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2018

ANNUAL REPORT

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

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Corporate Directory

Directors

Mr Jacob Khouri
(Non-Executive Chairman)

Mr Stephen Gemell
(Non-Executive Director)

Mr Vincent Fayad
(Executive Director)

Company Secretary

Mr Vincent Fayad

Auditors

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

ASX Code

ARO

Share Registry (Australia)

Link Market Services Limited
Level 4 Level 12,
680 George Street
SYDNEY SOUTH NSW 2000

Home Exchange

Australian Securities Exchange Limited
Exchange Plaza
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PERTH WA 6000

Registered Office

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Chairman's Letter to Shareholders

Dear Fellow Shareholders

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

The financial 2018 financial year has been a year of some progress for the Company forward, despite its limited funding available to the Company. The key highlights during the year have included:

- undertaking a preliminary study with respect to its minerals sands project undertaken by independent consultants TZMI Minerals International Pty Limited (TZMI) on the Governor Broome Project;
- upgrading the tenement which is subject to the Iluka Resources Limited Farm-in and Joint Arrangement (Iluka JV) to a retention licence;
- completed the acquisition of 100% of the Needles project and undertook a target generative field work/rock chip sampling program and commenced ground Induced Polarisation (IP) and Resistivity survey ("**Geophysics**"). The results from the rock chip sampling have been encouraging highlighting a new target area and this was confirmed by the geophysics work commenced during the year and completed after the year end; and
- re-establishing the diamond project with the acquisition and registration of past data, the development of appropriate data bases and the planning of future sampling.

Undoubtedly, the most notable milestone reached was the completion of the preliminary study in relation to Astro's 100% interest in the Governor Broome project. Unfortunately, the Company was unable to publish the full results from this study primarily because it could not demonstrate an ability to finance the required level of capital expenditure for the proposed development and that the level of inferred resource were slightly greater than the indicated resource. In addition, because the level of indicated as percentage of total resource (that is, inferred plus indicated) was slightly less than 50%, this was a further inhibitor to being able to disclose full results.

Notwithstanding this, your Board is optimistic over being able to overcome the above obstacles and in due course, showcase to the market the value that this project delivers to the Company. It was most unfortunate over the time taken to have the announcement approved by external parties, resulting a suspension period of nearly two months for the Company.

Having achieved the above milestones, the Company intends to proceed with further work and development of the above assets. At present, the key objectives which have been set for the next 12 months, include:

- upgrade of the inferred category resource for the 100% Governor Broome project. As noted above, this is a key immediate requirement in order to ensure that any value for the Governor Broome project is well supported with creditable indicated level of resource. The Company is in the process of upgrading this resource;
- completion of the geophysics program with a view to drilling the Needles project so as to obtain a maiden resource on It is noted that since balance, the Company has announced its geophysics results; and
- undertake a mapping and sampling exercise for the diamond assets and following heritage clearances, look at undertake sampling. The Company has Heritage studies that are progressing with the Miriuwung Gajerrong people.

At a funding level, my family company Gun Capital Management Pty Ltd ("**Gun**") has taken over the funding obligations from Mining Investments Limited ("**MIL**"). MIL and its associates remain committed to the Company. Notwithstanding this commitment, the Board is conscious of the funding requirements of the Company and capital raising remains a key focus.

I note that during the year, Mike Povey and Graham Libbesson resigned as Directors of the Company and I would again like to thank the both of them for their contribution to the Company. During the year, Stephen (Steve) Gemell was appointed to the Board. Since joining the Board, Steve has had to attend with several matters, including the preliminary study. Undoubtedly, Steve has brought to the Company a depth of experience and knowledge which has been invaluable to the Company and I look forward to continuing to work with Steve. I note that Vince Fayad was also appointed as a Director during the year.

Chairman's Letter to Shareholders

Finally, I again thank you our shareholders for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jacob Khouri', written over a faint, light-colored signature line.

Jacob Khouri

Chairman

Dated at Sydney this 18th day of September 2018.

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Review of Operations and Tenements

OPERATIONAL

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

MINERAL SANDS – GOVERNOR BROOME PROJECT

General

The location of Mineral Resources identified in the Governor Broome Project Area are presented in Figure 1 – Location.

The Mineral Resources project is in two parts-one part owned 100% by Astro and the other part is subject to a Farm-in /Joint Venture arrangement (see below for further details) with Iluka Resources Limited (“Iluka”).

On 12 February 2015, the Company announced the Mineral Resources estimate by Mr John Doepel, of Continental Resource Management Pty Ltd (“CRM”), who was commissioned to re-estimate the Mineral Resources of Astro's Governor Broome Heavy Mineral Deposit and to report them in accordance with the 2012 Edition of the JORC Code.

The mineral resource project is subject to a retention licence (R70/53). The 100% owned Mineral Resource which is subject to the retention licence covers the Governor Broome North, South, Southeast. A map of the Governor Broome Project is presented in Figure 2 below. This map presents progress of resource delineation and presentation of the Heavy Mineral resource estimates and reporting in accordance with the guidelines of the JORC Code.



Figure 1 – Location

Review of Operations and Tenements

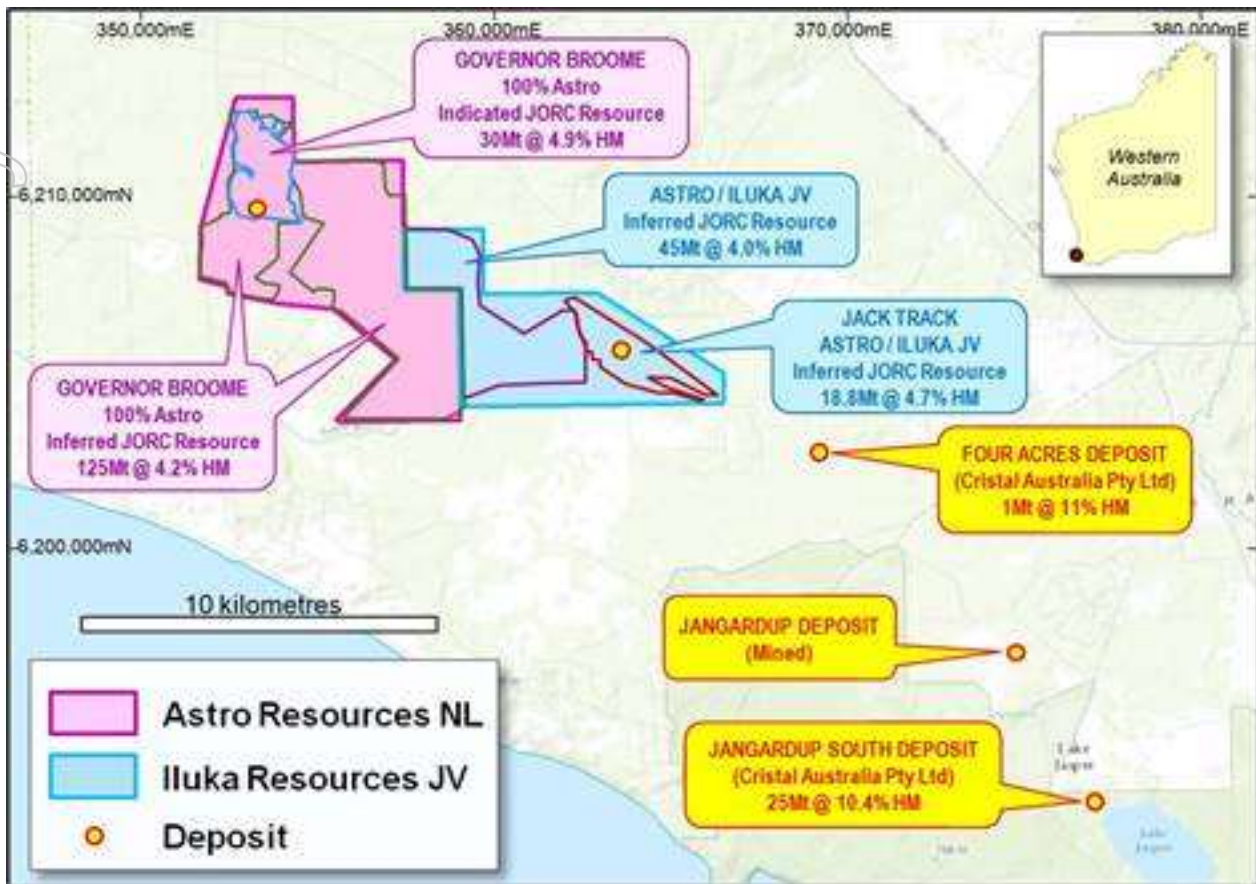


Figure 2 - Progress of the Governor Broome resource estimation and reporting of the mineral resources in accordance with the guidelines of the JORC 2012 Ed – (Governor Broome Mineral Resources reported at minimum 2% HM and maximum 30% slimes cut-off grades.)

Resources – 100% interest

Governor Broome Deposit within R70/53

At a lower block-cut of 2% HM and an upper block-cut of 30% slimes, the **Governor Broome Mineral Resources within R70/53 are 155Mt @ 4.3% HM, and 15% Slimes**. The Governor Broome Mineral Resources were estimated and reported by CRM according to the 2012 JORC Code in February 2015. Resource details are set out in Table 1 – **Governor Broome Deposit Resource Summary within R70/53**.

Table 1 – Governor Broome Deposit Resource Summary within R70/53

– at a minimum 2% HM lower block-cut and maximum 30% Slimes

Classification	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Indicated	30	4.9	12	8.1
Inferred	125	4.2	15	8.3
Total	155	4.3	15	8.2
Subset of the Mineral Resources considered in the Scoping Study				
Indicated	22	4.8	10.9	8.8
Total	22	4.8	10.9	8.8

Cautionary Statement: “There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. The stated production target is based on the entity’s current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.”

Review of Operations and Tenements

Astro confirms that it is not aware of any new information or data that materially affects the information included in this announcement, and that all material assumptions and technical parameters underpinning the Resource estimates in Table 1 above continue to apply and have not materially changed.

The locations of these resources and of the Governor Broome Deposit Resources within R70/58 are shown on Figure 3 – *Governor Broome Deposit Resources*.

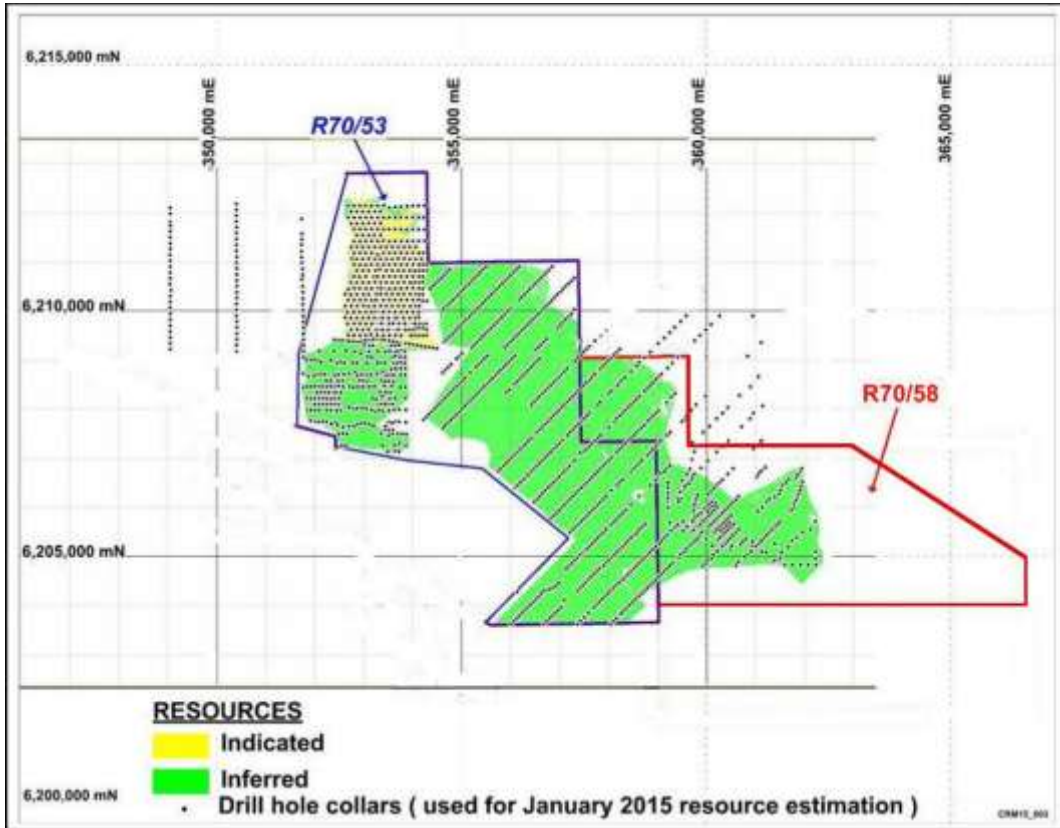


Figure 3 – *Governor Broome Deposit Resources*

Work undertaken

The Company completed a Preliminary Study with respect to its 100% interests in the Governor Broome project. The independent preliminary study was completed by leading heavy mineral sand specialists TZ Minerals International Pty Ltd (TZMI). TZMI report concluded amongst other matters:

- the potential for a simple, low capital cost, mineral sands operation at Astro's Governor Broome Heavy Mineral Sands Project in Western Australia;
- potential to generate strong positive cash flows using current and long term mineral sands price forecasts;
- the preliminary study based on a 22 million tonne (Mt) Indicated Resource averaging 4.8% Heavy Minerals, a subset of the Mineral Resources totalling 155 Mt (30 Mt Indicated and 125 Mt Inferred) averaging 4.3% Heavy Minerals; and
- mining and processing concept is based on conventional techniques which are widely adopted within the mineral sands industry.

