

For personal use only



ASTRO RESOURCES NL

ABN 96 007 090 904

Consolidated Interim Financial Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021



Contents

	Page
Directors' Report	3
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	13
Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Cash Flows	16
Consolidated Statement of Changes in Equity	17
Notes to the Consolidated Financial Statements	18
Directors' Declaration	27
Independent Auditor's Review Report	28



Directors' Report

The Directors of Astro Resources NL ("the Company") present their report together with the consolidated financial statements for the six months ended 31 December 2021 ("Half-Year 2021").

Directors

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

- Mr Jacob Khouri – Non-Executive Chairman
- Mr Gregory Jones – Non-Executive Director
- Mr Vincent Fayad – Executive Director.

Review of Results and Operations

The Group reported a loss of \$790,442 Half-Year 2021 compared to a loss of \$509,357 for the Half Year period ended 31 December 2020.

Objectives

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

Operations

The principal activities of the Group during the half-year period were the exploration and development of mineral resources, principally in the areas of mineral sands, diamonds and gold.

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

Mineral Resources Operations Summary

During the half year, the following developments were made in the Company's projects:

Needles Project, USA

A key focus for the Company for the Half-Year 2021 has been the drilling program at the Needles Project, Nevada, USA (Figure 1).

Drilling activities

Drilling commenced in October 2021, to test the large, robust DC/IP chargeability anomaly defined at Needles (Figure 2), with the plan to drill up to three inclined core-holes, targeting mineralisation between 250m to 500m below surface.

Two holes tested the central portion of the anomaly in two directions, maximising the possibility of intersecting higher-grade structures, irrespective of their orientations. The third tested a second chargeability high centred about 500m to the southeast. A fourth hole may be drilled targeting potential shallower, high-grade epithermal mineralisation as well as deeper Round Mountain type mineralisation beneath the Tomahawk Shaft (Figure 2).

Two holes were completed by early January 2022, with the third completed in mid-February. Results for the three drill holes are described below:



Figure 1. Needles Project Location and active gold mines

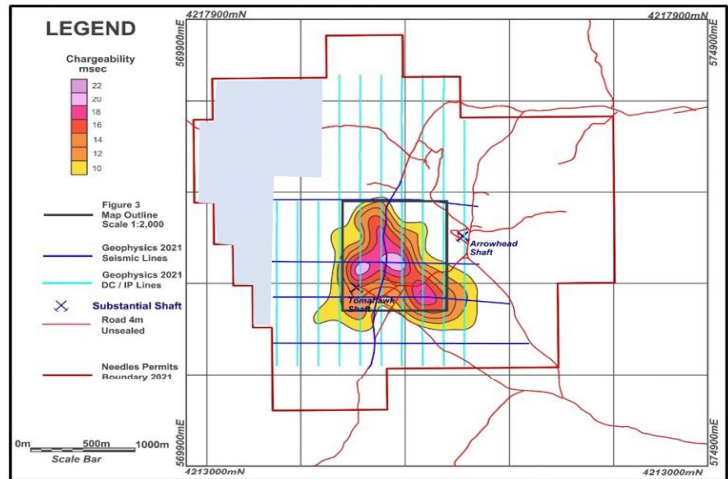


Figure 2. Needles Property with new claims in pale blue, IP and seismic survey lines, and IP anomaly

Drill hole 1 (21ND_001)

Drill hole 21ND_001 was completed to a depth of 1259 feet or 384 metres on 4 December 2021. From about 150m down-hole the volcanics display weak to strong propylitic alteration with variable pyrite mineralisation both disseminated and locally concentrated in veins accompanying silicification. The overall intensity of alteration and concentration of pyrite generally appears to be increasing down-hole to TD. Within this zone, the pyrite tenor is often 3-5% and up to 10% in the veins (Figure 3).



Figure 3. Core photo from 924ft to 934ft (281.6m to 284.7m) in hole 21ND_001 showing silicified and propylitically altered andesites containing disseminated and vein-hosted pyrite (dark grey).

This level of pyrite mineralisation is consistent with the main DC/IP chargeability. Aside from pyrite and minor marcasite, initial logging has not found other sulphide minerals and, without assays, it is too early to determine if these rocks contain gold.

For personal use only



Drill hole 2 (21ND_002)

Hole 2 was completed on 11 January 2022, reaching a total depth of 1525ft (464.8m). As reported in the ASX market release on 10 January 2022, the hole intersected 80m of andesite between 1005 and 1268ft (306 to 386m) containing generally 5 to 10% (Figure 4) of pyrite and a further 33m of brecciated andesitic volcanics containing up to 10 to 20% pyrite between 1268 and 1375ft (386 to 419m).



Figure 4. Brecciated unit in hole 21ND_002 showing altered andesite clasts within a pyrite-rich matrix (from 1155 to 1164ft (352 to 354.8m))

Within these pyritic intervals, propylitic alteration intensity was generally moderate to strong, with argillic and /or phyllic alteration encountered in the deepest intercepts. The hole then passed into a strongly broken zone of clay and rock fragments of andesite and of dolomite from the underlying basement between 1375 and 1381ft (419 to 421m). The hole was completed in Devonian dolomite basement rocks to 1,525 feet (464.8m).

As for hole 1, the strong pyrite content of hole 2 is consistent with the strong DC/IP chargeability anomaly but, until assays are received, the Company cannot know whether gold mineralisation is present or not within the target zone.

The Company arranged for fast tracking of the assays and delivered core from both holes to a laboratory in Tucson, Arizona. At this stage, the Company expects initial assay results in late February 2022.

