte Ltd	1,987,791	0.97
Kuok (Singapore) Ltd	1,987,791	0.97
Wendmar Pty ltd <Mark Vaile Family A/C>	1,744,188	0.85
Circle Cove #2 Pty Ltd <Circle Family A/C>	1,250,000	0.61
UBS Nominees Pty Ltd	1,090,784	0.53
M Carnegie Pty Ltd <MHC Family A/C>	956,644	0.47

Voluntary Escrow

Various Shareholders entered into voluntary escrow arrangements with Aston at or around the time of its initial public offering in August 2010. Under these agreements, these Shareholders (Escrowed Shareholders) agreed not to deal with their Shares or their interests in the relevant Shareholding entity, respectively, without the consent of the Company until the date that was the later of 180 days after the date of the listing of the Company on the ASX and the date on which the Company's half yearly results for the six months ending December 2010 were given to the ASX for release to the market, subject to certain exceptions, including:

- dealings for estate planning purposes; and
- granting security over all of the Shares held by an Escrowed Shareholder from time to time to one or more bona fide third party lenders of no more than $100 million in aggregate.

On 14 February 2011 the voluntary escrow period ended.

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CORPORATE DIRECTORY

Company Address

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10 Eagle Street
Brisbane QLD 4000

GPO Box 145, Brisbane QLD 4001

Telephone: +617 3235 6600
Fax number: +617 3235 6699
Web address: astonresources.com

Key Contact Data

Directors

Mark Vaile (Chairman)

Philip Christensen (Non-executive Director)

Todd Hannigan (Chief Executive Officer)

Peter Hay (Non-executive Director)

Tom Todd (Chief Financial Officer)

Company Secretary and General Counsel

Melissa Swain

Share Registry

Computershare Investor Services Pty Limited
117 Victoria Street
West End, Queensland 4101

DESIGN: COLLIER & ASSOCIATES THE STRATEGIC DESIGN COMPANY #15873

ASTON
RESOURCES

www.astonresources.com