The full particulars of the preliminary study have been set out in a market announcement dated 28 June 2018 and the provision of a summary of the findings would be considered to be inadequate.

As a result of the preliminary study, the Directors are in the process of upgrading of portions of the Inferred Resource category to Indicated Resource.

Review of Operations and Tenements

Iluka Farm-in and joint venture – ownership interest 20%

The Jack Track Deposit is located on the Scott River Coastal Plain, 70km south of Busselton and 48km southwest of Nannup. It is within the Nannup Shire Council area. On the 8th August 2018, the Company announced that E70/2464 has been converted to a retention licence - R70/58 which was granted on 25 July 2018 for an initial period of 3 years. E70/2464 expired on 25 July 2018 as a result of the conversion to R70/58. The deposit covered by R70/58 (formerly covered under E70/2464) is subject to Farm-In and Exploration Joint Venture Agreement (“**Iluka JV**”) between Iluka Resources Limited (“**Iluka**”) and Governor Broome Sands Pty Ltd (“**GBS**”) a wholly owned subsidiary of the Company, which came into force on or around 23 December 2014. Under the Iluka JV, Iluka provides technical and financial capabilities to continue exploration of R70/58 (formerly E70/2464).

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

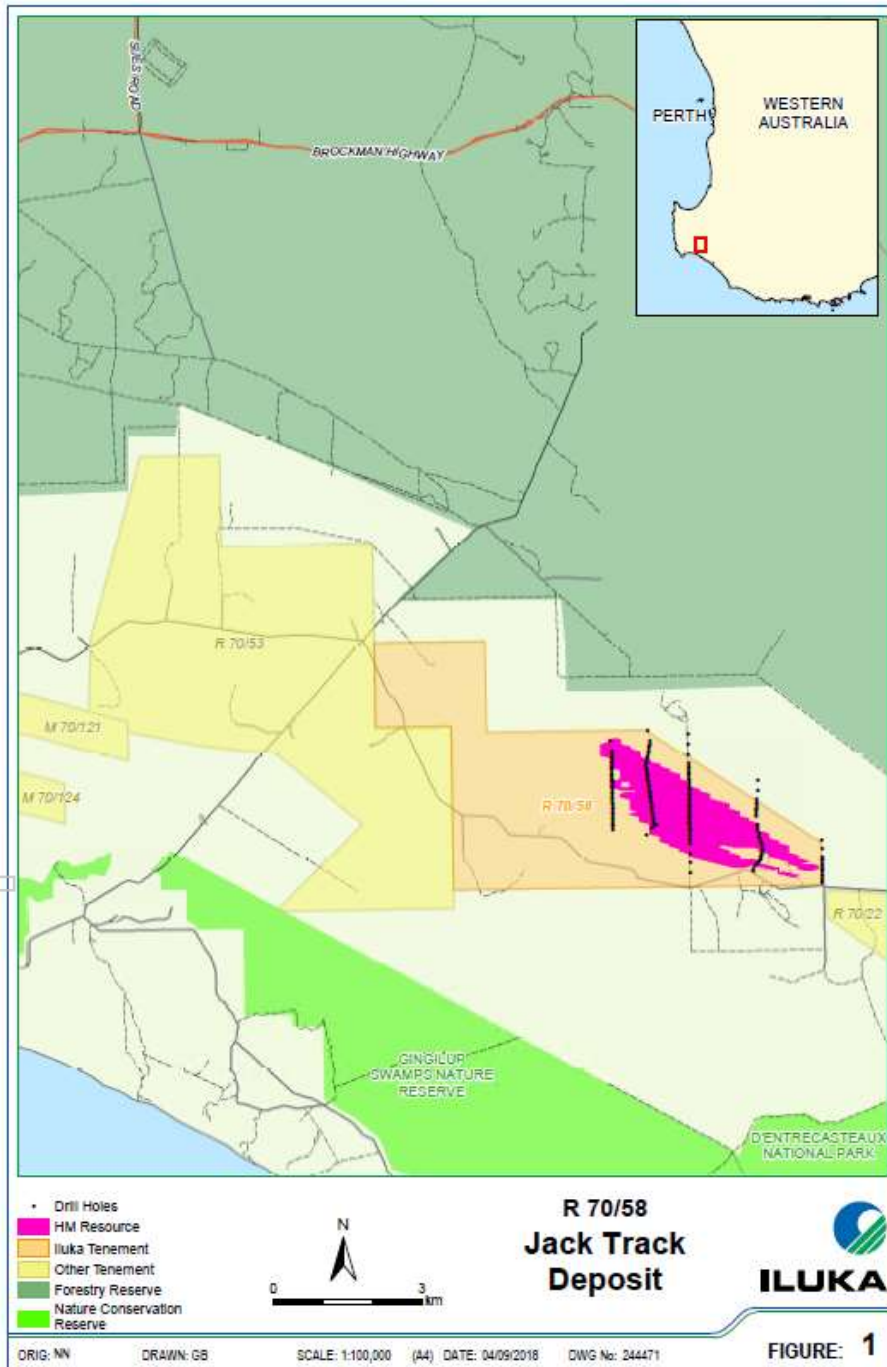


Figure 4 – Jack Track Deposit Resource Location

Review of Operations and Tenements

Resources – 20% interests

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

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

The summary resource estimate is presented in Table 2 below:

Table 2 - Jack Track Mineral Resource (>3% HM cut-off grade)

Mineral Resource Category	Material Tonnes (Million)	In Situ HM Tonnes (thousand)	HM (%)	Clay (%)	HM Assemblage			
					Ilmenite *(%)	Leucoxene *(%)	Zircon (%)	Rutile (%)
Inferred	18.8	890	4.7	7.7	75	6.9	10.8	2.4

*Includes magnetic and non-magnetic leucoxene, which is a high-grade titanium feedstock

Full details of the basis of the resource estimate are set out in the year ended 30 June 2016 directors report. However, it is noted that the estimation of the tonnage and grade for the mineral resource was undertaken using a lower cut-off of 3 per cent HM, and was based on the following:

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

Part of the Governor Broome East Deposit Inferred Resource is within R70/58. This Inferred Resource, in which the Company has a 20% interest, is 45Mt @ 3.6% HM, 11% slimes, and 4.9% oversize (at >2% HM and <30% slimes).

Work undertaken

Limited exploration work was undertaken on the Iluka-JV area during the financial year.

GOLD - NEEDLES

Background

On the 17th October 2017, the Company announced the 100% acquisition of the Needles Property. The Needles Property is situated in northern Nye County, Nevada, approximately 127 kilometres (79 miles) by road east of Tonopah, approximately 336 road kilometres northwest of Las Vegas. The project area consists of mineral rights over one hundred thirteen (113) unpatented lode mining claims, covering approximately 2,335 acres. Figure 5 below sets out a location map of the project:

Review of Operations and Tenements

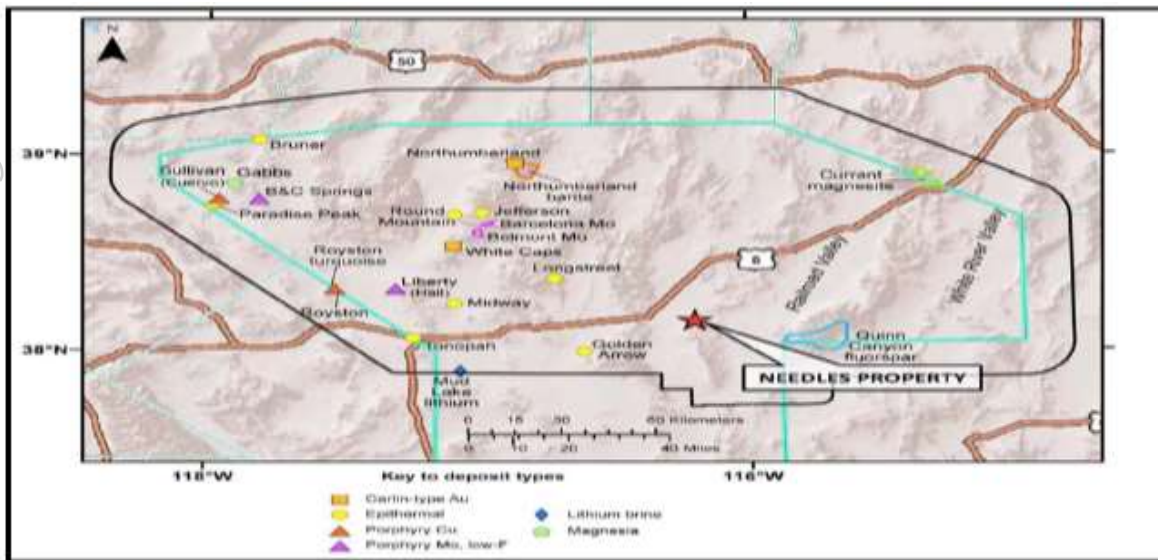


Figure 5: Nye County Nevada: Needles location and nearby mineral deposits

The Needles licence area is located near the eastern margin of a mostly eroded shield-type volcano/caldera complex formed between ~32 million and ~19 million years ago, as part of extensive continental magmatism. The caldera measures approximately 15 kilometres in diameter.

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

Work undertaken

Since acquisition, the Company has undertaken the following:

- target generative field work/rock chip sampling; and
- commencement of the geophysics program.

This rock chip sampling work identified a new high priority target zone with of gold and silver mineralisation associated with altered intrusive trachyte/dacite dykes in an area approximately 1.2km x 0.6km within the main caldera on the property. The altered dykes identified are closely spatially and temporally related to the gold mineralization. The dykes are altered and host gold-silver mineralization, but also cut NW structures that host both dykes and Au mineralization supporting the hypothesis of a strong connection between the dikes and Au.

The principal deposit model sought on the Needles Property is a caldera type low sulphidation epithermal gold (\pm silver and base metals) deposit. Historical work focussed primarily on vein style gold-silver mineralisation and neglected the bulk tonnage low sulphidation type.

Review of Operations and Tenements



Figure 5: Google Earth Image showing Needles Property outline, caldera boundary and new target zones.