Drill hole 3 (21ND_003)

Astro completed its third drill hole into the Needles Project (21ND_003) on 14 February 2022. As reported in the ASX market release on 18 February 2022, the hole commenced in lithic dacitic tuffs intersected with 1% or less of pyrite in veins to 565 feet (172m), before passing into 177m of andesite between 565 feet and 1,147 feet (172m to 350m) containing generally 3% to 6% pyrite (Figure 5), followed by a further 179m of mixed andesites and dacitic dykes between 1,147 feet and 1,735 feet (350 to 529m) containing generally 1% to 3% pyrite in silicic veins. Alteration is generally weak to moderate propylitic with occasional silicification. The hole finished in porous dacitic tuffs at a depth of 1,827 feet (557m).

For personal use only

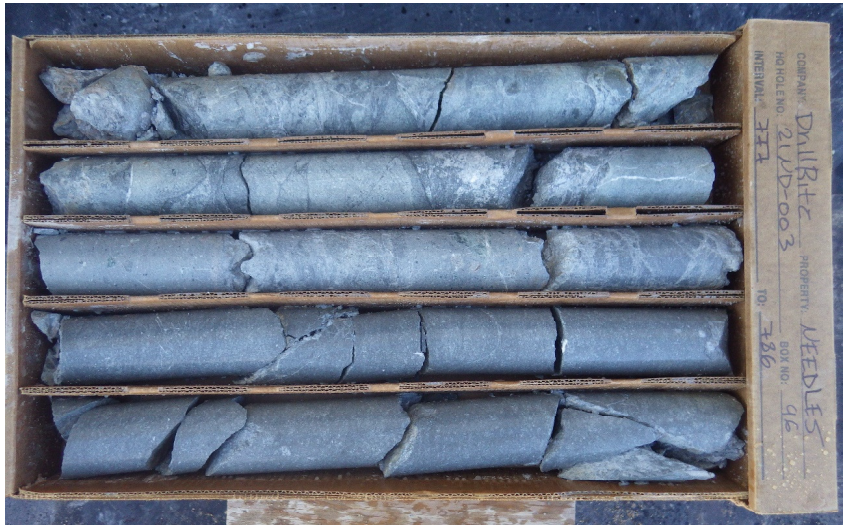


Figure 5. Example of brecciated andesite in hole 21ND_003 Box 96 from 777 to 786 feet (237 to 240m)- showing altered andesite clasts within a 3%-6% pyrite-rich matrix

The interpretation of the drill results is that the hole drilled into an andesitic to dacitic intrusive dome, terminating in dacitic volcanics that form an apron to the dome. The level of pyrite in the hole and in particular the andesites is consistent with the main DC/IP chargeability anomaly but, until assays are received, the Company cannot determine if there is gold mineralisation within the target zone. (Figures 6 and 7).

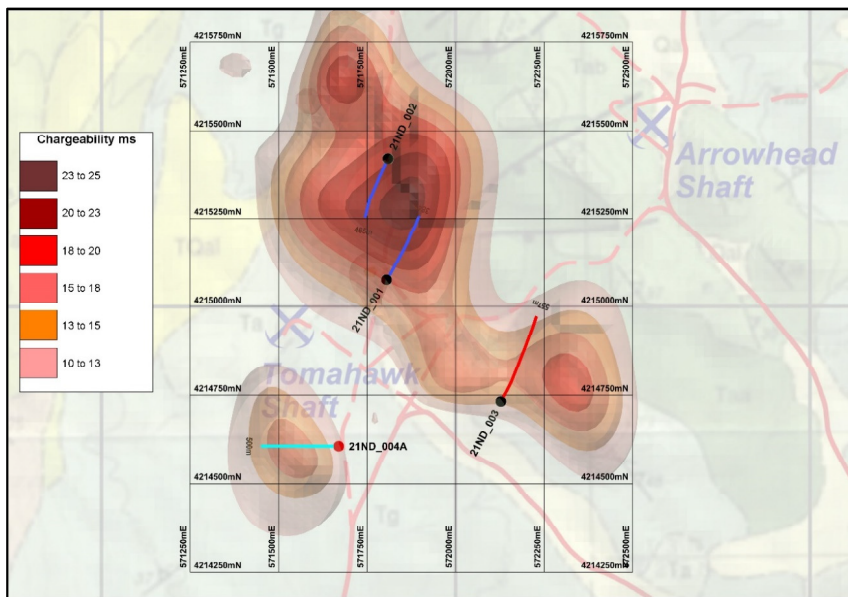


Figure 6. Chargeability anomaly showing actual drill-holes 1 & 2 in blue, 3 in red and proposed 4A in cyan