Sample #	N	E	Elev. (m)	Au g/t	Ag g/t
ND-1001	38.08650602	-116.165088	1869.321411	3.73	67.6
ND-1002	38.08653703	-116.165188	1868.692505	6.64	148
ND-1003	38.08649596	-116.165272	1867.82373	1.1	16.9
ND-1004	38.08672696	-116.164516	1866.889526	0.03	0.7
ND-1005	38.08636897	-116.164934	1868.588501	0.08	0.5
ND-1006	38.08678497	-116.164695	1867.633667	-0.01	0.2
ND-1007	38.08651499	-116.165057	1868.063232	0.46	12.2
ND-1008	38.08639999	-116.165994	1870.255249	0.08	5.5
ND-1009	38.08603403	-116.167388	1875.396851	0.29	2.2
ND-1010	38.086662	-116.165423	1864.760376	-0.01	0.2
ND-1011	38.086834	-116.163793	1861.383301	0.66	2.8
ND-1012	38.08691698	-116.168501	1883.19519	0.5	3.3
ND-1013	38.08867299	-116.170617	1889.897583	0.01	-0.2
ND-1014	38.08930398	-116.168036	1888.758667	0.02	0.5
ND-1015	38.08890299	-116.168174	1882.282349	0.03	0.4
ND-1016	38.08888899	-116.169501	1881.68457	0.05	0.6

Figure 6: Needles Rock chip Assay Results

Review of Operations and Tenements

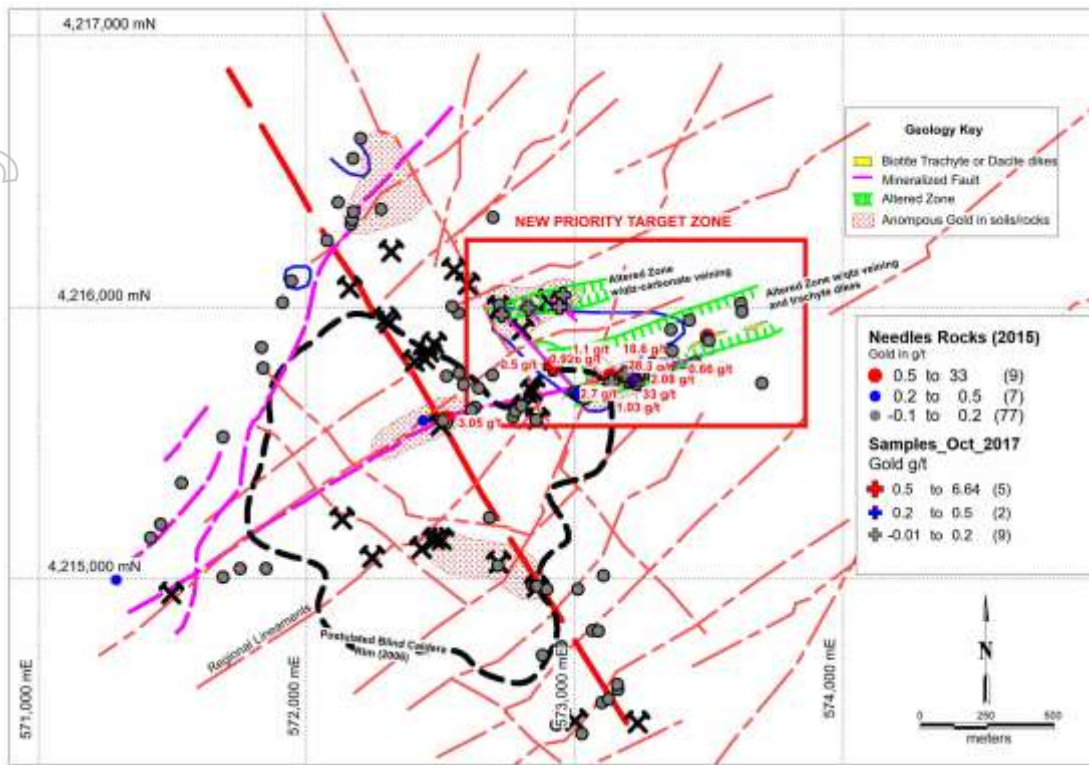


Figure 7: Needles Project gold in rock chips (2015-2017 sampling)

The work on the ground geophysics (IP/resistivity) survey was commenced during the financial year. However, as the results were announced in August 2018, this will be addressed in the 2019 financial report.

DIAMONDS

East Kimberley Diamonds

Through subsidiary East Kimberley Diamond Corporation Pty Ltd the company holds two contiguous exploration licences (E80/4316 and E80/4120) that adjoin the Smoke Creek near its outfall into Lake Argyle. These aggregate 92km².

The tenure aggregates 92 km² and is summarised in the below table.

The Smoke Creek drains the Argyle diatreme, (AK1) the source of Australia's major diamond production famed for its rare pink diamonds. Argyle is a world class diamond mine. RioTinto, have recently advised the AK1 operation is drawing towards a close in the next few years.



Figure 8 – Location of East Kimberley Diamond

Table 3 – Tenure ownership and area of the diamond assets

Tenement number	Legal owner	Grant Date	Area
E 80/04316 Carr Boyd	East Kimberley Diamond Corporation Pty Ltd	22 February 2012	33 km ²
E 80/04120 Lower Smoke Creek	East Kimberley Diamond Corporation Pty Ltd	3 August 2011	59 km ²

Review of Operations and Tenements

Smoke Creek is a long-lived drainage comprising a complex of both modern and ancient channels and terraces that contain diamondiferous gravels derived from AK1. The upper parts of the creek have been mined by RioTinto. There has been sporadic small scale mining in the lower reaches.

Venus Metals (ASX:VMC) in 2010 announced an inferred resource of 17.9 M @ 28 carats per hundred tonnes* in the main channel on the Lower Smoke Creek. This is within a strip of prospecting licences that split E80/4120.

(*This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.)”

There is considerable historical pitting and trenching particularly within E80/4120. Ground penetrating radar (GPR) work by Astro in 2016-2017 identified previously overlooked gravels near the confluence of Smoke and Billygoat Creeks. Modelling suggests these aggregate 17 million cubic metres. This area is a priority for pitting and sampling when permits are available.

In April 2018, the Company appointed Mr Greg Bromley to review its diamond leases. Since his appointment, the work has focused on building a comprehensive database of all sampling, geophysics and geological mapping in the area to enable systematic testing of these gravels and to extend the search for further gravel concentrations. This work will be subject to DMP approvals and Heritage surveys

The company has engaged with the local Miriuwong-Gajerrong people, the native title holders, through MG Corporation. The refurbishment of the company's Mitchell and Cotts 10 tonne/hr Heavy Minerals Separation mobile gravity plant. This campaign is expected to build up into the 2019 field season.

Exploration activities

During the 30 September 2018, quarter, the Company undertook further review of the ground penetrating radar (“GPR”) survey results for the Lower Smoke Creek licence area and progressed to 3D modelling of the main northern potential alluvial diamond trap sites. The two main areas consisted of one palaeo-channel greater than 5m thick and the other greater than 10m thick (Figure 9). For the latter, Surpac modelling indicated a total gravel volume of approximately 5 million m3 and a total of 17 million reworked alluvial material.

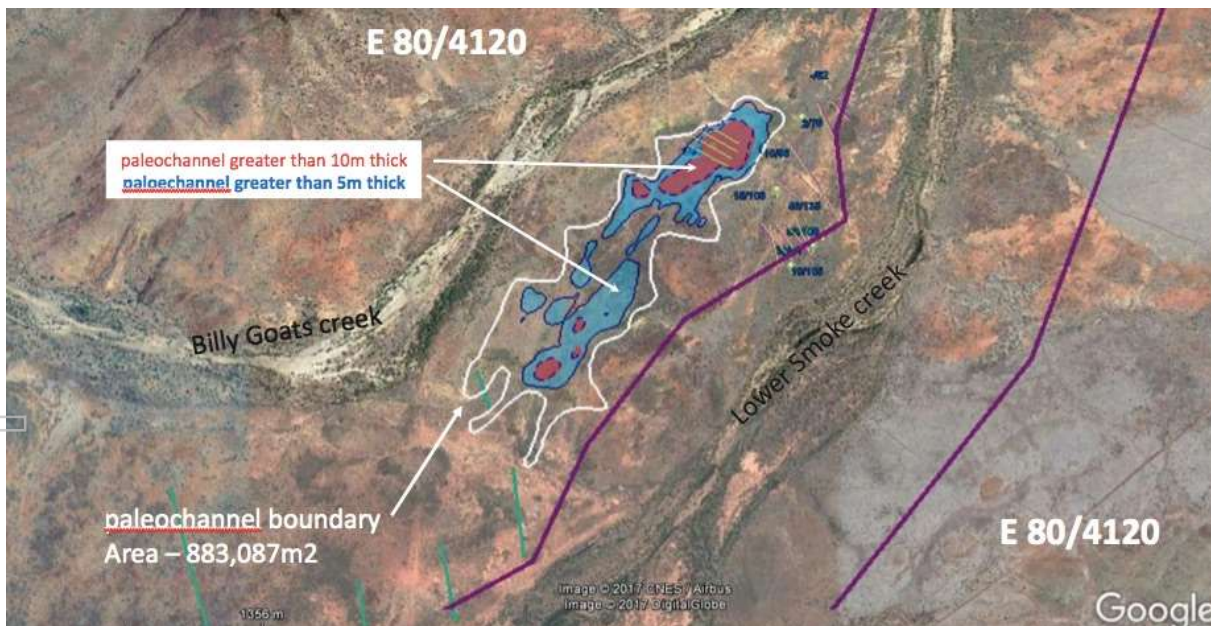


Figure 9: LSC GPR identified palaeo-channels

The analysis and interpretation of the GPR data could be used for a bulk sample exercise utilising the Company's Mitchell and Cotts 10 tonne/hr Heavy Minerals Separation plant (“HMS”). However, any such exercise would be subject to DMP approvals and Heritage surveys.

In April 2018, the Company appointed Mr Greg Bromley to review its diamond leases. Since his appointment, the work has focused on establishing the project with the acquisition and registration of past data, the development of appropriate data bases and the planning of future sampling.

Review of Operations and Tenements

As a result of the above, the following key points have been identified:

- the work on E80/4316 is initially designed to identify basic prospectivity; and
- the work on E80/4120 was further advanced and enabled the Company to progress directly to target testing, ground disturbance work.

As a result of the above, the Company has made application with the Native Title of the Miriuwong-Gajerrong people (“**MG Corporation**”) to seek approval for ground disturbing work to be undertaken as its plans to undertake target testing work. This will also involve the use of the Company’s HMS. As part of Mr Bromley’s initial review, he has also undertaken a review of the Company’s HMS plant and as result, the plant has been relocated and will be undergoing upgrade and maintenance work.

The work being undertaken by Mr Bromley was incomplete at 30 June 2018 and further activities have been planned for the next financial year.

MINERAL RESOURCE AND ORE RESERVES CORPORATE GOVERNANCE STATEMENT

Set out below is the following in relation to the Company’s mineral resource and reserves:

Summary of tenements and interests and interest:

Lease	Project	Interest
R70/58 ^{1,3}	Governor Broome	Iluka Resources Limited (80%), Governor Broome (20%)
E80/4120	Lower Smoke Creek	100%
E80/4316	Carr Boyd Range	100%
P70/1584	Governor Broome	100%
R70/53 ²	Governor Broome	100%
Needles	Needles Holdings	100%

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

The Company has ore reserves only in relation to the Governor Broome mineral sands tenement. During the year, there was no specific review of the mineral resources.

Comparison of mineral resource and ore reserves holdings against that from the previous year

There has been no change in the level of the reserves for the year ended 30 June 2017 to 30 June 2018.

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

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

Review of Operations and Tenements

CORPORATE ACTIVITIES

Capital raising - Options

During the 2017 financial year, the Company completed a fully underwritten renounceable pro rata offer to all eligible shareholders of seven (7) new shares (**New Share**) for every existing share held at the record date at an issue price of \$0.004 per New Share, plus one attaching option with an exercise price of \$0.004 per each option (**Option**), pursuant to the Prospectus dated 10 August 2016 (**Prospectus**). The options had an expiry date of 8 March 2018. On 12 March 2018, the Company announced that it had received valid applications amounting to 2,750,532 fully paid shares - totalling \$11,002.

Debt

As outlined in the Company's announcement to the ASX on 12 September 2017, the Company entered into two separate loan agreements with Mining Investments Ltd ("**MIL**"), a Company associated with Chairman, Jacob Khouri. The purposes of the loans were as follows:

1. working capital \$600,000; and
2. acquisition of Needles Holdings Inc \$500,000.

In addition to the above, the Company announced in its half year for the period ended 31 December 2017 financial report that it had received a letter of support from MIL for an additional \$700,000 facility. The purpose of this facility is to provide the Company with working capital and to fund further exploration activities. On 23 June 2018, Gun Capital Management Pty Ltd ("**GCM**"), agreed to novate of the rights, obligations under the existing facilities and varied a key terms, namely that repayment is not due until 31 October 2019. A Deed of Novation was entered into. GCM is a company associated with Chairman Jacob Khouri.

It is also noted that GCM provided the additional funding facility for the amount of \$700,000.

Set out below are the details of each loan:

Working capital

Table 4 – Working capital facility - \$600,000

Purpose of funding	Amount drawn to 30 June 2018, including capitalised interest	Amount owing 30 June 2017, including capitalised interest	Due date
Working capital of the Company.	\$478,553	-	31 October 2019
Total amount owing prior to repayment	\$478,553	-	

The terms of the loan are as follows:

Table 5 – Key terms of the working capital facility

Security	Unsecured
Interest Rate	12% per annum Interest to be accrued quarterly.
Repayment	The earlier of: <ul style="list-style-type: none">• a capital raising event; or• 31 October 2019.

Review of Operations and Tenements

Acquisition and funding of Needles

Table 6 – Needles funding facility - \$500,000

Purpose of funding	Amount drawn to 30 June 2018, including capitalised interest	Amount owing 30 June 2017, including capitalised interest	Due date
Acquisition and development of Needles Holdings Inc.	\$508,145	-	31 October 2019
Total amount owing prior to repayment	\$508,145	-	

The terms of the loan are as follows:

Table 7 – Key terms of the Needles funding facility

Security	Unsecured
Interest Rate	12% per annum Interest to be accrued quarterly.
Repayment	The earlier of: <ul style="list-style-type: none"> • a capital raising event; or • 31 October 2019.

Additional funding

Table 8 – GCM Working capital facility - \$700,000

Purpose of funding	Amount drawn to 30 June 2018, including capitalised interest	Amount owing 30 June 2017, including capitalised interest	Due date
Working capital	-	-	31 October 2019
Total amount owing prior to repayment	-	-	

The terms of the loan are as follows:

Table 9 – Key terms of the additional working capital facility

Security	Unsecured
Interest Rate	15% per annum Interest to be accrued quarterly.
Repayment	The earlier of: <ul style="list-style-type: none"> • a capital raising event; or • 31 October 2019.

Review of Operations and Tenements

Acquisition

During the year, the Company completed the acquisition of the Needles Project at a cost of \$370,000. The acquisition was funded by way of an unsecured loan from MIL (novated to GCM). More information concerning the Needles Project acquisition can be found in the Company's announcement to the ASX on 10 October 2017.

Board Changes

During the year, the following Board changes occurred

Resignations

- Graham Libbesson – resigned 10 October 2017
- Michael Povey – resigned 29 March 2018

Appointments

- Stephen Gemell – 31 March 2018
- Vincent Fayad – 10 October 2017

Suspension

During the year, the Company's shares were suspended for the period 16 April 2018 through to 28 June 2018. The reason for the suspension was due to the lodgement of the announcement of the preliminary study in relation to the Company's 100% resource. The Company will look to in due course prepare a cleansing statement with any future capital raising.

RISKS

Astro is subject to a number of risks, including but not limited to the following:

- exploration risks – there is no guarantee that the exploration activities of the Company will result in the location of resource for sale;
- there is no guarantee that the Company will achieve JORC standard on its projects;
- technological risk – even if resource is found, there is no guarantee that the processing of the resource will be able to occur;
- sufficient volume for commercialisation – there is no guarantee that an economic level of resource will be found;
- changes in resource prices – there is no guarantee that the resource prices will remain at the current levels and as a result, a decline in prices, could affect the economic value of the projects;
- loss of key personnel – the loss of key personnel may affect the commercialisation of the project; and
- funding risk – the commercialisation of the project is dependent upon significant funding, none of which can be assured by the Company.

Review of Operations and Tenements

Annual Report of Mineral Resources and Exploration Results

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

Competent Person Statement

Governor Broome (excluding Iluka)

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

Governor Broome – Jack Track Mineral Resource Iluka JV

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

Needles Property

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

East Kimberly Diamonds

The information in this report as it relates to Exploration Results for the East Kimberley diamond deposits is based on information compiled by Greg Bromley who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Bromley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and are qualified as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Bromley consents to the inclusion in the report of the information in the form and context in which it appears.



Jacob Khouri

Chairman

Dated at Sydney this 18th day of September 2018.

Corporate Governance Statement

Astro Resource NL is committed to implementing the highest standards of Corporate Governance, in a manner in which is practical and efficient given the Company's size and operations.

The Company is pleased to advise that its practices are mostly consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition). Where the Company's Corporate Governance practices do not correlate with the practices recommended by the Council, the Company has provided an explanation as to why it does not consider that the practices are appropriate for the Company.

To illustrate where the Company has addressed each of the Council's recommendations, the following table identifies each recommendation, clearly states whether the Company has adopted the recommendation and provides cross-references to the sections of this report addressing that recommendation. Where the Company has not adopted a recommendation, refer to the identified section of this report for the Company's reasons for not adopting that recommendation. Details of all the recommendations can be found on the ASX Corporate Governance Council's website.

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

Corporate Governance Statement

Recommendation	Adopted	Section
accordance with that process.		
1.7 A listed entity should:	Yes	1.7
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and		
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		
Principle 2 – Structure the board to add value		
2.1 The board of a listed entity should:	Yes	2.1
(a) have a nomination committee which:		
(1) has at least three members, a majority of whom are independent directors; and		
(2) is chaired by an independent director, and disclose:		
(3) the charter of the committee;		
(4) the members of the committee; and		
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership	Yes	2.2
2.3 A listed entity should disclose:	Yes	2.3
(a) the names of the directors considered by the board to be independent directors;		
(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and		
(c) the length of service of each director.		
2.4 A majority of the board of a listed entity should be independent directors.	Yes	2.4
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	2.5
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	No	2.6
Principle 3 – Act ethically and responsibly		
3.1 A listed entity should:	Yes	3.1
(a) have a code of conduct for its directors, senior executives and employees; and		
(b) disclose that code or a summary of it.		

Corporate Governance Statement

Recommendation	Adopted	Section
Principle 4 – Safeguard integrity in corporate reporting		
4.1 The board of a listed entity should:	No	4.1
(a) have an audit committee which:		
(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and		
(2) is chaired by an independent director, who is not the chair of the board,		
and disclose:		
(3) the charter of the committee;		
(4) the relevant qualifications and experience of the members of the committee; and		
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	No	4.2
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	4.3
Principle 5 – Make timely and balanced disclosures		
5.1 A listed entity should:	Yes	5.1
(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and		
(b) disclose that policy or a summary of it.		
Principle 6 – Respect the rights of security holders		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	6.1
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	No	6.2
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	6.3
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	6.4
Principle 7 – Recognise and manage risk		
7.1 The board of a listed entity should:	Yes	7.1
(a) have a committee or committees to oversee risk, each of which:		
(1) has at least three members, a majority of whom are independent directors; and		
(2) is chaired by an independent director and disclose:		
(3) the charter of the committee;		
(4) the members of the committee; and		

Corporate Governance Statement

Recommendation	Adopted	Section
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes	7.1,7.2
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	7.3
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	7.4
Principle 8 – Remunerate fairly and responsibly		
8.1 The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	No	8.1
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	8.2
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	No	8.3

Website Disclosure

A description of the Company's main Corporate Governance practices is set out below. Further information about the Company's corporate governance practices may be found on the Company's website – www.aro.com.au.

The recommendations are not prescriptions and are intended as guidelines only. The Board has sought to apply the revised recommendations to the extent relevant to the Company's size and scale of operations.

Corporate Governance Statement

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - A listed entity should disclose:

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

Most of the functions of management are undertaken by consultants under the supervision of the Executive Director who is responsible for management activities under delegated authority of the Board. The functions specifically reserved for the full Board are detailed in the Company's Board Charter which is available on the Company's website. In addition, the following functions are also carried out by the Board:

- (a) setting and monitoring of objectives, goals and strategic direction with a view to maximising shareholder value, consistent with ethical behaviour and acceptable risk parameters;
- (b) approving budgets and monitoring financial performance;
- (c) identifying significant business risks and ensuring that these are appropriately managed.
- (d) approval of any significant asset acquisitions or disposals;
- (e) selection and appointment of new Directors; and
- (f) appointment and removal of the Chief Executive Officer (if applicable).

Under the Company's Board Charter, senior management is responsible for supporting the Chief Executive Officer/executive directors and assisting the Chief Executive Officer/executive directors implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior management is responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the executive or, if the matter concerns the chief executive officer, then directly to the Chair or the lead independent director, as appropriate.

The Board has agreed on the following guidelines, set out in the Company's Board Charter, for assessing the materiality of matters:

- statement of financial position are material if they have a value of more than 5% of pro-forma net asset;
- statement of profit and loss or other comprehensive income items are material if they will have an impact on the current year operating result of 5% or more;
- items are also material if: (a) they impact on the reputation of the Company; (b) they involve a breach of legislation or may potentially breach legislation; (c) they are outside the ordinary course of business; (d) they could affect the Company's rights to its assets; (e) if accumulated they would trigger the quantitative tests; (f) they involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items; or (g) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%; and
- contracts will be considered material if: (a) they are outside the ordinary course of business; (b) they contain exceptionally onerous provisions in the opinion of the Board; (c) they impact on income or distribution in excess of the quantitative tests; (d) any default, should it occur may trigger any of the quantitative or qualitative tests; (e) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests; (f) they contain or trigger change of control provisions; (g) they are between or for the benefit of related parties; or (h) they otherwise trigger the quantitative tests.

Corporate Governance Statement

Recommendation 1.2 - A listed entity should:

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

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

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

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

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

These letters and documents are in place.

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

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

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

Recommendation 1.5 - A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;**
- (b) disclose that policy or a summary of it; and**
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:**
 - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or**
 - (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

The Board has adopted a Diversity Policy which describes the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees, to enhance Company performance. Diversity may result from a range of factors including age, gender, ethnicity, cultural background or other personal factors. It can also address equal opportunities in the hiring, training, and career advancement of director's officers and employees. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

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

Given the size of the Company and the extensive use of consultants the Company has not at this stage set measurable objectives for achieving gender diversity. There are currently no women staff or Directors on the Board, however as and when the Company is able to grow, this issue will be addressed.

Corporate Governance Statement

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

Recommendation 1.6 - A listed entity should:

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

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

Recommendation 1.7 - A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and**
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

There is no Chief Executive Officer. Mr Michael Povey is at the Direction of the Board responsible for operational activities. The review of the performance of senior executive is confined to the board which is undertaken as disclosed below under Recommendation 2.5.

Principle 2: Structure the board to add value

Recommendation 2.1 - The board of a listed entity should:

(a) have a nomination committee which:

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

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

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

The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors and the identification of attributes required in new Directors. The board as a whole also reviews Board succession plans, appointment and re-election of Directors and the process for evaluation of the performance of the Board, its Members and management (as outlined under recommendation 2.5). Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.

New directors are selected by the Board in their capacity as both remuneration and nomination committee and their appointment voted by the Board. Each year, in addition to any Board members appointed to fill casual vacancies during the year, one third of the directors retire by rotation and are subject to re-election by shareholders at the Annual General Meeting.

Should the Company's activities increase in size, scope and nature, the appointment of a nomination committee will be reviewed by the board and implemented if appropriate.

The full Board in its capacity as the Nomination Committee did not hold any meetings during the Reporting Period. Details of the directors' attendance at the meetings are set out in the Directors' Report.

To assist the Board to fulfil its duties, it has adopted a Nomination Committee Charter. A copy of the Company's Nomination Committee Charter can be viewed on the Company's Website.

Corporate Governance Statement

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

Below is a matrix of the Board's skills :

Name of Director	Independent ? Y/N	Any relationship affecting independence?	Skills and experience relevant to the position	Term of office
Jacob Khouri	N	Yes, a related person to Mining Investments Limited and Gun Capital Management Pty Ltd, both of which are substantial shareholders and providers of credit to the Company.	Strategy, management and funding.	18 August 2015 to present
Graham Libbesson	Y	Non-Executive Director	Financial and corporate matters	20 September 2011 to 10 October 2017
Michael Povey	N	No. Mr Povey is an Executive Director and as such is not considered to be independent	Mining engineer with over 30 years of experience.	31 July 2014 to 29 March 2018
Stephen Gemell	Y	Non-Executive Director	Mining engineer with over 40 years of experience.	31 March 2018 to present
Vincent Fayad	N	Mr Fayad provides accounting and secretarial services through a company that he is a director of – Vince Fayad and Associates.	Financial and corporate matters	10 October 2017 to present

Corporate Governance Statement

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

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

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

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

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

Corporate Governance Statement

Recommendation 2.3 - A listed entity should disclose:

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

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

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

Director's name	Appointment date	Length of service at reporting date	Independence status
Jacob Khouri	18 August 2015	3 years	Non-executive
Michael Povey	20 December 2012 – 10 October 2017	5 years	Executive
Graham Libbesson	20 September 2011 – 10 October 2017	7 years	Independent Non-executive
Stephen Gemell	31 March 2018	1 year	Independent Non-executive
Vincent Fayad	10 October 2017	1 year	Executive

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

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

Director's Name	Details of interest or relationship	Board reasoning why director is independent
Jacob Khouri	<ul style="list-style-type: none"> 300,545,772 ordinary shares in the Company are held through Mining Investments Ltd, an entity controlled by the Mr Khouri's father; Carkaho Holdings Pty Ltd, a company which Mr Khouri may have a potential interest in, has 46,330,750 ordinary shares; and Gun Capital Management Pty Ltd, which Mr Khouri holds and interest in, has a \$1.1 million loan to the Company as well as an additional \$700,000 facility. 	The shares belong to Mr Khouri's father and as such, Mr Khouri does not trade in the shares.