For personal use only

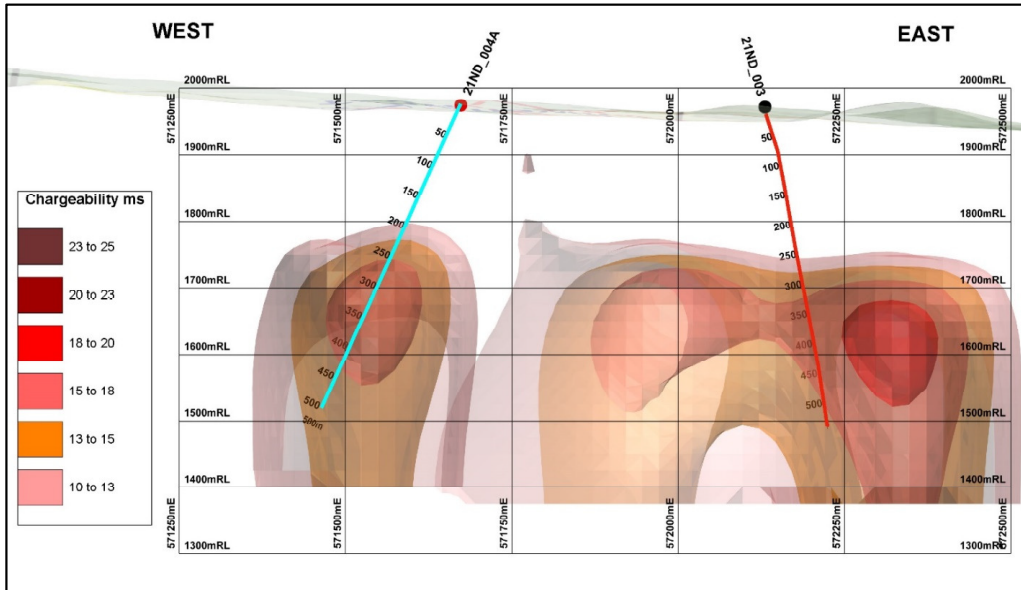


Figure 7. Section looking North with chargeability iso-shells. Just completed drill hole 21ND_003 in red and proposed drill hole 21ND_004A in cyan.

Mapping and Sampling

Geological mapping and rock-chip sampling were completed over Astro’s pegged mining lode claims. Astro engaged consultant geologist Mr Elliott Crist to oversee and perform the exploration.

Mr Crist has previously worked with Astro, having carried out the successful field mapping and sampling program for the Company in September 2020 that led to Astro commissioning the DC/IP and seismic geophysical surveys in January 2021. Those very encouraging survey results prompted Astro to accept Mr Crist’s recommendation to peg a further 26 mining lode claims adjacent to the northwest of the existing 113 claims.

The geological mapping within the new claims identified areas of alteration within sub-horizontal porous volcanic ash-flow tuffs, the target lithology for Round Mountain type gold mineralisation that the Company believes may present in the area. In addition, impervious, welded volcanic units were identified, consistent with the Round Mountain model where these units help dam rising fluids, depositing gold mineralisation within more porous volcanics.

The altered rocks within the tuffs were rock chip sampled and a total of 32 samples were submitted to ALS Global at Reno Nevada for assay. Of the results received, five of the samples returned low but anomalous values of gold, silver and other pathfinder elements (**Table 1**). The remaining samples contained only background values for these elements.

WGS84_Z11N_mE	WGS84_Z11N_mN	SAMPLE	Au_ppm	Ag_ppm	As_ppm	Sb_ppm
569973	4216533	5131	0.007	0.9	277	5
570208	4216575	5129	0.012	0.4	358	12
570310	4216612	5300	0.006	0.4	132	5
570679	4216275	5145	0.014	0.6	170	2
570775	4216225	5144	0.008	0.2	426	13

Table 1 Anomalous Rock Chip Assays

Samples are sorted in the above table from west to east

This new area was not included in the IP and seismic surveys carried out earlier this year. However, Astro intends to carry out similar surveys over the area in due course. Analysis of the structural data that was collected will be reviewed once the report on this new exploration is complete.

For personal use only



Governor Broome Heavy Minerals, WA

Jack Track Acquisition

Following the receipt of Ministerial Consent, Astro finalised the acquisition of Iluka Resources Limited's (ASX:ILU "Iluka") 80% interest in the Jack Track tenement containing the high-grade Jack Track mineral sands deposit on 26 October 2021. Astro has 100% ownership of the entire Governor Broome Project, which now covers 171km².

The Governor Broome Project (**Figure 8**) incorporates the Governor Broome Deposits within R70/53, the Jack Track Deposits within R70/58, E70/5200, and the newly granted tenements E70/5826 and E70/5872. The two new exploration licences cover potential strike extensions of known mineralisation.

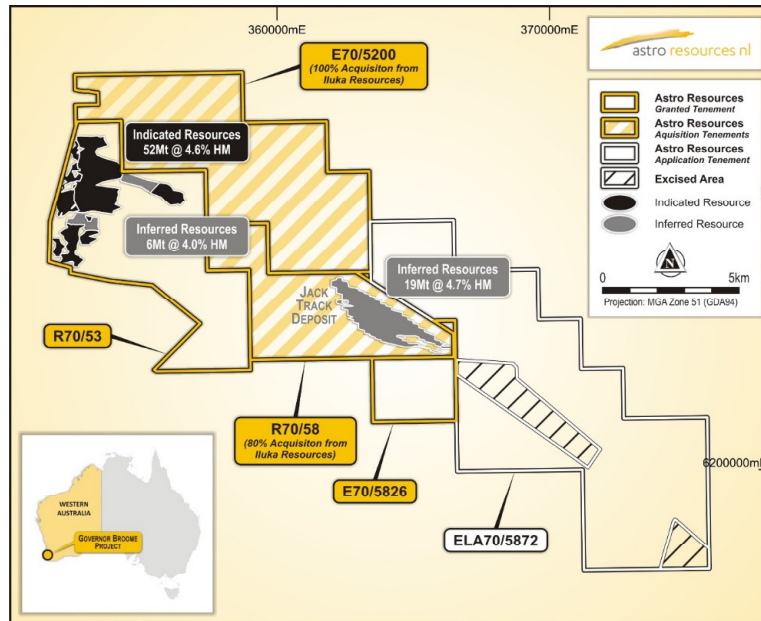


Figure 8. Governor Broome Project – tenements and JORC Resources

Re-estimation of Jack Track Tenement Resources

As announced on 8 November 2021, revised Mineral Resource estimates were completed for four deposits: Jack Track, Jack Track Northwest, Jack Track West, and Jack Track Southwest.