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

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

Corporate Governance Statement

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

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

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

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

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

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

Principle 3: Act ethically and responsibly

Recommendation 3.1 - A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

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

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 - The board of a listed entity should:

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

The Board has not established an audit committee as it believes that, given the size of the board, no efficiencies are derived from a formal committee structure. Notwithstanding the non-existence of the audit committee, ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. All items that would normally be dealt with by an audit committee are dealt with at Board meetings. Such matters include:

- (a) establishment and review of internal control frameworks within the Company;
- (b) review of the financial statements, annual report and any other financial information distributed to shareholders or other external stakeholders;
- (c) review of audit reports and any correspondence from auditors, including comments on the company's internal controls;
- (d) nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual audit and half year review; and
- (e) monitoring compliance with the Corporations Act, ASX Listing Rules and any other regulatory requirements.

The full Board in its capacity as the Audit Committee addressed these matters at meetings during the reporting period. Details of the directors' attendance at the meetings are set out in the Directors' Report. However, given that the Board comprises of two out of three non-executive persons, it is believed that an appropriate balance of independence is in place for such a committee.

Details of each of the directors' qualifications are set out in the Directors' Report.

Corporate Governance Statement

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

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

Recommendation 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

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

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 - A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and**
- (b) disclose that policy or a summary of it.**

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

The Company has adopted a Code of Conduct and Policy of Continuous Disclosure Information Policy which sets out the procedure for:

- protecting confidential information from unauthorised disclosure;
- identifying material price sensitive information and reporting it to the Responsible Officer for review;
- ensuring the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules; and
- ensuring the Company and individual officers do not contravene the Corporations Act or ASX Listing Rules

The Company has obligations under Corporations Act and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities and to correct any material or misinformation in the market. The Company discharges these obligations by releasing information to the ASX in the form of an ASX release or disclosure in other relevant documents (e.g. the Annual Report).

The maintenance of confidentiality is also of paramount importance to the Company both to protect its trade secrets and to prevent any false market for the Company's shares and developing.

The Information Policy does not address policies for the directors and senior executives in buying and selling the Company's shares. These policies are set out in the Company's "Share Trading Policy".

Principle 6: Respect the rights of security holders

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

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

Recommendations 6.2 and 6.3

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).

Not adopted.

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).

Corporate Governance Statement

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

Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

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

Principle 7: Recognise and manage risk

Recommendations 7.1 and 7.2

The board of a listed entity should:

- (a) **have a committee or committees to oversee risk, each of which:**
- (1) **has at least three members, a majority of whom are independent directors; and**
 - (2) **is chaired by an independent director, and disclose:**
 - (3) **the charter of the committee;**
 - (4) **the members of the committee; and**
 - (5) **as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) **if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).**

The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).

The Company has established a Risk Management policy for the oversight and management of material business risks which is available on the Company's website. The policy sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The management of all business risks are the responsibility of the Board, and the Board believes the risk management and internal control systems designed and implemented by the Directors and the Chief Executive Officer are adequate given the size and nature of the Company's activities. The Board meets informally to report and discuss any risks that may have been identified, as well as reporting on matters that may have arisen from the Company's internal control procedures.

The objectives of the risk management strategy are to identify the risks to the Company, ensuring that the Company is in compliance with all regulatory requirements and there is a balance of risk to reward.

When evaluating potential acquisitions or investments, the Board undertakes a methodical investigation and due diligence review of the project.

Recommendation 7.3 - A listed entity should disclose:

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

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

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

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

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

Corporate Governance Statement

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - The board of a listed entity should:

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

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

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

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

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

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

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

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

The Company does not offer equity based remuneration.

Directors' Report

Your directors present their report, together with the financial statements of Astro Resources NL (**the Company**) and its controlled entities (**the Group**), for the financial year ended 30 June 2018.

DIRECTORS

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

Names

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

Mr Jacob Khouri (Non-Executive Chairman)

Mr Stephen Gemell (Non- Executive Director) – appointed 31/03/2018

Mr Vincent Fayad (Executive Director) – appointed 10/10/2017

Mr Graham Libbesson (Non- Executive Director) – ceased 10/10/2017

Mr Michael Povey (Executive Director) – ceased 29/03/2018

COMPANY SECRETARY

Mr Vincent John Fayad held the position of Company Secretary at the end of the financial year. He was appointed as the Company Secretary on 25 March 2013.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Group during the financial year were the exploration and development of mineral resources.

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

RESULTS AND REVIEW OF OPERATIONS

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$963,693 (2017: loss of \$600,287).

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

- impairment of tenements of \$495,005, mainly relating to the impairment of East Kimberley tenements numbers P80/1615, P80/1616 and P80/1617 (**Abandoned Tenements**);
- travel and legal costs incurred in relation to the acquisition of Needles Holdings for \$57,643; and
- interest expense incurred on loan facilities of \$73,000.

The residual of the operating loss of \$338,045 is made of general overheads in relation to the day to day running of the Company.

The net assets of the Group have decreased by \$952,990 from \$2,509,757 as at 30 June 2017 to \$1,556,767 as at 30 June 2018. This decrease was primarily due to the impairment of the abandoned tenements and operating loss.

A full report in relation to the review of the operations has been set out on pages 6 to 19.

DIVIDENDS PAID OR RECOMMENDED

The Directors' recommend that no dividend be paid for the year ended 30 June 2018 (2017: nil).

Directors' Report

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of entities in the Group during the year, except as disclosed throughout this report.

FUTURE DEVELOPMENTS AND RESULTS

The Group intends to further explore and develop the Group's mineral projects and to actively seek new exploration and mining opportunities.

ENVIRONMENTAL ISSUES

The exploration activities of the Group are conducted in accordance with and controlled principally by Australian state and territory government legislation. The Group has exploration land holdings in Western Australia and Nevada, United States of America.

The Group employs a system for reporting environmental incidents, establishing and communicating accountability, and rating environmental performance. During the year, data on environmental performance was reported as part of the monthly exploration-reporting regime. In addition, as required under various state and territory legislation, procedures are in place to ensure that the relevant authorities are notified prior to the commencement of ground disturbing exploration activities.

The Group is committed to minimising the impact of its activities on the surrounding environment at the same time aiming to maximise the social, environmental and economic returns for the local community. To this end, the environment is a key consideration in our exploration activities and during the rehabilitation of disturbed areas. Generally, rehabilitation occurs immediately following the completion of a particular phase of exploration. In addition, the Group continued to develop and maintain mutually beneficial relationships with the local communities affected by its activities. Rehabilitation initiatives include the extraction of all pegs and restoration of peg lines, plugging of all drill holes and the removal of plastic geological sample bags.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Since balance date, the following matters have arisen:

- (a) retention licence R70/58 (Governor Broome Sands) was granted, replacing tenement E70/2464;
- (b) a ground geophysics survey for Needles Holdings Inc. was conducted and the results released to the market; and
- (c) the Company has made a series of drawdowns on the Gun Capital Management loan facility, totalling \$85,000.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

INFORMATION ON DIRECTORS & COMPANY SECRETARY

Mr Jacob Khouri

Non-Executive Director and Chairman

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

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

Previous directorships in other listed entities included Esperance Minerals Limited (ASX: ESM) and other listed entities.

Directors' Report

Mr Stephen Gemell

Non-Executive Director

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

In the past 3 years, Steve has served as a non-executive director of ASX-listed companies Argent Minerals Limited (Chairman), Eastern Iron Limited (Chairman) and Stonewall Resources Limited, and of unlisted company Hillgrove Mines Pty Ltd (Chairman), the owner-operator of the Hillgrove antimony-gold mine.

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

Mr Vincent John Paul Fayad

Executive Director and Company Secretary

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

Mr Fayad currently serves as Executive Director and Company Secretary of Greenvale Energy Limited (ASX: GRV).

Previous directorships in other listed entities were Non-Executive Director Ashley Services Group Limited (ASX:ASH), Medibio Limited (ASX: MEB) and Esperance Minerals Limited (ASX: ESM).

Mr Michael Povey

Executive Director

Mr Povey is a mining engineer with over 35 years worldwide experience in the resource sector. This experience has encompassed a wide range of commodities and included senior management positions in mining operations and the explosives industry in Africa, North America and Australia. During this time he has been responsible for general and mine management, mine production, project evaluation, mine feasibility studies and commercial contract negotiations.

In the last 18 years he has held executive directorships with several Australian public companies, including positions as the Technical Director and Managing Director. In these roles he has led exploration programs, JV negotiations and a number of capital raisings.

Mr Povey is a Chartered Engineer, and holds several certificates of competency including Western Australian Mine Managers Certificate.

Mr Povey was a Non-Executive Director of Greenvale Energy Limited (ASX: GRV). He has also held previous other directorships with various ASX companies over a period of time.

Mr Povey is also a director of the entity who sold the shares in MacPhee Resources Pty Limited (project now relinquished).

Mr Graham Libbesson

Non-Executive Director

Mr Libbesson was a Chartered Accountant for over 30 years with experience in management, mergers and acquisitions, debt and equity transactions in various sectors including mining and exploration. He is an experienced Director, Chairman and advisor to a number of listed and unlisted companies, including various resources companies.

Mr Libbesson is currently serves as an Executive Director of Mooter Media Limited (unlisted company). He has also held previous other directorships with various ASX companies over a period of time.

Directors' Report

MEETINGS OF DIRECTORS

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

	Directors' Meetings		Audit Committee ¹	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Jacob Khouri	10	9 ²	-	-
Mr Michael Povey (resigned 29 March 2018)	7	7	-	-
Mr Graham Libbesson (resigned 10 October 2017)	4	4	-	-
Mr Stephen Gemell (appointed 31 March 2018)	2	2	-	-
Mr Vincent Fayad (appointed 10 October 2017)	5	5	-	-

1 Refer to Principle 4.1 of the Governance Statement which explains why the Company has not established an Audit Committee.

2 The meeting not attended by Mr Khouri related to the approval of the \$700,000 working capital facility and as such, he was conflicted from such matter.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Group support and have adhered to the principles of Corporate Governance. The Group's corporate governance statement is contained in the Corporate Governance section of the financial report.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares of the Company as notified by the Directors to the Australian Securities Exchange in accordance with s.205G(1) of the *Corporations Act* at the date of this report is as follows:

	Ordinary Shares – Fully Paid	
	2018	2017
Mr Jacob Khouri	46,330,750	46,330,750
Mr Stephen Gemell	-	-
Mr Vincent Fayad	25,000,000	25,000,000
Mr Graham Libbesson	-	-
Mr Michael Povey	4,800,000	4,800,000

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the Group, the Company Secretary, all executive officers of the Group and of any related body corporate against a liability incurred as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

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Directors' Report

OPTIONS

On 8 September 2016, the Company issued 772,561,405 unlisted options which had an issue price of \$0.004 as part of its Offer (refer to the Review of Operations and Tenements for further details), with expiry date of 8 March 2018 (Options). Prior the expiry of the above options, the Company received valid applications amounting to 2,750,532 fully paid shares.

No other options were exercised during the year.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company or the Group was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

RSM Australia Partners is the appointed auditors of the Company.

RSM Australia Partners were engaged to undertake a valuation in relation to the Company's Governor Broome Sands acquisition in September 2011. These services were required as part of the objection that the Company lodged for the stamp duty claim made by the Western Australian state government. The total fees paid in relation to this service was \$5,000.

Apart from the above, RSM Australia Partners has not performed any other services in addition to their statutory duties as the auditors. Fees paid or payable for these services in relation to the audit and review of the Group's financial report were \$27,100 (2017: \$29,700).

The Directors are satisfied that the provision of services is compatible with the general standard of independence for the auditor as imposed by the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 44 of the financial report.

Directors' Report

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each key management personnel (**KMP**) of Astro Resources NL (the Company).

1. Remuneration policy

The remuneration policy of Astro Resources NL and Controlled Entities (the Group) has been designed to align key management personnel (**KMP**) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Astro Resources NL and Controlled Entities believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- the remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board;
- non-executive directors received fees for their services as approved by shareholders; and
- executive directors can be employed by the Group on a consultancy basis, on board approval, with remuneration and terms stipulated in individual consultancy agreements.

The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. In addition, external consultants may be used to provide analysis and advice to ensure the directors and senior executives' remuneration is competitive in the market place.

The board exercises its discretion in determining remuneration performance of executives. Given the size and nature of the entity the board does not deem it to be realistic to measure performance against defined criteria. As such remuneration and performance are not linked.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviewed their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Group. The directors are not required to hold any shares in the company under the Constitution of the Company; however, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group.

The board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

i. Remuneration Committee

During the year ended 30 June 2018, the Company did not have a separately established nomination or remuneration committee. Considering the size of the Group, the number of directors and the Group's early stages of its development, the directors are of the view that these functions could be efficiently performed with full board participation.

ii. Group Performance, Shareholder Wealth and Directors and Executives Remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Group performance except for options issued.