The Resource estimates were based on results from aircore drilling carried out by Metal Sands in 2007, by Astro in 2012, and by Iluka in 2015. The Resources have been estimated at a 2% heavy mineral ("HM") block-cut-off grade, the same as applied to the Company's other deposits in the Governor Broome Project.

The estimations were carried out by Astro's independent consultant, Mr John Doepel, Principal Geologist of Continental Resource Management Pty Ltd ("CRM"). These revised project Resources, reported in accordance with the 2012 Edition of the JORC Code, are summarised in Table 2 below.

For personal use only



Reported	Deposit	Category	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
24 th May 2021	West	Indicated	8.0	4.2	13	7.5
24 th May 2021	East	Indicated	3.5	4.2	12	3.7
24 th May 2021	East	Inferred	3.2	3.1	14	2.9
24 th May 2021	South	Indicated	11	4.4	15	11
24 th May 2021	South	Inferred	2.5	4.6	16	9.1
12 th February 2015	North	Indicated	30	4.9	12	8.1
Total	Governor Broome	Indicated	52	4.6	13	8.5
Total	Governor Broome	Inferred	6	4	15	6
November 2021	Jack Track	Inferred	28	4.1	7.6	1.5
November 2021	Jack Track Northwest	Inferred	3.8	4.5	11	4.2
November 2021	Jack Track West	Inferred	5.0	3.9	10	2.7
November 2021	Jack Track Southwest	Inferred	24	3.8	10	4.3
Total	Jack Track	Inferred	61	4.1	9.1	2.9
Total	Project	Indicated	52	4.6	13	8.5
Total	Project	Inferred	66	4.0	9.6	3.1
Total	Project	Resources	118	4.4	10	5.5

Table 2. Governor Broome Project Resources – a 2% HM lower block cut-off grade

Astro intends to commence an infill drilling program during Q1 2022 to upgrade the Jack Track Resources to the Indicated category as part of a plan to complete a Mine Scoping Study to assess the viability of the Governor Broome Project.

The Scoping Study will update the previous analysis of the Project which was based upon 30Mt at 4.9% HM of Indicated Resources, against the present total of all Resources in the Project of 118Mt at 4.4% HM. The new study will also incorporate the encouraging metallurgical results recently received from test-work on a bulk-sample of mineralisation from the Governor Broome Project (ARO Announcement 6 June 2021).

The Acquisition is expected to positively impact the potential development of the Governor Broome Project which will be reflected in the Scoping Study, due to the following:

- > significantly increased resources will enable longer mine-life and/or increased mining rate;
- > high-value Jack Track mineralisation will potentially enable a reduced capital payback time; and
- > increased resources will result in lower capital expenditure and overheads per tonne mined.

Exploration Upside

Within the newly granted tenements and those acquired from Iluka, there is potential to discover additional mineralisation to support a possible mine. This potential includes:

- > the Jack Track deposit, where drilling to date has not closed off the mineralisation to both the northwest along the trend of the mineralised strands and to the south;
- > E70/5200, the southern portion of which is along strike from the Jack Track deposit and the Governor Broome Project's East deposit within R70/53. This area has not been fully explored by drilling;



- > E70/5826, the northern portion of which is along strike from the Jack Track deposit. This area has not been drill-tested other than along the two bounding road-sides; and
- > ELA70/5872, which has had minimal drill-testing, but which is along a strike from known mineralisation.

Terms of Acquisition from Iluka

Set out below were the key terms of the Acquisition:

- > Consideration for the ASX's listed entity's interest in the Jack Track tenement (R70/58) and adjacent tenement EL70/5200:
 - cash payment of \$700,010; and
 - 1% royalty on gross revenue with the only deduction for Goods and Services Tax for any Heavy Mineral Concentrate or saleable product;
- > A Last Right of Refusal (LROR) in favour of Iluka's as follows:
 - applies only to product produced from R70/58 and EL70/5200;
 - it has ten (10) business days in which to accept or reject Astro's market price offer;
- > Sale and purchase agreement is subject to customary terms and conditions;
- > Completion to occur upon Ministerial consent.

The royalty agreement is also subject to customary terms and conditions, including rights in favour of Iluka to request information and audit and dispute resolution clauses.

East Kimberly Diamonds

The Company holds the Lower Smoke Creek (E80/4120) exploration licence that adjoins the Argyle and the former Bow River Diamond Mines within the East Kimberley region of Western Australia. Previous exploration for diamonds in the area has included limited bulk sampling, airborne magnetics, geochemical soil sampling, and drilling and the completion of 57 km ground penetrating radar ("GPR") survey.

No work was undertaken during the December Half Year 2021 for the East Kimberly Diamonds Project.

Diamond Spin-off

Post half, the Company advised it has been in discussions with several parties on spinning off its diamond project. The spin-off will be in the form of an initial public offering ("IPO") on the Australian Securities Exchange ("ASX") and will comprise Astro's East Kimberly project, together with a collection of other projects in Australia and potentially overseas.

The Board believes that the spin-off into a special purpose vehicle that is dedicated to diamonds, with a clear focus and its own management team, is in the best interests of Astro's shareholders in creating value.

It is envisaged that the spin-off will occur via Astro's recently incorporated subsidiary, Argyle Resources Limited ("Argyle"). Astro shareholders will be provided a priority allocation in the IPO of Argyle. Astro will retain a minority shareholding in Argyle based on the value of its East Kimberly project.

The Company is planning to complete and finalise the IPO, including a fund-raising process by the end of quarter 2/early quarter 3 of the 2022 calendar year. The IPO will be subject to Argyle meeting the conditions of admission set by the ASX.

The proposed spin-off is subject to ASX approval that the transaction is in compliance with Chapter 11 of the Listing Rules, including any requirement for shareholder approval (if required by ASX).



Financial Results

Revenue

The Company derived interest income on its short-term interest-bearing deposits held during the Half-Year 2021.

Net expenses and impairment

The following points are noted in relation to expenses for the Half-Year 2021:

- > ongoing administration expenses increased from \$369,672 at December 2020 to \$563,626 at December 2021. Included in the Half-Year 2021 results was directors travel costs which related to management of the Company's drilling program at the Needles gold project ("Needles") in Nevada, United States of America and also to source new opportunities for the Company in the region;
- > the result was impacted by a one-off charge for the long term- incentive plan to directors of \$227,178; and
- > the Directors have considered whether any further impairment for the Company's tenements is required for the current period. They have formed the view that none is required.

Statement of financial position

During the 2021 Half-Year the following key items occurred:

- > cash decreased from \$3,279,002 at 30 June 2021 to \$869,915 at 31 December 2021. This decrease was primarily caused by the commencement of the Needles project drilling program and the acquisition of the 80% interest in the Jack Track project; and
- > trade and other payables decreased from \$228,452 at 30 June 2021 to \$164,081 at 31 December 2021, primarily from the payment of consulting fees for the Needles gold project.

Cash Flow

The Half-Year cash flow for the 2021 Half-Year of the Group included:

- > an increase in exploration costs from \$272,014 in December 2020 to \$919,813 in December 2021. The main reason for the increase was the commencement of the Company's drilling campaign at Needles project in the current year; and
- > an increase in administrative costs from \$357,998 at December 2020 to \$652,568 at December 2021, mainly reflected by the payment of directors travel to Nevada, United States of America to manage the Needles drilling campaign and source new opportunities for the Company.

Corporate

Management

On 8 October 2021, the Company appointed Mr Kurt Laney as joint Company Secretary.

Directors

During the Half Year, the Company established a Loan Funded Share Plan (Plan) for the purposes of aligning the interests of participants to that of shareholders and to retain/properly compensate participants. Participants will include current and future members of the Company or its subsidiaries.

Future details concerning the Company's Plan can be found within its ASX announcement dated 29 September 2021.

COVID-19 Impact

The operations of the Company have been impacted by Covid-19 conditions, particularly around supply chain and increased costs associated with exploration activities.



Events Subsequent to Balance Date

Since balance date, the following matters have arisen:

- > on 14 January 2022 Drillrite LLC, the Company carrying out the drilling work at the Needles project in Nevada, USA, subscribed for 102,739,726 fully paid ordinary shares in part satisfaction for their contract drilling fees; and
- > on 28 January 2022, the Company announced the completion of a capital raising for 838,308,527 fully paid ordinary shares or \$3.353 million (before costs of the offer). In addition, the Company announced that for each share subscribed under the offer, two free attaching options would be issued – subject to shareholder approval. The use of the funds from the offer will predominately be used by the Company to further advance the drilling campaigns at Needles and the mineral sands projects;
- > the Company has continued with its drilling operations for the Needles Project.

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.

Competent Persons Statement

The information in this report that relates to:

- > Exploration Results for the Needles Property other than drill logging, sample selection and delivery to the certified laboratory in the USA is based on information compiled by Richard Newport, principal partner of Richard Newport & Associates – Consultant Geoscientists. Mr Newport is a member of the Australian Institute of Geoscientists 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. Newport consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.
- > For drill logging, sample selection and delivery to the certified laboratory in the USA is based on information compiled by Elliot Crist. Mr Crist is a member of the American Institute of Professional Geologist (AIPG) 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. Crist consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Auditor's Independence Declaration

The auditor's independence declaration for the Half-Year ended 31 December 2021 has been received and can be found on page 13 of the financial report.

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

Jacob Khouri
Chairman
15 March 2022

For personal use only

For personal use only



RSM Australia Partners

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

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

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Astro Resources NL Limited for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 15 March 2022



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Continuing Operations			
Revenue	5	362	111
Interest paid		-	(139,796)
Administration expenses		(563,626)	(369,672)
Share-based compensation expense	10(b)	(227,178)	-
		(790,442)	(509,357)
Loss from continuing operations before income tax			
Income tax expense		-	-
Loss from continuing operations after tax		(790,442)	(509,357)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net gain on revaluation of financial assets available for sale		880	240
Total comprehensive loss for the period		(789,562)	(509,117)
Loss attributable to:			
- Members of Astro Resources NL		(790,442)	(509,357)
- Non-controlling interest		-	-
		(790,442)	(509,357)
Total comprehensive loss attributable to:			
- Members of Astro Resources NL		(789,562)	(509,117)
- Non-controlling interest		-	-
		(789,562)	(509,117)
Earnings per share (cents per share)			
- basic; for loss for the Half-Year		(0.021)	(0.027)
- diluted; for loss for the Half-Year		(0.021)	(0.027)

The accompanying notes form part of these Financial Statements.