Directors' Report

2. Key Management Personnel

Name	Position Held
Mr Jacob Khouri	Non-Executive Chairman
Mr Michael Povey	Executive Director (resigned 29 March 2018)
Mr Graham Libbesson	Non-Executive Director (resigned 10 October 2017)
Mr Stephen Gemell	Non-Executive Director (appointed 31 March 2018)
Mr Vincent John Paul Fayad	Executive Director (appointed 10 October 2017) and Company Secretary

3. Key person remuneration entitlement

At the 2017 Annual General Meeting (**AGM**), 99.43% of the eligible votes received supported the adoption of the remuneration report of the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Key Management Personnel	Position Held as at 30 June 2018	Contract Details ¹	Remuneration	Incentives
Mr Jacob Khouri	Non-Executive Chairman	-	\$50,000 per annum.	n/a
Mr Graham Libbesson (resigned 10 October 2017)	Non-Executive Director	-	\$36,000 per annum.	n/a
Mr Michael Povey (resigned 29 March 2018)	Executive Director	-	\$60,000 per annum.	n/a
Mr Stephen Gemell (appointed 31 March 2018)	Non-Executive Director	-	\$36,000 per annum.	n/a
Mr Vincent Fayad (appointed 10 October 2017)	Executive Director and Company Secretary	Contract is ongoing. Contract may be terminated at anytime, with four months' notice of termination.	\$90,000 per annum for the accounting and services of company secretary, excluding one off matters. No fees are payable for director's services provided.	n/a

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

Directors' Report

4. Remuneration details for the year ended 30 June 2018

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the KMP of the Group and, to the extent different, the three Group executives and three Company executives receiving the highest remuneration:

2018	Cash salary/fees \$	Termination payments \$	Share based payments \$	Total \$
Executive Directors				
Mr Michael Povey (resigned 29 March 2018)	50,000	-	-	50,000
Mr Vincent Fayad (appointed 10 October 2017)	-	-	-	-
Non-Executive Directors				
Mr Jacob Khouri	45,000	-	-	45,000
Mr Graham Libbesson (resigned 10 October 2017)	9,870	-	-	9,870
Mr Stephen Gemell (appointed 31 March 2018)	9,290	-	-	9,290
KMP				
Mr Vincent John Paul Fayad	90,000 ¹	-	-	90,000
	<u>204,160</u>	<u>-</u>	<u>-</u>	<u>204,160</u>
2017				
2017	Cash salary/fees \$	Termination payments \$	Share based payments \$	Total \$
Executive Directors				
Mr Michael Povey	61,000	-	-	61,000
Non-Executive Directors				
Mr Jacob Khouri	50,000	-	-	50,000
Mr Graham Libbesson	36,000	-	-	36,000
KMP				
Mr Vincent John Paul Fayad	100,625 ²	-	-	100,625
	<u>247,625</u>	<u>-</u>	<u>-</u>	<u>247,625</u>

There were no performance related payments made to the directors or executive during the year and the prior year.

i. Short-term non-monetary benefits:

During the financial year, the Group paid a premium of \$11,282 (2017: \$10,134), being \$2,820 per person (2017: \$2,533) in respect of a contract ensuring the directors, company secretary and all executive officers of the Group and of any related body corporate against liabilities incurred as a director, secretary or executive officer.

ii. Cash bonuses:

There were no cash bonuses paid during the year.

¹ Mr Fayad is a Director and shareholder of Vince Fayad and Associates Pty Ltd (VFA). Mr Fayad performs the role as Company Secretary and Executive Director services VFA also provides accounting, taxation, secretarial and registered office services to Astro and the Group.

² Mr Fayad is a Director and shareholder of VFA. Up to 30 October 2016, Mr Fayad performed the role as secretary via a related entity of his former employer PKF Corporate Finance Pty (NSW) Limited which he was a Director of PKF Sydney Pty Ltd. Mr Fayad had no beneficial interest in PKF Sydney Pty Ltd. VFA and previously PKF Sydney Pty Ltd provides the provision of accounting, taxation, secretarial and registered office services to Astro and the Group.

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Directors' Report

iii. Options issued as part of remuneration for the year:

There were no options issued as part of remuneration package for the year ended 30 June 2018 (2017: Nil).

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

5. Description of options granted as remuneration

There were no options granted as remuneration to Directors and those key management personnel and executives during the year.

6. Share Holdings of Key Management Personnel

	Balance at start of year or date of appointment	Granted as compensation	On exercise of options	Other	Balance at end of year or date of resignation
2018					
Executive Directors					
Mr Michael Povey (resigned 29 March 2018)	4,800,000	-	-	-	4,800,000
Mr Vincent Fayad (appointed 10 October 2017)	25,000,000	-	-	-	25,000,000
Non-Executive Directors					
Mr Jacob Khouri ¹	46,330,750	-	-	-	46,330,750
Mr Graham Libbesson (resigned 10 October 2017)	-	-	-	-	-
Mr Stephen Gemell (appointed 31 March 2018)	-	-	-	-	-
	<u>76,130,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,130,750</u>

	Balance at start of year or date of appointment	Granted as compensation	On exercise of options	Other	Balance at end of year or date of resignation
2017					
Directors					
Mr Michael Povey	-	-	-	4,800,000	4,800,000
Mr Jacob Khouri ¹	-	-	-	46,330,750	46,330,750
Mr Graham Libbesson	-	-	-	-	-
KMP					
Mr Vince Fayad	-	-	-	25,000,000	25,000,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,130,750</u>	<u>76,130,750</u>

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

7. Service Agreements

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

Mr Michael Povey provided services to the Group through his controlled entity Minman Pty Ltd.

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

Directors' Report

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



Jacob Khouri
Director

Dated at Sydney this 18th day of September 2018.

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Astro Resources NL for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



C J Hume
Partner

Sydney, NSW

Dated: 18 September 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Continuing Operations			
Stamp liability	3	-	(118,370)
Interest expense		(73,000)	-
Impairment of capitalised exploration expenditure	4	(495,005)	-
Other expenses	4	(395,688)	(481,917)
Loss before income tax		(963,693)	(600,287)
Income tax benefit	5	-	-
Loss from continuing operations		(963,693)	(600,287)
Members of the parent entity		(963,693)	(600,287)
Non-controlling interest		-	-
		(963,693)	(600,287)
Other comprehensive income			
Items that may be reclassified subsequently to the profit or loss:			
Loss on revaluation of investment		(300)	(1,600)
Other comprehensive (loss) for the year		(300)	(1,600)
Total comprehensive loss for the year		(963,993)	(601,887)
Total comprehensive loss attributable to:			
Members of the parent entity		(963,993)	(601,887)
Non-controlling interest		-	-
		(963,993)	(601,887)
Loss per share			
From continuing operations:			
Basic loss per share (cents)	6	(0.11)	(0.08)
Diluted loss per share (cents)	6	(0.11)	(0.08)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	5,658	7,155
Trade and other receivables	8	28,562	4,670
Inventories	9	4,000	4,000
Other assets	11	54,402	46,087
TOTAL CURRENT ASSETS		92,622	61,912
NON-CURRENT ASSETS			
Other Financial assets	10	5,300	5,600
Property, plant and equipment	13	110,555	122,469
Exploration, evaluation and development assets	12	2,751,062	2,518,218
TOTAL NON-CURRENT ASSETS		2,866,917	2,646,287
TOTAL ASSETS		2,959,539	2,708,199
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	417,070	198,442
TOTAL CURRENT LIABILITIES		417,070	198,442
NON-CURRENT LIABILITIES			
Borrowings	15	985,702	-
TOTAL NON-CURRENT LAIBILITIES		985,702	-
TOTAL LIABILITIES		1,402,772	198,442
NET ASSETS		1,556,767	2,509,757
EQUITY			
Issued capital	16	13,266,609	13,255,606
Reserves	17	1,596,952	1,597,252
Accumulated losses		(13,306,794)	(12,343,101)
TOTAL EQUITY		1,556,767	2,509,757

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(532,825)	(723,344)
Net cash used in operating activities	20	(532,825)	(723,344)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for exploration expenditure		(399,675)	(233,545)
Net cash used in investing activities		(399,675)	(233,545)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		(108,747)	-
Proceeds from loan facility		1,028,747	-
Proceeds from share/options issue		11,003	942,849
Net cash provided by financing activities		931,003	942,849
Net decrease in cash and cash equivalents held		(1,497)	(14,040)
Cash and cash equivalents at beginning of year		7,155	21,195
Cash and cash equivalents at end of financial year	7	5,658	7,155

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Sub Total \$	Non-contr olling Interests \$	Total \$
Balance at 1 July 2017	13,255,606	(12,343,101)	1,597,252	2,509,757	-	2,509,757
Loss attributable to members of the parent entity	-	(963,693)	-	(963,693)	-	(963,693)
Revaluation of investments	-	-	(300)	(300)	-	(300)
Shares issued (options exercised)	11,003	-	-	11,003	-	11,003
Balance at 30 June 2018	13,266,609	(13,306,794)	1,596,952	1,556,767	-	1,556,767
Balance at 1 July 2016	10,327,425	(11,742,814)	1,610,852	195,463	-	195,463
Loss attributable to members of the parent entity	-	(600,287)	-	(600,287)	-	(600,287)
Revaluation of investments	-	-	(1,600)	(1,600)	-	(1,600)
Equity adjustment on convertible notes	-	-	(12,000)	(12,000)	-	(12,000)
Shares issued (rights issue)	3,090,246	-	-	3,090,246	-	3,090,246
Share issue costs	(162,065)	-	-	(162,065)	-	(162,065)
Balance at 30 June 2017	13,255,606	(12,343,101)	1,597,252	2,509,757	-	2,509,757

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

This financial report includes the consolidated financial statements and notes of Astro Resources NL and Controlled Entities (the 'Group'). The financial statements were authorised for issue by the Board of Directors on 18 September 2018.

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

The separate financial statements and notes of the parent entity, Astro Resources NL, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*. Parent entity summary is included in note 29.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Going concern

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

As disclosed in the financial statements, the consolidated entity incurred a loss of \$963,693 and had net cash outflows from operating and investing activities of \$932,500 for the year ended 30 June 2018. As at that date the consolidated entity had net current liabilities of \$324,448.

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

- the Company has an undrawn additional working capital facility with Gun Capital Management Pty Ltd ("Gun") via entering a working capital facility, refer to note 15 for further details. The working capital facility is undrawn by \$700,000 as at 30 June 2018;
- the ability to continue to raise funds in the capital market; and
- the ability to reduce discretionary spending.

(c) Comparative figures

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a consolidated statement of financial position as at the beginning of the earliest comparative period will be presented.

(d) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Astro Resources NL at the end of the reporting period. A controlled entity is any entity over which Astro Resources NL has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting

Notes to the Financial Statements

rights are also considered.

(d) Principles of consolidation (continued)

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 24 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of the diamonds includes direct materials, direct labour and an appropriate portion of variable and fixed overheads associated with their extraction. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of property, plant and equipment, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Notes to the Financial Statements

(g) Financial instruments (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

The Group did not hold any held-to-maturity investments in the current or comparative financial year.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period.

Notes to the Financial Statements

(g) Financial instruments (continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Group assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the consolidated statement of profit or loss and other comprehensive income.

(h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options for immediate are recognised as a deduction from equity, net of any tax effects.

(i) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

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

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets (excluding exploration assets) with indefinite lives – refer Note 1(p).

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

Notes to the Financial Statements

(l) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Borrowings

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

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

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

(n) Farm-in and joint venture arrangement

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

(o) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases

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Notes to the Financial Statements

(p) Income tax (continued)

of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(q) Revenue and other income

Financial Income comprises interest income. Interest income is recognised in profit or loss as it accrues, using the effective interest rate method.

Other income is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

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

(r) Trade and other receivables

Trade and other receivables represent the amount outstanding for GST receivable.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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Notes to the Financial Statements

(u) Exploration and development expenditure

Exploration and evaluation costs are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as both tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a licence is relinquished or a project abandoned, the related costs are recognised in the profit or loss immediately.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and/or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units consistent with the determination of reportable segments.

Upon determination of proven reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets.

Amortisation is not charged on exploration and evaluation assets until they are available for use.

Pre-licence costs are recognised in profit or loss as incurred. Expenditure deemed unsuccessful is recognised in profit or loss immediately.

(v) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key judgement - exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

(w) Adoption of new and revised accounting standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Astro Resources NL and Controlled Entities.

Standard Name	Impact
AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	The adoption of this standard has not changed the reported financial position and performance of the entity, however the presentation of items in other comprehensive income has changed.
AASB 112 Income Taxes	There has been no impact on the reported financial position and performance
AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	There has been no impact due the entity not being a government department

Notes to the Financial Statements

(x) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	1 January 2018	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	Financial assets and liabilities of the company are required to be valued at fair value.