For personal use only



Consolidated Statement of Financial Position

As at 31 December 2021

	31 December 2021	30 June 2021
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	869,915	3,279,002
Trade and other receivables	255,663	192,906
Inventories	4,000	4,000
Other current assets	157,138	32,722
TOTAL CURRENT ASSETS	1,286,716	3,508,630
NON-CURRENT ASSETS		
Available-for-sale investments	1,920	1,000
Plant and equipment	297,097	302,231
Exploration expenditure	6,575,704	4,997,883
TOTAL NON-CURRENT ASSETS	6,874,721	5,301,114
TOTAL ASSETS	8,161,437	8,809,744
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	164,081	228,452
TOTAL CURRENT LIABILITIES	164,081	228,452
NON-CURRENT LIABILITIES		
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	164,081	228,452
NET ASSETS	7,997,356	8,581,292
EQUITY		
Issued capital	23,808,593	23,830,145
Reserves	528,058	300,000
Accumulated losses	(16,339,295)	(15,548,853)
TOTAL EQUITY	7,997,356	8,581,292

The accompanying notes form part of these Financial Statements.

For personal use only



Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2021

	31 December 2021 \$	31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest and other income received	362	112
Payments to suppliers and employees	<u>(652,568)</u>	<u>(357,998)</u>
Net cash used in operating activities	<u>(652,206)</u>	<u>(357,886)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for exploration	(919,813)	(272,014)
Acquisition of tenement	<u>(837,070)</u>	-
Net cash used in investing activities	<u>(1,756,883)</u>	<u>(272,014)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	2,341,721
Repayment of borrowings	-	(2,251,721)
Proceeds from placement	-	2,746,085
Payments for placement costs	-	<u>(228,668)</u>
Net cash provided by financing activities	<u>-</u>	<u>2,607,417</u>
Net (decrease)/increase in cash and cash equivalents held	(2,409,089)	1,977,517
Cash and cash equivalents at beginning of year	3,279,002	27,222
Cash and cash equivalents at end of the Half-Year	<u>869,915</u>	<u>2,004,739</u>

The accompanying notes form part of these Financial Statements.

For personal use only



Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2021

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	23,830,145	300,000	(15,548,853)	8,581,292
Loss for the period attributable to members of the parent entity	-	-	(790,442)	(790,442)
Other comprehensive income	-	880	-	880
Capital raising costs (November 2020 raise)	(21,552)	-	-	(21,552)
Share based payments	-	227,178	-	227,178
Balance at 31 December 2021	23,808,593	528,058	(16,339,295)	7,997,356
Balance at 1 July 2020	15,562,728	(20,100)	(14,527,638)	1,014,990
Loss for the period attributable to members of the parent entity	-	-	(509,357)	(509,357)
Other comprehensive income	-	240	-	240
Capital raising – August 2020 (less costs)	581,009	-	-	581,009
Capital raising – November 2020 (less costs)	1,936,415	-	-	1,936,415
Conversion of convertible debt facilities	2,341,721	-	-	2,341,721
Capitalisation of debt facility	731,165	-	-	731,165
Capitalisation of director bonuses and accrued fees	213,613	-	-	213,613
Balance at 31 December 2020	21,366,651	(19,860)	(15,036,995)	6,309,796

The accompanying notes form part of these Financial Statements.

For personal use only



Condensed Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2021

1 CORPORATE INFORMATION

The financial report of Astro Resources NL (“the Company”) for the Half-Year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 15 March 2022. The financial report comprises of the activities for the Company and its subsidiaries (together referred to as “the Group”), which is primarily involved in mineral exploration.

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

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2021 are available upon request from the Company’s registered office at Suite 6, Level 5, 189 Kent Street, Sydney NSW 2000, or <https://www.aro.com.au>

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Half-Year financial report should be read in conjunction with the Annual Financial Report of Astro Resources NL as at 30 June 2021. It is also recommended that the Half-Year financial report be considered together with any public announcements made by Astro Resources NL and its controlled entities during the Half-Year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

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

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

(b) Basis of consolidation

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

(c) New Accounting Standards and Interpretations

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding AASB134(16A)(a) interim reporting period, unless otherwise stated.

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3 FINANCIAL RISK MANAGEMENT

All aspects of the Group’s financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2021.

For personal use only



4 SEGMENT INFORMATION

Identification of reportable segments

Operating Segments

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

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

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

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

The Group operates as an explorer in three operating segments being:

- heavy minerals, diamond located in Australia; and
- gold exploration industries located in the United States of America.

Types of Products and Services

Gold and silver exploration

The Company is currently conducting exploration upon tenements considered prospective for its Needles project. Since the date of acquisition, no income has been derived from the Needles project in the period ending 31 December 2021 (2020: Nil).

Heavy mineral Exploration

The Company is currently conducting exploration upon tenements considered prospective for heavy minerals. No income has been derived from the recovery of mineral sands in period ending 31 December 2021 (2020: Nil).

Diamond exploration

The Company is currently conducting exploration upon tenements considered prospective for diamonds. No income has been derived from the recovery of diamonds in the period ending 31 December 2021 (2020: Nil).

For personal use only



4 SEGMENT INFORMATION

(a) Segment Information 31 December 2021

	Diamond \$	Heavy minerals \$	Gold \$	Unallocated \$	Total \$
Six months ended 31 December 2021					
Revenue					
Other revenue from external customers	-	-	-	362	362
Inter-segment revenue	-	-	-	-	-
Total segment revenue	-	-	-	362	362
Result					
Segment result	(276)	-	(1,201)	(789,327)	(790,804)
(Loss) before income tax and non-controlling interests	(276)	-	(1,201)	(788,965)	(790,442)
Income tax expense	-	-	-	-	-
Net (loss) for the six months as Statement of Comprehensive Income	(276)	-	(1,201)	(788,965)	(790,442)
Assets and Liabilities					
Segment assets					
- Exploration Expenditure	774,925	3,360,727	2,440,052	-	6,575,704
- Plant and Equipment	297,097	-	-	-	297,097
- Inventories	4,000	-	-	-	4,000
	1,076,022	3,360,727	2,440,052	-	6,876,801
Unallocated assets					
- Available for sale assets	-	-	-	1,920	1,920
- Cash and cash equivalents	462	21,570	-	847,883	869,915
- Trade and other receivables	-	80,470	-	175,193	255,663
- Other assets	9,085	41,133	91,765	15,155	157,138
	9,547	143,173	91,765	1,040,151	1,284,636
Total assets as per the Statement of Financial Position	1,085,569	3,503,900	2,531,817	1,040,151	8,161,437
Segment and unallocated liabilities					
- Trade and other payables	-	-	-	164,081	164,081
- Borrowings	-	-	-	-	-
Total liabilities as per the Statement of Financial Position	-	-	-	164,081	164,081

For personal use only



4 SEGMENT INFORMATION

(b) Segment Information 31 December 2020

	Diamond \$	Heavy minerals \$	Gold \$	Unallocated \$	Total \$
Six months ended 31 December 2020					
Revenue					
Other revenue from external customers	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-
Total segment revenue	-	-	-	-	-
Result					
Segment result	-	(267)	(736)	(508,354)	(509,357)
(Loss) before income tax and non-controlling interests	-	(267)	(736)	(508,354)	(509,357)
Income tax expense	-	-	-	-	-
Net (loss) for the six months as Statement of Comprehensive Income	-	(267)	(736)	(508,354)	(509,357)
Assets and Liabilities					
Segment assets					
- Exploration Expenditure	655,237	1,771,279	1,128,900	-	3,555,416
- Interest in Joint Venture	-	561,420	-	-	561,420
- Plant and Equipment	264,914	-	-	-	264,914
- Inventories	4,000	-	-	-	4,000
	924,151	2,332,699	1,128,900	-	4,385,750
Unallocated assets					
- Available for sale assets	-	-	-	1,140	1,140
- Cash and cash equivalents	462	9,208	-	1,995,069	2,004,739
- Trade and other receivables	-	2,886	-	69,757	72,643
- Other assets	8,252	21,465	30,875	13,475	74,067
	8,714	33,559	30,875	2,079,441	2,152,589
Total assets as per the Statement of Financial Position	932,865	2,366,258	1,159,775	2,079,441	6,538,339
Segment and unallocated liabilities					
- Trade and other payables	-	-	-	228,543	228,543
- Borrowings	-	-	-	-	-
Total liabilities as per the Statement of Financial Position	-	-	-	228,543	228,543

For personal use only



5 REVENUE, INCOME AND EXPENSES FROM CONTINUING OPERATIONS

	31 December 2021 \$	31 December 2020 \$
Income		
Interest income	362	111
	362	111

6 NON-CURRENT ASSETS – EXPLORATION EXPENDITURE

The carrying cost of exploration expenditure is as follows:

	31 December 2021 \$	30 June 2021 \$
Exploration Expenditure (at cost)	8,263,525	6,122,214
Capitalised exploration – partly owned	-	563,490
Less: Impairment	(1,687,821)	(1,687,821)
Total	6,575,704	4,997,883

Impairment

Included in the capitalised exploration costs are to the Heavy Mineral Sands exploration project:

- the Governor Broome Sands (that is, heavy minerals project), tenement number E70/2372, now known as Retention Licence R70/53, which is not subject to any minimum expenditure commitments; and
- the Iluka Joint Venture – see below.

The Board has previously formed a view that a provision for impairment of \$1.687 million was required. The Board considers that this provision is still adequate having regard to the following:

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

The Board has formed the view that other key capitalised exploration asset namely, the diamond project does not require impairment and continue to actively pursue this exploration asset.

Information about the farm in Joint Venture arrangement

On the 23 December 2014, the Company entered into a Farm-in and joint venture arrangement (“**Arrangement**”) with Iluka Resources Limited (“**Iluka**”) for what is known as the “Jack Track” deposit. The arrangement relates to the Governor Broome project, tenement number E70/2464 (“**Property**”) and this tenement is subject to an application for retention licence. This tenement is part of the Governor Broome project, which is a mineral sands project located in southern Western Australia.

As previously announced, Iluka have satisfied all of their milestones which results in them having an 80% interest and the Group a 20% interest in the Property. During the Half-Year 2021, the Group has re-acquired the Group acquired from Iluka the 80% interest from Iluka on the following terms:

For personal use only

Half-Year Financial Report 2021 Astro Resources NL and Its Controlled Entities



6 NON-CURRENT ASSETS – EXPLORATION EXPENDITURE (continued)

- > cash payment of \$700,010; and
- > 1% royalty on gross revenue with the only deduction for Goods and Services Tax for any Heavy Mineral Concentrate or saleable product; and
- > A Last Right of Refusal (LROR) in favour of Iluka's as follows applies only to product produced from R70/58 and EL70/52. Iluka has ten (10) business days in which to accept or reject Astro's market price offer for the product produced from the above tenements.