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Notes to the Financial Statements

2 Operating Segments

Segment information

Identification of reportable segments

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

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

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

The Group operated in three operating segments being heavy minerals, diamond and uranium exploration industry in the geographical location, being Australia.

Types of products and services by reportable segment

(i) Heavy minerals

The Group is currently conducting exploration upon tenements considered prospective for mineral sands. No income has been derived from the recovery of mineral sands during the year ended 30 June 2018 (2017: nil).

(ii) Diamond exploration

The Group is currently conducting exploration upon tenements considered prospective for diamonds. No income has been derived from the recovery of diamonds during the year ended 30 June 2018 (2017: nil).

(iii) Gold exploration

The Group is currently conducting exploration upon tenements considered prospective for gold. No income has been derived from the recovery of gold during the year ended 30 June 2018 (2017: nil).

Accounting policies adopted

Unless stated below, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Notes to the Financial Statements

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- interest revenue;
- income tax benefit;
- cash and cash equivalents; and
- trade debtors and creditors.

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Notes to the Financial Statements

(a) Segment performance

	Mineral Sands		Diamond		Gold		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Other revenue from external customers	-	-	-	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	-	-	-	-	-
Total segmented revenue	-	-	-	-	-	-	-	-	-	-
Segment result	(368,246)	2,220,444	(127,442)	6,379	(26,873)	-	(441,132)	(2,827,110)	(963,693)	(600,287)
Research & development grant	-	-	-	-	-	-	-	-	-	-
Loss for the year	(368,246)	2,220,444	(127,442)	6,379	(26,873)	-	(441,132)	(2,827,110)	(963,693)	(600,287)
Other segment information										
Depreciation and amortisation	-	-	(11,915)	(13,199)	-	-	-	-	(11,915)	(13,199)
Segment assets and liabilities										
Segment assets										
Exploration expenditure	1,722,880	1,940,739	511,519	577,481	516,663	-	-	-	2,751,062	2,518,220
Inventories	-	-	4,000	4,000	-	-	-	-	4,000	4,000
Other assets	38,178	37,466	128,023	136,579	3,709	-	34,567	11,934	204,477	185,979
	1,761,058	1,978,205	643,542	718,060	520,372	-	34,567	11,934	2,959,539	2,708,199
Segment liabilities	-	-	-	-	370,000	-	1,032,772	198,442	1,402,772	198,442
<i>Other assets are made up of:</i>										
Investments held for sale	-	-	-	-	-	-	5,300	5,600	5,300	5,600
Cash and cash equivalents	206	-	33	-	-	-	5,419	1,077	5,658	1,077
Prepayments and other receivables	37,972	37,466	127,990	136,579	3,709	-	23,848	5,257	193,519	179,302
	38,178	37,466	128,023	136,579	3,709	-	34,567	11,934	204,477	185,979

Notes to the Financial Statements

3 Stamp duty expense

	2018 \$	2017 \$
(a) Stamp Duty		
- Duty imposed	-	94,870
- Consulting fees and legal fees	-	23,500
	-	118,370

- (a) As per the Company's announcement released to the ASX on 9 January 2017, a draft assessment was received from the Office of State Revenue Department of Finance ("OSR") in relation to stamp duty on the acquisition of the Company's interest in the Governor Broome Sands project. Astro announced on 31 January 2017 that the Company lodged a response to the assessment. Whilst acknowledging that a liability would be present to the OSR, the Company has disputed the quantum of the assessment. The Company is awaiting the OSR's response to its submission and shareholders will be informed of the outcome when available.

4 Result for the Year

The result for the year includes the following specific expenses

Impairment of exploration expenditure – abandoned tenements	495,005	-
Net impairment expense	495,005	-
Other expenses:		
- Directors' and related entities consulting fees	215,160	147,000
- Consultants fees	-	100,625
- Administration expenses	153,428	204,592
- Auditors remuneration for audit services	27,100	29,700
	395,688	481,917

5 Income Tax

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

Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2017: 27.5%)	(963,693)	(600,287)
Add tax effect of:		
- deferred tax assets and liabilities not recognised	963,693	600,287
- other permanent differences	-	-
- research and development tax grant not previously recognised	-	-
Income tax	-	-

Notes to the Financial Statements

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

	2018 \$	2017 \$
Tax losses	13,482,195	14,377,499
Capital losses	122,480	61,200
Capitalised exploration expenditure	(756,542)	(814,471)
	12,848,133	13,624,228

The above deferred tax assets will only be obtained if:

- i. future assessable income is derived of a nature and an amount sufficient to enable utilize the benefit; and
- ii. the conditions for deductibility imposed by tax legislation continue to be complied with and no changes in the tax legislation adversely affect the company in realising the benefit.

Apart from the exploration development costs which has been netted off against the carried losses, there are no deferred tax liabilities at 30 June 2018 (2017: nil).

6 Earnings per Share

Basic earnings per share

(a) Reconciliation of earnings to loss from continuing operations

Loss from continuing operations	(963,693)	(600,287)
(b) Earnings used to calculate overall earnings per share		
Earnings used to calculate overall earnings per share	(963,693)	(600,287)

(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2018 No.	2017 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	883,763,783	736,881,465

Diluted earnings per share

Share options are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the net loss per share.

7 Cash and Cash Equivalents

	2018 \$	2017 \$
Cash at bank and in hand	5,658	7,155

Notes to the Financial Statements

8 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
GST recoverable	28,562	4,670
	28,562	4,670

Credit risk

Other receivables consist of recoverable outgoings. No receivables are in a foreign currency receivables during the year (2017: nil).

The ageing of the Group receivables was not past due (2017: nil). Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due.

9 Inventories

CURRENT		
At cost:		
Uncut diamonds	4,000	4,000

10 Other Financial Assets

Available-for-sale financial assets

CURRENT		
Shares in listed corporations	5,300	5,600

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

11 Other Assets

CURRENT		
Prepayments	54,402	46,087

Notes to the Financial Statements

12 Exploration, evaluation and development assets

NON-CURRENT

	2018 \$	2017 \$
Areas in exploration phase:		
- At cost and net of impairment	2,751,062	2,518,218

(a) Composition of exploration assets

Capitalised exploration – wholly owned	6,084,245	5,862,342
¹ Capitalised exploration – partly owned	556,697	545,756
Impairment	(3,889,880)	(3,889,880)
Balance at end of the year	2,751,062	2,518,218

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

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

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

(b) Movements

	2018 \$	2017 \$
(i) Exploration assets at cost		
Opening Balance (wholly and partially owned)	6,408,098	6,260,310
Add:		
- Expenditure capitalised	357,849	147,788
- Acquisition of Needles Holdings Inc.	370,000	-
Less:		
- Expenditure impaired to the profit and loss	(495,005)	-
Closing balance	6,640,942	6,408,098

Notes to the Financial Statements

	2018 \$	2017 \$
(ii) <i>Impairment</i>		
Opening Balance	3,889,880	3,889,880
Add:		
- Current year impairment charge	-	-
Closing Balance	3,889,880	3,889,880

(c) Discussion on impairment

The Board has formed the view that no other capitalised exploration assets require impairment in addition to the amount noted in (i) above.

13 Property, Plant and Equipment

Plant and equipment ¹		
At cost	150,000	150,000
Accumulated depreciation	(39,445)	(27,531)
	110,555	122,469

¹ Note: the plant and equipment was used in the activities in the year ended 30 June 2018. The depreciation rate applied on the plant is 10.00% per annum.

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Balance at the beginning of year	122,469	135,669
Additions	-	-
Depreciation expense	(11,914)	(13,200)
Balance at end of the year	110,555	122,469

14 Trade and Other Payables

CURRENT

Unsecured liabilities		
Trade payables	242,200	60,572
Other payables ^(a)	174,870	137,870
Total Current Liabilities	417,070	198,442

(a) Other payables comprise of the following:

- (i) estimated stamp duty liability in relation the Company's interest in the Governor Broome Sands project (\$94,870). More information relation to this can be found in the Note 3 above;
- (ii) \$60,000 (2017: \$24,000) of accrued consulting fees to Mining Investments Limited – the ultimate parent company of Astro.

Notes to the Financial Statements

15 Borrowings

	2018	2017
	\$	\$
CURRENT		
Unsecured borrowings		
Loan Facility – Gun Capital Management Pty Ltd (novated from Mining Investments Limited)	920,000	-
Interest payable	65,702	-
Total Borrowings	985,702	-

Working capital facility - \$600,000

Purpose of funding	Amount drawn to 30 June 2018, including capitalised interest	Amount owing 30 June 2017, including capitalised interest	Due date
Working capital of the Company.	\$478,557	-	31 October 2019
Total amount owing prior to repayment	\$478,557	-	

The terms of the loan are as follows:

Key terms of the working capital facility

Security	Unsecured
Interest Rate	12% per annum Interest to be accrued quarterly.
Repayment	The earlier of: <ul style="list-style-type: none"> • a capital raising event; or • 31 October 2019.

Needles funding facility - \$500,000

Purpose of funding	Amount drawn to 30 June 2018, including capitalised interest	Amount owing 30 June 2017, including capitalised interest	Due date
Acquisition and development of Needles Holdings Inc.	\$508,145	-	31 October 2019
Total amount owing prior to repayment	\$508,145	-	

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Notes to the Financial Statements

The terms of the loan are as follows:

Key terms of the Needles funding facility

Security	Unsecured
Interest Rate	12% per annum Interest to be accrued quarterly.
Repayment	The earlier of: <ul style="list-style-type: none"> a capital raising event; or 31 October 2019.

Additional working capital facility - \$700,000

Purpose of funding	Amount drawn to 30 June 2018, including capitalised interest	Amount owing 30 June 2017, including capitalised interest	Due date
Working capital	-	-	31 October 2019
Total amount owing prior to repayment	-	-	

The terms of the loan are as follows:

Key terms of the additional working capital facility

Security	Unsecured
Interest Rate	15% per annum Interest to be accrued quarterly.
Repayment	The earlier of: <ul style="list-style-type: none"> a capital raising event; or 31 October 2019.

16 Issued Capital

Movement Reconciliation	2018 \$	2017 \$
885,677,852 (2017: 882,927,320) Ordinary shares	13,990,897	13,979,894
Share issue costs written off against share premium	(724,288)	(724,288)
Total	13,266,609	13,255,606

(a) Ordinary shares

	No.	No.
At the beginning of the reporting period	882,927,320	110,365,915
Shares issued under Offer – [refer to note 16(b)]	2,750,532	772,561,405
At the end of the reporting period	885,677,852	882,927,320

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. In the event of winding up of the company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Notes to the Financial Statements

(b) Options

	No.	No.
At the beginning of the reporting period	722,561,405	-
Shares issued under Offer	-	772,561,405
Options exercised under Offer	(2,750,532)	-
Options lapsed under Offer	(719,810,873)	-
At the end of the reporting period	-	772,561,405

The Options had an exercise price of \$0.004 and an expiry date of 8 March 2018.

17 Reserves

	2018 \$	2017 \$
Option reserve	1,255,912	1,255,912
Share based payment reserve	356,740	356,740
Available for sale investment reserve	(15,700)	(15,400)
	1,596,952	1,597,252

(a) Movement in reserves

	2018 \$	2017 \$
Option premium reserve		
Opening balance (not movement)	1,255,912	1,225,912
	1,255,912	1,255,912
Share based payment reserve		
Opening balance	356,740	356,740
	356,740	356,740
Available for sale investment reserve		
Opening balance	(15,400)	(13,800)
Loss on revaluation of investment	(300)	(1,600)
	(15,700)	(15,400)

(b) Option reserve

Contains amounts contributed for the future right to acquire shares at a pre-determined price.

(c) Share based payment reserve

Represents the accumulated amortisation of the fair value of services provided with respect to employee share options issued, payment for tenement and settlement of fund raising fees.

(d) Available for sale investment reserve

Represents cumulative gains/ losses arising on the evaluation of available for sale financial assets that have been recognised in other comprehensive income net at the amount reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Notes to the Financial Statements

18 Share-based Payments

At the 2005 annual general meeting, the Group established the Astro Resources NL 2005 Share Option Plan which allows employees, directors, officers or consultants of the Group or an associated body corporate and such other persons nominated by the directors to participate in the plan. There were no options under the Share Option Plan on issue as at 30 June 2018 (2017: nil).

19 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk.

This note presents information about The Group's exposure to each of the above risks, their objective, policies and processes for measuring and managing risk, and the management of capital and quantitative disclosures.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limited. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through their training and management standards and procedures, aim to develop a disciplined and constructive control environment.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Categories of financial instruments

	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents	5,658	7,155
Trade and other receivables	28,562	4,670
Other financial assets	4,000	4,000
	38,220	15,825
Financial liabilities		
Trade and other payables	417,070	198,442
Borrowings	985,702	-
	1,402,772	198,442

The carrying amounts reflected above represent the Group's maximum exposure to credit risk for such loans and receivables.

(b) Capital risk management

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

The capital structure of the Group consists of cash and cash equivalents, deposits in respect of bank guarantee and equity attributable to equity holders of the company, comprising issued capital, reserves and accumulated losses.

There are no externally imposed capital requirements. None of the Group's entities are subject to externally imposed capital requirements.

Notes to the Financial Statements

19 Financial Risk Management (continued)

The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the statement of financial position plus net debt.

The Board reviews the capital structure on an annual basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. High gearing ratio will be expected as the Group enters into its development stage and more debts are required to fund the operation and development activities.

There have been no changes in the strategy adopted by management during the year.

(c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables and investments.

Other receivables

Receivables consist of GST recoverable and other debtors. No credit terms apply to these debtors. No receivables are in a foreign currency receivables during the year (2017: nil). The ageing of the Group other receivables was not past due (2017: nil).

Investments

The Group limits its exposure to credit risk by investing in liquid listed securities. The Group's equity investments are listed on the Australian Securities Exchange. For such investments classified as available for sale, a 20% increase in the ASX 200 at the reporting date would have increased equity by \$1,060 after tax (2017: \$1,120); an equal change in the opposite direction would have decreased equity by \$1,060 after tax (2017: \$1,120).

(d) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages liquidity risk by monitoring forecast cash flows for the possible need to obtain debt or equity finance.

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

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

Excluding the unsecured loans to the Director related entity, all financial liabilities are due within 12 months. The total value of cash flows required to settle the Group's financial liabilities as at 30 June 2018 is \$417,070 (2017: \$198,442).

(e) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

i. Interest rate risk

The Group is exposed to interest rate risk in Australia. To minimise the effects of reducing interest income that the Group may receive, the Board plans to invest the excess cash position in the near future to avoid any adverse effects of future interest rates. There is no written internal policy on interest rate management.

Notes to the Financial Statements

19 Financial Risk Management (continued)

Changes in market interest rates affect the interest income of non-derivative variable interest financial instruments and are based on both historical trends and the perceived market interest to 30 June 2018. The Group have determined that the effects of changes in these interest rates based upon forward looking rates would not have a material effect on the Group for 2018 or 2017. Therefore, no Group interest rate sensitivity analysis is disclosed as interest rate risk is not considered to have a material impact on the result or equity of the Group for 2018 and 2017.

ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. The Group has no significant exposure to foreign exchange risk as there are effectively no foreign currency deals outstanding (2017: nil).

iii. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximise investment returns. The Group does not enter into commodity contracts.

Net fair values

The Group's financial assets and liabilities that are recorded on the balance sheet are carried at amounts that approximate net fair values.

Fair value estimation

Net fair values of financial assets and liabilities are determined by the Group on the following basis:

i. Cash and cash equivalents

The carrying amount approximates fair value because of their short-term to maturity.

ii. Receivables and payables

The carrying amount approximates fair value because of their short-term to maturity.

iii. Available for sale investments and other financial assets

For available for sale investments, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment.

Notes to the Financial Statements

20 Cash Flow Information

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

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

	2018	2017
	\$	\$
Loss for the year	(963,693)	(600,287)
Non-cash flows in loss:		
- depreciation/amortisation	12,569	13,199
- impairment – other	495,005	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- increase in trade and other receivables	(32,862)	2,056
- decrease/(increase) in other liability	(262,472)	159,788
- (increase)/decrease in trade and other payables	218,628	(298,100)
Cash flow used in operating activities	(532,825)	(723,344)

21 Capital and Leasing Commitments

Exploration expenditure commitments

The Group has to perform minimum exploration work and expend minimum amount of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Group's tenement portfolio management through expenditure exemption approvals, and expenditure reductions through relinquishment of part or the whole of tenements deemed not prospective. Should the Group wish to preserve interest in its current tenements the amount which may be required to be expended is as follows:

	2018	2017
	\$	\$
Payable:		
- no later than 1 year	143,624	307,182
- between 1 year and 5 years	140,000	1,228,728
	238,624	1,535,910

22 Contingent Liabilities and Contingent Assets

Contingent Liabilities

The Group has no contingent liabilities to report.

Notes to the Financial Statements

23 Controlled Entities

(a) Controlled entities

	Country of Incorporation	Percentage Owned (%)* 2018	Percentage Owned (%)* 2017
Parent Entity:			
Astro Resources NL			
Subsidiaries:			
HM Sands Pty Limited (formerly Astro Bow River Mines Pty Limited)	Australia	100	100
Boldhill Holdings Pty Limited	Australia	100	100
East Kimberley Diamond Corporation Pty Limited	Australia	100	100
Governor Broome Sands Pty Limited	Australia	100	100
MacPhee Resources Pty Limited ¹	Australia	100	100
Needles Holdings Inc ²	United States	100	-
North Doolgunna Metals Pty Limited	Australia	100	100

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

2 Needles Holdings Inc. was acquired on 10 October 2017.

24 Related Party Transactions

Related Parties

(a) Parent company

The Parent Company of Astro Resources is a company called Mining Investments Limited (MIL). MIL owns approximately 39.5% of the issued capital of Astro. Mr Jacob Khouri is related to the ultimate beneficial owner of MIL. Mr Jacob Khouri is also a potential beneficiary of the company Gun Capital Management Pty Ltd.

(b) Transactions with the parent entity

The following transactions occurred with related parties:

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

The Group's main related parties are as follows:

(i) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered KMP.

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

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

Notes to the Financial Statements

24 Related Party Transactions (continued)

(ii) Director related entities

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

(iii) Subsidiaries

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

(iv) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

25 Interests of Key Management Personnel

The totals of remuneration paid to key management personnel of the Company and the Group during the year are as follows:

	2018	2017
	\$	\$
Short-term employee benefits	204,106	247,625
	204,106	247,625

Detailed remuneration disclosures are included in the Director's Report. The relevant information can be found in The Remuneration Report on pages 39 – 43.

26 Auditors' Remuneration

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

- auditing or reviewing the financial statements	27,100	29,700
-other services	5,000	10,000
	32,100	39,700

Notes to the Financial Statements

28 Events after the end of the Reporting Period

Since balance date, the following matters have arisen:

- (a) retention licence R70/58 Governor Broome Sands) was granted, replacing tenement E70/2464; and
- (b) the results for a ground geophysics survey conducted on the Needles Holdings Inc. was made available. More details surrounding these results can be found in the Company's announcement made on 8 August 2018; and
- (c) the Company has made a series of drawdowns on the Gun Capital Management loan facility, totalling \$85,000. These funds have been used in exploration activities associated with the Governor Broome Sands and Needles Holdings Inc projects mentioned above.

Apart from the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

29 Parent entity

The following information has been extracted from the books and records of the parent, Astro Resources NL and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Astro Resources NL has been prepared on the same basis as the consolidated financial statements:

Statement of Financial Position

	2018	2017
	\$	\$
Assets		
Current assets	2,910,628	28,720
Non-current assets	115,854	2,550,609
Total Assets	<u>3,026,482</u>	<u>2,579,329</u>
Liabilities		
Current liabilities	417,069	156,205
Non-current liabilities	615,702	-
Total Liabilities	<u>1,032,771</u>	<u>156,205</u>
Net Assets	1,993,711	2,423,124
Equity		
Issued capital	13,266,609	13,255,605
Accumulated losses	(12,869,850)	(12,429,733)
Reserves	1,596,952	1,597,252
Total Equity	<u>1,993,711</u>	<u>2,423,124</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Total loss for the year	(440,116)	(3,604,527)
Other comprehensive income	(300)	(1,600)
Total comprehensive income	<u>(440,416)</u>	<u>(3,606,127)</u>

Notes to the Financial Statements

29 Parent entity (continued)

Contingent liabilities

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

Contractual commitments

The parent entity did not have any commitments as at 30 June 2018 or 30 June 2017.

30 Company Details

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

Astro Resources NL and Controlled Entities
Suite 6, Level 5, 189 Kent Street
SYDNEY NSW 2000

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Directors' Declaration

The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 45 to 75, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Company and consolidated group;
2. the Company Secretary has declared that:
 - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. based on the comments outlined in Note 1(b) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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



Jacob Khouri
Director

Dated 18 September 2018

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

Opinion

We have audited the financial report of Astro Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Key Audit Matters

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

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Key Audit Matter	How our audit addressed this matter
Carrying value of capitalised exploration and evaluation Refer to Note 12 in the financial statements	
<p>As disclosed in note 12, the Group held capitalized exploration and evaluation expenditure of \$2,751,062 as at 30 June 2018 which represents a significant asset of the Group.</p> <p>The carrying value of exploration and evaluation assets is subjective based on Group's ability, and intention, to continue to explore the asset. The carrying value may also be impacted by the mineral reserves and resources may not be commercially viable for extraction. This creates a risk that the amounts stated in the financial statements may not be recoverable.</p>	<p>Our audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> • Considering the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as obtaining independent searches of the company's tenement holdings • Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included an assessment of the Group's future cash flow forecasts and enquired of management and the Board of Directors as to the intentions and strategy of the Group • Assessing recent exploration activity in a given exploration license area to determine if there are any negative indicators that would suggest a potential impairment of the capitalized exploration and evaluation expenditure • Assessing the commercial viability of results relating to exploration and evaluation activities carried out in the relevant license area • Assessing the ability to finance any planned future exploration and evaluation activity

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

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Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 43 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Astro Resources NL, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM Australia Partners



C J Hume

Partner

Sydney, NSW

Dated: 18 September 2018

Schedule of Tenements

Lease	Lease Status	Project	Holders
R70/58 ^{1,3}	Application	Governor Broome	Iluka Resources Limited (80%), Governor Broome (20%)
E80/4120	Granted	Lower Smoke Creek	East Kimberley Diamond Mines
E80/4316	Granted	Carr Boyd Range	East Kimberley Diamond Mines
P70/1584	Granted	Governor Broome	Governor Broome
R70/53 ²	Application	Governor Broome	Governor Broome
Needles	Granted	Needles Holdings	Needles Holdings Inc

¹ Subject to the Farm-in and Joint venture arrangement with Iluka Resources Limited

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

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

ASX Additional Information

As at 14 September 2018 the following information applied:

1 Substantial Shareholders

Substantial shareholders disclosed in substantial shareholder notices to the Company:

	No. of Shares Held	% Held
Mining Investments Limited	300,545,772	33.9%
SEK Investments Limited	88,000,000	9.9%
Carkaho Holdings Pty Limited	46,330,750	5.2%

2 Securities

(a) Fully paid ordinary shares

The number of holders of fully paid shares in the Company is 885,677,852. On a show of hands every holder of fully paid ordinary shares present or by proxy, shall have one vote. Upon a poll, each fully paid ordinary share shall have one vote. The distribution of holders of fully paid ordinary shares is as follows:

	No. of Shares Held	% Held
1 – 1,000	100,365	0.01
1,001 – 5,000	964,561	0.11
5,001 – 10,000	1,270,249	0.14
10,001 – 100,000	9,078,686	1.03
100,001 and over	874,263,991	98.71
	885,677,852	100.00
Number holder less than a marketable parcel	15,084,032	1.70

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

Top 20 Shareholders

	No. of Shares Held	% Held
HSBC Custody Nominees (Australia) Limited	500,685,733	56.53
BNP Paribas Nominees Pty Ltd	97,284,455	10.98
Fourwinds Nominees Pty Limited	50,000,000	5.65
Carkaho Holdings Pty Limited	46,330,750	5.23
Kafta Enterprises Pty Ltd	25,000,000	2.82
Mr Joe Michael Tassone	17,164,751	1.94
Mr Johnny Traian	15,000,001	1.69
Moryton Pty Ltd	13,050,000	1.47
Ms Nada Saade	8,194,557	0.93
Mr Deepankur Bhatia	6,452,859	0.73
Mr Joshua Khouri	5,667,845	0.64
M&K Korkidas P/L Superfund	5,000,000	0.56
BNP Paribas Nominees Pty Ltd (IB AU NOMS RETAIL CLIENT)	3,923,110	0.44
Mr Haden Martin	3,532,000	0.40
Biasim Investments Pty Ltd	3,330,000	0.37
Mr Ianaki Semerdziev	2,908,000	0.33
Michael M Moore Superannuation Fund	2,800,000	0.32
Printview Superannuation Fund	2,250,000	0.25
GA & AM Leaver Superannuation Fund	2,158,304	0.24
Mr Matthew Robert Coppens	2,140,000	0.24
	812,872,365	91.76