A summary of the Arrangement is as follows:

Name	Classification	Place of Business	Proportion of Ordinary Share Interest/Participating Share		Measurement Method	Carrying Amount	
			2021	2020		2021	2020
			%	%		\$000	\$000
Governor Broome Sands Pty Ltd – interest in the Property	Associate	Perth, Australia	-	20	Equity Method	-	561,420

Acquisition of Joint Venture interest

As set out in note 5 above, On 26 October 2021, the Company completed the 80% interest in the Jack Track tenement on the terms set out above. As a result, Astro subsequently has a 100% ownership in the previous joint venture Governor Broome Sands Project – referred to as the Jack Track Project (R70/58).

7 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	31 December 2021	30 June 2021
	\$	\$
Trade payables	151,081	148,452
Other payables	13,000	80,000
Total	164,081	228,452

8 COMMITMENTS AND CONTINGENCIES

EXPLORATION

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

	31 December 2021	30 June 2021
	\$	\$
No later than one year	251,494	154,772
Between one to five years	1,005,974	619,087
Total	1,257,468	773,859

For personal use only

Half-Year Financial Report 2021

Astro Resources NL and Its Controlled Entities



8 COMMITMENTS AND CONTINGENCIES (continued)

The contingent liabilities in relation to minimum expenditure on tenements held by the group for no longer than one year are:

	31 December 2021	30 June 2021
	\$	\$
East Kimberley Diamond Corporation Pty Ltd	85,571	84,145
Governor Broome Sands Pty Ltd	125,923	35,627
Needles Holdings Inc	40,000	35,000
	251,494	154,772

9 CONTRIBUTED EQUITY

	31 December 2021	30 June 2021
	\$	\$
Ordinary shares (a)	23,808,593	23,830,145
	23,808,593	23,830,145

(a) Ordinary shares

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

	No.	No.
Opening Balance	3,764,193,013	1,272,097,315
Shares issued under offer 2020 (Tranche 1 and 2)	-	784,595,756
Conversion of convertible debt securities	-	669,063,143
Repayment of debt facility (Gun Capital Management Pty Ltd)	-	208,904,285
Payment of outstanding director fees and bonuses	-	61,032,513
Shares issued under offer 2021 (Tranche 1 and 2)	-	768,500,001
Number of ordinary shares on issue	3,764,193,013	3,764,193,013

10 RESERVES

	31 December 2021	30 June 2021
	\$	\$
Options reserve (c)	320,000	320,000
Share based payments reserve (b)	227,178	-
Revaluation reserve	(19,120)	(20,000)
	528,058	300,000

(a) Movement in reserves

	31 December 2021	30 June 2021
	\$	\$
Opening balance	300,000	(20,100)
Current year share-based payment expense	227,178	320,000
Loss on revaluation of investment	880	100
	528,058	300,000

For personal use only

Half-Year Financial Report 2021
Astro Resources NL and Its Controlled Entities



10 RESERVES (continued)

(b) Share based payments reserve

During the half-year, directors and key management personnel were granted 63,000,000 options under a Loan Funded Share Plan (“**LFSP**”). The following factors and assumptions were used in determining the fair value of the options under the Monte Carlo option valuation model (“**MC model**”).

	31 December	30 June 2021
	2021	\$
<i>Expense recognised for consulting services received during the year:</i>	\$	
Share-based compensation related to options granted to directors	300,000	-
Share-based compensation related to options granted to consultants	227,178	-
(i), (ii)	528,058	-

(i) Factor/assumptions pertaining to share based payments

	Value
Grant date	8/12/2021
Option life	18 months
Fair value per option (MC model)	\$0.004
Exercise price	\$0.01
Price of shares on grant date	\$0.004
Expected volatility	200.00%
Risk-free interest rate	0.87%

(ii) Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to directors and consultants.

Equity-settled transactions are awards of shares, or options over shares, that are provided to directors and consultants in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

(c) Options reserve

As at 31 December 2021, the Group had the following options on issue:

Number of Options Outstanding	Exercise Price	Expiry Date
1,098,500,001	\$0.01	21 April 2022

For personal use only



11 CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)
Parent Entity:		
Astro Resources NL		
Subsidiaries:		
HM Sands Pty Limited	Australia	100
Boldhill Holdings Pty Limited	Australia	100
East Kimberley Diamond Corporation Pty Limited	Australia	100
Governor Broome Sands Pty Limited	Australia	100
MacPhee Resources Pty Limited	Australia	100
Needles Holdings Inc	United States	100
North Doolgunna Metals Pty Limited	Australia	100
Argyle Resources Limited	Australia	100

12 EVENTS AFTER THE BALANCE SHEET DATE

Since balance date, the following matters have arisen:

- on 14 January 2022 Drillrite LLC, the Company carrying out the drilling work at the Needles project in Nevada, USA, subscribed for 102,739,726 fully paid ordinary shares in part satisfaction for their contract drilling fees;
- on 28 January 2022, the Company announced the completion of a capital raising for 838,308,527 fully paid ordinary shares or \$3.353 million (before costs of the offer). In addition, the Company announced that for each share subscribed under the offer, two free attaching options would be issued – subject to shareholder approval. The use of the funds from the offer will predominately be used by the Company to further advance the drilling campaigns at Needles and the mineral sands projects; and
- the Company continues with the drilling program for the Needles Project.

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.

For personal use only



Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 14 to 26 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2021 and of its performance for the Half-Year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Jacob Khouri
Chairman
15 March 2022

For personal use only

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000

GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500

F +61 (0) 2 8226 4501

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ASTRO RESOURCES NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Astro Resources NL which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of Astro Resources NL*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Astro Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



C J Hume
Partner

Sydney, NSW
Dated: 15 March 2022

For personal use only